

# THE IMPACT OF INNOVATIVE MARKETING ON THE PERFORMANCE OF GHANAIAN FOOD PROCESSING SMALL AND MEDIUM ENTERPRISES (SMEs)

By

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#### ABSTRACT

The main objective of this study was to investigate the impact of innovative marketing on the performance of Ghanaian food processing SMEs. The research study was carried out in response to the scholarly and managerial interest in the construct of innovative marketing as a novel competitive tool and its effect on performance in food processing SME organisations. This research study examined the effect of the six components of innovative marketing (i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF) and value proposition (VP) on the four components of food processing SME performance i.e. financial performance (FP), customer performance (CP), internal business process performance (IBPP) and learning & growth performance (LGP). The research study was carried out on 225 food processing SMEs on the registered list of the National Board for Small Scale Industry (NBSSI) in the Eastern Region of Ghana. The study was quantitative in nature with the use of questionnaires distributed to 225 owners/managers of food processing SMEs in the Eastern Region of Ghana. Through an extensive literature review, a conceptual framework and empirical result from 225 food processing SMEs in Ghana, the research study employed exploratory factor analysis along with structural equation modelling – path analysis to evaluate the proposed model for understanding the relationships among the constructs. The collected data was analysed through descriptive statistics and multiple regression analysis using the Statistical Package for the Social Science (SPSS) version 23 and STATA version 15.1. The reliability of innovative marketing and food processing performance factors were determined using Composite

Reliability and Cronbach's alpha and the validity of the factors of innovative marketing and food processing SMEs were also ascertained using convergent and discriminant validity methods. The research study established that SMEs in the food processing sector in Ghana exhibit high levels of five innovative marketing factors (i.e. market focus, value proposition, customer focus, integrated marketing and marketing mix variables) which impact on all four factors of food processing SME performance (i.e. financial performance, customer performance, internal business process performance and learning and growth performance) whereas marketing modification, a factor of innovative marketing, indicated insignificant association with food processing SME performance. The recommendation of the conducted research study made a clear statement that food processing SMEs in Ghana should maintain a positive attitude towards innovative marketing, and also negate

the effect of innovative marketing challenges to achieve high performance. The conclusions that were drawn from the conducted research study indicated that the main research objective had been achieved. Hence, innovative marketing positively influences the performance of food processing SMEs in Ghana.

Key words: Innovative marketing, performance, food processing SMEs, components/factors.

#### **ISIFINYEZO**

Inhloso enkulu yalolu cwaningo bekungukuphenya umthelela wokumaketha okusha ekusebenzeni kwama-SME wokucubungula ukudla waseGhana. Ucwaningo lwenziwe kuphendulwa intshisekelo yezifundiswa nezokuphatha ekwakheni ukumaketha okusha njengethuluzi lokuncintisana lenoveli nomphumela walo ekusebenzeni ezinhlanganweni zokucubungula ukudla kwama-SME. Lolu cwaningo lubheke umphumelela wezinto eziyisithupha zokumaketha okusha (isbokuguquguqukayo kokuhlanganiswa kokumaketha (MV), ukuguqulwa kokumaketha (MM), ukumaketha okuhlanganisiwe (IM), ukugxila kwamakhasimende (CF), ukugxila emakethe (MF), nokuphakanyiswa kwevelu (VP) ezingxenyeni ezine zokulungiswa kokudla ukusebenza kwe-SME okungukuthi, ukusebenza kwezezimali (FP), ukusebenza kwamakhasimende (CP), ukusebenza kwenqubo yebhizinisi yangaphakathi (IBPP), nokusebenza kokufunda nokukhula (LGP). Ucwaningo lwenziwe kuma-SME wokucubungula ukudla angama-225 ohlwini olubhalisiwe lweNational Board for Small Scale Industry (NBSSI) esifundeni esiseMpumalanga yeGhana. Lolu cwaningo belunobuningi ngokwendalo ngokusetshenziswa kwamaphepha emibuzo anikezwe ama-SME abangama-225 bokucubungula ukudla abanikazi/abaphathi esifundeni esiseMpumalanga yeGhana. Ngokubuyekezwa okubanzi kwezincwadi, uhlaka lomqondo kanye nomphumela wezobuciko kusuka kuma-SME wokucubungula ukudla angama-225 eGhana, ucwaningo lwasebenzisa ukuhlaziywa kwezici zokuhlola kanye nokuhlelwa kwesimo sokulinganisa - indlela yokuhlola imodeli ehlongozwayo yokuqonda ubudlelwano phakathi kokwakhiwa. Imininingwane eqoqiwe yahlaziywa ngezibalo ezichazayo kanye nasekuhlaziyweni okuningi kokuhlehla kusetshenziswa i-Statistical Package ye-Social Science (SPSS) inguqulo 23 kanye ne-STATA version 15.1. Ukuthembeka kokumaketha okusha kanye nokusebenza kokucubungula ukudla kunqunywe kusetshenziswa i-Composite. Ukuthembeka kanye ne-alpha kaCronbach nokuba semthethweni kwezici zokumaketha okusha nokuqhutshwa kokudla kwama-SME nakho kwaqinisekiswa kusetshenziswa izindlela zokuqinisekisa nezokunbandlulula. Ucwaningo luye lwaveza ukuthi ama-SME emkhakheni wokulungiswa kokudla eGhana akhombisa amazing aphezulu wezinto ezinhlanu ezintsha zokumaketha (okusho ukugxila emakethe, ukuphakanyiswa kwenani, ukugxila kwamakhasimende, ukumaketha okuhlanganisiwe kanye nokuxubana kokuxubana kokumaketha) okunomthelela kuzo zonke izici ezine zokulungiswa kokudla ukusebenza kwe-SME (okusho ukusebenza kwezezimali, ukusebenza kwamakhasimende, ukusebenza kwenqubo yebhizinisi yangaphakathi nokusebenza kokufunda

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nokukhula), kanti, ukuguqulwa kokumaketha, okuyisici sokumaketha okusha, kukhombisa ukuzihlanganisa okungabalulekile nokusebenza kokudla kwe-SME. Incomo yocwaningo olwenziwe yenze isitatimende esicacile sokuthi ama-SME okucubungula ukudla eGhana kufanele agcine isimo esihle mayelana nokukhangisa okusha, futhi angaphikisi nomphumela wezinselelo ezintsha zokumaketha ukuza kuzuzwe ukusebenza okuphezulu. Iziphetho ezithathwe ocwaningweni olwenziwe zikhombisile ukuthi inhloso enkulu yocwaningo seyifeziwe. Ngakho-ke, ukumaketha okusha kunomthelela omuhle ekusebenzeni kokulungiswa kokudla kwama-SME eGhana.

Amagama abalulekile: Ukumaketha okusha, ukusebenza, ama-SME wokucubungula ukudla, izingxenye/izinto.

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My gratitude goes to the National Board for Small Scale Industries (NBSSI), Eastern Region of Ghana for granting me approval to have access to their registered list of food and agro processing SMEs in the Eastern Region of Ghana as well as providing other information relevant to my research topic.

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## DEDICATION

This work is first dedicated to the KING OF GLORY, my Lord and Saviour Jesus Christ, in whom I find strength.

Secondly, this work is dedicated to my lovely, wife, Kukua, and daughter, Nana Akua, whose love, kindness and smiles keep me going.

#### DECLARATION

Name: Kwabena Abrokwah-Larbi

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Exact wording of the title of the thesis as appearing on the copies submitted for examination:

## The Impact of Innovative Marketing on the Performance of Ghanaian Food Processing Small and Medium Enterprises (SMEs)

I declare that the above thesis is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references. I further declare that I have not previously submitted this work or part of it, for examination at UNISA for another qualification or at any other higher education institution.

SIGNATURE:

DATE:

15<sup>TH</sup> SEPTEMBER, 2020

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#### **ABBREVIATIONS**

- AGI- Association of Ghana Industries
- BSC- Balance Score Card
- CBN- Central Bank of Nigeria
- CIMC-Customer Interaction Management Capability
- CKMC-Customer Knowledge Management Capability
- **CRM-** Customer Relationship Management
- **CVP-** Customer Value Propositions
- CRUC-Customer Relationship Upgrading Capability
- CWC- Customer Win-back Capability
- EFQM- European Foundation for Quality Management
- **ERP-** Economic Recovery Programme
- DIY- Do-It-Yourself
- **GDP-** Gross Domestic Product
- GEDC- Ghana Enterprise Development Commission
- **GEM-** Global Entrepreneurship Monitor
- **GNP-** Gross National Product
- GoK- Government of Kenya
- GPC- Global Production Chain
- **GEPC-** Ghana Export Promotion Commission
- GPFI- Global Partnership for Financial Inclusion
- GPRS-Ghana Poverty Reduction Strategy
- GLSS- Ghana Living Standard Survey

GSS- Ghana Statistical Service

IFC- International Finance Corporation

ISSER-Institute of Statistical, Social and Economic Research, Ghana

IT- Information Technology

KBEMS- Kanji Business Excell1ence Measurement Systems

LSEG- London Stock Exchange Group

MNC- Multi-National Companies

PAMSCAD- Program of Action to Mitigate the Social Cost of Adjustment

MOTI- Ministry of Trade and Industry, Ghana

MSE- Micro Small and Medium Enterprise

MSMSE- Micro, Small and Medium Scale Enterprise

NBSSI- National Board for Small Scale Industry of Ghana

NPD- New Product Development

NTE- Non-Traditional Exports

OECD- Organization for Economic Co-operation and Development

**ROA-** Return on Asset

ROCE- return on capital employed

**ROI-** Return on Investment

**SEM-** Structural Equation Modelling

SEM-PLS- Structural Equation Modelling partial least squares

SEDA- Small Enterprise Development Agency

SIC- Standard Industrial Classification

SLEDIC-Sierra Leone Export Development and Investment Corporation

SME-Small and Medium Enterprise

- SMEs-Small and Medium Enterprises
- SMSBASL- Small and Medium Scale Business Association of Sierra Leone
- SSE- Small Scale Enterprises
- TOC-Theory of Constraints
- UNC- University of North Carolina
- UNCTAD- United Nations Conference on Trade and Development
- UNIDO- United Nations Industrial Development Organization

## THE IMPACT OF INNOVATIVE MARKETING ON THE PERFORMANCE OF GHANAIAN FOOD PROCESSING SMALL AND MEDIUM ENTERPRISES (SMEs)

### **CHAPTER 1**

#### INTRODUCTION AND BACKGROUND

#### 1.1 INTRODUCTION

This study seeks to determine the impact of innovative marketing on the performance of Ghanaian food processing small and medium enterprises (SMEs). Firstly, the background to the study is discussed, where the foundation and relevant concepts are raised and linked to the study. The background to the concepts consists of a short literature review which focuses on innovative marketing, SMEs and how innovative marketing influences food processing SMEs' performance in the Ghanaian context. The background to the study will show research gaps and controversies. The problem statement, objectives, hypotheses and research methodology are outlined and articulated. In conclusion, ethical considerations and the layout of the study are discussed.

#### Figure: 1.1: Outline for Chapter 1



1.4.1 Primary Research Objective 1.4.2 Secondary Research Objectives and Hypotheses

#### **1.2 BACKGROUND TO THE STUDY**

The impact of innovative marketing on food processing SME performance has received a great deal of consideration as of late mostly because of how innovative marketing helps food processing SMEs to recognise and respond to market dynamics, for example contenders' procedures and technological turns of events. Subsequently, this empowers food processing SME organisations to exploit the competences and resources of partners for the production of significant worth, and also anticipate the plain and implicit needs of customers (Omodafe and Nwaizugbo, 2017). Njoroge (2015) demonstrates that innovative marketing incorporates each food processing SME's marketing activities and that it is clearly coordinated by turnover objectives as far as financial performance, customer performance, internal business processes and learning and growth are concerned. Ringim (2012) contends that innovative marketing is market-arranged and responsive, which realises persistent, steady or integral changes, and can be situated in current marketing activities. Thus, this requires an inventive conduct which must be reflected by the food processing SMEs' proprietor or director's capitalisation of market opportunity.

As indicated by O'Dwyer, Gilmore and Carson (2009) innovative marketing include undertaking an activity considered novel in terms of ideas, products, services, or technology and filtering these ideas to a market prospect to fulfil the market request in a novel approach. Sefa (2014) shows, however, that development can typify novel item improvement, and it remembers imaginative upgrades for different regions of marketing, for example, promoting blend, advertising adjustment, client centredness, coordinated advertising, market centre and incentive. Earlier research (O'Dwyer et al., 2009; Bakar and Ahmad, 2010; Cascio, 2011; Al-Zyadaat, Saudi and Al-Awamreh, 2012; Adewale, Adesola and Oyewale, 2013; Atalay, Anafarta and Sarvan, 2013; Dzisi and Ofosu, 2014; Alibhai, 2015), contended that the synthesis of innovative marketing fuses no less than six parts: marketing mix; marketing modification; customer focus; integrated marketing; market focus; and unique proposition.

Bakar and Ahmad (2010) attest that innovative marketing can be characterised regarding marketing mix which is comprised of three essential parts including product improvement, other discretionary channels and distribution approaches and marketing mix modifications. Alibhai (2015) argues that on many occasions food processing SMEs take part in product enhancements, utilising a core value of gradual development rather than a careful or significant advancement. Thusly, customers are coordinated into the system of development, achieving more altered products or benefits and guaranteeing customer co-activity. Ardjournan and Asma (2015) underline that food processing SMEs taking an interest in how innovative marketing

reacts to customers' request by shifting their marketing mix, as opposed to tolerating an advancement course dependent on the improvement of another product initially before searching for a market. Cascio (2011) contends that food processing SMEs are confronted with asset restriction challenges and, in order for them to confine market entry to markets where their operations have inadequate assets to contest successfully, they must utilise substitute channels and product distribution approaches to obtain competitive leverage, efficiency in cost and customer fulfilment.

Atalay, Anarfarta and Sarvan (2013) contend that food processing SMEs depict the establishment of their marketing as inventive, corresponding to marketing modifications which include food processing SMEs being preemptive and furthermore tolerating the management of change. Ebitu (2016) states that innovative marketing related to food processing SMEs can be arranged as either ceaseless or spasmodic. Ceaseless innovative marketing is viewed as gradual in nature, based on current practices and products, while spasmodic marketing is alluded to as more imaginative and detached from existing practices. For food processing SMEs to achieve the required performance through either ceaseless or spasmodic innovative marketing, they are required to be proactive in their reaction to market dynamics and also institute change management approaches in their marketing operations (O'Dwyer, Gilmore and Carson, 2009). Hayford (2012) posits that innovation is inescapable through marketing, where modifications frequently need to be made to existing marketing activities and practices. This brings about the requirement of marketing integration and the penetration of marketing throughout the food processing SMEs. Food processing SMEs' marketing innovations are developed on their capabilities which permit them to distinguish their products or service from the standardised products or services of bigger firms, probably within a focused market segment (Karabulut, 2015). Kimani (2014) emphasises that to achieve food processing SMEs' goals depends upon the permeation of marketing throughout the food processing SME and the integration of marketing completely into the SME.

Tettey (2018) attests that customer loyalty and customer direction which are components of customer focus are highly related to innovative marketing and achievement in food processing SMEs. Kanibir, Saydan and Nart (2014) contend that customer loyalty and customer direction include impressive accentuation on customer base advancement through customer connections and on the large size of serious competitive accomplishment. Therefore, food processing SMEs must consider the need to instill consumer loyalty and customer direction methods into their marketing activity so as to achieve the expected dividend in their performance, for example, learning and growth, profitability and internal business processes (Mahmoud, 2010).

Ringim (2012) recognises that food processing SMEs' innovative marketing can be communicated inside the setting of market focus.

An assessment of past studies demonstrates that market focus incorporates vision (Njoroge, 2015), profit (Reijonen, 2009; Saleh and Salehi, 2018) and being market centred (Mugambi and Karugu, 2017). Njoroge (2015) declared that the food processing SMEs' decision-making processes rely upon exact explanation of the outside marketing condition and their vision for the enterprise. Saleh and Salehi (2018) underline that creating and keeping up acompetitive upper hand, developed from innovative practices (i.e., market focus), mirrors a significant component in food processing SMEs' benefit and long-haul endurance and development (Salehi, 2012). Nalcaci and Yagci (2014) contend that being market focused drives food processing SME accomplishment by exploiting openings which bigger firms have either not perceived or have not had the option to benefit from because of rigid structures. Creative capacity of this nature gives food processing SMEs their competitive upper hand, a key component in obtaining market achievement (Mugambi and Karugu, 2017). Rosli and Sidek (2013) believe that innovative marketing is dependent upon value (Sefa, 2014; Takahashi, Bulgacov, Semprebon and Giocomini, 2016); newness (Weerawardena and Mavondo, 2011; Yaacob and Wong, 2013) and unconventionality (Tavitiyaman et al., 2012; Tawaliwi and Opusunju, 2012) which are described as value propositions. Yaacob and Wong (2013) argue that innovation by and large alludes to novel products or cycles presented by food processing SMEs so as to address customer needs more seriously and productively than existing arrangements. This empowers food processing SMEs to concentrate on accomplishing the competitive upper hand through worth marketing approaches (Mavondo, 2011). Tavitiyaman, Zhang and Qu (2012) discovered that effective food processing SMEs attempt irregular marketing, focusing at first on upgrades to products and administration, followed by tending to customer prerequisites. Even though such marketing endeavours can be exceptionally creative, they are not basically founded on uniqueness, and are bound to be a modification of a current idea or practice; subsequently, the advancement lies in its interesting application to a particular SME or circumstance (Tawaliwi and Opusunju, 2012).

Karabulut (2015) asserts that innovative marketing and its constituent components assume a basic job in the performance of food processing SMEs. Ardjouman and Asma (2015) indicates that there are four performance areas that can be utilised to ascertain the adequacy of innovative marketing undertaken by food processing SMEs; the four performance areas include: financial viewpoint, customer perspective, internal business processes perspective and learning and growth perspective. Striteska and Spickova (2012) propose that the financial perspective is a

basic factor of any performance estimation framework since food processing SMEs' financial performance is key to its prosperity. Malgwi and Dahiru (2014) contend that innovative marketing decidedly influences financial related factors, for example cash flow, profitability, return-on-investment, liquidity and capitalisation. Alao (2013) demonstrates that customer perspectives are activities that impact on customers legitimately and incorporates call preparing term, the number of customer complaints, customer review results or volume of customer repeated purchase. Tettey (2018) attest that the customer loyalty has had a developing significance among SMEs. Mahmoud (2011) underlines that food processing SMEs perceive that their failure to fulfil their customers' needs makes them find different providers to meet their prerequisites.

Based on the writing on innovative marketing, Kanibir, Saydan and Nart (2014) contend that customer loyalty and customer focus, which is an integral part of innovative marketing, are strongly related to accomplishment in food processing SMEs, where attention is placed on personal relationships in developing the customer base and the value of customer satisfaction in terms of competition. Al-Najjar and Kalaf (2012) express the business process perspective as measures of key business processes, such as time taken in production, re-work costs or time taken to process an order.

Etim and Agara (2011) argue that this internal business focus measure allows the food processing SME to ascertain how well the enterprise is operating and whether its products and services meet customer requirements. Based on the literature review on innovative marketing, Hayford (2010) asserts that innovative marketing brings about the right business process in food processing SMEs through the permeation of marketing integration throughout the enterprise, the integration of marketing fully in the enterprise, and its application to achieve the SME's food processing goals.

Kairu, Wafula, Okaka, Odera and Akerele (2013) mention that the learning and growth perspective are measures that highlight food processing SMEs' development ability and might include the number of qualified staff, the number of training days, or total hours spent on staff training. Etim and Agara (2011) argue that this perspective also includes staff training and attitudes to organisational culture related to both individual and corporate self-improvements. This perspective recognises that in a knowledge worker-oriented organisation, people are the greatest resource (Malgwi and Dahiru, 2014). Illmer (2011) argues that due to the dynamism of innovative marketing and its associate variables, they serve as a catalyst that compels food processing SMEs to build knowledge capacity, train staff and develop the right attitude to organisational culture in order to stay relevant in a very dynamic business environment. Berisha

and Pola (2015) point out that the classification and definition of SMEs is relevant in the measurement of the impact of innovative marketing on food processing SME performance. Berisha and Pola (2015) argue that SME categorisation and definition provides different structures, behaviours and environment to ascertain and understand the role of innovative marketing in food processing SME performance.

The National Small Business Act 102 of 1996 (South Africa, 1996) amended by Act 29 of 2004 (South Africa, 2004) classified SMEs into four categories namely micro enterprises, including survivalist enterprises; very small enterprises; small enterprises; and medium enterprises. With the exception of micro enterprise, the differentiating factor between these categories is the number of employees. For micro enterprises, however, the criterion usually is turnover level (South Africa, 1996, 2004). On the other hand, the OECD (2017) refers to SMEs as the enterprises employing up to 249 persons, with the following breakdown: micro (1 to 9), small (10 to 49) and medium (50 to 249).

Globally, SMEs are a tool for empowering the citizens and economic growth. SMEs in the OECD area constitute approximately 99% of all enterprises, making SMEs the principal form of enterprise. They offer the main source of employment, creating about 70% of jobs on average, and are major providers of value creation, generating between 50% and 60% of value added on (OECD, 2016b).

In Africa and other emerging economies, SMEs contribute up to 45% of total employment and 33% of GDP (IFC, 2010). In terms of taking the contribution of informal enterprises into condideration, SMEs contribute to more than half of employment and GDP in most countries irrespective of income levels (IFC, 2010). In addition, economic diversification and resilience are highly supported by SME development. For resource-rich countries, this is very important since they are particularly vulnerable to commodity fluctuations. Notwithstanding the ostensible significance associated with SMEs and the numerous policy initiatives introduced by respective governments in emerging economies during the past decade to accelerate the growth, survival and profitability of SMEs such as food processing, SMEs have been disappointing (Kimani, 2014).

Bouazza, Adjouman and Abada (2015) argue that SMEs face unique challenges and the most prominent among these challenges is their inability to apply innovative marketing variables to induce the required performance. The resultant challenge brings about the propensity of SMEs to restrict their marketing to selling within their own industry such as food processing (Abor and Quartey, 2010).

In Ghana, the contribution of the SME sector to GDP is 75% and, in spite of their impact, most SMEs are confronted with the risk of failure with past data indicating that 60% fail within the first few months. The impermanence rate of SMEs in Ghana remains very high and affects both start-ups and older established SMEs (Bastiat Ghana, 2014). Statistics indicate that the high failure rates of small firms are largely connected to weakness in marketing modifications, customer focus, integrated marketing, unique proposition and marketing variables, and the associated failure rates of SMEs is evident in financial performance, customer performance, internal business processes performance, learning and growth (Muzenda, 2014).

This study was conducted in Ghana because the Ghanaian market over the years has shown high opportunities for purchasing and can develop strong relationships for value-oriented products of food processing SMEs with distinctive brand development, superiority product offerings, affordability and enhancement (Bastiat, 2014). Regrettably, the food processing SMEs in Ghana have not produced proportionate growth in the economy; they attempt limited innovation and generate low returns. Currently, there are no empirical studies on innovative marketing practices of food processing SMEs in Ghana to serve as a base-line study for policy interventions by state agencies, development partners and non-governmental organisations with missions to develop the food processing SME sector.

Though there are no empirical studies on innovative marketing practices of food processing SMEs in Ghana, there are studies on marketing strategy of SMEs in Ghana and internationally. Numerous studies (Tang, Wang and Zhang, 2005; Gajanayeke, 2010; Dzisi and Ofosu, 2014; Mahmoud and Hinson, 2011; Mahmoud, Kastner and Yeboah, 2010; Mahmoud, 2010; Omodafe and Nwaizugbo, 2017) have been undertaken on marketing strategies and their impact on performance of organisations in Ghana, Africa and internationally.

Internationally, Tang, Wang and Zhang (2005) investigated the effects of marketing-related variables on business performance of SMEs in China and established that marketing strategies are positively related with a SME's business performance in China. Similarly, Gajanayake (2010) studied the impact of marketing strategies and the behaviour of SMEs on their business growth in Sri Lanka and established that there is no significant impact of marketing strategies on business growth.

In Africa, Dzisi and Ofosu's (2014) study examined the effect of marketing strategies on the performance of SMEs in Ghana in terms of their profitability, brand awareness and market share, and established positive relationship between marketing strategies and performance.

In recent years there has been an increased focus on the relationship between SMEs' marketing strategies and SME performance (Ndesaulwa and Kikula, 2016). Prior studies (Tang, Wang and Zhang, 2005; Dzisi and Ofosu, 2014; Hinson and Mahmoud, 2011; Mahmoud, 2010; Omodafe and Nwaizugbo, 2017) have generally found a positive relationship between marketing strategies and SME performance. However, there are also studies where such a relationship has not been found (Gajanayeke, 2010). The first reason for this contradiction might be that past studies (Tang, Wang and Zhang 2005; Gajanayeke, 2010; Dzisi and Ofosu, 2014; Hinson and Mahmoud, 2011; Mahmoud, 2010; Omodafe and Nwaizugbo, 2017) concentrate on marketing strategies with limited marketing variables, and SME performance with limited performance variables. The second reason might be that past studies (Tang, Wang and Zhang 2005; Gajanayeke, 2010; Dzisi and Ofosu, 2014; Hinson and Mahmoud, 2011; Mahmoud, 2010; Omodafe and Nwaizugbo, 2017) fail to address the impact innovative marketing variables (i.e. marketing modification, market focus, marketing mix, customer focus, integrated marketing and value proposition) have on SME performance. The third reason might be that most past studies fail to use a mix of financial and non-financial performance variables to determine SME performance. Instead, most past studies (Tang, Wang and Zhang 2005; Gajanayeke, 2010; Dzisi and Ofosu, 2014; Hinson and Mahmoud, 2011; Mahmoud, 2010; Omodafe and Nwaizugbo, 2017) concentrate on either financial or non-financial performance variables to determine SME performance (financial performance: profitability, market share, turnover, asset value, return on investment; non-financial performance: brand awareness, customer satisfaction and perspective, quality improvement, innovation and creativity).

This study is distinct because it investigated the impact of innovative marketing on the performance of Ghanaian food processing SMEs and the impact of each of six innovative marketing variables (i.e. marketing modification, marketing mix, customer focus, integrated marketing, market focus, and value proposition) on food processing SME performance. The Balance Scorecard with a mix of financial and non-financial variables including financial performance, customer performance, internal business process and learning and growth constituted the food processing SME performance variables used to investigate food processing SME performance in this study.

#### **1.3 PROBLEM STATEMENT**

The issue which this research looked to consider was the impact of innovative marketing on Ghanaian food processing SMEs' performance. In this time of expanding globalization of commerce/correspondence, technological progression and testing of the financial atmosphere, it is observed that food processing SMEs in Ghana are caught up in survival strategy instead of growing. Around 30 percent of Ghanaian food processing SMEs witness their fourth year of presence; this is a sign of a high temporariness rate and low performance level (GSS, 2016). In the same vein, the records of food processing SME performance in Ghana estimated based on factors such as endurance and development, a share of overall industry, benefit and commitment to financial extension have not been able to ascertain the performance level of the food processing SME sector in Ghana, (ADRRI, 2014). Dzisi and Ofosu (2014) indicates that regardless of the market opportunities and profits associated to the utilisation of innovative marketing practices, it appears that most food processing SMEs' owners/managers in Ghana see innovative marketing practices as just out of their capabilities and also perceive it as a waste as opposed to an investment. Thus, the present food processing SMEs in Ghana have ignored the creation of unique competitive advantage as they cannot incorporate incremental innovative marketing practices for superior performance (Dzisi and Ofosu, 2014). All things considered, marketing and business literary works have failed to report any empirical study on the role of innovative marketing practices on Ghanaian food processing SMEs' performance; and have instead depended on results from different settings, which arguably cannot portray the perculiar circumstances of food processing SMEs in Ghana. Most research on marketing among Ghanaian food processing SMEs (Dzisi and Ofosu, 2014; Hinson and Mahmoud, 2011; Kraa, 2016; Acheampong, 2015) has been restricted to marketing strategies and orientation with lesser range of marketing factors to manage food processing SME performance challenges. It is against this background that it was considered that innovative marketing factors (i.e. marketing modification, customer focus, marketing mix, integrated marketing, market focus and value proposition) may help to bring about superior food processing SME performance (i.e. financial performance, customer performance, internal processes business performance, learning and growth performance) and also reduce the food processing SME failure and mortality rates in Ghana. This formed the basis of this study's objective.

#### **1.4 RESEARCH OBJECTIVES**

According to Creswell (2013) the objectives of a research project bridge what is to be accomplished by means of the research study. Creswell (2013) further argues that research objectives should be closely connected to the problem statement of the conducted study. For instance, if the problem recognition is minimal application of innovative marketing techniques by SMEs, the general objective of the study could be to identify the motives for this minimal application in order to find solutions.

#### 1.4.1 Primary Research Objective

According to Wanjohi (2014) primary research objectives state what researchers expect to achieve by the study in general terms. The primary research objective of this study was to investigate the impact of innovative marketing on the performance of Ghanaian food processing SMEs.

#### 1.4.2 Secondary Research Objectives and Hypotheses

According to Wanjohi (2014) secondary research objectives are the smaller, logically connected parts of primary research objectives. Wanjohi (2014) stresses that secondary objectives are the specific aspects of the research topic to be studied within the framework of the research. Wanjohi (2014) further argues that secondary research objectives should methodically address the different facets of the research problem and the key factors that are anticipated to influence or cause the problem. The secondary research objectives should specify what should be done in a research study, where and for what purpose. The development of hypotheses for this study were therefore directed by the secondary research objectives. This investigation utilised a directional hypothesis on the premise of a sensible suspicion that there is an affiliation among all innovative marketing factors and each food processing SMEs' overall performance factors. As per Bryman and Bell (2007), a hypothesis is an informed speculation, which is set up to be tested, about the possible relationship between two or more variables. The main hypothesis of this study is that there is a positive connection between innovative marketing and performance among food processing SMEs in Ghana.

To address the secondary research objectives, the following research hypotheses were empirically tested:

**Objective 1:** To establish the impact of marketing modification on performance (financial, customer, internal business process, learning and growth) among food processing SMEs in Ghana.

H1: Marketing Modification has a positive impact on financial performance.

H2: Marketing Modification has a positive impact on customer performance

H3: Marketing Modification has a positive impact on internal business process performance

H4: Marketing Modification has a positive impact on learning and growth performance

**Objective 2:** To determine the impact of marketing mix on performance (financial, customer, internal business process, learning and growth) among food processing SMEs in Ghana.

H5: Marketing Mix has a positive impact on financial performance.

**H6**: Marketing Mix has a positive impact on customer performance.

H7: Marketing Mix has a positive impact on internal business process performance.

H8: Marketing Mix has a positive impact on learning and growth performance.

**Objective 3:** To investigate the impact of customer focus on performance (financial, customer, internal business process, learning and growth) among food processing SMEs in Ghana.

H9: Customer Focus has a positive impact on financial performance.

**H10**: Customer Focus has a positive impact on customer performance.

H11: Customer Focus has a positive impact on internal business process performance.

H12: Customer Focus has a positive impact on learning and growth performance.

**Objective 4:** To establish the impact of integrated marketing on performance (financial, customer, internal business process, learning and growth) among food processing SMEs in Ghana.

H13: Integrated Marketing has a positive impact on financial performance.

H14: Integrated Marketing has a positive impact on customer performance.

H15: Integrated Marketing has a positive impact on internal process performance.

H16: Integrated Marketing has a positive impact on learning and growth performance.
**Objective 5:** To determine the impact of market focus on performance (financial, customer, internal business process, learning and growth) among food processing SMEs in Ghana.

H17: Market Focus has a positive impact on financial performance.

H18: Market Focus has a positive impact on customer performance.

H19: Market Focus has a positive impact on internal business process performance.

H20: Market Focus has a positive impact on learning and growth performance.

**Objective 6:** To investigate the impact of value proposition on performance (financial, customer, internal business process, learning and growth) among food processing SMEs in Ghana.

H21: Value Proposition has a positive impact on financial performance.

H22: Value Proposition has a positive impact on customer performance.

H23: Value Proposition has a positive impact on internal business process performance.

H24: Value Proposition has a positive impact on learning and growth performance.

## **Figure 1.2: Constructs with corresponding hypothesis**

## THEORETICAL RESEARCH MODEL



#### 

Source: Field survey, 2020

In summary, this section discussed the background of this study and the relevance of food processing SMEs to the Ghanaian economy. It also discussed the problem statement, objectives and hypotheses of the study. The next session discusses the preliminary literature review of this study.

#### **1.5 SIGNIFICANCE OF THE STUDY**

This study examines the impact of innovative marketing on the performance of Ghanaian food processing SMEs, i.e. its significance from an emerging economy view point. The justification for this study is that marketing literature has still not met the expectation of reporting on any empirical study on the role of innovative marketing practices on Ghanaian food processing SMEs' performance but has, instead, depended on the outcomes from other settings, which debatably cannot depict the peculiar circumstance of food processing SMEs in Ghana. Most research on marketing among Ghanaian SMEs (Kraa, 2016; Acheampong, 2015; Dzisi and Ofosu, 2014 and Mahmoud and Hinson, 2012) has been limited to marketing strategies and orientations with a smaller range of marketing variables to deal with food processing SME performance challenges. It is against this background that it is envisage that innovative marketing, market focus and value proposition) may help to bring about superior food processing SME performance (including financial performance, customer performance, internal business process performance, learning and growth performance) and reduce food processing SME failure and mortality rate in Ghana.

The significance of the study can be categorised below.

- The investigation looks to supplement current writing and information on innovative marketing and food processing SME performance from a creating - country view point. It tries to fill the gaps in writing and information by giving far reaching information on innovative marketing and SME performance in the food processing sector in the Eastern Region of Ghana. Extra information will be added to scholarly research since gaps for upcoming research will also be identified.
- 2. SMEs in Ghana's manufacturing sector, most particularly the food processing sector, will profit by the discoveries in this investigation after its completion. It will lay out the importance of each innovative marketing measurement and its impact on food processing SME development in Ghana, henceforth filling in as a rule for the manufacturing sector and SMEs in general.
- 3. The study will educate legislative and non-governmental associations, for example National Board for Small Scale Industry of Ghana (NBSSI), Association of Ghana Industries, and Ministry of Trade and Industry (MOTI, Ghana) among others, about the impact of innovative marketing on food processing SMEs' performance to empower the practice of innovative marketing in food processing SMEs.

4. Finally, it will likewise fill in as a reason for additional investigation in the area of innovative marketing and food processing SME performance.

## **1.6 SCOPE OF THE STUDY**

The investigation focused on the impact of innovative marketing on the performance of SMEs in Ghana's food processing sector. The study concentrated on food processing SMEs within the Eastern Region of Ghana as food processing SME growth and performance in the region is low even though the Eastern Region of Ghana is among the regions with the highest agriculture production in Ghana (Ghana Statistical Services, 2017).

## **1.7 LITERATURE REVIEW**

#### 1.7.1 Introduction

Literature review examines data published in a particular branch of knowledge, and once in a while data in a particular branch of knowledge inside a specific timespan (Ananga, 2015). Ananga (2015) contend that a literature review includes fundamental outlines of the sources; however, it ordinarily has an organised form and combines both summary and synthesis. A summary is a summing up of significant information of the source; however, a synthesis is a re-organising of the information. It may introduce another understanding of old material or combine new with old interpretations. Or it might track the intellectual development of the field, including major discussions. The focal point of a literature review is to sum up and combine the perspectives and thoughts of others without including new contributions.

## 1.7.2 Research Context Literature Review

This section reviews literatures that provides context to the research. The section therefore discusses literatures on innovative marketing, food processing SME performance and empirical evidence of innovative marketing strategies and performance.

## **1.7.2.1** Innovative Marketing

A key concern in the study of innovative marketing is the absence of agreement on the definition of the term 'innovative marketing' (Karabulut, 2015). Omodafe and Nwaizugbo (2017) define innovative marketing as the method of developing, interacting, conveying and trading novel products/processes/markets/techniques which meet customers' desires more

equitably and cost-effectively than prevailing answers such as product orientation/concept, production orientation/concept and sales orientation/concept. Omodafe and Nwaizugbo (2017) argue that large audited mainstream research studies have constantly established that innovative marketing executions are applicable to both little and huge enterprises (Weerawardena and Mavondo, 2011; Reijonen, 2010; O'Dywer, Gilmore and Carson, 2009).

Atalay, Anafarta and Sarvan (2013) viewed innovative marketing as the application of novel marketing techniques including substantial variations in item development or bundling, product distribution or placement, product promotion or pricing. Atalay, Anarfa and Sarvan (2013) stress that innovative marketing is directed at improved solutions to customer requirements, expanding into untapped enterprise sectors, or new awareness creation of a firm's product on the market, with the prime intent of growing the enterprise's revenue. Sefa (2014) assert that periodic, frequent and other repetitive alterations in marketing mechanisms founded on marketing approaches already in use in the enterprise are usually not identified as marketing innovation. Sefa (2014) argue that to be considered, they must contain marketing approaches not formerly used by the enterprise. According to Rosli and Sidek (2013) innovative marketing about extra benefit to innovative marketing-oriented enterprises.

## 1.7.2.2 Food Processing SME Performance

According to Atalay, Anarfa and Sarvan (2013), a food processing SME performance is a multifaceted idea whose factors can be divisional, such as relating to production, finance or marketing, or importantly such as pertaining to development and profit. This can be ascertained by utilising financial or non-financial factors. Striteska and Spickova (2012) underscored that, usually, the emphasis on performance measurement has been on objective/financial measures only. Previous studies (Dzisi and Ofosu, 2014) indicate that past financial data is not sufficient to meet the dynamic performance measurement in the new economy as a result of the increasing convolution of organisations and the markets in which SMEs compete. This is because shareholder value is now de-emphasised in financial reports. As indicated by Cumby and Striteska and Spickova (2012), viable shareholder value is instead determined by subjective/non-financial indicators, for example, customer commitment, employee gratification, internal processes, and an organisation's objectives, different techniques are accepted by various SMEs to evaluate their performance. Thus, performance indicator of SMEs

can be evaluated in financial and non-financial terms (Bagorogoza and Waal, 2010; Bakar and Ahmad, 2010). Most SMEs, on the other hand, favour the adoption of financial factors to assess their performance (Rosli and Sidek, 2013). Financial indicators such as return on assets (ROA) (Zahra, 2008) average annual occupancy rate, net profit after tax and return on investment (ROI) (Tavitiyaman, Zhang and Qu, 2012) are the generally applied financial or accounting indicators by SMEs. Other frequently used SME performance measures include profitability, productivity, growth, stakeholder satisfaction, market share and competitive position (Bagorogoza and Waal, 2010). Sidek and Rosli (2013) emphasise that financial elements are not the only indicator for assessing SME performance. As a result, SMEs must merge financial and non-financial measurements in order to adjust to the dynamics of the internal and external environment (Rosli and Sidek, 2013).

### **1.7.2.3** Empirical Evidence of Innovative Marketing Strategies and Performance

There are a number of studies addressing this topic with differences in terms of constructs and place, which do not affect the essence of the studies. In detail, Al-Zyadaat, Saudi and Al-Awamreh (2012) investigated the type of association between marketing innovation orientation and performance through the examination of a set of hypotheses. The study establish that the effect of innovation is considered as an intermediary of the association between market orientation and marketing performance. Additionally, this shows that focus and commitment to marketing innovation impacts on performance. The study also indicates that marketing innovation is associated with administrative and technical aspects of an organisation. Voss and Voss (2000) also investigated the association between the strategic marketing orientation of the organisation and performance. They established that the relationship between strategic marketing orientation and performance hinges on the quality criteria an organisation uses to assess performance. Dzisi and Ofosu (2014) aimed at determining the impact of marketing strategies on SME performance. Their study used traditional and non-traditional marketing media to measure marketing strategies, whereas performance was measured by profitability, brand awareness and market share. The outcome of their study shows that marketing strategies applied by SMEs have a positive impact on the performance of SMEs in terms of profitability (50%), brand awareness (30.6%) and market share (19.4%). The study asserted that conventional marketing techniques are, however, more associated with performance of SMEs than non-conventional marketing techniques. According to the study this is an indication that SMEs are more susceptible to the application of conventional forms of marketing – mainly television and radio, newspapers and magazines, banners and billboards and branded

paraphernalia – to appeal to potential customers. Gajanayake (2010) aimed to establish the impact of marketing strategies and behaviour of SMEs on their business growth. The study used brand name, promotion method, pricing method, distribution method and new product development to measure marketing strategies, whereas the performance/growth was measured by turnover, asset value and number of employees. The findings of the study reveal that the correlation between the variables/measures of marketing strategies and growth/performance measures is very small and almost there seems to be no correlation though there was a positive relationship between the two factors. This finding contradicts with literature (Ebitu, 2016). According to Gajanayake (2010), there might be two reasons for this situation.

Gajanayake (2010) argued that SMEs could not provide accurate growth figures and the extent of marketing strategy application among SMEs was very minimal. Therefore, according to the findings of this study, there was no correlation between the level of marketing strategies and the growth/performance of SMEs. Based on the two reasons identified by Gajanayake's (2010) findings, this study focused on SME respondents who have voluntarily expressed interest in the research and were willing to reveal or share relevant data/information for this study. SME respondents would further be oriented on the scope of the research and would be assured of their right to confidentiality and privacy.

## **1.7.4 Empirical Literature Review**

This section reviews literatures on the factors in the proposed model of the research. The section discusses literature on innovative marketing variables (marketing modification, marketing mix, customer focus, integrated marketing, market focus and value proposition) and performance variables including financial performance, customer performance, internal business process performance and learning and growth performance.

## **1.7.4.1** Elements of Innovative Marketing

The components of innovative marketing in this study are categorised in terms of marketing mix, marketing modification, customer focus, integrated marketing, market focus and value proposition (O'Dwyer, Gilmore and Carson, 2009). According to O'Dwyer, Gilmore and Carson (2009) the inter-relationships between these elements form the basis of innovative marketing.

## 1.7.4.1.1 Marketing mix

Narteh (2013) investigated innovative marketing in practice and found that food processing SMEs implementing innovative marketing practices respond to market needs by changing their marketing techniques, rather than embracing an innovative orientation whereby a novel product is created and afterwards there is a search for a market. According to Millman and El-Gohary (2013) a marketing approach of this nature searches for novel solutions to customer problems by committing organisational resources. Harrigan, Ramsey and Ibbotson (2012) stress that as food processing SMEs undertake their marketing activities they usually depart from their original plans which brings about recurrent streams of innovative marketing. Prasanna and Vinodh (2013) argue that such marketing innovation involves the modification of products, alteration of marketing mix, distribution systems and channels, which enables food processing SMEs to distinguish their products or services in niche markets from standardised offerings of large organisations.

## 1.7.4.1.2 Marketing Modification

According to Nayir, Tamm and Durmusoglu (2014) marketing behaviours of food processing SMEs must match-up with the implementation-oriented activities needed to identify change prospects and cultivate repeated change in the food processing SMEs and their market. O'Dwyer, Gilmore and Carson (2009) argue that, although food processing SME marketing undertakings can reflect strong innovation, they are not basically founded on novelty, and are bound to be a rendition of a current idea or practice. In this manner, innovation is inherent in its distinct application to a specific company or circumstance. O'Dwyer, Gilmore and Carson (2009) further stress that such alteration forms a focal component of food processing SMEs' innovative marketing, focusing initially on improvements to items and administration to achieve marketing activities and practices, which might be considered either proactive or receptive.

## 1.7.4.1.3 Customer Focus

As per Gilmore and Carson (2009) customer fulfilment and customer direction are exceptionally connected with effective SMEs, where generous significance is placed on customer connections in building up a customer base and on the importance of consumer loyalty to competitive achievement. Kalluri and Kodali (2014) establish that one of the

significant parts of food processing SME marketing techniques is their objective to be innovative in their customer direction. O'Dwyer, Gilmore and Carson (2009) found that a regular attribute of non-innovative marketing is the recognisable proof of customer bunch through a cycle of disposal, instead of utilising more customary methodologies, for example as segmentation, targeting and positioning. This innovative way to deal with customers is basic in setting up a competitive upper hand for SMEs. O'Dwyer, Gilmore and Carson (2009) argue that it is of specific centrality to food processing SMEs in impacting positive customer loyalty and, thus, organisation performance.

## 1.7.4.1.4 Integrated Marketing

O'Dwyer, Gilmore and Carson (2009) show that innovation is unescapable throughout marketing. Food processing SMEs undertake incessant additional changes to their present activities and practices, which permit them to recognise their product in a specialty market from the normalised offerings of larger firms. O'Dwyer, Gilmore and Carson (2009) additionally contend that such differentiation is to a great extent dependent on market and marketing information gathered by each segment of the food processing SME, utilising casual networks and specially appointed methodologies, which are characteristic of the intelligent and coordinated marketing strategies favoured by food processing SMEs.

## 1.7.4.1.5 Market Focus

O'Dwyer, Gilmore and Carson (2009) assert that SMEs that are bound to excel undertake more viable marketing activities than their competitors. This is an indication that in order to attain marketing accomplishment, SMEs need to concentrate on "market-associated positioning components and the taking on of a more adaptable hierarchical structure for management of marketing". Lado and Maydeu-Olivares (2000) contend that for food processing SMEs to oversee their marketing destinations they should concentrate on the degree to which novel items meet their vision, business and revenue-related targets. Donnelly, Simmons, Armstrong and Fearne (2012) mention that SMEs will therefore derive competitive differentiation from innovation and from bringing about the development and preservation of product or service competitive advantage, which is necessary for innovative marketing.

## 1.7.4.1.6 Value Proposition

According to O'Dwyer, Gilmore and Carson (2009) the features of innovation in enterprises have been recognised as the exploration for original, unique or uncommon answers to problems. O'Dwyer, Gilmore and Carson (2009) further argue that features of innovation also comprise the improvement of items, and procedures for carrying out organisational roles. Payne, Frow and Eggert (2017) indicate that the aim of market innovation is to find better (new) prospective markets, and viable avenues to attend to focused markets. Hence, innovative marketing is defined by variables including newness, uniqueness and unconventionality (O'Dwyer, Gilmore and Carson, 2009). O'Dwyer, Gilmore and Carson (2009) stress that these variables determine the importance of innovation in the marketing function. O'Dwyer, Gilmore and Carson (2009) further argue that the full incorporation of innovative marketing into the organisation and its application on a continual basis by food processing SMEs functioning in a changing environment facilitates the achievement of organisational objectives.

#### **1.7.4.2** Food Processing SME Performance Theories

There are several theories for measuring food SME performance including European Foundation for Quality Management (EFQM) (Alao, 2013), Performance Measuring Matrix (Striteska and Spickova, 2012), SMART Performance Pyramid (Lynch and Cross, 1995), Performance Prism (Neely, Adams and Kennerley, 2002), Kanji Business Excell1ence Measurement Systems (KBEMS) (Kanji and Sá, 2001) and Theory of Constraints (TOC) (Striteska and Spickova, 2012). The Balanced Scorecard model (Kaplan and Norton, 2009) which adopts financial performance, customer performance, internal business process performance, and learning and growth performance formed measurement parameters to measure the role of innovative marketing variables on food processing SME and business performance in this study.

## **1.7.4.2.1** Elements of Food Processing SME Performance

The elements of food processing SME performance in this research study (i.e., the role of innovative marketing on the performance of Ghanaian food processing SMEs) are categorised in terms of financial perspective, customer perspective, and internal business process and learning and growth perspective.

## 1.7.4.2.1.1 Financial Perspective

According to Malgwi and Dahiru (2014) the financial perspective aims to integrate the financial success of the organisation with shareholder value. Al-Najjar and Kalaf (2012) indicate that the financial indicators deliver the economic implications for activities undertaken by the organisation and concentrate on profitability performance outcomes which shareholders use to confirm the profitability associated with their investment. Al-Najjar and Kalaf (2012) further emphasise that under the financial perspective food processing SME owners/managers are expected to develop measures that provide solutions to the question: How should food processing SMEs appear to shareholders if they want to meet their financial objective(s)? Kaplan and Norton (2004) recognised the necessity for existing financial information. Malgwi and Dahiru (2014) further stress that giving precise and well-timed financial information is required for the effectual and easy direction of the food processing SME. Malgwi and Dahiru (2014) further stress that providing accurate and on-time financial data to the right recipient in the food processing SME helps in settling on exact choice at the desired period. The most frequently used performance measures integrated under the financial perspective include Net Operating Income cash flow, Return-on-Investment (ROI) and revenue growth. Etim and Agara (2011) explain that the financial perspective examines exactly how shareholders perceive the firm in terms of enhancement on the structure, profit after tax, dividend payout ratio, return on capital employed (ROCE) and growth in the sales volume. Kaplan and Norton (2004) mention that the food processing SME innovative marketing strategy is influenced by three central financial subjects which are cost reduction, revenue growth and asset use.

## 1.7.4.2.1.2 Customer Perspective

Kairu, Wafula, Okaka, Odera and Akerele (2013) contend that customer perspective takes into cognizance the capability to offer quality products and services, the effectiveness of their delivery, and overall customer service and satisfaction. Gekonge (2005) argues that the customer perspective will originate from price offered, superiority, obtainability, assortment, performance, service, partnerships and brand value propositions, which will eventually bring about improved customer acquisition and retention. Kaplan and Norton (2004) assert that the Balanced Score Card (BSC) demands that food processing SME owners/managers should turn their general mission statement into customer service measures that indicate the factors that are important to customers. Kotler and Armstrong (2004) stress that concerns associated with the customer can be placed into four categories: performance, quality, time and service, and cost.

Loyal customers repeat their purchase, refer products/services to others, pay minimal attention to competing brands and promotion, and buy complementary products from the company. According to Malgwi and Dahiru (2014) the core objectives of the customer perspective include customer acquisition, expanding market domain, customer retention, and customer satisfaction.

## **1.7.4.2.1.3** The Internal Business Processes

According Kairu Wafula, Okaka, Odera and Akerele (2013), the internal process perspective concentrates on internal business outcomes that bring about money related achievement and fulfilled customers. They argue that to meet the organisational objectives and customers' expectations, food processing SME organisations must determine the important business processes at which they must succeed. These important business processes are checked to make sure that results always turn out satisfactorily. Kaplan and Norton (1992) assert that the internal processes perspective reflects on the effectiveness of internal processes and measures. The main idea regrading this perspective is that customer-based measures are imperative; however, they need to be changed into measures of what the food processing SME must undertake internally to satisfy its customers' anticipations. Al-Najjar and Kalaf (2012) stress that internal business processes make available the blueprint through which performance expectations of food processing SMEs can be achieved. Under the internal business process viewpoint, food processing SME owners/managers are obligated to create estimates that react to the accompanying inquiries: "What business measures must food processing SMEs be best at so as to fulfil its customers and investors' requirements?" The dominant subject of this point of view is that the results of internal business processes bring about financial achievement and fulfilled customers. Under the internal business process perspective, Malgwi and Dahiru (2014) indicate likely measures such as reduced production lead times, decrease in quality control rejection rate, and expanded degree of production limit usage. Etim and Agara (2011) distinguish measures under this point of view to incorporate deformity rate, reaction to customers' grumblings, nature of after sales administration, internal process bureaucracy, process completion time, quality and aptitude of staff and their level of inspiration. Malgwi and Dahiru (2014) identified three process value-chains on which to apply the internal process perspectives and these include innovation process through customer research, operation process through value creation and post-sales service process through the process value chain.

## **1.7.4.2.1.4** The Learning and Growth Perspectives

The learning and growth perspective centres on how an organisation's employees learn and develop in their profession in order to increase origination performance. According to Kairu, Wafula, Okaka, Odera and Akerele (2013), the learning and growth perspective looks at employee capability (i.e. abilities, information, aptitudes and preparing), the superiority of information systems (databases, systems and networks) and the impact of organisational integration (i.e. leadership, integration, culture and teamwork), assisting the realization of organisational objectives. Gekonge (2005) argues that the success of food processing SMEs will depend largely on sufficiently motivated and skilled employees, resourced with precise and on-time information and headed by effective leadership providing direction. Consequently, this will bring about manufacture and conveyance of superior products and services and ultimately a positive financial performance. Malgwi and Dahiru (2014) emphasise that, under the learning and growth perspective, food processing SME owners/managers need to develop measures to respond to the following question: How will food processing SMEs maintain their capability and develop if they want to accomplish their vision? The learning and growth perspective measures organisational efforts towards providing opportunities for employees to learn and develop in their premises. Al-Najjar and Kalaf (2012) acknowledge that the learning and growth measures are the most testing to pick; subsequently, they put forward the following measures as instances: information systems capabilities, employee motivation, employee capabilities, and employee empowerment. Etim and Agara (2014) indicate that the gearing and growth point of view take into cognizance the elasticity of an organisation and its conformability to dynamism in the business environment, how new technology is conveyed to adjust to dynamism in the business environment, and level of firm capability and innovativeness. Kaplan and Norton (1992) indicate two main supporting factors for learning and growth perspective to be realised which include developing employee capability, motivation empowerment and alignment.

## 1.7.4.3 Relationship between Innovative Marketing and Food Processing SME Performance

Marjanova and Stojanovski (2012) argue that well-meaning marketing influences the sales and growth and adds considerably to the expansion of market share in markets considered competitive. Studies (Santos-Vijande, Sanzo-Perez, Gutierrez and Rodriguez, 2012; Yan and Chew, 2011; Taiwo, 2010; Merrilees, Thiele and Lye, 2010) have established that innovative

marketing is pivotal in improving the performance of food processing SMEs. Taiwo (2010) established that innovative marketing undertakings considerably impact on food processing SME performance elements and that they interrelate with diverse constituents to bring about performance. Santos-Vijande et al., (2012) also examined the organisational backgrounds of innovative marketing competences and their impact on food processing SME performance. They established that innovative marketing competences have a considerable and positive effect on the satisfaction and loyalty of customers, which eventually brings about much anticipated SME performance areas such as sales, profit and market share. Merrilees, Thiele and Lye (2010) examined the innovative marketing capabilities: antecedents and implications for business-to-business (B2B) SME performance. Their study indicated that innovative marketing capability is the strongest determinant of food processing SME performance and also established that market orientation and management capabilities act as supporting mechanisms for building innovative marketing capabilities. According to Rosli and Sidek (2013), innovative marketing interacts with the marketing mix and market selection to bring about the satisfaction of the customer's buying choices. Food processing SMEs need to undertake market innovation on a continuous basis because of technology enabled marketing tools, mainly via the internet. This makes potential customer accessibility across the globe by competitors possible at light speed. Trivedi (2013) asserts that innovative marketing is pivotal in bringing about the realization of market demand and reacting to market potentials. As a result, all market innovation has to be focused on fulfilling customers' requests and achieving customer satisfaction. According to Rugut (2012), innovative marketing complements sales efforts through improving requests for products, which will therefore bring about extra profit to innovative food processing SMEs. In the same vein, Otero-Neirra, Lindman and Fernandez (2009) establish compelling proof that innovative marketing positively influences food processing SME performance. In addition to this outcome, Varis and Littunen (2010) using an estimated model established a highly significant relationship between innovative marketing activity and performance. According to Reijonen (2009) innovative marketing has other positive impacts than that of improving food processing SME performance. Reijonen (2009) further argues that it improves clearness of attention and vision in the approach of food processing SMEs, offers psychological and social returns for employees, enhances spirit de corps and brings about positive referral from satisfied and loyal customers to others. Hyvonen and Tuominen (2007) assert that innovative marketing supports food processing SMEs to develop high quality value for members of the distribution channel and thus improves distribution channel cooperation and additional performance.

## **1.7.5 Definitions of SMEs**

Many researchers have provided different definitions of SME as a concept (Kayanula and Ouartey, 2000; Mensah, 2004; Polatoglu, 2007; Abor and Ouartey, 2010). The variations in the different definitions of SME generally focus on the view that SMEs are different in a number of ways in terms of financial structure, activities related to sales and size of employees' base in the contexts of different countries (Odoom, 2015). SMEs seems to be administered by the type the environment in which the definition is to be engaged. As a result, there is no standard definition of the concept of SME for different environmental contexts. There are enterprises that subscribe to the SME definition based on the criterion of employment while others subscribe to the definition grounded on the value of fixed assets (Gajanayake, 2010). In a study by Beck, Dermirgüç-Kunt and Pería (2008) on SME financing by banks across 45 countries, the banks were tasked to make available their institutional definition of SME firms. The banks were specifically told to provide their definition of SME based on variables including assets, sales and employees. The majority of banks (85%) defined SMEs based on annual sales from 200,000 to 4 million U.S. dollars and medium-sized firms as enterprises with sales ranging from 2 to 16 million U.S. dollars. Therefore, the range of average midpoint for small enterprises is 2 million U.S. dollars and for medium-sized enterprises it is 9 million dollars (Beck, Dermirgüç-Kunt and Pería, 2008).

## 1.7.5.1 Ghanaian Definitions of SMEs

Abor and Biekpe (2006) characterise the idea of SME in the Ghanaian setting as dependent on the Venture Capital Trust Fund Act, 2004 of Ghana and characterised as organisations having not in excess of 100 workers and a general resource base, excluding area and buildings, that does not go past what could be compared to 1 million U.S. dollars in esteem. Already, Kayanula and Quartey (2000) show that diverse definitions have been given for SMEs in Ghana; however, the regularly utilised standard is the number or size of workers. In the use of definition dependent on number of workers, misconception emerges because of the vulnerability and cut off focuses acknowledged by the distinctive authority sources. The investigation by Abor and Quartey (2010) on matters in SME growth in Ghana and South Africa shows that Ghana does not have a National Act that offers a structure for characterising SMEs, not at all like South Africa where the National Act 102 of 1996 altered by the National Act 29 of 2004 offers a structure that defends a steady definition by different official sources. The National Board for Small Scale Industries of Ghana (NBSSI, 1990) shows that the meaning of SME in Ghana is situated in the use of "fixed resources and number of employees" rules. The NBSSI in this manner characterises small-scale enterprise as an organisation with not in excess of 9 workers, and has plant and apparatus (barring area, structures and vehicles) not past 10 million Ghanaian Cedis and micro enterprise has workers under five. As received by the Ghana Statistical Service (GSS, 2007), enterprises under 10 employees are classified as small-scale enterprises and their counterparts having over 10 employees as medium and large-sized enterprises. Ironically, the GSS in its public records considered organisations with up to 9 employees as SMEs (Kayanula and Quartey, 2000). The estimation of fixed resources in the firm has additionally been utilised as an elective standard for characterising SMEs. The Ghana Enterprise Development Commission (GEDC), utilises a 10 million Ghanaian Cedis maximum breaking point definition for plant and hardware. Furthermore, the unremitting degrading of the domestic currency contrasted with other global monetary standards for the most part makes such meaning of SMEs old. Osei at al., (1993) likewise utilised a cut-off point of 30 workers to characterise SMEs in Ghana. They hence partitioned SME into three fundamental groupings:

1.	Micro	-	employing below 6 persons
2.	Small	-	enterprises employing between 6 to 9 persons
3.	Medium	-	employing from 10 to 29 persons.

## 1.7.5.2 Nature/Characteristics of SMEs in Ghana

Abor and Quartey (2010) state that Ghana's SME industry can be portrayed as one of dualistic nature which incorporates the formal sector and the informal sector. SMEs in the formal sector encompass a registered office, salaried employees, a business unit and a more regulated system, whilst SMEs in the informal sector are made up of artisans who work in exposed places and make-shift wooden structures, or at home employing a small workforce or in some cases without paid workers. The former is mostly composed of made family groups, independent artisans and women involved in processing indigenous crops. The dominant activities usually undertaken by SMEs in the informal sector comprise the manufacture of wood furniture, clothing and tailoring, textile and leather, soap and detergents, fabrics, village blacksmiths, tinsmiting, ceramics, timber and mining, bricks and cement, beverages, food processing, bakeries, electronic assembly, agro processing, chemical based products and mechanics (Osei, Baah-Nuakoh, Tutu and Sowa (1993). On the other hand, it must be recognised that these undertakings are not only restricted to the informal sector. According to Hayford (2010) SMEs

in Ghana make up a majority of businesses in both the formal and informal sectors. SMEs constitute the biggest portion of employment in Ghana and are the backbone of the private sector. Notwithstanding, Abor and Adjasi (2007) point out that SMEs in Ghana are not reliant on public funds and this has brought about a condition whereby there is little or no regulation to govern this sector. Hence, there are inadequate grades of accountability in the SME industries in Ghana. The reason can be that the majority SME owners have minimal levels of education and training. According to Aryeetey and Ahene (2005), SMEs in Ghana have been observed to start small and then fold-up as small enterprises without realising any growth in employment size and performance. Based on these reasons, small businesses deserves a lot of focus to empower them to increase their lifecycles and their development and expansion possibilities.

## **1.7.6** The Role of SMEs in Ghana's Economy

So as to accelerate the pace of advancement in rising economies, for example Ghana, SMEs are seen as one of the central areas of focus by policy makers. Kayanula and Quartey (2000) assert that growth objectives can be achieved by emerging economies by identifying SMEs as the backbone of economic growth. Therefore, SMEs end up being potential wellsprings of business and income in emerging economies like Ghana. Ananga (2015) indicates that SMEs in developing countries employ 22% of the adult population. Abor and Quartey (2010) further state that SMEs contributed 49% of Ghana's Gross Domestic Product (GDP) in 2012, accounting for 90% of current businesses and providing about 85% of work in the manufacturing sector. According to Frimpong (2013), the SME sector provides revenues from tax and export, produces simple products and services and creates employment for socio-economic growth in Ghana.

#### **1.7.7** Factors Influencing the Performance of Food Processing SMEs

The contributions by food processing SMEs to the financial improvement of both developed and emerging economies cannot be overlooked. However, despite food processing SME's acknowledged impacts on the economies across the globe, they are confronted with several challenges that seem to supress their performance. The following are notable challenges confronting food processing SMEs in Ghana (Ananga, 2015).

## 1.7.7.1 Managerial Capacities

Several studies byAylin, Garango, Cocca and Bititchi (2013); Olawale and Garwe (2010); Singh, Garg and Deshmukh (2008), and Pasanen (2007) indicate that supervision of the top management team is an important element for SME development. According to Olawale and Garwe (2010), management capacities are a collection of understanding, expertise, and capabilities that can increase the efficiency level of food processing SMEs. Singh, Garg and Deshmukh (2008) stress that management expertise is essential for food processing SMEs' achievement of survival and growth. Aylin, Garango, Cocca and Bititchi (2013) mention that management expertise is a basic component for the advancement of food processing SMEs and that the deficiency of management expertise is an obstruction to SME development and is also among the factors that can result in SME failure. Pasanen (2007) asserts that the development sequence of SMEs is connected to their managerial aptitude. Bouazza, Adjouman and Abada (2015) assert that a deficiency in the core competence and skills of top management team is one of the central problems confronting food processing SMEs.

## 1.7.7.2 Marketing Skills

Marketing skill has been acknowledged as an effective factor critical to the survival and growth of SMEs. According to Van Scheers (2011) deficiency marketing expertise has an adverse influence on SME success. According to Brush, Ceru and Blackburn (2009) food processing SMEs are confronted with a marketing skill deficit in areas such as instituting operational distribution channels, promoting product features, pricing products and services in an acceptable way, effecting sales and marketing strategies to attract and retain customers and implementing continuous product development in order to increase sales.

## **1.7.7.3 Human Resource Capacities**

Human resources capacity is one of the noteworthy components for the growth of food processing SMEs. Bouazza, Ardjouman and Abada (2015) indicate that food processing SMEs with a qualified and experienced employee are perhaps more resourceful. Bouazza, Ardjouman and Abada (2015) assert that human resource capacities positively influence the development of SMEs, which improves workforce expertise and enthusiasm, and ultimately brings about output and long-term sustainability of food processing SMEs. Ananga (2015) emphasises that qualified and experienced employees have greater abilities in terms of learning and innovative.

Conversely, several research studies identified minimal human resource competences as a main problem to the growth of food processing SMEs in emerging economies (Bouazza, Ardjouman and Abada, 2015; Ananga, 2015).

## 1.7.8 Food Processing Industry of Ghana

The manufacturing sector of Ghana encompasses different associated sectors such as food process, agro-processing and pharmaceutical. Among the struggling sub-sectors growing at a snail-pace is the food processing sector. The food processing sector is considered as one of the oldest in Ghana. It is predominantly made up of SMEs mostly undertaking low level value-added agricultural processing, and operating with small investment and simple tools, thus making the food processing sector the dominant manufacturing sector employer both in the rural and urban centres. The food processing sector captures a wide array of activities including processing and preservation of meat, fish, fruit, vegetables, oils and fats; the manufacture of dairy products; the manufacture of grain mill products, starches and starch products and prepared animal feeds; and the manufacture of other food products (bread, sugar, chocolate, pasta, coffee, nuts and spices) and many others. Below is a classification of sub-groups in the food processing sector of Ghana.

No.	Activity
1	Processing and preserving of meat products
2	Manufacture of starch and starch products
3	Processing and preserving of fish, fish crustaceans and molluscs
4	Processing and preserving fruits and vegetables
5	Manufacture of vegetable and animal oils and fats
6	Manufacture of dairy products
7	Manufacture of grain mill products
8	Manufacture of bakery products
9	Manufacture of cocoa, chocolate and sugar confectionery
10	Manufacture of other food products
11	Distilling, rectifying and blending of spirits
12	Manufacture of malt liquors and malt
13	Manufacture of soft drinks; production of mineral waters and other bottled waters
14	Manufacture of sugar
15	Manufacture of macaroni, noodles, couscous and similar farinaceous
16	Manufacture of prepared meals and dishes
17	Manufacture of prepared animal feeds
18	Manufacture of wines

## Table 1. 1: Sub-group of Activities under Food Processing Sector

## Source: GSS, 2011

The 2011 GDP report by the Ghana Statistical Service (GSS) indicates that the food processing sector is the dominant contributor to manufacturing in terms of GDP, therefore making up for 30% of the manufacturing sector's added value and providing employment opportunities for several thousands of Ghanaians both directly and indirectly. Furthermore, the food processing sector in Ghana is directly related to the mainstream agricultural sector where crops such as maize, rice, plantain, cassava, yam and many others are harvested. As a result, both the agriculture and food processing sectors aid in safeguarding food security in Ghana, thereby making these two sectors pivotal to the Ghanaian economy.

#### 1.8 RESEARCH DESIGN AND METHODOLOGY

This section discusses the research methodology of the research study beginning with the research design, target population, sample frame, research sampling technique, sample size, instruments/measure, statistical analysis, limitations, validity and reliability and data collection procedure, and ends with a discussion on ethical and confidentiality considerations concerning this study.

This study aimed to identify the impact of innovative marketing on the performance of Ghanaian food processing SMEs. To test the propositions, a field survey using questionnaires was conducted.

## 1.8.1 Research Design

According to Wisker (2008) different researchers point out that the research design accepted for a research study is a function of different factors including research topic, respondents, time, resources, information accessibility and the development emerging from empirical reviews.

Saunders, Lewis and Thornhill (2016) state that the quantitative method is a term used when the researcher uses a deductive and objective method that emphasises the gathering of information in terms of numbers and measurements. To accommodate the realist ontology and positivist epistemology, this study employed quantitative methods to analyse the data (Saunders, Lewis and Thornhill, 2016). Creswell (2013) defines quantitative research as a technique that tests the purpose of theories by assessing the relationships amongst the variables. In turn, these variables may be measured on instruments in order to analyse numerical data by applying statistical processes (Creswell, 2013). This research study adopted a quantitative research design because it was objective and scientific, and did not modify the situation under investigation. Leedy and Ormrod (2005) indicate that quantitative research methods enable the researcher to find both patterns and differences between variables in order to establish the objective relationship between these variables. Furthermore, a quantitative research design was selected for this study as a quantitative research methodology allows for measurement of the owners or managers' opinions, attitudes and behaviour about the innovative marketing strategy being utilised by food processing SMEs (Leedy and Ormrod, 2005). According to Creswell (2013), quantitative research is usually undertaken to offer the researcher information acquired from a moderately small group that is a characteristic of a larger universe. The data analysis adopted for this research study comprised of both descriptive and inferential statistics. The main reason for this study's adoption of inferential statistics was that it allowed the sample

results to be generalized to larger populations (Zikmund, Babin, Carr and Griffin, 2010). Data collection was undertaken through a quantitative, self-administered questionnaire survey. This approach is significant and widely used to investigate the contributing associations of the underlying theoretical constructs. Furthermore, it is a suitable tool for surveying a large sample because it is easily administered, relatively cheap and was adequate for this research. Based on the existing literature on innovative marketing, the performance of food processing SMEs and general cohort theory, the study hoped to comprehend the impact of innovative marketing on the performance of food processing SMEs.

## 1.8.2 Research Methodology

According to Babbie and Mouton (2010) research methodology fills in the specific details regarding the systematic, methodical and accurate execution of a research design. The methodology describes the stages that will be followed in carrying out the study. It offers a short defence for the research methods applied. The components of research methodology for this study included population and sampling selection, instruments or measures, statistical analysis, data collection procedure, study limitations, ethical and confidentiality issues. These are discussed in this section.

## **1.8.2.1** Target Population

As indicated by Creswell (2013) the target populace of a study is the gathering of components or items that have the information required by the researcher and about which interpretations are made. Saunders, Lewis and Thornhill (2016) also indicate that population represents a whole group of people about whom the researcher needs to get data. As a result, SMEs of the manufacturing sub-sector of food processing in the Eastern Region of Ghana represent the target population of this research study. As discussed earlier, the food processing sector in Ghana generally encompasses enterprises in both the formal sector (registered with the right state agency) and the informal sector (not registered with the right state agency). This study placed emphasis on the formal sector. Thus, data was gathered from food processing SMEs in the formal sector of the Eastern Region of Ghana. According to the National Board for Small Scale Industry (NBSSI) Report (2017) the population of SMEs in the manufacturing sub-sector of food processing is 540.

## **1.8.2.2** Sample Frame of Study

As indicated by Agudze-Tordzro (2012), social science researchers are generally confined concerning data collection from individuals who falls inside the objective populace. This at times is as a result of challenges associated with sampling and the accessibility of the entire target population. Zikmund et al., (2010) indicate that it is important for researchers to use a more narrowly defined target population because it saves time, money and effort in research.

Hence, the sample frame of this research study was SMEs in the food processing sector registered with the National Board of Small-Scale Industries (NBSSI). SMEs in the food processing sector were chosen for this study on the grounds that lately the manufacturing subsector of food processing has been declining in its significance to the Ghanaian economy comparative with extractive industries and informal services (Ackah, Adjasi, and Turkson, 2014). Somewhere in the range 2006 and 2015, the manufacturing sub-sector of food processing portion of GDP declined from 10.2% to 4.7%. (GSS, 2015). Then, the genuine estimation of processed food imports fell quickly by 13% per annum from 2000 to 2013, which comprised 81% of complete food imports over that period (FAO, 2016). Presently, food processing in Ghana is undertaken by medium scale enterprises which are confronted with the problem of declining industry performance and processed food importation (GIPC, 2013). The choice to utilise SMEs in the food processing industry registered with the National Board for Small Scale Industries (NBSSI) as a sample frame was informed by the fact that NBSSI is the primary institutional body regulating the activities of small businesses in Ghana. The sample frame of this study consisted of 540 SMEs in manufacturing sub-sector of food processing in the Eastern Region of Ghana.

## **1.8.2.3** Research Sampling Technique

A simple random sampling technique was utilised in the determination of respondents in the study. The population was grouped based on the sub-group of SME activities under the food processing sector (as depicted in Table 1.1 of the preliminary literature review). This division was undertaken to achieve stratified sampling in order to avoid the situation where only a sub-group of SME activity under food processing would be selected if the population was lumped together and sampled randomly. It was therefore reasoned that stratifying the respondents into sub-groups of SME activities under the food processing sector would ensure that the views presented in the study would reflect all SMEs in the food processing sector (Saunders, Lewis and Thornhill, 2016). In selecting the respondents, the researcher first obtained the full list of SMEs in the food processing sector registered with the National Board of Small-Scale

Industries (NBSSI). The list was then stratified according to the sub-group of SME activities under the food processing sector with the help of NBSSI officers. Thereafter, simple random sampling was used to select respondents in each sub-group (strata) of SME activities under the food processing sector.

## **1.8.2.4** Sampling Size of the Study

The aspect of sample size is the strategy of choosing the quantity of observations to include in a sample. A basic component of any research study is the sample size and it intends to make inductions about the population from a sample. Along these lines, the sample size utilised in this research study was ascertained based on data collection cost, and also availability of adequate statistical power (Singh and Masukum, 2014). The National Board of Small-Scale Industries (NBSSI) has a total of 540 registered businesses in the manufacturing sub-sector of food processing in the Eastern Region of Ghana. The population size was a sum of 540 SMEs in the manufacturing sub-sector of food processing in the Eastern Region of Ghana.

$$n = N / [1 + N (e)^{2}]$$

Where N is the population of the target population; e is the margin error (assume 5%); 1 = constant e = 0.05; N = 540.

 $n = 540 / [1 + 540(0.05)^{2}]$  n = 540 / [1 + 540(0.0025)] n = 540 / [1 + 1.35] = 540 / 2.35n = 230

The sample size of the study was 230.

## 1.8.2.5 Instruments/Measures

The constructs in the study were formulated by utilising measurement scales taken from previous research work (O'Dwyer, Gilmore and Carson, 2009; Kaplan and Norton, 2004). All constructs were measured using a five-point Likert scale questionnaire ranging from 1=strongly disagree to 5=strongly agree. Items for measuring innovative marketing were adopted from O'Dwyer, Gilmore and Carson (2009). This scale consists of six dimensions,

namely marketing mix (Omodafe and Nwaizugbo, 2017), marketing modification (Brege, 2018), customer focus (Ziggers and Henseler, 2015), integrated marketing (Neneh, 2016), market focus (Aminu, 2016) and value proposition (Payne, Frow and Eggert, 2017; Dickmänken, 2017). Items for measuring a firm's performance were adopted from Kaplan and Norton (2004). The scale for measuring a firm's performance consist of four dimensions, namely financial performance (Malgwi and Dahiru, 2014; Kairu, Wafula, Okaka, Odera and Akerele, 2013), customer performance (Alao, 2013), internal business process (Tibbs and Langat, 2016), and learning and growth (Njehu, 2017).

#### **1.8.2.6** Statistical Analysis

The statistical analyses seek to provide answers to the research questions. This study contained two statistical analyses: inferential statistics and regression analysis. Inferential statistics was utilised to depict the relationship between the variables that had been identified and hypothesized. Consequently, the descriptive statistics of this study were therefore analysed using SPSS version 23 and STATA version 15.1 statistical software. Each research question called for two statistical analyses. First, factor analysis obtained the key factors of "food processing SME performance" as the dependent variable. Since there are items for each of the subscales of "food processing SME Performance", factor analysis reduced the number of items for correlational analysis (Hair, Tatham Black, and Andersen, 2010). This effectively reduced the number of dependent variables for correlational analysis.

The study employed a multiple regression analysis using STATA version 15.1. The multiple regression analysis enabled the study to draw conclusions about the impact of innovative marketing on SMEs' performance (Hair, Tatham, Black and Anderson, 2010).

Social logical hypothesis of causal connection frequently determines an arrangement of connections where a few factors influence different factors and these thus impact still on different factors in the model. A single regression model can just indicate each reaction variable in turn. However, Path Analysis which is the Structural Equation Modelling (SEM) gauges the same number of regression equations as needed to relate all the proposed hypothetical connections among the factors in the clarifications simultaneously (Hair, Hult, Ringle and Sarstedt, 2017). This study tested the theoretical research model proposed using Structural Equation Modelling (SEM) – Path Analysis. The paths in the proposed theoretical model were tested using STATA version15.1 statistical software and the impact of the paths were also assessed.

## **1.8.2.7** Limitations of the Study

The data gathered was self-reported data. While it offers proficiency in data assortment, constraints likewise exist in utilising this strategy for data collection. While there is no influence over the translations of the questions in the instrument, self-managed instruments may have difficulties like reaction rates and trustworthiness in reactions (Creswell, 2013). When working with an instrument that surveys a firm's innovative marketing and SME performance, there is a chance that participants may swell their points of view (Creswell, 2013). The decision of quantitative investigation looks to limit that bias using a survey instrument (Leedy and Ormrod, 2005). While connections between factors may be built up, it is as yet hazy if certain precursor and mediating factors may additionally entangle the connection between independent and dependent factors (Creswell, 2013).

## 1.8.2.8 Validity and Reliability

Hair, Black, Babin and Anderson (2010) recognise that validity and reliability are focal issues in all logical estimations. Especially, they are notable on the grounds that constructs in social theory are regularly equivocal, diffuse and not legitimately noticeable (Hair, Black, Babin and Anderson, 2010). Reliability quality concerns the degree to which an examination, test, or any estimating strategy yields similar outcomes on rehashed preliminaries (Odoom, 2015). Internal consistency includes corresponding the reactions to each question in the questionnaire with those to other questions in the questionnaire (Saunders, Lewis and Thornhill, 2016). There are distinctive approaches for surveying internal consistency, of which one of the most oftentimes utilised is Cronbach's alpha, which is the degree of inter-correlations among the items that constitutes a scale. Reliability of 0.60 and 0.70 or above is viewed as the standard for demonstrating internal consistency of new scales and established scales respectively (Heale and Twycross, 2015). In this study, the Cronbach's alpha was expected to be above 0.7 in order to show that the factor scales are internally consistent with high reliability. Again, reliability analysis was performed in this study on the instrument that was used to measure innovative marketing constructs and Cronbach's alpha was used to perform the reliability analysis. The second measure of internal consistency in this study was the composite reliability coefficient (CR). Hair, Hult, Ringle and Sarstedt (2017) mention that the composite reliability coefficient does not assume that all indicators are equally weighted. Interpreted like a Cronbach's alpha, the composite reliability measure of 0.70 is a threshold for "modest" composite reliability

(Hair, Black, Babin and Anderson, 2010). Consequently, the composite reliability coefficient measure for this study was expected to be equal or greater than 0.70.

Validity represents the relationship between the constructs and its indicators and depends primarily on the adequacy with which a specific domain of content is sampled (Heale and Twycross, 2015). Factor analysis was performed in this study on the instrument that was used to measure innovative marketing constructs. This helped to determine the validity of the instrument used to measure innovative marketing constructs. The study also employed convergent and discriminant validity as a second approach to assessing validity. Heale and Twycross (2015) indicate that convergent validity involves the degree to which two measures of constructs that theoretically should be related are indeed related. In other words, an effective assessment of convergent validity indicates that a test of a perception is highly correlated with other tests intended to measure theoretically similar perceptions (Hensler, Ringle and Sarstedt, 2015). This study aimed to ascertain which two measures of innovative marketing construct should be theoretically related. This was realised through the determination of the convergent validity. It was expected in this study that the assessment of the convergent validity would provide evidence to support the theory that measures/items of a construct are related to the same construct. (Heale and Twycross, 2015). On the other hand, discriminant validity was used in this study to test whether measurements which were expected to be related were in fact unrelated (Henseler, Ringle, Sarstedt, 2015). The existence of discriminant validity in the study means the relationship between measures/items from different constructs are very low and certainly much lower than convergent correlations (Hair, Ringle and Sarstedt, 2013).

#### **1.8.2.9 Data Collection Procedure**

The hypothesised relationship was tested with data gathered from structured questionnaires self-administered to managers of SMEs in the manufacturing sub-sector of the food processing industry located in Ghana. Data was collected through self-administered questionnaires given to executives of the SMEs in the Ghanaian manufacturing sub-sector of the food processing industry. This study did not use an existing standardised questionnaire. Instead, a questionnaire design for this study reflected the research problem, the main objective of the research and the Ghanaian food processing SME context.

In this study, the primary data collection procedure involved questionnaires administered to the management staff of the sampled food processing SME organisations, for example owners/managers, administrators or any designated stakeholder and all having two years or more experience in the food processing SME field of practice. Self-administered questionnaires were used in this study. Self-administered questionnaires include online, postal, and "delivery and collection" questionnaires. Questionnaires can be administered through interviews, for example, telephone interviews and structured interviews (Saunders, Lewis and Thornhill, 2016). This study utilised delivery and collection questionnaire; however, in some restricted circumstances depending on the time restriction of the managers, telephone and email surveys were utilised. According to Creswell (2013) secondary data is information that already exists which is often gathered through reliance on previous research, official statistics, government, and industry reports. For the of this study, the secondary data was gathered from the industry reports, government reports on food processing SME performance, Ghanaian business journals on SMEs, journals on SME marketing and current organisational reports and research relevant to this study.

## **1.9 ETHICAL AND CONFIDENTIALITY ISSUES**

In order to ensure that this study received ethical approval from the Department of Marketing and Retail Management at UNISA, the research had to be undertaken within the ethical framework of UNISA. Approval was sought from the National Board for Small Scale Industries of Ghana. Ethical issues in research studies involve taking out information or data from persons and private profit-oriented organisations, with respondents usually expressing worries about subjects based on discretion and confidentiality. Consequently, the researcher assured respondents of their privileges regarding confidentiality and discretion. Furthermore, respondents were told about the scope of the study and that taking part in the study was strictly voluntary. The researcher did not foresee respondents being unprotected in terms of any form of risk in this study. There was no anticipation of any predictable injury or distress to respondents during this research study. The researcher ensured the anonymity of the respondents during data analysis, and safety of data storage. An affirmation was also made to all the respondents, recorded as a hard copy, that, upon fruitful completion of the research, reactions would be given to them through the National Board for Small Scale Industries (NBSSI) should they wish to see the outcome of the research.

## 1.10 DEFINITION OF KEY TERMS

**1. Innovative Marketing** - the strategy of creating, interacting, distributing and exchanging novel items/measures/strategies which tend to customers' necessities more competitively and

gainfully than current solutions, for example, product orientation/concept, production orientation/concept and sales orientation/concept.

**2. SME Performance** - is a multidimensional concept whose indicators can be departmental, for example relating to production, finance or marketing, or consequential, for example, relating to development and profit. It tends to be estimated with objective/financial or subjective/non-financial indicators.

**3. Small and Medium Enterprise (SME) -** the organisation utilising up to 29 workers, with the accompanying breakdown: micro (employing less than 6 people), small (employing 6 to 9 people) and medium (employing 10 to 100 people).

**4. Manufacturing Sector -** a business sector which contains articles of clothing, leather and leather products, food processing and beverages, metal works and engineering, wood works including furniture and ornaments, and agro-processing.

## 1.11 OUTLINE OF CHAPTERS

The thesis is arranged in seven chapters. This section gives the framework of the chapters in the thesis.

## **Chapter One: Introduction to the Study**

This chapter presents the introduction and background of the study, based on the significance of the study in relation to past studies conducted in this study area. The chapter also discussed the problem statement, research objectives, research hypotheses, as well as the research methodology adopted in the study.

## Chapter Two: Literature Review – Food Processing SME Industry in Ghana

This chapter will present the literature review discussing the SME industry from a broader scope and then narrowing the focus of discussion to the Ghanaian food processing SME industry.

# Chapter Three: Literature Review – Impact of Innovative Marketing on Food Processing SME Performance

This chapter will explore relevant literature on food processing SME performance concepts. It will discuss the concept of innovative marketing. The chapter will also analyse models used in understanding food processing SME performance. In essence, the chapter will review literature from secondary sources and identify innovative marketing variables relevant to the study. The

review of literature in this chapter will assist in identifying constructs on innovative marketing and performance which were tested in this research. This chapter will also present the literature review on the relationship or link between identified factors or variables of innovative marketing and food processing SME performance. It explores the effect and importance of marketing modification, marketing variables, customer focus, integrated marketing, marketing focus and unique proposition on financial performance, customer performance, internal business process performance and learning and growth performance. The challenges faced by food processing SMEs in the context of innovative marketing will also be discussed in this chapter.

## Chapter Four: Research Design and Methodology

Chapter four will concentrate on the research design and methodology that were utilised in the study. The chapter captures a justification for the selection of the research method used and conveys detail on the development of the data collection instrument and its administration, as well as the validity and reliability of the research instruments.

## Chapter Five: Analysis of Data and Discussion of Results

This chapter is divided into two areas – firstly, the introduction of the data and, secondly, the translation. In the data presentation, measurements relating to the demographic profiles of the respondents will be showed, as well as the reliability tests, validity tests and association tests, and the outcomes were clarified and deduced. This chapter also includes the summary of the study, and the argument of the results. The chapter delivers an examination of the degree to which the objectives developed for the study were achieved. Major empirical conclusions will also be stated in this chapter.

#### **Chapter Six – Discussion of Research Findings**

Chapter six provides a discussion on the empirical outcome of the hypotheses testing conducted in this investigation and its significance, particularly in relation to findings from other studies reported in literature. Again, chapter six discusses the findings of the study based on the research objectives and hypotheses posed in the introductory part of this research study. The research findings are also discussed in relation to the literature

#### **Chapter Seven– Conclusions and Recommendations**

This chapter focus on the conclusion and recommendations of the study. It demonstrates the constraints of the study and possible zones for additional research. In this chapter, suggestions will be settled on to inform policies and decisions that could influence innovative marketing

practice among Ghanaian food processing SMEs. This chapter also presents the impediments of the study.

## 1.12 CONCLUSION

This chapter presented the introduction and set the context of this study. It discussed the background of the study and the researcher's defence for undertaking a study of this nature. A summary of the essence of the relevant literature pertaining to this study was discussed in the background of this chapter. The most important gaps, inconsistencies and controversies within the literature studies were indicated in the background of this chapter. This was followed by the problem statement and objectives of the study. The preliminary literature review was also discussed. A brief methodology was provided, outlining the research design and research methodology. The ethical considerations were presented.

In the next chapter, a literature review on the food processing SME industry in Ghana is presented.

#### **CHAPTER 2**

## LITERATURE REVIEW OF

# FOOD PROCESSING SMALL AND MEDIUM ENTERPRISES (SMEs) INDUSTRY IN GHANA

## 2.1 INTRODUCTION

Chapter one presented the focus of this study which sought to determine the impact of innovative marketing on the performance of Ghanaian food processing SMEs. It discussed the background of the study and the researcher's defence for undertaking a study of this nature. The background to the study in chapter one presented a short literature review which focused on innovative marketing, SMEs and how innovative marketing influences SME performance. The background in chapter one also showed the research gaps and controversies of past studies which also provided justification for this study. The problem statement was presented in this chapter too, which identified limited innovative marketing orientation and a poor survival/performance rate among Ghanaian food processing SMEs. The problem statement in chapter one also identified how marketing literature has been unsuccessful in reporting any empirical study on the role of innovative marketing practices on Ghanaian SMEs' performance. The problem statement again showed that most research in marketing among Ghanaian SMEs has been limited to marketing strategies and orientation with a smaller range of marketing variables to deal with SME performance challenges (see chapter one - section 1.3). The objectives of this study were categorised into primary research objective and secondary research objectives. The primary research objective stated what the research study expected to achieve in general which was "to investigate the impact of innovative marketing on the performance of Ghanaian food processing SMEs". Six secondary research objectives were developed for this study based on the primary objective of the study. The development of hypotheses for this study was directed by the secondary objectives. Chapter one also indicated the hypotheses for the study. The theoretical research model was formulated which showed the relationship between each of the six innovative marketing constructs and four SME performance constructs with corresponding hypotheses.

The main objective of this study was to examine the impact of innovative marketing on the performance of Ghanaian food processing SMEs. Therefore, the objective of chapter two seeks to identify the nature and structure of the food processing SME industry in Ghana; to ascertain critical food processing SME characteristics/features which will support innovative marketing practice with the expected resultant performance and development; and to understand the

background within which this research was being undertaken. Chapter two also presents reviews on the SME industry and definitions from the global, African and Ghanaian context; the role and importance of SMEs in economic development; success factors/characteristics of SMEs; and the Ghanaian food processing sector and the food processing SME industry in Ghana.

## 2.2 THE SME INDUSTRY IN THE GLOBAL CONTEXT

According to the OECD (2017) SMEs are important actors in the global economy and the broader eco-system of enterprises. SMEs' adaptation and performance in a more exposed environment and their increasingly active participation in the digital revolution is vital for increasing financial development and conveying an increased all-encompassing globalisation (OECD, 2017). A working paper by Beverelli, Kukenova and Rocha (2011) mentions that, among countries across the globe in any stage of growth, SMEs have a significant role to perform in attaining the sustainable development goals (SDGs) by supporting comprehensive and maintainable financial development, offering jobs and acceptable availability of work, supporting viable industrial development and establishing innovation, and decreasing revenue disparities. On the other hand, Bergthaler, Kang, Liu and Monaghan (2015) argue that increasing SME prospects for partaking in and gaining the returns from a globalised and technology-based economy hinge on a high level of favourable structural situations and strong rivalry. Owing to limitations within an enterprise, SMEs are excessively plagued by nonperforming markets, obstacles and ineptitudes in the surrounding enterprise and the scope of guiding principles (Bergthaler, Kang, Liu and Monaghan, 2015). IBRD (2014) indicates that SMEs' influence also rests on their accessibility to strategic assets, for example expertise, information grids, finance, and to public assets in domains, like education and training, innovation and infrastructure. Furthermore, for many SMEs around the globe, a favourable environment for the handover of business ownership or management signifies a vital state for safeguarding business success over time, with repercussions for jobs, investment and development (IFC, 2010). These matters have obtained recognition in rules and guiding principle formulation deliberation, as SMEs in some nations keep on struggling with the protracted effect of the 2007-2008 global financial crunch, which affected both new and small enterprises excessively and indicated a broadening of the gap in output development between SMEs and bigger companies (OECD, 2017). This gap is a vital catalyst of the witnessed increase in disparity, comprising wage disparity, in several nations (OECD and the World Bank Group, 2015). Ayyagari, Demirgüç-Kunt and Maksimovic (2011) state that SMEs are the

largest type of enterprise, making up about 95% of all companies worldwide. SMEs are deliberated globally to be the key basis of employment, making up approximately 70% of jobs on average, and are the main influencers on the development of value, making between 50% and 60% of added value on average (OECD, 2016b). Dalberg (2011) maintains that SME growth can bring about economic change and pliability. This is very important for resourceendowed countries that are specifically susceptible to product/service price variations (OECD, 2017). Mazur (2012) asserts that the influence of SMEs on changing aspects of innovation has improved in recent years, as earnings growth - more specifically customer-based requests and evolving digital capability - have allowed SMEs to reinforce their competitive upper hand and lessen the organisational difficulties originating from asset limitations and inadequate capability to obtain economies of scale. Despite the fact not all SMEs are innovative, small emerging enterprises around the world are usually the reason behind the kind of drastic innovations that are vital for financial development, as they can operate out of their main standards, taking advantage of digital or marketable prospects that have been ignored by more recognised companies (Baumol, 2002). For example, SMEs make up about 20% of copyrights, an important determinant of innovation, in the biotechnology-associated sector in Europe (Eurostat, 2014). SMEs also add to the global value development by applying innovation made from other places and adjusting it to diverse settings via progressive modification, and by providing novel or customised products which react to varied customer demands (OECD, 2017).

The World Bank enterprise survey (2015) indicates that greater involvement by SMEs in global markets can provide support in strengthening their influence on economic growth and social security by developing prospects to increase the speed of innovation, expediting the overflow of technology and managerial expertise, widening and entrenching the skill-set, and improving productivity. Additionally, the ability of SMEs to tailor and distinguish products or services gives them competitive abilities in global markets as compared to larger companies, since they are capable to react swiftly to dynamic market circumstances and rising shorter product life cycles (IFC, 2010). Bowen, Morara and Muriithi (2009) argue that SMEs dominate some international niche markets, and innovative-oriented SMEs are usually the main associates of larger multinationals in creating novel products or attending to new markets. In the same vein, increased competition in SMEs' local markets is influenced by closer global integration, in some situations with disorderly effects, requiring improved customer-base insights and rising rivalries also for SMEs that do not function globally (OECD, 2017).

#### 2.2.1 SME Industry in Africa

According to the LSEG (London Stock Exchange Group) Africa Advisory Group (2018), SMEs are central to the imminent success of the African continent, with the prospects to form a new middle class and increase the request for indigenous goods and services. They acknowledge that the role of SMEs in Africa in bring about innovation, developing employment prospects and as a result influencing local wealth development directions is necessary for continuous economic growth (LSEG Africa Advisory Group, 2018). Muriithi (2017) states that SMEs are the key drivers of Africa's economy, making up about 90% of all companies and offering almost 80% of the region's employment. Similarly, Adisa, Abduraheem and Mordi (2014) mention that in the sub-Saharan African region, SMEs constitute above 95% of all companies. It is noteworthy that SMEs in Africa are very important due to their contribution to lessen poverty, increase countries' GDP and offer employment to a high percentage of the African population (Adisa et al., 2014). Muriithi (2017) asserts that the SME sector in Africa is specifically significant because of its basic method in reaction to the majority of Africans' requirements by providing reasonably priced goods and services. Katua (2014, p. 465) explicates that SMEs in Africa participate in industrial development in all sectors, from mineral extraction to production, service industry, agriculture and fishing to climate change. Conversely, Kamunge, Njeru and Tirimba (2014) emphasise that most SMEs in Africa participate in the service industry sector where they constitute approximately twothirds of employment levels. Muriithi (2017) points out that SMEs in Africa are the connection between basic industries to multifaceted and technologically advanced big industries and offer a stage for Africa-launch to growth. The SME industry in Africa plays an essential part in growth via delivery of products and services for industries whereas at the same time offering direct goods and services to consumers (Katua, 2014; Dalberg, 2011; Fjose, Grunfeld and Green, 2010). Fjose, Grunfeld and Green (2010, p. 9) contend that this makes SMEs remain the backbone for viable growth and economic progress in African countries. Nikolić, Dhamo, Schulte, Mihajlović and Kume (2015) indicate that SMEs in Africa are confronted with numerous problems that prevent their development. Despite their immense influence on development, SMEs in Africa are confronted with numerous challenges that limit their longterm existence (Nikolić et al., 2015). Muriithi (2017, p. 39) affirms that the degree of SME folding is disturbing with just limited SMEs surviving a small number of months to one year. According to Yeboah (2015), the survival level of SMEs in African nations is still very high with five out of seven new SMEs folding in their first year. For example, one-third of recent SME start-ups in Uganda did not stay 'alive' past one year of set-up, whereas in South Africa the non-survival rate of SMEs ranges from 50% to 95% based on the type of industry

(Willemse, 2010). A study by Yeboah (2015) also shows about 75% of SMEs in South Africa fail to survive making it one of the highest non-survival rates of SMEs in the world. Similarly, Chad has been identified as a nation with a SME non-survival rate of 65% and it is also noted to be a difficult country to undertake business because of unsupportive regulatory frameworks (World Bank, 2015). Similarly, the IFC Report (2011) points out that SMEs in sub-Saharan Africa are, on average, up to 204% fewer than SMEs in other parts of the world, as well as being far less productive. Even when SMEs in Africa are able to develop into larger enterprises, they do not see the improvements in productivity as anticipated (World Bank, 2015). Muriithi (2017) argues that even though the African continent has displayed substantial development in business environment in the last decade by inviting many businesses from diverse parts of the globe, it is still graded by the World Bank as the most challenging region to do businesses for SMEs. The study by Olawale and Garwe (2010) based on the challenges to the development of new SME start-ups in South Africa reveal that in several African countries SMEs find it very challenging to conduct business because of an unsupportive business environment stemming from unfriendly legal demands, high tax regimes, poor marketing capability, inflation, fluctuation and undependable exchange rates, all making it impossible to produce substantial profits to stay alive. In the same vein, the World Bank Report (2015) lists the chief five restrictions in Africa's SME environment as practices of informal sector, dishonesty, political uncertainty, poor electricity provision and deficiency of contact with finance along with a deficiency in skilled labour and adequate training. In terms of performance ranking, the World Bank (2015) places Africa at the lowest of regions like Eastern Europe, Central Asia, East Asia and the Pacific, the Middle East and North Africa, Latin America and South Asia.

#### 2.2.2 SME Industry in Ghana

A paper presented by Mensah (2004) on evaluation of SME financial support systems in Ghana at the UNIDO Regional Workshop of Financing SMEs in Accra stated that there is no accessible data on the precise number of SMEs in Ghana, but figures from Ghana's Registrar General's department indicates that approximately 90% of listed companies are SMEs. Mensah (2004) argues that this is partially due to the fact that many of these SMEs are in the informal sector, with the majority of them are not listed. According to UNCTAD Report (2005), the figures on SMEs are inadequate for a number of causes: absence of identical definition, increased cost of undertaking industrial surveys and the fact that many SMEs in Ghana fail to register and continue to exist outside the formal economy. Abor and Quartey (2010) maintain that SMEs in the informal sector of Ghana predominantly involve family groups, independent
artisans and women involved in processing indigenous crops. The main undertakings of SMEs within the informal sector comprise the manufacture of soap and detergents, fabrics, clothing and tailoring, textiles and leather, village blacksmiths, tin-smiting, ceramics, timber and mining, bricks and cement, beverages, food processing, wood furniture, electronic assembly, agro processing, chemical based products and mechanics (Mensah, 2004; Ackah and Vuvor, 2011). However, Ananga (2015) emphasise that these activities are not just restricted to the informal sector.

Ananga (2015) contends that there is a challenge in detaching the ownership of SMEs from their control in Ghana. Fuseini (2015) points out that another important characteristic of SMEs in Ghana is that the majority of their products or services are produced for the indigenous customer base. However, only a limited number of these SMEs have the ability to promote their products overseas (Fuseini, 2015). Ackah and Vuvor (2011) contend that this is predominantly as a result of the enormous financial requirements for taking part in international trade and the poor educational level, training and responsiveness of some SME proprietors. The majority of these SMEs are labour intensive and function with little or no technological knowledge and novelty (Ackah and Vuvor, 2011). A study by Aryeetey and Ahene (2005) on the changing regulatory environment for SMEs and their performance indicate that SMEs in Ghana have been identified to start small and then sooner or later die small, without realising any tangible growth in terms of employment increase and productivity. For these reasons Aryeetey and Ahene (2005) recommend that SMEs in Ghana merit considerable additional attention so as to upturn their life cycle and their prospects for development and growth.

### 2.3 DEFINITION OF SMES IN THE GLOBAL CONTEXT

The objective of this study was to determine the impact of innovative marketing on the performance of Ghanaian food processing SMEs. Therefore, the objective of this section is to determine the nature and structure of the SME industry. According to Mgeni and Nayak (2016) SMEs' resources and objectives for innovative marketing practice can be analysed using criteria, namely structure, market and capital related enterprise characteristics. Kisengo and Kombo (2012) argue that structural SME characteristics include SME size, ownership, assets and age. SME size reflects how large the company is in terms of infrastructure and employment (Mgeni and Nayak, 2016). Studies by Kipesha (2013), Pervan and Višić (2012) and Amato confirmed a strong positive and significant relationship between the nature and structure of the SME and innovative marketing practice performance. The structure and nature of the SME

provides the required environment within the SME for innovative marketing to thrive (Kipesha, 2013). Consequently, this impacts greatly on the performance and development of SMEs (Pervan and Višić, 2012). The definition of SMEs will therefore provide valuable insight into the structure and nature of SMEs. The structure and nature of the SME is a determinant of skills, capabilities, human resources and technology required for innovative marketing practice and SME performance (Kipesha, 2013; Pervan and Višić, 2012). Defining an SME is a difficult task, as every country has its peculiar definition; there is no single, uniformly accepted definition of SME (Ayyagari, Demirgüç-Kunt and Maksimovic, 2011). Enterprises differ in their level of capitalisation, sales and employment. Hence, definitions which employ measures of size (e.g. number of employees, turnover, profitability and net worth) when applied to one sector might lead to enterprises being classified as small, while the same size definition when applied to a different sector might lead to a different result (Ayyagari, Demirgüç-Kunt and Maksimovic, 2011).

This section provides a wide summary of SME definitions applied around the world with the aim of throwing light on the interpretation of SMEs. The Bolton Committee's definition of SME provides a relevant insight into the nature and structure of SMEs. This is evident based on the employment of diverse definitions of SMEs to diverse sectors by the Bolton Committee.

### 2.3.1. Bolton Committee's definitions of SMEs

The Bolton Committee used different descriptions of the SME for different sectors. While small enterprises in manufacturing, construction and mining were defined based on the number of workforce (in which case, 200 or less was a small enterprise), those in the retail, services, wholesale trade, trade, car repair and other processing industries were defined in terms of monetary turnover (in which case the range is 50,000-200,000 British pounds to be classified as SME) (Gáti, 2015). See Table 2.1. SMEs in the road transport are classified as small enterprises if they have fewer vehicles. According to Dar, Ahmed and Raziq (2017) there are various definitions of SMEs by different scholars. SMEs differ in their level of capitalisation, sales and employment. Sulemana (2014) asserted that definitions which employ a measure of size (number of employees, turnover, profitability, net worth, etc.) when applied to one sector could lead to all business enterprises being classified as small, while the same size definition when applied to a different sector could lead to a different result. The Bolton Committee also used a "statistical" definition to be applied in three main areas: namely quantifying the small size of the small firm sector and its contribution to Gross Domestic Product (GDP),

employment, comparing the extent to which the small enterprise sector's contribution to exports has changed over time and, lastly, applying the statistical definition in a cross-country comparison of the small enterprises' economic contribution. Thus, the Bolton Committee employed different definitions of SMEs for different sectors. This is important because the definitions reveal that the measures upon which the judgement of 'smallness' was made also varied in terms of sectors (Abor and Quartey, 2010). According to Gáti (2015), SME definition can be largely explained, as the term "size" cannot be easily fitted to any general definition which covers more than one industry. In recompense, the Bolton Committee (1971) developed different definitions for individual industries, supporting them with a selection standard which varies from one industry to the other (Table 2.1) (Gáti, 2015). According to Pratt and Virani (2015) the Bolton Committee's work underlined a key issue; it permitted the interpretation of small enterprises depending on the sector type. Therefore, the two groups of sectors manufacturing and construction, and mining and quarrying – the criterion was employment. The three service sectors used sales turnover as a criterion, and in one sector - catering - the criterion used is ownership. Lastly, in road transport, the criterion used is physical assets of the business in terms of the number vehicles (Sulemana, 2014).

Industry	Criterion	
Manufacture	<200 employees	
Building industry	<25 employees	
Mining, quarrying	<25 employees	
Retail trade	<50 000 £* return	
Other processing industry	<50 000 £ return	
Services	<50 000 £ return	
Trade, car repair	<110 000 £ return	
Wholesale trade	<200 000 £ return	
Road transport	<5 vehicles	
*£: pound sterling, GBP		

**Table 2.1: Bolton Committee Definitions of SMEs by Industry** 

Source: Bolton Committee (1971)

Gáti (2015) agreed that the Bolton Committee was largely criticised for using intense interpretation, that is to say SMEs function under the conditions of a seamless completion where the market players are well informed without a glitch. In reality, though, these companies do not have comprehensive market information, and do not aim to cover an entire market, but are an alternative. SMEs target specific markets and as a result are able to yield more profit. In markets with dissimilar behaviour, where niche markets exist, SMEs stand the chance of achieving higher profit margins (Gáti, 2015). Consequently, the definition by the Bolton Committee considered small enterprise groups as similar; that is, the definition failed to make a distinction between the sizes of small enterprises (Oppong, Owiredu and Churchill, 2014). On the other hand, the definition by the European Commission did not accept small enterprise groups to be similar; as a result, their definition makes differences between micro, small and medium-sized enterprises (Abor and Quartey, 2010).

#### 2.3.2 European Commission Definition of SMEs

Base on the lack of approval of the Bolton Committee which included simplification of definitions and the assumption of small enterprise groups as homogeneous, the European Commission (EC, 2003) created the term 'Small and Medium Enterprises' (SMEs). According to the European Commission (2003) this sector comprises three components: Those with up to nine (9) employees are termed as "Micro Enterprises, those with ten (10) up to ninety-nine (99) are referred to as Small Enterprises, whilst companies with one hundred to four hundred and ninety-nine (100-499) are considered as Medium Enterprises". Thus, the SME sector is made up of enterprises (except agriculture, hunting, forestry and fishing) which employ less than five hundred (500) workers. Consequently, the European Commission's definitions are exclusively dependent on employment rather than an array of criteria. Sulemana (2014) states that the use of one hundred (100) employees as the small company's upper limit is more suitable given the increase in productivity over the last two decades. The European Commission's definition of SME did not assume the SME group is homogeneous. That is, the definition makes differences between micro, small, and medium-sized enterprises. However, the European Commission's definition of SME is too all-embracing for a number of countries (European Commission, 2003). Sulemana (2014) indicates that researchers would have to apply definitions for SMEs which are more suitable to their specific 'target' market (a functional definition). He further stresses that discussions on definitions can turn out to be unproductive, except that size is an element which contributes to performance. Gáti (2015) asserts that the definition of SME by the European Commission (EC, 2003) specified standards to be satisfied for the following

elements: one of the standards indicating the number of the workforce, individuality and balance sheet totals should be satisfied (Table 2.2). As per the European Union (2015) definition: "The category of micro, small and medium-sized enterprises is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro". SME are therefore defined as companies with 10 to 250 employees, and more than 10 million Euros' turnover or annual balance sheet total (see Table 2.2).

Company Category	Employees	Turnover	Balance sheet total
Medium-sized	< 250	≤€ 50 m	≤ € 43 m
Small	< 50	≤€ 10 m	≤€ 10 m
Micro	<10	≤€2 m	$\leq \in 2 m$

Table 2.2. Definition of SME of the European Commission (EC)

*Source: (EU, 2015)* 

According to Berisha and Pula (2015), while the European Commission uses the standards of yearly gross revenue and balance sheet total to define an SME, definitions from other jurisdictions across the globe (including the World Bank) use criteria such as total assets, annual sales, and number of employees, capital and sometimes a combination of these criteria. Consequently, the next section discusses SME definitions from other jurisdictions across the world.

# 2.3.3 Other SME Definitions in the Global Context

Global discussion on SME definition provides insights into the nature and structures of SME across the world (Majama and Magang, 2017). Asare (2014) argues that the nature and structures of SMEs show the internal capabilities (such as assets, number of skilled employees and capital) of various SMEs across the world. Internal capabilities of SMEs are vital prerequisites for innovative marketing practice and its ripple effect on SME performance (Muriithi, 2017). Similarly, the World Bank (2014) classifies an enterprise as Micro, Small and Medium Enterprise (MSME) when it meets any of the following criteria, namely, number of

employees, size of assets, or annual sales as follows: microenterprises employ up to 10 employees, with total assets and annual sales of up to US\$ 10, 000; small enterprises employ up to 50 employees with total assets and annual sales of up to US\$ 3 million; and medium-sized enterprise employ up to 300 employees, with total assets and annual sales of up to US\$ 15 million. Assessments of several SME definitions globally show that it is very difficult to agree on a homogeneous definition. A study by Auciello (1975) in 75 countries indicates that more than 75 definitions were applied in the researched countries. This illustrates with certainty that there is no homogenously recognised definition of SMEs.

The next section discusses SME definitions in the African context.

#### 2.3.4 Definition of SMEs in the African Context

According to Abor and Quartey (2010) Act 102 of 1996 and MSMES, Act, 2012 define SMEs in South Africa and Kenya respectively whereas there is no such legislation in Sierra Leone, Nigeria and Ethiopia. Again, the cut off points for the various SME size categories in South Africa are much higher than Nigeria, Sierra Leone, Kenya and Ethiopia. This may be due to the fact that South Africa has a much higher income level than that of Nigeria, Sierra Leone, Kenya and Ethiopia (Nkuah, Tanyeh and Gaeten, 2013). The absence of legislative backing, coupled with varied definitions of SME in Sierra Leone, Nigeria and Ethiopia, makes it difficult to ascertain the true cut off points for the various SME size categories in these countries (Abor and Quartey, 2010). Similarly, Ghana has no legislation that defines SMEs and the most commonly used definition of SMEs is the number of employees of the enterprises (Nkuah, Tanyeh and Gaeten, 2013; Abor and Quartey, 2010). Nkuah, Tanyeh and Gaeten (2013) argue that in using this definition, however, there is some disagreement in respect of the uncertainty and cut off points used by the different official records in Ghana. Ghana is the focus of this study, so for this purpose the next section discusses the various definitions given to SMEs in Ghana with associated cut off points. The aim of this discussion is to determine the structure and nature of SMEs in Ghana. The discussions in the next section will also help the researcher to determine the most appropriate SME definition in Ghana for this study.

### 2.3.5 Definition of SMEs in Ghana

Abor and Quarter (2010) indicate that, in Ghana, there are different definitions of SMEs, however, the frequently used measure is the number of employees of an enterprise. In using this definition, misunderstanding usually comes up pertaining to uncertainty and upper limits utilised by the different formal sources (Abor and Quartey, 2010). The Ghana Statistical Service (GSS) defines enterprises having a workforce of below ten as Small-Scale Enterprises (SSE) and their counterparts having a workforce of above ten as Medium and Large-Sized Enterprises (Abor and Quartey, 2010). According to Sulemana (2014) an alternative criterion used in defining a SME is the worth of fixed assets in the organisation. Therefore, the Nation Board for Small Scale Industries (NBSSI) in Ghana utilises both the 'fixed asset and number of employees' standards (NBSSI, 2009). As a result, a Small Scale Enterprise is defined as one with not more than nine employees, has production facility and equipment (excluding land-living, structures and automobiles) not beyond ten million Cedis (US\$ 9,506.00, utilising 1994 exchange rate).

The Ghana Enterprise Development Commission (GEDC) on the other hand utilises a ten million Cedis upper limit definition for production facility and equipment (Abor and Quartey, 2010). A point of caution, according to Abor and Quartey (2010), is that the process of estimating fixed assets brings about a challenge. Secondly, the incessant devaluation in the exchange rate usually makes such definitions obsolete (Abor and Quartey, 2010). Abor and Biepke (2006) cited in Sulemana (2014), in defining Small Scale Enterprises in Ghana used an employment cut-off point of thirty employees to indicate Small Scale Enterprises. They later, however, categorised small scale enterprises into three categories. Firstly, those employing less than six people were referred to as 'Micro Enterprises'; secondly, those employing between six and nine people were considered as 'Very Small Enterprises'; and finally, those employing between ten and twenty-nine people were termed as 'Small Enterprises'. Empirical studies by Aryeetey, Baah-Nuakoh, Duggleby, Hettige and Steel (1994), based on a field survey of 133 enterprises in Ghana, classifies SMEs into four groups, namely (i) microenterprises – less than six people; (ii) very small enterprises - between six and nine workers; (iii) small enterprisesbetween ten and 29 workers (iv) medium-sized enterprises – between 30-140 workers. Fuseini (2015) argued that the number of employees and value of fixed assets are the two main criteria used in defining SMEs in Ghana. He asserts that the definition based on the number of employees used in most developing countries such as Ghana is less than that used in advanced countries due to the nature of their industries. According to Abor and Quartey (2010), in defining SMEs in Ghana, Osei et al. (1993) used an employment cut-off point of 30 employees.

Osei, Baah-Nuakoh, Tutu & Sowa (1993) cited in Abor and Quartey (2010), however, classified small-scale enterprises into three categories. These are: (i) micro – employing less than six people; (ii) very small – employing six to nine people; (iii) small – between ten and 29 employees. A more recent definition is the one given by the Regional Project on Enterprise Development Ghana manufacturing survey paper. The survey report classified enterprises into: (i) micro enterprise, less than five employees; (ii) small enterprise, 5 - 29; (iii) medium enterprise, 30 - 99 employees; (iv) large enterprise, 100 and more employees. The foregoing indicates that different definitions exist for small-scale enterprises in Ghana but the most frequently used measure is the number of employees of the enterprise.

## 2.3.6 Working Definition of SME for the Study

It has been established from the above many definitions of SMEs that any study on the functions of SMEs will be met with diverse definitions (Buame, 2012). As a result, researchers, organisations, nations and individuals globally are expected to frame their individual definitions to fit their specific "target" group (Mawutor, 2016). In line with the definitions of SMEs globally, the definitions of the Ghana Statistical Service (GSS) and National Board for Small Scale Industries (NBSSI) have been blended and adopted. This study therefore adopted the definition of SME as, fewer than nine (9) employees and a maximum of one hundred (100) employees.

### 2.4 THE ROLE OF THE SME SECTOR IN ECONOMIC DEVELOPMENT

According to Hunsaker (2018), economic development is the process by which a country increases the welfare of its inhabitants through political or economic sources and is determined by different of factors, including marketing. Keskin, Şentürk, Sungurt and Kiriş (2010) maintain that innovative marketing practices of SMEs serve as an economic catalyst in diverse means, from creating jobs to inducing purchases of products and services. The process of innovative marketing pursued by SMEs, which is the creation of goods or services from formation to usage, includes the harmonisation of four basic elements: creation of a product, establishment of price, choice of a distribution plan and operationalisation of promotional strategy (Omodafe and Nwaizugbo, 2017). Omodafe and Nwaizugbo (2017) argue that each of these four steps provides SMEs with the unique capability to influence the economic development of a country. Consequently, the role of the SME sector in economic development reflects the degree of innovative marketing capabilities of SMEs and their impact on their

performance (Wang, 2015). The implications of SME performance resulting from innovative marketing practices can therefore be witnessed in economic development variables such as economic growth, job creation, poverty reduction and manufacture and industrialisation (Sulemana, 2014).

#### 2.4.1 Importance of SMEs in Economic Growth

According to Hunsaker (2018) economic growth denotes an upturn in the capability of an economy to manufacture goods or services after a while. In fact, economic growth has been identified as an important indicator in the economic growth of a region (Hunsaker, 2018). According to Zafar and Mustafa (2017) SMEs are pivotal in the economic, modern and social development of a country.

# 2.4.1.1 Importance of SMEs in Global Economic Growth

SMEs have been connected to economic development and increased output in situational times or periods of recession (Ananga, 2015). In the Asian financial crisis, SMEs were portrayed as an 'army of ants' for Taiwan to combat the economic crisis (Hu, 2010). Sulemana (2014) stresses that SMEs play a significant part in a nation's economy as strong competitors; they fuel business rivalry which brings about high productivity, reduced prices and superior products. Bayramov et al. (2017) contend that the non-existence of SMEs would bring about monopoly by large companies on a number of enterprise activities. SMEs have an important role to perform when matters of increased efficiency are being addressed (Bayramov et al., 2017). According to Bayramov et al. (2017), some specific activities are well performed by SMEs than larger companies, especially with SMEs operating as sub-contractors for big companies and providing unprocessed materials and components or allocating factory-made products. Bayramov et al. (2017) also argue that small businesses in the United States (US) and Europe established a growing pattern in their significance from the 1980s. For instance, US's General Motors engages about 37,000 SMEs for sub-assembly and other services. Similarly, companies in Europe also engage in such undertakings. For example, one notable Italian company, Benetton, undertakes about 95 percent of manufacture through the use of subcontracting to SMEs (Bayramov et al., 2017).

### 2.4.1.2 Importance of SMEs in African Economic Growth

SMEs account for about 50 percent of job creation in many African countries (Zafar and Mustafa, 2017; Mensah and Peprah, 2016; Frimpong, 2013). For instance, in Tanzania it is projected that more than a third of the GDP comes from the SME sector (Mensah and Peprah, 2016). According to Samwel (2018), African countries like other countries in the world enjoy the same economic buoyancy contributed by small businesses to economic growth and development. This contribution to economic growth has been limited and shattered by protracted and continuing civil struggles and conflicts in some African countries (Nagler and Naudé, 2014). Th study undertaken by Abor and Quartey (2010) indicates that 91 percent of the formal enterprises in South African are SMEs and that these businesses provide between 52 percent to 57 percent to Gross Domestic Product (GDP) and account for approximately 61 percent of employment. Samwel (2018, p. 80) argued that in Tanzania small businesses are categorised under SMEs and they have a huge role in a nation's economy through employment creation and poverty alleviation, and it is estimated that above one-third of the country's GDP is derived from SMEs.

### 2.4.1.3 Importance of SMEs in Ghana's Economic Growth

Existing data in Ghana from the Registrar General indicates that 92 per cent of companies listed are SMEs and they provide approximately 70 per cent to the GDP of Ghana (Abor and Quartey, 2010). Prempeh (2015) maintains that SMEs have been identified as propellers of Ghana's economic growth as they are a main originator of earnings and employment. According to the Ghana Export Promotion Report (GEPC, 2008), SMEs in Ghana undertake a planned role by making up approximately 95 per cent of the total number of business creations. These figures support the assertion that SMEs in Ghana significantly influence employment and income creation (Sulemana, 2014). SMEs in Ghana also make substantive contributions towards exports even though the indigenous market is their prime target. (GEPC, 2010). In the same vein, SMEs perform a significant role as indirect exporters although direct export from SMEs in Ghana may not be significant (Prempeh, 2015). The Ghana Export Promotion Report (GEPC, 2011) indicates that a considerable number of SMEs in Ghana undertake production in export products and components, whereas larger established companies organise such engagements and undertake direct exports. Instances of such engagements comprising SMEs which are sub-contracted by large-scale exporters include leather products, food and agrobased processed products, handicraft and many others. Prempeh (2015) asserts that the majority

of SMEs in Ghana function in the non-traditional exports (NTEs) sector. The Ghanaian NTEs in the past two decades have shown considerable performance founded on the revenue accumulated to the country (GSS, 2011). Regrettably, handicrafts, which are one of the subdivisions under the NTEs, failed to achieve well as likened to preceding performance (GEPC, 2009). The GEPC report in 2007 indicates that the performance of semi-processed/ processed and the agricultural sub-segments developed progressively by 35.53 per cent and 11.14 per cent over 2006 earnings. However, the handicraft sub-segment chronicled an undesirable development of 15.59 per cent over 2006 earnings (GEPC, 2007). Prempeh (2015) contends that this was due to main purchasers of Ghanaian handicrafts in the United States of America (USA) turning to the Far-East, especially Indonesia, India, and China, for handicraft supplies.

#### 2.4.1.4 Importance of Innovative Marketing of SMEs in Economic Growth

According to Ewah and Ekeng (2009), innovative marketing of SMEs is intricately connected to the development of the economy of almost all nations across the globe. Innovative marketing of SMEs is one of the main contributing factors responsible for the wealth of countries and the channel of recovery in situations of economic depression especially in advanced economies (Ewah and Ekeng, 2009). Izvercian, Miclea and Potra (2016) contend that for advanced economies, innovative marketing background of SMEs has happened as part of the transformational cultural process and also development of these countries. Advanced economies such as the USA, Japan, UK, Germany, France, Switzerland and Belgium have profited greatly from the performance of their SMEs' innovative marketing activities, which has brought about improvement in their economies and also contributed to their Gross National Product (GNP) (Adjei, 2012). On the other hand, Oppong, Owiredu and Churchill (2014) indicate that for most emerging economies such as Ghana, the situation and the business climates have not been too favourable because of related challenges such as poverty, disjointed customer base, frail investment beliefs, dominance of less quality local products, and the reluctance of the mainstream SME manufacturers and enterprises to inculcate ethical innovative marketing undertakings. These challenges, according to Oppong, Owiredu and Churchill (2014), make it problematic for innovative marketing to develop and thrive in emerging economies such as Ghana. Akugri, Bagah and Walifan (2015) indicate that, in effect, the economy of Ghana and most emerging economies has not performed as expected due to the reduced growth of SMEs' innovative marketing as the foundation for developing the economic potential of modern economies. However, Ewah and Ekeng (2009) maintained that the economy of middle-income countries such as Ghana to a large extent orders the course and pace of innovative marketing activities among SMEs in these nations. However, Ghana and most developing countries continue to be prepared markets for the products from advanced countries; hitherto little or nothing is done to equate their size if not completely but at least partially (Ewah and Ekeng, 2009; Prempeh, 2015).

### 2.4.2 Importance of SMEs in Employment Creation

According to Eniola (2014), the creation of employment across the world is the major rationale for boosting the promotion and development of SMEs. Eniola (2014) argued that SMEs make up for more than half of the overall shares of employment, sales and added value. From the viewpoint of economic growth, SMEs generate approximately half of emerging and new employments in the economy, and it is presumed that they are decent jobs (Edmiston, 2007). SMEs create the most successful and genuine products for self-supporting industrial growth, as they have the ability to produce a domestic enterprise culture to a larger extent than any other approach (Eniola, 2014).

### 2.4.2.1 Importance of SMEs in Global Employment Creation

According to Kumar (2017) SMEs make important contributions to employment creation from a worldwide perspective. As per Hallberg (2002), in Ecuador, business enterprises with less than 50 workers make up 90 percent of business enterprises and 55 percent of employment in 1980; in Malaysia, enterprises with less than 100 employees made up 99 percent of enterprises and 58 percent of employment in 1986. SMEs denote the sub-sector of unique attention in any progressive economic reformation strategy that focuses on employment creation, poverty alleviation, food security, speedy industrialisation and eradicating rural-urban migration (Eniola, 2014). Bayramov et al. (2017) contend that SMEs have the capacity to deliver economic returns further than the frontiers of the independent enterprise; such as, they motivate demonstration, learning and adjustability. As indicated by Bayramov et al. (2017), even if SMEs are unsuccessful in creating new jobs, they do, however, play a pivotal role in reducing the loss of human capital by creating new substitute employment prospects for semi-skilled, unemployed workers. According to Bayramov et al. (2017), in Asia emerging economies such as Indonesia, Philippines, Thailand, Hong Kong, South Korea, India and Sri Lanka, 90 percent of businesses are SMEs; additionally, SMEs provide employment for 98 percent of those employed in Indonesia, 78 percent in Thailand, 81 percent in Japan and 87 percent in

Bangladesh. Not only in Asia, but the operations of SMEs are also important for emerging African nations, especially for the advancement of economic development, job creation and eliminating poverty (Bayramov et al., 2017). According to the European Commission (2015), the current economic and financial crunch and its negative impacts on EU labour demands, both researchers and legislators are giving a lot of focus on the contribution of SMEs in job creation. The opinion that smaller companies create more employment than their larger companies goes back to the United States (US) research by Birch in the 1970s and 1980s. In the European setting, the study of Audretsch (2003) and De Kok et al. (2011) comparably determined that SMEs are the employment driving force of Europe. The European Commission (2015) reported that in 2014 SMEs accounted for 71 percent of employment development in the non-financial business economy. In the same vein, SMEs have also impacted on job creation and employment in Africa (Ananga, 2015).

### 2.4.2.2 Importance of SMEs in African Employment Creation

According to Page and Söderbom (2015), SMEs contribute to job creation in all African countries. Page and Söderbom (2015) indicate that in Africa big enterprises hire approximately 50 per cent of the formal sector workforce. Medium-scale enterprises make up the second foremost employment group with approximately 27 per cent of the workforce, and small-scale enterprises employ an additional 23 per cent (McKenzie and Woodruff, 2012). This outcome highlights the pivotal contribution by SMEs in job creation in Africa. Page and Söderbom (2015) argue that had they utilised an upper limit of 250 employees for large enterprises. Twothirds of African jobs would have been found in SMEs. The policy research by Ayyagari, Demirgüç-Kunt and Maksimovic (2011) on small versus young enterprises across the globe shows that SMEs in Africa create an uneven share of new jobs in those economies in which formal sector employment is developing. Ayyagari, Demirgüç-Kunt and Maksimovic (2011) argue that in the average African country approximately 47 per cent of new jobs were created in enterprises with 5 - 19 workers. This places Africa squarely in the middle of the regional distribution of employment creation rates by SMEs, leading Europe and Central Asia and Latin America and trailing East and South Asia (Ayyagari, Demirgüç-Kunt and Maksimovic, 2011). According to Page and Söderbom (2015) in Africa very young enterprises and older enterprises (more than six years) have the highest rates of job creation. Page and Söderbom (2015) maintain that this is also true, although to a lesser extent, of East Asia but is not characteristic of any other region. Page (2012) contends that the finding that young SMEs are vital generators of employment creation in Africa increases the worry that the cross-country data do not allow

a look at SME survival. Consequently, this brings about the question whether it is likely that in Africa – as in the United State and Europe – SMEs are responsible for an uneven share of enterprise beginning and fold-up and, therefore, an uneven share of both employment formation and employment obliteration? The study by Biggs (2002) on "Is Small Beautiful and Worthy of Subsidy?", made an initial determination to provide a solution to this problem using panel data from World Bank enterprise research in five countries - Ghana, Kenya, Tanzania, Zambia and Zimbabwe – capturing a three-year period in the early 1990s. Biggs (2002) indicates that large enterprises (which he defined as having more than 100 employees) were the leading generator of net employment formation in manufacturing in four of the five countries. Big enterprises provide 56 per cent of the net job formation in Ghana, 74 per cent in Kenya, 76 per cent in Zimbabwe, and 66 percent in Tanzania. Biggs (2002) contends that the data indicated higher levels of enterprise miscarriage at the small end of the size distribution, and departure was a significant element in clarifying the variation between gross and net employment formation in SMEs. Page and Söderborn (2015) argue that Biggs (2002) outcomes infer that when the higher departure levels of SMEs are taken into consideration, the supposition that small enterprise are net employment creators in Africa may not be valid. However, Biggs' (2002) outcomes are grounded on a small sample and very short time period of only three years.

### 2.4.2.3 Importance of SMEs in Ghana's Employment Creation

According to Otoo, Osei-Boateng and Asafu-Adaye (2009), an important problem confronting policymakers in Ghana is job creation. Joblessness and low levels of employment predominantly among the youth in Ghana are currently very high irrespective of the remarkable economic development levels in the last two decades (Otoo et al., 2009). Approximately 250,000 young men and women enter the Ghanaian labour market every year. Out of this, the formal sector employees only about 5000, accounting for two per cent. The residual 98 per cent are bound to search for jobs in the informal sector because residual unemployment is too expensive especially for the youthful population in the absence of social security nets, for example unemployment insurance (Otoo at al., 2009). Currently, the formal economy of Ghana, which is made up of more than 50 per cent SMEs, employs just ten per cent of the total workforce in Ghana (Mawutor, 2016). The remaining 90 percent of the work force is employed in the informal economy which also made up 80 per cent of SMEs (Boahene, Marfo-Yiadom and Yeboah, 2012). Otoo, Osei-Boateng and Asafu-Adaye (2009) contend that over 25 years of economic development in Ghana as measured by the development of GDP has corresponded

with abrupt weakening in the share of the formal economy in total employment and remarkable growth of informal employment. The public sector in Ghana which was formerly the main generator of employment is not addressing employment goal as the government of Ghana carries on to execute a policy of net hiring freeze in the public sector (Otoo, Osei-Boateng and Asafu-Adaye, 2009).

### 2.4.3 The role of SMEs in Manufacturing/Industrialisation

Manufacturing is the conversion of raw materials or components into completed goods that fulfil the expectations or specifications of customers (Mamorena and Olumide, 2015). South Africa's Small Enterprise Development Agency (SEDA) (2012) defines manufacturing as a process involving tools and labour which produce goods for use or sale as intermediaries, or as final products, either domestically or internationally (State Enterprise Development Agency, South Africa, 2012).

According to Mwanza and Benedict (2018), the Standard Industrial Classification (SIC) categorises key undertakings in South African manufacturing industry as agro-processing, metals and engineering, oil and petroleum, chemical, and clothing and textile (Statistics South Africa, 2013).

### 2.4.3.1 Importance of SMEs to Global Manufacturing/Industrialisation

Matsoso and Benedict (2015) emphasise that SMEs influence the national Gross Domestic Product (GDP) of nations across the globe through the manufacture of goods of value. Mwanza and Benedict (2018) argue that these SME organisations are pivotal in the global economy in their role as customers of large enterprises, particularly of industrial goods, and as producers of household goods (Mthabela, 2015). Therefore, SMEs either provide backing to other sector exports of products or can serve as an alternative for imported products. Fundamentally, SMEs are users of unprocessed material and labour and are distributors of goods and services. SMEs have purchasing power as consumers, initiating economic and industrial activities of their suppliers (Mwanza and Benedict, 2018).

According to Suresh (2014) the SME sector offers a remedy for less developed countries (LCD) which hopes for greater development amidst lack of financial resources, production facility challenges, and a lack of resources. The growth of the SME sector depends on the coordinated contributions of the governments, financial institutions and the entrepreneurs. Suresh (2014)

contends that it will take a coordinated effort of entrepreneurs, governments and financial institutions to support entrepreneurship which is the foundation of viable and maintainable formation and action of SME units. The SME captures various types of industries classified in terms of small, ancillary, tiny, small scale service and business enterprises, women enterprises and cottage segments which are seen to consolidate the efforts of the medium and large-scale industries (Suresh, 2014). Therefore, the level of economic, industrial and manufacturing development of a geographical area is connected directly to the level of growth of SME sector. The combination of both SMEs and large-scale sector delivers a high added value which is vital for developing the drive needed for maintainable development. The significance of the SME sector is based on the fact that, unlike the large scale sector, it has the possibility to create rewarding employment at minimal capital cost, develop and maintain an entrepreneurial base, and promote the regional spread of industrialisation in rural and regressive areas which is so essential in less developed countries (LDC) (Suresh, 2014).

### 2.4.3.2 Importance of SMEs to Ghana's Manufacturing/Industrialisation

In Ghana some of the most significant manufacturing industries comprise aluminum smelting, agro-food processing, cement and oil refining. Other industries comprise the production of beverages, textiles, apparel, glass, paints, plastics, chemicals and pharmaceuticals, and the processing of metals and wood products. Voeten, Baah-Boateng and Danquah (2016) indicate that the manufacturing sector of Ghana delivers employment for a projected workforce of over 250,000 people. About 25,000 organisations are registered. More than 80 per cent are SMEs with less than 50 employees, while it is estimated that 55% of all enterprises are located within the Greater Accra/Tema Region of Ghana (Voeten, Baah-Boateng and Danquah, 2016). According to Ananga (2015) although SMEs are smaller in size, they are the most significant enterprises in the economy of Ghana because of the fact that, when all the individual enterprises are combined, they exceed that of the larger companies. SMEs are the connection between basic industries and highly developed and complex industries and offer a stage for Ghana's take off to development. These industries contribute to facilitating growth via the delivery of efforts and services for industries while at the same time providing direct goods and services to consumers (Fjose, Grunfeld and Green, 2010).

### 2.4.3.3 Importance of Innovative Marketing to Manufacturing SMEs

According to Dzisi and Ofosu (2014), generally manufacturing SMEs are faced with a sequence of problems managing globalisation which involves their enterprises in activities in terms of non-processed materials and the acquisition of technology and competing with other organisations worldwide. Muhammed and Ahmad (2017) assert that in order to surmount these problems successfully, manufacturing SMEs must deploy innovative marketing capabilities. Morgan (2012) termed innovative marketing capabilities as the SMEs' aptitude to apply the innovative marketing mix activities (i.e. integrated marketing, marketing variables, marketing modification unique proposition, market focus and customer focus) effectively in transforming resources at the SME's disposal into valuable output. Innovative marketing according to Muhammed and Ahmad (2017) is considered as an aspect of the unnoticeable capital that is basically needed by SMEs for the development of value and performance improvement. Kamboj and Rahman (2015) contend that innovative marketing is accountable for manufacturing SMEs' value formation via three processes; supply chain management process, the new product development process and the customer management process. O'Dwyer, Gilmore and Carson (2009) assert that innovative marketing competences are significant sources of competitive benefit using integrated marketing, marketing variables, marketing modification, unique proposition, market focus, and customer focus as measures. Muhammed and Ahmad (2017) argue that several factors have been identified to have brought about the improvement of innovative marketing competences. These comprise enterprise strategy, organisational structure and market information processing capabilities (Sarwoko and Frisdiantara, 2016). Keskin, Senturk, Sungurt and Kiris (2010) contend that manufacturing SMEs are required to have suitable communication and distribution channels (marketing variables) through which customers are frequently exposed to SME products and their convenience.

### 2.4.4 Role of SME in Poverty Reduction

According to Ganbold (2016), it is a new occurrence that SMEs are considered as one of the primary strategies for poverty alleviation by policymakers across the globe. The significance of SMEs as creators of employment and earnings was not acknowledged by development economists in the 1960s and 1970s as SMEs were assumed to have serious demerits owing to their undeveloped nature and characteristics (Ganbold, 2016).

### 2.4.4.1 Importance of SMEs in Global Poverty Reduction

According to Hussain, Bhuiyan and Bakar (2014), poverty is the key obstacle and challenge people are confronted with, particularly in most developing countries across the world. Hussain, Bhuiyan and Bakar (2014) indicate that 2.47 billion people in the world in the year 2013 were living in poverty with an income of USD 2 or less a day, most of them from emerging or under developing countries situated in African and on the Asian continent. The population living below the poverty line only reduced from 2.59 billion to 2.47 billion between 1981 and 2013 (Bruton, Ketchen Jr. and Ireland, 2013). Therefore, the reduction in poverty has occurred mostly in developed countries (Bruton, Ketchen Jr. and Ireland, 2013). Poverty may arise from low output of households, financial restriction and lack of SME inducements (Sulemana, 2014). Singer (2006) stated that the most appropriate treatment for poverty reduction in any region across the globe resides in boosting more business activity and startup via SME development. SME provides fundamental economic alteration via new knowledge development and application (Hussain, Bhuiyan and Bakar, 2014). Ganbold (2016, p. 14) maintains that in recent times it is generally recognised that the growth of SMEs can speed up the realisation of broader socio-economic objectives such as poverty reduction and employment creation. Kongolo (2010) emphasised that the growth of the SME sector can have both implicit and explicit influences on a large section of the population. Idahosa (2014) agreed that, in addition to the direct impact of SMEs on poverty alleviation via employment creation, SMEs also play a pivotal role in increasing income level by connecting entrepreneurs with external markets, increasing value chains and expanding new economic potentials for rural households. Ganbold (2016) argues that SME ownership motivates strength of mind and character of the poor as they gain more control and ownership of resources. According to Idahosa (2014) SMEs contribute to poverty reduction in terms of positive involvement when they deliver: employment of jobs, adequate levels of job quality, and affordable goods and services utilised by disadvantaged people. Osotimehin, Jegede, Akinlabi and Olajide (2012) identified some of the benefits of SMEs within the context of poverty reduction to include; low cost in operating in a competitive market and producing basic items such as food, clothing, and thereby maintaining low cost of living for the poor. Ayeyemi (2013) maintains that in some situations SMEs engage in social intervention activities through the provision of basic amenities in the communities where they are established. These amenities such as water, education and sanitation are usually provided by SMEs without local government assistance (Ayeyemi, 2013).

### 2.4.4.2 Importance of SMEs to Poverty Reduction in Africa

Literature related to SME strategies for poverty reduction in African countries are widely scattered from north to south of the continent. Some of these studies (Abor and Quartey, 2010; Bowale and Akinlo, 2012; Agupusi, 2007), besides recognising various problems facing the sector, support the policies related to SME development. A study conducted by Abor and Quartey (2010) titled "Issues in SME Development in Ghana and South Africa" indicates that SMEs makes up an important component of the growth process, and their influence in terms of manufacture, employment and income in developing countries is generally acknowledged. Therefore, attention to the contribution of SMEs in the growth process remains high on the programme of policy makers in the two countries. The study also revealed that the development of SMEs is restricted by different factors comprising lack of admittance to suitable technology, inadequate admittance to international markets, the existence of laws, regulations and rules that hinder the growth of the sector, weak institutional capacity and lack of management expertise and training. However, access to finance continues to be the biggest worry for the main stream of SMEs.

In Nigeria, a study by Bowale and Akinlo (2012) on determinants of SMEs' performance and poverty reduction in developing countries: evidence from South-West Nigeria indicates that there are substantial variations between micro enterprises, small enterprises and medium enterprises in terms of their capability to reduce poverty. The study established that the potentials are better for small businesses to influence several constituents of poverty alleviation determinants. Therefore, eliminating blockades for vertical development can bring about more poverty reduction than supporting horizontal development of enterprises (Bowale and Akinlo, 2012).

Another study conducted in Alexandra, South Africa, by Agupusi (2007) shows that small businesses make up a very important part of Alexandra's economic activity and are essential to its change process. In view of the socio-economic formation of the community, small businesses can significantly influence the reduction of poverty (Agupusi, 2007). Likewise, in Botswana, poverty reduction strategies, through strengthening SMEs, was expected to result in: improving their productivity and increasing their employment creating capacities and, as a result, placing higher incomes in the hands of the poor entrepreneurs provided that there are appropriate technologies available to the enterprises and making sure that such technologies are adopted by the enterprises (Mukras, 2003).

Mukras (2003) argues further that, by generating larger volumes of employment as well as higher levels of income, the SMEs will not only have contributed towards poverty reduction, but they will also enhance the welfare and standard of living of many in the society. On the other hand, the study by Mukras (2003) identified constraints facing SMEs which include non-payment or delayed payments by clients, inadequate finance and the narrowness of the product market and stiff competition.

### 2.4.4.3 Importance of SME Innovative Marketing to Poverty Reduction in Ghana

According to Ebitu (2016) due mainly to lack of specific management and marketing skills, only a small proportion of SMEs grow beyond survival threshold. Boateng (2015) argues that among the serious difficulties facing SMEs in Ghana is their deficiency in application of high technology in their operations. The technological capabilities of Ghanaian SMEs are such that they use low-tech routine operations which only result in poor product quality, lack of product standardisation and poor product design (Voeten, Baah-Boateng and Danquah, 2016). Oparah, Aghara, Ndubuisi and Chidozie (2018) maintain that all these coupled with lack of general marketing skills constitute the major innovative marketing problems of most SMEs in Ghana. Also, Ebitu (2016) argues that, indeed, poor performance of SMEs can be due to such problems emanating from innovative marketing and entrepreneurship as their incapability of creating new knowledge, not being able to embrace and apply new technology, and not engaging in research and development. Damptey (2012) argues that while the SME is seen as an effective strategy for alleviating poverty because it creates wealth and employment, and has a profound impact on the quality of livelihood on Ghana's population, innovative marketing provides the strategy for locating and serving customers satisfactorily and profitably. Blankson, Cowan and Darley (2018) mention that SMEs in Ghana must display enough innovative marketing and entrepreneurial knowledge and skills in order to succeed in the turbulent and highly competitive business environment of Ghana. By becoming a vital component of growth and productivity, SME innovative marketing plays a critical role in effective and efficient creation of wealth and employment which impact positively on the standard of living of the societies in Ghana (Opara, Aghara and Chidozie, 2018). Moreira, Silva, Simoes and Sousa (2012) contend that, with the increase in wealth and employment resulting from effective SME and innovative marketing, poverty is reduced to a minimal level in any society. Sulemana (2014) asserts that lack of knowledge and skills in entrepreneurship has resulted in stillbirth for many SMEs and stunted growth for others in Ghana. However, energising and increasing SME performance in

Ghana involves increasing the SME owner/manager's human capital through knowledge, education and training in entrepreneurship and innovative marketing (Sulemana, 2014).

According to Prempeh (2015) effective utilisation of SME innovative marketing by SMEs in Ghana is an important panacea for poverty alleviation and economic development through creation of wealth and employment. Dzisi and Ofosu (2014) also argue that knowledge and understanding of SME success characteristics/factors and innovative marketing are very important for survival and profitable performance of SMEs in Ghana. This is because such knowledge sharpens the skills of SME owners/managers in identifying environmental opportunities, exploiting such opportunities creatively and innovatively, and in offering total quality products to their customers effectively and satisfactorily (Oparah, Aghara and Chidozie, 2018).

### 2.4.4.4 Importance of SMEs to Poverty Reduction in Ghana

According to Sulemana (2014) SMEs are pivotal to poverty alleviation in Ghana. The Ghana Living Standard Survey (GLSS) (2010) defines poverty utilising an economic index. GLSS (2010) characterised the deprived as those surviving on a per capita income below two-thirds of the national average. Data from GSS (2008) - GLSS (2007/2008) established that half of the rural households in Ghana are poor. Most of the poor in Ghana embark on food crop farming as against those undertaking private formal and public sector employment that are richest (GSS, 2008). Generally, the poverty level in Ghana is still a rural occurrence yet some considerable degree of urban poverty has arisen (GSS, 2008). Geographically, it is intense in the three northern regions of Ghana followed by the central region in the south of Ghana (GSS, 2008). Prempeh (2015) mentioned that Government of Ghana in the last three decades presented different progressive policies and programmes intended at decreasing poverty and income disparity gap. Boateng (2015) indicated that among them was the Economic Recovery Program (ERP) which was supported by the Program of Action to Mitigate the Social Cost of Adjustment (PAMSCAD) and the Ghana Vision 2020, the Ghana Poverty Reduction Strategy (GPRS I and II) and the Ghana Shared Growth and Development Agenda. The outcome of these involvement programs was mixed towards poverty alleviation in Ghana (Boateng, 2015). There was therefore the need to look at SMEs as a way of creating jobs for the people and empowering them economically in order to decrease the extent, depth and harshness of poverty among the Ghanaian population (Hayford, 2010). According to Adjei (2016), the SME sector provides about 85 per cent of businesses in Ghana and contributes over 70 per cent to the GDP

of Ghana. Avevor (2016) contends that notwithstanding the significant role and contributions of SMEs to the economy of Ghana, their activities are hindered by a number of problems. Among them are the challenges of marketing capabilities, lack of entrepreneurial and enterprise management expertise, resource constraints, absence of suitable technology for operations, regulatory limitations as well as institutional limitations (Avevor, 2016). The next section discusses the success factors or characteristics of SMEs that will mitigate the existing problems facing SMEs in Ghana and also provide the right enterprise environment for the application of innovative marketing practice.

# 2.5 SUCCESS CHARACTERISTICS/FACTORS OF SMES IN GHANA

According to Numprasertchai, Srinammuang and Skuna (2018) the success of SMEs hinge on several factors which are diverse from one context to another context. Gáti (2015) argues that SMEs and researchers must be cognizant of which internal and external factors are required to establish the innovative marketing activity SMEs perform. To illustrate this, the study adopted the conceptual framework for SME success factors by Lampadarios, Kyriakidou and Smith (n.d) to assess the various success characteristics/factors among SMEs in Ghana. According to Lampadarios (2017) the conceptual framework categorises the variables of SME success into two broad categories: factors relating to the individual, i.e. owner/manager (personal or entrepreneurial), factors relating to the enterprise and factors relating to the external business. This is an approach widely used in studies investigating SME growth and success factors (Karpak and Topçu, 2010; Simpson, Padmore and Newman, 2012).

Entrepreneurial Factors	Enterprise Factors	Business Environment	
• Age	Age and Size of company	Political	
Educational Level	Business Networks	• Economic	
Entrepreneurial Orientation	Customer Relations Management	Socio-cultural	
• Gender	Financial Resources	<ul> <li>Technology</li> </ul>	
Personality	Internationalization		
• Prior Work Experience and	Human Capital		
Management Skills	Market and Product development		
	Strategic Planning		

Table 2.3: Conceptual Framework for SME Success Characteristics/Factors

Source: Lampadarios, Kyrikidou and Smith (2017)

# 2.5.1 The Entrepreneurial/Personal Factors

According to Lampadarios (2017), the entrepreneurial (personal) factors comprise elements which are precisely identified to be connected to owners/managers of the SMEs and are made up of their personality traits, characteristics and features, acquired skills, experience and background dimensions. For instance, the age and gender of the owner/manager, education, motivation, personality traits and characteristics and any prior work experience and management skills are classified under entrepreneurial factors (Lampadarios, 2017).

# 2.5.1.1 Age

According to Isaga (2015) the key demographic feature that influence the development of SMEs is the age of the entrepreneur (SME owner/manager). Isaga (2015) further indicates that the relationship between the age of an entrepreneur (SME owner/manager) and the development of SMEs has exposed contradictory outcomes. For example, some results (e.g. Storey, 1994; Woldie, Leighton, and Adesua, 2008) have reinforced the argument that younger owners/managers are expected to be more successful in their enterprises than older managers because younger owners/managers possess more energy, greater ambitions and are more likely to be dedicated to working long hours and applying innovative marketing, which are usually essential for an enterprise to be successful. Conversely, older managers are likely to have attained their ultimate goals and thus growth is of little importance (Issaga, 2015).

### 2.5.1.1.1 Age – Context of Ghana

In Ghana, a study conducted by Yeboah (2015) on the determinants of SME growth in Ghana revealed that SMEs managed by younger owners/managers are inclined to have greater development. The outcomes from the study by Yeboah (2015) showed that SMEs in Ghana owned/managed by people between ages 30 to 39 experienced the highest increase in sales, with 34.5 per cent, followed by 40 to 49, with 20 per cent sales increase. Yeboah (2015) argues that SME owners/managers in Ghana between the ages 40 to 49 had minimal sales in spite of placing second in terms of sales growth. The study by Yeboah (2015) also revealed that the age bracket with the most minimum in sales was 60 years and above. The final pattern of these outcomes shows that owners/managers of SMEs in Ghana that fall between the ages of 30 to 39 experience substantial sales and development and are inclined to engage in innovative marketing practices (Yeboah, 2015). The study by Yeboah (2015) confirms the assertion by Woldie et al., (2008) that younger SME owners/managers tend to be more successful than the older SME owners/managers.

# 2.5.1.2 Education level

According to Radipere and Dhliwayo (2014) the education of owners/managers of SMEs can influence the direction of SME success because it is the process of developing absorptive capability of owners/managers such as self-assurance, psychology and knowledge and skills. Takahashi (2009) argues the education level of the owner/manager is one of the viable factors in SMEs that can help the SME to stay alive and manage a difficult environment and keep the SME profitable. The GEM (Global Entrepreneurship Monitor) (2010) stated that education increases an individual's confidence to start a business and also the possibility the business will survive beyond the start-up phase. Thus, it is essential to know the educational levels of owners/managers of SMEs (Radipere and Dhliwayo, 2014).

# 2.5.1.2.1 Education Level – Context of Ghana

In Ghana, a study by Yeboah (2015) on the determinants of SME growth showed that SMEs owned/managed by entrepreneurs in Ghana with advance educational backgrounds realise higher growth. The study by Yeboah (2015) revealed that SME owners/managers in Ghana with Senior High education experience high sales growth, but at the same time recorded the

highest decrease in sales. However, SMEs in Ghana operated by owners/managers with university degrees and postgraduate degrees recorded sales increases with no or minimal decrease in sales figures (Yeboah, 2015). Yeboah (2015) argues that this suggests SME owners/managers in Ghana with university education experience less decrease in sales. Again, Yeboah (2015) maintains that this is possible because SME owners/managers with a tertiary educational background in Ghana are in the position to understand and determine changing enterprise environment indicators to fashion out an appropriate innovative marketing technique for their products and services. Adjei (2012) asserts that SME owners/managers in Ghana with bigger stock of human capital, based on education and/or vocational training, are well located to adjust their enterprise to continually altering enterprise/business environments. According to the study by Adjei (2012) on problems and opportunities of micro, small and medium scale enterprise in Ghana, SMEs here lack enterprise and marketing skills that may permit them to organise successful innovative marketing strategies for their products and services. On the other hand, a study by Amarteifio and Agbeblewu (2017) on the level of education and business experience of SMEs in Accra, Ghana showed that the performance of SMEs in Ghana does not depend on the educational level of owners/managers. Amarteifio and Agbeblewu (2017) pointed out in their study that SME owners/managers in Ghana need to have knowledge that enables them understand their enterprises/businesses. They argue that knowledge cannot be gained only from formal education but also from training on-the-job (Amarteifio and Agbeblewu, 2017). Thus, irrespective of their educational level, SME owners/managers in Ghana have to seek practical knowledge relevant to their enterprise/businesses by continuously reading and listening to experts (such as marketing), attending seminars and learning from other people's experiences such as innovative marketing practices (Amarteifio and Agbeblewu, 2017). The study by Amarteifio and Agbeblewu (2017) hinted that many SME owners/managers in Ghana lack capital, technology or expertise to research and develop new enterprise/business ideas and innovations in marketing.

# 2.5.1.3 Entrepreneurial Orientation

According to Matsuno, Zhu and Rice (2014), the entrepreneurial orientation of an SME owner/manager is the readiness towards accepting entrepreneurial practices, policies and decision-making. Lumpkin and Des (1996) contend that entrepreneurial orientation is a strategy-making process based on entrepreneurial actions and decisions: in other words, it is

the integration of entrepreneurship and strategic thinking. Similarly, Aziz et al. (2017) argue that entrepreneurial orientation is considered as a critical strategic posture that contributes to SMEs' performance and that strategic attitude helps SMEs to get an advantage from the opportunities provided by the business and the macro environment. Entrepreneurial orientation has two dominant principle approaches, the composite dimension approach, and the multidimensional approach (Aziz et al., 2017). The first method (composite dimension) is a one-dimensional construct and mostly founded on the research of Covin and Slevin (1991). This approach highlights the mutual effect of elements of entrepreneurial orientation. It includes three dimensions which are innovativeness, risk-taking, and proactivity (Covin and Wales, 2018). The second approach (multidimensional) is also founded on the research work of Lumpkin and Dess (1996) who suggest that entrepreneurial orientation is an arrangement of independent dimensions and each dimension has its particular impact on SME performance. In this second approach, entrepreneurial orientation in an SME is represented by innovativeness, risk-taking, proactivity, autonomy and competitive aggressiveness (Lumpkin and Dess, 1996).

### 2.5.1.3.1 Entrepreneurial Orientation – Context of Ghana

In Ghana, Quaye and Acheampong (2013) conducted a study to examine whether SME owners/managers in Ghana are entrepreneurially oriented. The study established that most Ghanaian SME owners/managers are not innovative. They indicated that the innovativeness dimension of entrepreneurial orientation mirrors a propensity to involve in and contribute to new ideas, novelty, experimentation, and creative processes, thus moving away from instituted practices and technologies. In addition, Quaye and Acheampong (2013) argue that a high level of product, market and marketing innovation, as understood by the innovativeness dimension, can be utilised by the owners/managers to follow new opportunities. The study by Quaye and Acheampong (2013) revealed that low rates of innovativeness among SME owners/managers may clarify why the Ghanaian market is lacking domestic manufactured goods, and is dominated by imported goods. It may also clarify the high slow destruction rate among SMEs in Ghana with few operating past three years. The study also established that significant differences exist in the innovative behaviour of SME owners/managers in the various sectors of Ghana. Again, the study reveals that SME owners/managers undertaking delivery of services in Ghana are seen to be more innovative. Quaye and Acheampong (2013) indicate that this may be associated with the very difficult nature of services in that it is intangible. As such, any little effort invested is easily interpreted as innovative by customers. According to the study, those in agro and food processing on their part scored lowest on innovativeness. The likely reason according to Quaye and Acheampong (2013) is that SME owners/managers in the agro and food processing mainly use outdated equipment and have very traditional and poor marketing capability.

The study shows that most SME owners/managers in Ghana are proactive. Considering the sectoral differences in Ghana, the study reveals that SME owners/managers in the service sector were seen as more proactive due to the nature and characteristics of their intangible product. Therefore, SME owners in the service sector of Ghana are more motivated to implement innovative marketing strategies (Quaye and Acheampong, 2013).

The researchers also indicated in their study that SMEs in the trade sector of Ghana scored least, maybe due to the fact that trade involves tangible products. These SMEs owners/managers in the trade sector of Ghana do not proactively seek customers and as such cannot be labelled as proactive (Quaye and Acheampong, 2013).

# 2.5.1.4 Gender

According to Rosa and Sylla (2016), gender impact on SME performance is mixed. Rosa and Sylla (2016) contend literature related to the role of gender in SME development can seen in studies that deliver proof of SME performance variations between majority female-owned and majority male-owned SMEs (Coleman and Rob, 2012; Sanditov and Verspagen, 2011). According to Shava and Rungani (2016), to demonstrate the contribution of gender on SME, research shows a number of gender-associated factors that either positively or negatively affect SME performance. Such issues vary and include cultural factors, hours worked by the owner, domestic and child care responsibilities for both men and women and tasks performed in the SME by both sexes, among others (Shava and Rungani, 2016).

#### 2.5.1.4.1 Gender – Context of Ghana

In Ghana, a study conducted by Yeboah (2015) on the determinants of SME growth in Ghana showed that male-owned/managed SMEs encounter substantial rise in sales growth liken with their female counterparts. The study also revealed that more female-owned/managed SMEs in Ghana had steadiness in their sales growth than the males. The study by Yeboah (2015)

concluded that male-owned/managed SMEs in Ghana show higher growth than femaleowned/managed SMEs. Yeboah (2015) also argues that female-owned/managed SMEs are more inclined to utilise innovative marketing practices than their male counterparts since they had more stability in their sales growth than male owned/managed SMEs.

# 2.5.1.5 Personality of SME Owner/Manager

Waite and Hawker (2009) indicate that the personality constitutes the abilities that an individual has and they make up his or her character. On the other hand, personality traits are the constructs that are more precise and they describe why different people behave, act and react otherwise (Omar et al., 2017). According to Omar et al. (2017) personality traits also explain why individuals' actions and means of thinking vary from one another (Kozubíková, Belás, Bilan and Bartoš, 2015). Consequently, the more knowledge and skills the entrepreneur is able to acquire the better (Frese and Gielnik, 2014). Deáková, Drážovská, Grznárik and Kondášová (2010) indicated that the most vital personal qualities for an SME owner/manager include courage, self-reliance, responsibility, determination, perseverance, proactive approach, creativity and scholarship in a particular area where this SME owner/manager intends to do business.

### 2.5.1.5.1 Personality of SME Owner/Manager – Context of Ghana

In Ghana, a study by Ansobo (2015) investigated personality characteristics of entrepreneurs and growth of SMEs in Ghana. The study found no statistically significant positive influence of innovativeness of SME owners/managers on the sales growth of SMEs in Ghana. Hence, Ansobo (2015) asserts that innovativeness which is a key personality quality does not predict SME sales growth in Ghana. Utsch and Rauch (2000) suggest that the innovativeness of SME owners/managers mirrors the deliberate introduction and application of ideas, products, marketing techniques, processes and procedures relevant to the new unit of adoption, sometimes departing from existing practices and technologies. However, the study by Ansobo (2015) reveals that innovativeness is not a predictor of SME sales growth in the Ghanaian context. Based on his study, Ansobo (2015) argues that this might be responsible for the high mortality rate among SMEs in Ghana, with very few surviving beyond ten years. This finding in the study by Ansobo (2015) confirms Quaye and Acheampong's (2013) assertion that SME owners/managers in Ghana are not innovative.

# 2.5.1.6 Prior Work Experience and Management Skills

According to Lampadario, Kyriakidou and Smith (2017) prior work experience in business is recognised as a key success factor for SMEs with Van Teeffelen and Uhlaner (2013) agreeing that an owner/manager's experience has a positive effect on SME performance. Lampadario, Kyriakidou and Smith (2017) contend among the greatest reasons for SME failure is lack of owner/manager's experience. SME owners/managers with previous experience are more likely to avoid costly errors and continue to operate their enterprises and are successful as a result (Van Teeffelen, 2008).

### 2.5.1.6.1 Prior Work Experience and Management Skills – Context of Ghana

In a study conducted in Ghana by Martin and Staines (2008), the study investigated the importance of implementing a system of competent or skilled managers in manufacturing SMEs. Martin and Staines (2008) revealed that lack of prior managerial experience as evidenced by poor skills and poorly constructed business plans was not correlated to SME success. The authors established that difference in low performing and high performing SMEs is a result of innovation and on the job training of management teams. Still in Ghana, Abor and Quartey (2010) argued that well-constructed business plans and prior business experience were not essential competencies in manufacturing SMEs in Ghana due to the technical aspect of the production process.

### 2.5.2 Enterprise Factors

According to Lampadarios (2017) enterprise factors are any factors integrating the structural characteristics, policies and strategies of the SME. The age and size of the SME, enterprise networks, customer relations management, financial resources, human capital, internationalisation, market and product development, market and strategic planning are known as the most essential enterprise factors in SMEs (Lampadarios, 2017).

#### 2.5.2.1 Age and Size of SME

According to Osunsan et al. (2015) most studies (Loderer and Waelchi, 2010; Abu Bakar, 2011; LiPuma, Newbert and Doh, 2013) that look at the age of SMEs concentrated on the number of years that the enterprise has legally been in operation. Morgan et al. (2004) defined

SME age in terms of the number of years the SME has been engaged in exporting operations. The study by Abu Bakar (2011) categorised SME age into three groups: enterprise operating less than five years, those operating from six to ten years, and more than ten years respectively. Hui, Radzi, Jenatabadi, Abu Kasim and Radu (2013) measured SME age as the number of years elapsed from the establishment of the SME. Loderer and Waelchli (2010) contended that measuring the age of enterprises is not always straightforward, due to factors such as mergers and re-listings.

### 2.5.2.1.1 Age and Size of SME – Context of Ghana

In Ghana, a study by Yeboah (2015) on the determinants of SME growth in Ghana found that SME growth decreases with firm age. The study shows that SMEs in Ghana experience sales increase from two years to ten years of existence. According to Yeboah (2015) specifically, sales soar between six and ten years of SME operation in Ghana. The study reveals that after ten years, SMEs sales begin to fall. Yeboah (2015) argues that this explains the mortality rate of SMEs in Ghana and their inability to apply innovative marketing and enterprise techniques to sustain their survival and growth. According to Yeboah (2015) the outcome of the study confirms extant research (Kristiansen, Furuholt and Wahid, 2003) arguing that SME sales are a function of age. Studies have investigated age effects on young SMEs (Stam and Wennberg, 2009), performance and behaviour across enterprises of different ages (Coad et al., 2013). Hui et al. (2013) indicated, however, that studies on organisation (i.e. SME) age and performance are scarce in less developed economies.

#### 2.5.2.2 Business Networks

According to the Ministry of Science and Innovation in New Zealand (2012), business or enterprise networking acts as a channel to provide solutions to matters of concern in the face of difficulty and uncertainty in business or enterprise communities. The same identifies that networking permits the resolution of difficult problems in the face of synergistic effect. Kulmala and Uusi-Rauva (2005) argue that networking by an entity (SME) is a form of social behaviour and business networking is a continuation of the same communal conduct. Suriyapperuma, Yajid and Khatibi (2015) identified eight characteristics that assist to differentiate networked entities from non-networked entities. Networking helps businesses to improve adaptability in SMEs' ability to perform, proving the adaptability of inputs, reducing the reliance on inputs, removing restrictions to communicate among members of the network, removing the flow of information among entities, enhancing outsourcing prospects, operations targeted on geography, combined efforts to improve output and enhancement to the systems and processes (Suriyapperuma, Yajid and Khatibi, 2015). Suriyapperuma, Yajid and Khatibi (2015) maintained that the extent to which SME keep to these characteristics can be used to decide whether that specific SME is networked or not.

### 2.5.2.2.1 Business Networks – Context of Ghana

In Ghana, a study by Agyapong et al., (2017) investigated the association between social and network capital, innovation and performance of SMEs in Ghana. Specifically, the study sought to investigate the mediating role of innovation in the association between social and network capital, and the performance of SMEs in Ghana. The study found no significant and positive effect of social and network capital on the innovativeness of SMEs in Ghana. The study reveals that SME owners/managers in Ghana are not innovative and must concentrate on and deliberately develop a considerable level of social and networking relationships among their workforce and industry members to gain the complete benefit of the relationships they develop. The study indicates that developing social and network capital is related to and improves marketing innovation by enhancing knowledge performance of enterprises.

### 2.5.2.3 Customer Relationship Management

According to Kapologwe (2013: p. 16), Customer Relationship Management (CRM) "is the central business strategy that incorporates internal processes and functions, and external networks, to develop and provide value to focused customers at a profit. It is based on high-quality customer data and allowed by information technology (IT)". Kapologwe (2013) asserted that CRM is a business strategy to ascertain, develop, and sustain long-term profitable customer relationships. CRM requires creating a technique to choose SMEs' most gainful customer relationships (or those with the most potential) and working to deliver those customers with service quality that surpasses their anticipation (Kapologwe, 2013). Mozaheb, Alamolhodaei and Ardakani (2015) agreed with Kapologwe (2013) when they argued that CRM is the business strategy targeted at the customers that increases the devotion and fulfilment of customers by giving them customised services. CRM is also recognised as a managerial method which comprises recognising, attracting, creating and sustaining the successful association with customers to bring increases in profitability (Mozaheb, Alamolhodaei and Ardakani, 2015). According to Dutu and Halmajan (2011), besides the

technological developments, CRM also includes activities of acquisition management and recovery management at the initiation stage, maintenance stage and termination management with the drive to exploit the value of the relationship portfolio. Therefore, it is obvious that CRM is not just technology, but is also a new avenue for conducting business.

#### 2.5.2.3.1 Customer Relationship Management – Context of Ghana

In Ghana, Nketiah (2016) investigated the impact of customer relationship management capability dimensions on organisational performance in the SMEs, the moderating effect of competitive intensity. The study found that owners/managers and executives of SMEs in Ghana are either directly or indirectly practising all the CRM capabilities (Customer Knowledge Management (CKMC; Customer Interaction Management Capability (CIMC); Customer Relationship Upgrading (CRUC) and Customer Win-back Capability (CWC)) though not completely and, as a result, there is more room for development in order to safeguard superior performance. It was realised from the average scores of the CRM capability dimensions that the dimension that is properly applied by SMEs in Ghana was the Customer Information Management Capability (CIMC). The study shows that SMEs in Ghana frequently encounter customers to study and identify their existing and prospective needs, build and maintain association with customers, have repeated discussion with each customer and create approaches to develop associations with customers. The study indicates that more can be done by the SMEs in Ghana in the area of innovative marketing to develop based on this competence in order to gain more competitive benefit.

#### 2.5.2.4 Financial Resources

Harash, Al-Timimi and Alsaadi (2014) indicate the right to use finance is vital to the existence and output of any business enterprise. The SME Financial Policy Guide by Global Partnership for Financial Inclusion, GPFI (2011) elucidated that financial resources are the life-line of any business enterprise and no enterprise, irrespective of how well it is managed, can stay alive without sufficient financial resources for working capital, fixed asset investment, employment of skilled employees and the development of markets and new products. The availability of finance is thus positively associated with productivity and growth.

### 2.5.2.4.1 Financial Resources – Context of Ghana

According to Prempeh (2015) SMEs in Ghana frequently claim that their development and competitiveness are restricted by lack of access to financing and the high cost of lending. In Ghana, because rivalry in the banking sector is inadequate, banks have not been under pressure to enhance their lending to SMEs (Prempeh, 2015). Additionally, Agbozo and Yeboah (2012) indicate that SMEs in Ghana right to use the formal financial sector is restricted by the high risks and transaction costs, real or perceived, associated with commercial lending to that segment of the market. Lenders in Ghana are confronted with a lack of dependable information on borrowers, complexities in applying agreements (the result of inadequate legal frameworks and inefficient court systems), and the lack of suitable legislative instruments for managing risks (Agbozo and Yeboah, 2012). Quaye, Abrokwah, Sarbah and Osei (2014) argue that time and again the challenge is compounded by supervisory and capital adequacy requirements that penalise banks in Ghana for lending to SMEs that lack traditional collateral. Avevor (2016) argues that in Ghana SMEs rely primarily on personal savings of owners, business profits, family members or friends for their financial needs. They have little or no access to external credit (Avevor, 2016). Agbozo and Yeboah (2012) assert that the result of this is insufficient fixed capital as well as working capital, very slow growth, poor innovative marketing performance and frequent failure among SMEs in Ghana. Owusu, Mohd, Mohammad and Latif (2017) argue that at the regulation level the challenges recognised are increased interest rates charges by banks in Ghana, hence making bank lending very costly. According to Biney (2018) the lending rates in Ghana are as high as 40 per cent. At the institutional level, banks in Ghana were not interested enough to lend to SMEs (Biney, 2018). The size of credit funds accessible for lending to the SME sector in Ghana is also small (Avevor, 2016). Banks in Ghana insist on concrete guarantees as security as well as the SME owner's equity for credits (Quaye, Abrowah, Sarbah and Osei, 2014). Agbozo and Yeboah (2012) argue that, most SMEs in Ghana are not able to fulfil bank conditions for credit and also fail to deliver satisfactory guarantee security to support credit. This has affected the application of sound innovative marketing and performance of SME's in Ghana (Agbozo and Yeboah, 2012).

# 2.5.2.5 Internationalisation

Beamish (1990: p. 26) defines SME internationalisation as "a process by which SMEs both increase their consciousness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with other countries". Hajela and Akbar (2013) argue that this definition indicates that SME internationalisation has both economic and behavioural elements and it is a procedure and not an occurrence. According to Matiusinaite

and Sekliuckiene (2015) the idea of international novel undertakings combines international business and entrepreneurship disciplines. The influence of rising globalisation supports SMEs to begin international undertakings from the very start or after a small period of time after their creation in diverse countries at the same time (Tuppura, Saarenketo, Puumalainen, Jantunen, and Kyläheiko, 2008).

### 2.5.2.5.1 Internationalisation – Context of Ghana

According to Tettey (2018) most Ghanaian SMEs prefer to produce products and services to meet the needs of the domestic customer base because of the enormous capital asset for participating in international operations. The usual characteristic of Ghanaian SMEs is identifying as a "sequential and orderly process of increased international involvement and the associated changes in organisational forms" (Tettey, 2018: p. 35). Ofori (2009) asserts that SMEs commit greater resources by moving gradually to closely related markets. For instance, SMEs in Ghana prefer to do business in Nigeria because of similarity in language and common business practices as well as the relatively large market size (Ofori, 2009). Ocloo, Akaba and Worwui-Brown (2014) contend that with a high fixed cost of entry into foreign markets, most Ghanaian SMEs, considering their weak financial capabilities, adapt the "waterfall strategy". This suggests a slow movement from one country to another upon gaining experience and acquiring much resources (Ocloo et al., 2014). Tettey (2018) therefore argues that the mode of Ghanaian SMEs' internalisation follows the gradual process, prior experiential knowledge and psychic distance assumption behind the stage model. According to Appiah, Selassie and Burnley (2015) there is an increasing number of indigenous SMEs in Ghana, particularly in the manufacturing and agriculture sectors, that are actively engaged in exportation through similar international practices. Anderson (2011) asserts that, unless export promotion programmes in Ghana are anchored on innovative marketing, SMEs planning to enter foreign markets will face challenges achieving their internationalisation goals.

## 2.5.2.6 Human Capital

Fatoki (2011) indicates that human capital signifies the assets people make of themselves or by their organisations that improve their economic output. Sullivan and Sheffrin (2003) defined human capital as the stock of capabilities, information and personality features embodied in the ability to perform labour so as to produce economic value. Terjesen and Hessels (2016) indicate that SME human capital refers to an individual's knowledge, skills and experiences related to SME activity. Ganotakis (2012) indicated that human capital development is a managerial tool for competitive advantage for SMEs. Ofoegbu, Akanbi and Joseph (2013) also contend that sufficient human capital development is central to the survival of SMEs. According to Ojokuku and Sajuyigbe (2015), SMEs require people with particular abilities to create innovative answers that deliver competitive benefits to organisations in which they work, and to help them enhance their output and restructure business processes by taking advantage of prospects that deliver process technologies, products and information.

# 2.5.2.6.1 Human Capital – Context of Ghana

A study by Asiedu (2016) investigated the innovation among SMEs in Ghana and also assessed the constraint factors inhibiting innovation. The study identified human capital as the second most important internal contributing factor to the low level of innovation among Ghanaian SMEs after management time. According to the study, the human capital factor revealed weak management commitment to innovation and employee commitment to the enterprise, coupled with lack of trust at the workplace, are individually and collectively very impactful constraints of innovation. Asiedu (2016) argues that employee commitment to SME organisations as well as trust in the workplace are peculiar to SMEs in Ghana. The findings from the study by Asiedu (2016) reveals that SMEs in Ghana find it difficult to attract qualified expertise and do not have adequate training for their existing employees. Thus, SMEs in Ghana lack technical expertise to develop and implement innovative marketing. Asiedu (2016) asserts that aside from constraining innovation, lack of technical expertise has resulted in resistance to innovation because SMEs in Ghana field technically inadequate to carry out the innovation.

### 2.5.2.7 Market and Product Development

According to Alkasim, Hilman and Bohari (2017), market development is defined as a strategy to improve business output via a present product that is promoted in current and new markets. Rethel and Sinclair (2014) defined market development as market enlargement. Alkasim, Hilman and Bohari (2017) asserted that market development has also been defined as the process of organisational development that provides increased sales of its present products to prospective customers and new customers via enlarging the existing market to new markets external to its present region or neighbouring countries. Ebitu (2016) also recognised that market development can increase the SME market share by crafting new quality product/service features, and segmenting their products to match the diverse categories of

customers to bring about sales, as well as repackaging and presenting new channels of delivering the products which can bring about new market segments with dissimilar pricing policies. Alkasim, Hilman and Bohari (2017) argued that market development can also be seen as a 'niche' in a condition where the SME develops a place in a new market, that concentrates on a small group of customers that have similar demographic feature. Considering the significance of market development, SMEs can enlarge their product sales without leaving their existing markets by recognising current customers and targeting them with SMEs' new products/services (Alkasim, Hilman and Bohari, 2017).

### 2.5.2.7.1 Market and Product Development – Context of Ghana

Amoah and Fordjour (2012) investigated New Product Development (NPD) activities among SMEs in Ghana. The study shows that imitation appeared as the most regularly used NPD strategy by SMEs in Ghana. Amoah and Fordjour (2012) argue that imitation includes direct replication by examining a physical product, and the usage of catalogues to replicate designs. Contrary to the expectation, the study found imitation strategies to be common among SMEs in Ghana with most of their owners having higher educational qualifications. The study indicates that the acceptance of this tactic, however, does not rest on the number of years an SME has been in operation, suggesting that both old SMEs and new entrants in Ghana adopt imitation tactics in their NPD efforts. According to their study, Amoah and Fordjour (2012) reveal that despite its wide spread adoption by Ghanaian SMEs, imitation as a strategy has not provided the needed impetus for SMEs in Ghana to actively engage in developing new products. Amoah and Fordjour (2012) argue that the findings reinforce the view that, compared to imitation tactics, SMEs that use other innovation tactics have a greater propensity to succeed in NPD. The study shows low correlation between imitation tactics and the concept of development, prototype testing, adequate technology, and computer aided processes. Amoah and Fordjour (2012) suggest that SMEs in Ghana with low technological capabilities are more inclined to use imitation tactics than those with a well-established technological base. The study revealed that imitation tactics is seen as a cost-cutting strategy by SMEs in Ghana because SME imitators need not to invest much on research. Another significant finding that emerged from the study by Amoah and Fordjour (2012) was the weak correlation between imitation and customer-oriented NPD tactics such as customers' culture, customers' ideas and customers' taste to develop new products. Amoah and Fordjour (2012) assert that customer involvement in the development of new products has been identified as a key paradigm shift in modern enterprises. According to the study, despite the evidence that suggests that customers
are frequently an excellent source for new product ideas, its adoption by SMEs in Ghana has been met with considerable challenge. A study by Sanda, Sackey and Fältholm (2011) on managerial competence and non-performance of SMEs in Ghana suggests, however, that SME executives who have developed the culture of soliciting ideas from others have the requisite competencies to create new products and procedures. The empirical results of Amoah and Fordjour's study (2012) did not support the finding of Sanda et al., (2011).

The study of Amoah and Fordjour (2012) found that the use of customers' culture, ideas, and tastes in developing new products appears to be not frequently adopted by SME owners/managers in Ghana.

# 2.5.2.8 Strategic Planning

According to Donkor, Donkor and Kwarteng (2018) the significance of strategic planning has been extensively recognised across the world because of its obvious input to organisational sufficiency and capability to accelerate performance. Arasa and K'Obonyo (2012) observed that strategic planning has possible advantages and intrinsic values that eventually change into enhanced enterprise performance, thus it is a propeller that motivates better enterprise output. Bryson (2011) described strategic planning as a managerial process that brings together four important features: a rational expression of the enterprise's main goal, the identifiable proof of the organisation's stakeholders or external constituencies, the explanation of the organisation's strategic objectives and the progression of techniques to achieve those. Freeman and Wilmes (2009) acknowledged a section of the activities that are consistent with all strategic planning processes are undertaking a strategic analysis, setting the strategic path and action planning, that is, carefully putting out how the strategic planning objectives will be completed. Bryson (2011) further argued that strategic planning aids in giving direction so that organisation members know where the enterprise is heading and where to direct their main efforts. Aldehayyat and Twaissi (2011) also indicate in their study that inability of SMEs to obtain information on their business environment impacts negatively on their performance.

# 2.5.2.8.1 Strategic Planning – Context of Ghana

In Ghana, Opoku (2016) examined the effect of strategic planning on SMEs' performance in Kumasi. The study indicates that SMEs do undertake strategic management practices. When these strategic management practices were subjected to the on-sample t-test statistics, almost

all of the practices proved significant at alpha level of 0.05. However, strategic planning to put the enterprise in the predictable years was not significant at the set alpha level. The study also discovered that the strategic management implementation of SMEs faces challenges such as inability to manage change and top managers not supporting the strategy. Again, in Ghana, Donkor, Donkor and Kwarteng (2018) investigated the interacting effect of market dynamism and strategic planning on the performance of SMEs in Ghana. Findings of the study showed that a steady use of strategic planning practices contribute to the development of SME performance in Ghana. Additionally, the study determined that market changes have a significant positive relationship with SME performance, although its effect is not significant. The study revealed that market changes only contribute to SME performance when there is commitment to strategic planning by SMEs.

#### 2.5.3 Business Environment

According to Lampadarios (2017) the business environment factors include outside causes reflecting the political, legal, economic, sociocultural, technology and ecological elements. Wheelen and Hunger (2012) observed the external environment as a power outside the company that has direct influence on and interest for the company, such as governments, trade unions, creditors, trade associations, shareholders, special interest groups, and the community surrounding the company. This affirms the views of Pearce and Robinson (2013) and David (2011) stating that the external environment consists of factors beyond the control of a company that may affect the success of the company. Additionally, the results of the study conducted by Alkali and Isa (2012) indicate that external environmental factors consist of access to capital and government support, which have a positive and significant influence on company performance. This suggests that access to capital is highly important in managing and developing an enterprise along with its impact on company performance (Rizal and Suhadak, 2017). Rizal and Suhadak (2017) argued that in order to achieve the goals of an enterprise, a company needs capital to finance the enterprise well. The statement is in line with the research results of Bouazza, Ardjournan and Abada (2015), stating that some factors, including unhealthy competition from the informal sectors; complicated procedures and bureaucracy; burdensome laws, policies and regulations; inefficient tax systems; lack of access to external financing; and low human resource capacity are the main external environment factors, consisting of economic, political, technological, and socio-cultural factors, that have a positive and significant effect on organisational performance.

# 2.5.3.1 Political Environment

According to Wanjiru (2013) the political environment of the external environment are any national or international political factors than can impact on the output of SMEs positively or negatively. Johnson, Scholes and Whittington (2008) maintained that the political environment includes government subventions for national carriers, security controls and boundaries on migration among others. Akrofi (2016) argued that political necessities affect SMEs through duty reform, the minimum pay allowed by law enactment, contamination methods and diverse activities for securing workers, clients, the overall population and nature. However, some political activities are planned to give profits and defend SMEs (Akrofi, 2016). Such laws comprise patent laws, government subventions and product research incentives, but in Ghana, for instance, political forces such as legislation, increase in taxation, environmental protection, foreign trade agreements, stability of political systems and others affect SMEs (Akrofi, 2016).

# 2.5.3.2 Economic Environment

According to Rakesh (2014) the economic environment of an enterprise refers to the general state of the country/region's economy. Rakesh (2014) argued that the economic environment has substantial influence on the industry framework and profitability of individual SMEs. Economic factors represent the character and direction of the economic system within which the SME operates (Rakesh, 2014). According to Gamble, Thompson and Peteraf (2014) the economic factors of the external environment comprise the general economic climate, trade rates, inflation rate, labour unemployment rate, interest rates, the rate of economic development, per capita domestic product and trade deficit or surplus. Indris and Primiana (2015) contend that the economic environmental factors facilitate strategic decision making by SMEs. Consequently, it is important for SME owners/managers in Ghana to understand monetary elements and indicators and to use the information as input to marketing decision-making and the planning process (Indris and Primiana, 2015). For example, if there is a difference in interest rates in Ghana, then it is expected that SMEs in Ghana may be embroiled in reflecting on increases in cost (Akrofi, 2016).

# 2.5.3.3 Socio-Cultural Environment

According to Rakesh (2014) the socio-cultural measurement of the environment involves customers, lifestyles and values that depict the society in which the SME functions. Chaleunsouk (2017) also asserted that socio-culture factors include the cultures of the area or society which an SME is located in, education level, beliefs, behaviours and birth rate. Rakesh

(2014) noted that culture is the result of complex factors such as religion, language, education and ethical beliefs among others. Social class constitutes an important element of the sociocultural environment and Rakesh (2014) indicated that it is identified by income, occupation, life style and class norms. According to David and David (2015) socio-cultural factors have tremendous impact on every business performance including SMEs and all industries. Essentially, changes in social trends could lead to a tremendous impact on SMEs and their products/services in both positive and negative ways (Chaleunsouk, 2017).

# 2.5.3.4 Technological Environment

According to Durowoju (2017) the technological environment is an external force so complex to forecast that managers are frequently confounded about how to organise it effectively especially in SMEs where investment in technology is viewed as very costly and expensive to manage. SME financial investment on acquisition of new technology means a deviation from manual (traditional) to a sophisticated and automatic way of doing things (Durowoju, 2017). Additionally, when service providers use ICT to make information processing become faster to network clients, customers and other stakeholders world-wide through internet facilities, technological change is embraced (Huczynski and Buchanan, 2013). David and David (2015) contended that this is the reason many dynamic SMEs through the adoption of new technologies are able to move ahead while others are left behind. According to Ananga (2015) the demand of higher-technology SMEs requires that much greater emphasis be placed on anticipations and positioning the SME for technological change that is necessary in other industries. A number of empirical studies have investigated the influence or impact of the external environment and SME performance. The study by Akrofi (2016) examined the impact of external business environment factors on performance of SMEs in the pharmaceutical industry in Kumasi Metropolis, Ghana. The results showed that there is a positive relationship between macro-environment factors (specifically political, economic, technological and legal factors) and SME performance.

#### 2.6 ISSUES IN THE GHANAIAN SME SECTOR

According to Abor and Quartey (2010) SMEs in Ghana constitute 85 per cent of the manufacturing sector's employment. SMEs in Ghana are also believed to contribute about 70 per cent to Ghana's GDP and account for about 92 per cent of businesses in Ghana (Abor and Quartey, 2010). Notwithstanding the acknowledgement of the significant roles SMEs play in

Ghana, Acheampong (2015) noted that SMEs' development in Ghana is essentially restricted by several factors, such as lack of accessibility to proper technology; restricted accessibility to international markets; the presence of laws, regulations and rules that obstruct the growth of the SME sector; feeble institutional capacity; lack of management expertise and training; and, most essentially, finance. Benzing and Chu (2009) investigating motivations of SME owners in Ghana, Kenya and Nigeria established that the strongest influence across these countries is the prospect to grow revenue. The factor analysis by Benzing and Chu (2009) shows three motivation factors: a family factor; an external validation factor; and a self-betterment factor. According to the study, the three countries (Ghana, Kenya and Nigeria) presented substantial variations with Ghanaian entrepreneurs scoring the family factor as most essential. A study by Mensah, Tribe and Weiss (2007) shows that most SME activities are for subsistence purposes in Ghana. The study reveals that the majority of SMEs are sole proprietorships, with most of the hired labour being apprentices. The study shows that a high number of rural-based proprietors and many urban-based proprietors have secondary occupations. The majority are loss-making when the legal least wage was utilised as a proxy for the value of proprietors' time (Mensah, Tribe and Weiss, 2007). The study by Mensah, Tribe and Weiss (2007) indicates that the small enterprises in Ghana denote part of a 'supportable livelihoods' approach of decreasing economic threat by expanding income bases.

# 2.7 THE MANUFACTURING SECTOR OF GHANA

A report by the Ghana Statistical Service (2010) indicates that the manufacturing sector contributes approximately 9 per cent of Ghana's GDP and delivers jobs for more than 250,000 people. There are approximately 25,000 listed enterprises, though over 80 percent of them are SMEs and approximately 55 per cent of them are located within the Greater Accra/Tema region (GSS, 2013). Major industries in Ghana's manufacturing sector include mining, light manufacturing, aluminum smelting, food processing, cement and small commercial ship building (GSS, 2012). Other industries include food and beverage production, textiles, chemicals and pharmaceuticals, the processing of metals and wood products and a relatively small glass-making industry has also developed (GSS, 2012). According to Ananga (2015) in terms of importance, the manufacturing sector, though not strong as it should be, continues to play a respectable role in the Ghanaian economy. Ananga (2015) further asserted that the manufacturing sector of Ghana is characterised by a narrow industrial base dominated by agro-industries. Again, subsidiaries of multinational companies such as Unilever, Coca Cola, Toyota

and Accra Brewery have a strong presence in Ghana but there are also many medium-sized local companies in the manufacturing sector.

According to the 2014 report by the Institute of Statistical, Social and Economic Research of Ghana (ISSER, 2014), the manufacturing sector in recent times has seen a continued decline in growth over the past five years (2009-2014). The growth rate and the share of GDP in the manufacturing sector fell from 5.2 per cent in 2009 to 0.6 per cent in 2013 and 6.4 per cent in 2012 to 5.8 per cent in 2013 respectively (ISSER, 2014). Ananga (2015) underscored that an intensified import competition has damped the competitiveness of local manufacturing companies. The energy situation in the country, high utility prices, low research and development, low marketing capabilities, high cost of inputs and raw materials and increase in tax rates are at the core of the decline in the sector's output.

# 2.8 FOOD PROCESSING SECTOR OF GHANA

According to the Ghana Statistical Service (GSS) (2011), the food and beverage processing sector refers to the manufacturing, processing and preservation of meat, fish, vegetables, oils and fats; manufacture of dairy products; manufacture of grain mill products, starches and starch products and prepared animals feeds; manufacture of other food products (e.g. bread, sugar, chocolate, pasta, coffee, nuts and spices); and the manufacture of bottled and canned soft drinks, fruit juices, beer, wine etc. As indicated previously, Ghana's manufacturing sector consists of various sub-sectors such as pharmaceutical, agro-processing and the food processing sector. Ackah et al., (2014) assert that one struggling sub-sector is the food processing sector and historically it is one of the oldest in Ghana. It is dominated by SMEs engaging in low value-added agricultural processing and operating with little capital and simple tools, thereby making the sector the largest manufacturing sector employer both in the rural and urban centres in Ghana (Nuamah, 2014). Ananga (2015) argues that the food processing sector in Ghana covers a range of activities including processing and preservation of meat, fish, fruit, vegetables, oils and fats; the manufacture of dairy products; the manufacture of grain mill products, starches and starch products and prepared animal feeds; and the manufacture of other food products (the bread, sugar, chocolate, pasta, coffee, nuts and spices) and others (see chapter one – Table 1.1). According to the 2011 GDP figures released by the Ghana Statistical Services (GSS), the food processing sector is the largest contributor to manufacturing GDP, thus accounting for about 30 per cent of manufacturing of value added products and employing several hundreds or thousands of people directly and indirectly.

#### 2.9 STUDY AREA

Contextually, the study is restricted to investigating the impact of innovative marketing on performance with respect to food processing SMEs in the Eastern Region of Ghana. The Eastern Region of Ghana, with an area of 19,323 square kilometers, occupying 8.1 per cent of the total land area of Ghana, is the sixth largest region of the country (Government of Ghana-Eastern Region, 2018). The region has a total of 2,106,696 people, representing 11.1 per cent of Ghana's population. It is the third most populous region, after the Ashanti and Greater Accra regions. The population is made up of 49.2 per cent males and 50.8 per cent females. The Eastern Region is divided into administrative districts. The total number of districts was increased from 17 districts to 21 districts (Government of Ghana-Eastern Region, 2018). The main occupations of the economically active population in the region are agriculture and related work (54.8 per cent), sales (14.3 per cent), production, transport and equipment work (14.0 per cent) and professional and technical work (6.9 per cent) with services accounting for 5.0 per cent (GSS, 2017). The four principal occupations for males are agriculture and related work (56.9 per cent), production, transport and equipment work (16.6 per cent), professional and technical work (8.6 per cent) and sales work (6.5 per cent). These occupations are similar for females, except in sales work where females (21.8 per cent) feature more significantly than males (GSS, 2017). The proportions for females are: agriculture and related work, 52.7 per cent; production, transport and equipment work, 11.5 per cent; professional and technical, and related work 5.2 per cent and sales work, 21.8 per cent (GSS, 2017).

There are three main industrial activities in the region, namely agriculture including hunting, forestry (54.9 per cent), wholesale and retail trade (13.5 per cent) and manufacturing (9.1 per cent) (GSS, 2016). In agriculture and related work, males constitute 57.4 per cent, compared with 52.6 per cent of females. However, females are predominant in the wholesale and retail trade (19.3 per cent), compared with 7.4 per cent males.

In the manufacturing industry, female participation (9.5 per cent) is higher than that of males (8.8 per cent). Birim North District has the highest economically active population in agriculture and related work for both males (77.6 per cent) and females (73.9 per cent) while in New Juaben only 17.7 per cent of males and 14.3 per cent of females are in that industry (GSS, 2017).

In the manufacturing sector, the highest percentage for males (15.4 per cent) and for females (15.0 per cent) is in New Juaben municipality, with the lowest for both males (3.2 per cent) and female (4.4 per cent) in the Afram Plains District. Similarly, in the wholesale and retail

trade the highest proportion for males (17.4 per cent) and for females (39.1 per cent) is in New Juaben municipality, while the Afram Plains District has the lowest for both males (2.2 per cent) and females (6.6 per cent) (Government of Ghana-Eastern Region, 2018).

Eastern Region was chosen for the study because of the high agriculture industry but it is one of lowest region in manufacturing. The performance of the food processing industry in the region is one of the lowest in Ghana (GSS, 2016).

# Figure 2.1: The Study Area in National Context: A Map of Ghana Showing the Various Regions



rce: Ghana Statistical Service, Geographical mation Systems (GIS)Section

Source: Ghana Statistical Services, 2017





Source: Ghana Statistical Services, 2017

# 2.10 CONCLUSION

This chapter provides insight into the SME industry in Ghana. The chapter initially looked at the various definitions of SMEs which provide clarifications into the nature and structures of SMEs that can support innovative marketing practice. Definitions from the Bolton Committee, European Commission, Global context, African context and Ghanaian context were explored and they reveal the varied nature and structures of SMEs from different geographical environments. The definitions also show that the nature and structure of the SME is subject to variables such as the economic and legislative variables of countries. Countries that have definitions of SMEs backed by a legislative framework are seen to have uniformity in SME definition and structural harmony. Ghana like many other African countries has no legislative framework that defines the nature and structures of SMEs. Consequently, the SME definition in Ghana is fragmented. SME oriented institutions in Ghana have their own definitions regarding their nature and structures. As a result, there is no uniformity in the definitions of SMEs in Ghana. The definitions of two institutions in Ghana namely, Ghana Statistical Service (GSS) and National Board for Small Scale Industries (NBSSI) were synthesised and adopted for the study. For the purposes of the study, fewer than nine (9) employees and a maximum of one hundred (100) employees were classified as SMEs. This is also consistent with the definition of SMEs globally. The role of SMEs in economic development was explored in this chapter. Variables that defined economic development include economic growth, employment creation, manufacturing, and poverty reduction and the role of SMEs with regard to each of these economic variables was explored. The chapter also looked at the role of SMEs on each variable of economic development from different contexts including global, Africa and Ghana. The impact of innovative marketing on economic development variables were explored too. The discussion shows a positive impact of SMEs and innovative marketing in each economic development variables from the global, African and Ghanaian context. The characteristics and nature of SMEs in the food processing sector in Ghana were also explored. The study adopted the conceptual framework for SME success characteristics/factors by Lampadarios, Kyrikidou and Smith (2017) to discuss the various success characteristics/factors of SMEs from the Ghanaian and empirical context. The discussion of the factors reveals problem areas among Ghanaian SMEs which affect their ability to implement innovative marketing. This chapter discussed SME issues from the context of Ghana and also looked at the Ghanaian food processing industry. The prospects of the food processing industry were discussed with statistical forecast indicating growth and opportunity in the Ghanaian food processing industry. Food processing SMEs in Ghana were also explored with focus on the characteristics of the Ghanaian food processing SMEs. The study area where the research will be conducted in Ghana was discussed as well. The next chapter explores the independent variables of innovative marketing which affect the dependent variables of SME performance in the Ghanaian food processing sector.

#### **CHAPTER 3**

# LITERATURE REVIEW ON THE IMPACT OF INNOVATIVE MARKETING ON PERFORMANCE

#### 3.1 INTRODUCTION

Chapter two identified the nature and structure of the SME industry; ascertained critical SME characteristics/features which support innovative marketing practices with the expected resultant SME performance and development; and provided insight into the background within which this research was actually undertaken. Chapter two also presented reviews on the SME industry and definitions from the Global, African and Ghanaian contexts; contribution of SMEs to economic growth; success factors/characteristics of SMEs; and presented the Ghanaian food processing sector and the food processing SME industry in Ghana.

Chapter three presents a literature review on innovative marketing and its six constructs, namely marketing modification, marketing variables, customer focus, integrated marketing, market focus and value proposition. In addition, chapter three presents a literature review on food processing SME performance and its associated four constructs, namely; financial, customer, internal business process, and learning and growth. It explores the impact of and association between innovative marketing constructs and performance constructs, thus leading to the formulation of hypotheses and the conceptual framework for the study.

# 3.2 INNOVATIVE MARKETING

Omodafe and Nwaizugbo (2017) defined innovative marketing as the method of developing, interacting, conveying and trading novel products/processes/markets/methods which meet customers' expectations more advantageously and beneficially than current solutions such as product orientation/concept, production orientation/concept and sales orientation/concept. Atalay, Anafarta and Sarvan (2013) view innovative marketing as the application of novel marketing approaches including substantial modifications in product formation or presentation, product distribution, product awareness creation or price setting. Atalay, Anarfa and Sarvan (2013) stress that innovative marketing is targeted at better meeting customer requirements, expanding the unserved customer base, or newly promoting an enterprise's product on the market, with the aim of growing the enterprise's sales. Sefa (2014) asserts that periodic, consistent and other repetitive modifications in marketing instruments founded on marketing technique presently being utilised in the enterprise are by and large not regarded as marketing

innovation. Sefa (2014) argues that to be considered food processing must include marketing approaches not formerly applied by the enterprise. In the same vein, O'Dwyer, Gilmore and Carson (2009: p. 5) define innovative marketing centring on terminologies such as newness and opportunity, "inventive, unique answers to challenges and requirements" comprising the "improvement of new products and services, and new procedures for performing organizational operations". The various definitions of innovative marketing (Omodafe and Nwaizugbo, 2017; Sefa, 2014; Atalay, Anafarta and Sarvan, 2013; O'Dwyer, Gilmore and Carson, 2009) stress new and creative marketing methods or techniques that address the dynamic needs of customers through solutions such as new product development and new processes for performing organisational task.

According to Ungerman, Dedkova and Gurinova (2018) innovative marketing must constitute an integral aspect of a marketing idea and approach that is considerably dissimilar from unique marketing approaches. Innovative marketing is centred on the consideration that conforming to current marketing procedures only is not sufficient to guarantee viability and keenness in competition in saturated markets (Ungerman et al., 2018). Kotler and Bes (2005) contend that innovative marketing is built on imaginative thinking, of which the principle is liveliness, limitedness, and challenging. Suraksha et al. (2016) assert that the aspects of innovative marketing have an evolving growth, comprising personal marketing, ambient marketing, environmental marketing, guerilla marketing, ambush marketing, buzz marketing, viral marketing, product placement, mobile marketing, word-of-mouth marketing, neuromarketing, geomarketing, behavioural marketing and more.

Previous studies by Chuwiruch, Jhundra-Indra and Boonlua (2015) and Son, Sadachar, Manchitaju, Fiore and Niehm (2012) settle on the separation of innovative marketing into six central parts: 1. Innovative marketing founded on significant technologies – utilising vital technologies to bring about novel and diverse products, 2. Innovative marketing founded on the distinctive conveyance of common controls, 3. Innovative marketing that satisfies the unattended requirements of customers, 4. Innovative marketing developed from unadulterated imagination – frequently this types of innovative marketing endures in imaginative activities, 5. Innovative marketing founded on scientific investigation and 6. Innovative marketing built on operational superiority of SMEs.

#### 3.3 ELEMENTS OF INNOVATIVE MARKETING

Sattari and Mehrabi (2016), O'Dwyer, Gilmore and Carson (2009) and Lancaster (2007) agree that innovative marketing is constituted by basic dimensions or elements classified into the classes of marketing variables; marketing modification; customer focus; integrated marketing; market focus; and value proposition. Sattari and Mehrabi (2016, p. 81) argue that when these elements or dimensions are fully integrated into the SMEs' innovative marketing, they create the ability to respond to dynamic environments. O'Dwyer, Gilmore and Carson (2009) also contend that the explanation of SME innovative marketing elements recognises the vital components of innovative marketing and enables understanding of the vital components. They further stress that the variables/elements of innovative marketing give rise to insight into likely inter-relationships between elements and the contribution by such elements to innovative marketing in SMEs (O'Dwyer, Gilmore and Carson, 2009). Sattari and Mehrabi (2016) illustrate that when innovative marketing elements/variables are fully integrated into SMEs' innovative marketing, they force or compel SMEs to achieve their enterprise goals.

#### 3.3.1 Marketing Mix Variables

O'Dwyer, Gilmore and Carson (2009) indicate that SMEs undertaking innovative marketing react to customer needs by changing their marketing actions, as a replacement for taking on innovation orientation whereby a novel product is created initially before pursuing a targeted market. Kotler and Armstrong (2012) view the marketing mix as a model for forming and executing marketing approaches. Consequently, Kotler and Armstrong (2012) argue that the marketing mix stresses the blending of various elements or factors (product, price, place/distribution, promotion, people, process and physical evidence) in a manner that both organisational and consumer purposes are reached. Mustapha (2017) posits that the elements are the marketing tactics, by the same token known as the 'four Ps'. The marketing mix elements, SMEs need to capture their focused market. Anaba (2017), when combining the mix elements, SMEs need to capture their focused market. Anaba (2017) further argues that SMEs need to have insight into the needs and wants of the customer base and then utilise these mix elements in creating and framing suitable marketing approaches and tactics that will meet these desires and needs.

#### **3.3.1.1 Product**

Kotler and Armstrong (2012) describe a product as everything that can be provided to a customer for consideration, purchase, usage, or intake that might meet a lack or requirement. Gbolagade, Adesola and Oyewale (2013) argue that product influences have substantial effect on the performance of food processing SMEs. Mustapha (2013) emphasises that through all situations a product's superiority must be in alignment with additional elements of the marketing mix. For example, a quality-oriented pricing approach will require a superior product perhaps branded to contribute to the price modification (Mustapha, 2013). Ebitu (2016) noted that consumer purchase products often, with cautious preparation, and by matching brands centre on price, quality and style. Consequently, Kuwu and Gakure (2014) emphasise that SMEs must channel their efforts to continuously develop and enhance their products/services to satisfy the dynamic requirements of their market based on quality and panache of products/services. McCharty, Perreault, and Cannon (2011) view product as about excellence, style, characteristics, brand name and scope which influence buying. Ndikubwimana (2016) agreed with McCharty et al., (2011) when he argued that the product/service decisions of food processing SMEs should be concerned with developing the right products/services that capture the views of Perreault and Cannon (2011) about products (quality, design, features, brand name and sizes).

#### 3.3.1.2 Price

Kotler and Armstrong (2012) describes price as a charge for creating, distributing and supporting the product to be exchanged by the organisation (SMEs). McCharty, Perreault and Cannon (2011) opined that financial price is one of the elements that contributes to consumer's view of a product's worth. Kuwu and Gakure (2014) argue that price can be identified as the actual or total ranked value of a product which is up for interchange. In a study by Owomoyela, Oyeniyi and Ola (2013) they found substantial association between price and SME performance. The study shows that the price SMEs fix for their product or service contributes significantly to its marketability. Again, the study by Owomoyela et al., (2013) reveals that price setting for products or services that are more usually accessible and satisfactory to the market is more flexible, implying that item sales will increase or decrease more quickly in response to price variations. Mustapha (2017) asserts that understanding how sensitive the food processing SME market is to variations in price aids the food processing SME determine how much the price elasticity will raise the sales. Brassington and Pettit (2013) noted that elements

that contribute to price elasticity are supply and demand: the accessibility of the product or service and good alternates, their individual prices, and the level to which the product or service is wanted. Mustapha (2017) argues that if abundant stock exists through competing rivals and alternates, this places a descending burden on the food processing SME price. Conversely, Singh (2012) and Kotler (2011) contend that if the market requests increases for a product or service surpassing what can be delivered through competitors and substitutes, the price elasticity will increase, implying that food processing SMEs will have an opportunity to increase prices.

## 3.3.1.3 Place

According to Goi (2009) the term 'place' can be described as the tool through which goods and services are conveyed from the producer to the customer. Singh (2012) argues that the 'place' is one of the marketing mix elements and comprises delivery networks, warehousing amenities, method of shipping, site, variety, logistics, and record control management. Al Badi (2018) also stresses that the distribution channels are made up of all those actions that impact the conveyance of the product or service to the customer. Consequently, Kotler and Armstrong (2012) assert that these distribution networks aid the food processing SME to support, vend, and allocate its goods to final purchasers, for example retailers, physical delivery companies, marketing services agencies, and financial intermediaries. Mustapha (2017) contends that the place/distribution approach requires an effective delivery of food processing SME products among the marketing network channels, for example wholesalers or retailers. Therefore, food processing SMEs utilise the distribution channels as a way to interact with their customers through points of distribution, to get to customers at the exact time and at the exact place (Al Badi, 2018).

# 3.3.1.4 Promotion

According to Al Badi (2018) promotion is among the most influential element in the marketing mix. Sidhanta and Chakrabarty (2010) assert that the promotion idea consists of all marketing actions utilised to tell, motivate and prompt the focused market about an enterprise and its products or services in a manner that will establish a promising image in the thoughts of the customer. Joshi, Prabhu and Chirputkar (2016) emphasise that food processing SMEs should focus on a promotion procedure to recognise the products and services of competing companies and to influence their customers to purchase their products or services over and over.

Conversely, Dzisi and Ofosu (2014) argue that the promotion procedure is influenced by the decision of SME owners/managers with respect to the extent of marketing spending or promotion. The promotion procedure includes a different component, for example advertising, personal marketing, sales promotion, public relations and direct marketing (Kotler and Armstrong, 2012). Latif and Abideen (2011) argue that all these elements mix together to generate the promotion mix intended for attaining the food processing SME's marketing goals. Kamba (2010) researched the efficacy of promotional mix approaches on sales among local SME manufacturers in Kenya. This study shows that SME owners/managers must establish what blend of promotion mix will make viable promotion plans and thus increase sales.

### 3.3.2 Marketing Modification

O'Dwyer, Gilmore and Carson (2009) express that SMEs describe the essence of their marketing actions as innovative (modification/change) on the basis of taking the initiative and by accepting initiative-taking marketing management.

#### **3.3.2.1 Proactive marketing management**

Krokaew, Jhundra-Indra and Boonlua (2017) view proactive marketing management capability as a marketing strategy which focuses on using SME's marketing ability to introduce or present a new product or service to meet the customer's latent needs. O'Dwyer, Gilmore and Carson (2009) identified three strategic-orientated activities of proactive marketing management that influence the modification and change in marketing; these include customer-oriented activities (Sarpong and Maclean, 2012), competition-oriented (Hunt, 2012), and innovation-oriented (Kaleka, 2011; Wirtz, Pelz and Ullrich, 2011).

# **3.3.2.2** Customer-oriented activities

Sarpong and Maclean (2012) acknowledge that the principal aspect of effecting a customer orientation is to concentrate on the customers and how to discover and fulfil their needs and wants. Erfani and Kheiry (2013) argue that customer orientation is the very fundamental of market orientation and is, therefore, closely associated with the marketing concept, which makes food processing SMEs place the customer at the centre, instead of the food processing SME. Consequently, Brege (2018) contend that the customer-oriented activities brings about

proactive marketing management capabilities and thereby influence marketing modification include customer needs identification, customer needs satisfaction and customer engagement.

#### **3.3.2.3** Competition-oriented activities

Brege (2018) maintains that engaging in a competitor orientation indicates that an SME is focused on actions of its rivals and commits resources into creating rival intelligence, propagating it within the organisation and reacting to the substantial operations of rivals. However, Hunt (2012) argues that a very high attention on competitor-oriented goals, for example gauging market share or other methods of rival benchmarking, can in fact be unfavourable to the food processing SME's performance, since these may be ranked to the disadvantage of profitability. Additionally, Brege (2018) disapproves of the customer and competitor orientation interpretation of market orientation as concentrating too much on these two groups to the elimination of other significant market stakeholders, such as suppliers, customers' customers or market organisations. According to Blocker, Flint, Myers and Slater (2011) the market strategy activities that establish competition orientation include: competitor focus, domain of competition, and market shaping.

#### **3.3.2.4** Innovation-oriented activities

According to Brege (2018) innovation retains a significant position in food processing SMEs' efforts to develop solutions to customers' needs and wants. An innovative-oriented food processing SME is targeted at attaining greater performance via its attention to developing innovative market products/services and enhancing internal processes (Brege, 2018: Bodlaj, Coenders and Zabkar, 2012). Bodlaj, Coenders and Zabkar (2012) and Li, Lin, and Chu (2008) assert that the innovativeness of an SME is an effect of its market orientation structure and aids to reinforce the performance influence of market-oriented actions.

Thus, Brege (2018) contends that the innovation-oriented activities that bring about proactive marketing management capabilities and thereby influence marketing modification include: enterprise focus, innovation focus, and customer involvement.

#### 3.3.3 Integrated Marketing

O'Dwyer, Gilmore and Carson (2009) indicate that innovation is general all through marketing where changes frequently need to be made to existing activities and performances. This brings about the necessity for marketing integration and the spread of marketing all through the food processing SMEs (O'Dwyer, Gilmore and Carson, 2009).

#### 3.3.3.1 Marketing Integration

Sulemana (2014) asserts that innovative marketing integrates all food processing SME marketing actions; it is directed by profit-oriented objectives, is market-led and responsive, is progressive and is not essentially a novel concept. It can be procedural and established in current actions and performances but, whatever procedure it takes, it is founded upon an integrated method to undertaking marketing (Ananga, 2015). On the other hand, Calder and Malthouse (2003) argue that the term 'marketing integration' has been broad enough to encompass three different, but related themes: (1) targeted marketing; (2) consumer insight; and (3) communication with consumers.

# **3.3.3.2 Permeation of marketing throughout SMEs**

O'Dwyer, Gilmore and Carson (2009) assert that marketing innovations of food processing SMEs are established on their capabilities which allow them to distinguish their product or service from the standardised products or services of bigger organisations, perhaps within a focused market. They indicate that this hinges on observed significance of marketing through the entire organisation, the incorporation of marketing completely into the organisation, and its use to attain organisational goals (O'Dwyer, Gilmore and Carson, 2009). The study by Carson (2011), based on SME organisations in Ireland, explained the circumstances of marketing orientation as a function of marketing management and formed the four-stage evolution model. He showed improvement on the route to becoming a medium-sized company as a four-step evolution process: (1) early marketing activity; (2) responsive selling, which involves the necessity for increased sales, and adjustment in attitude; (3) the do-it-yourself (DIY) marketing method; and (4) incorporated initiative-taking marketing. Kobylanski and Suzlc (2011) indicate that every individual stage denotes an SME's growth through development in sales level, while the fourth stage denotes the highest change of this development. Conversely, Carson (2011) indicated in his study that SME organisations have the main difficulties when

progressing from the third stage to the fourth. According to the study by Carson (2011) this specifies that only a few SMEs are utilising the marketing method to sustain their enterprise. Gilmore (2011, p. 140) argues that SMEs in their early stage of growth appear to give marketing little importance compared with the other roles of their enterprise. On the other hand, just as the SME must progress to stay alive, so marketing progresses to indicate the owner/manager experience and the requirements of the SME (Kobylanski and Suzlc, 2011).

#### **3.3.4** Customer Focus

According to Ziggers and Henseler (2015), customer focus is essential as it is recognised as one of the dominant influencers of SME profitability, rivalry advantage, and a hallmark of fruitful enterprise. Lo, Wang, Wah and Ramayah (2016) argue that the concept of customer focus is important for food processing SME association as it mentions the procedure of recognising and creating, sustaining, improving and, when needed, ending associations with customers and other interested parties. Presently, food processing SME owners/managers need to continuously ensure that they have a strong customer focus so that they are able to react to rapid changing customer likings and needs (Yaacob, 2014). Vyas, Raitani, Roy and Jain (2015) assert that, in general, food processing SMEs' profits are the outcomes from how well the customer requirements are fulfilled. The pathway from customer focus and food processing SME profitability is usually not direct as is clearly based on the varied empirical results in the literature. According to Fernandes, Lourenço, and Silva (2014), customer focus needs determination on finding existing customer requirements as well as upcoming requirements in order to provide products adapted to the evolution of customer-based requirements. As an aspect of the managerial approach, customer focus delivers a foundation for gaining customer information, which can be utilised to improve and disseminate supply-chain association competences, mentioning the reservoir of knowledge-centred capabilities for effective food processing SME management (Liu, Ke, Wei and Hua, 2013). The support for maintaining a substantial level of customer focus in SMEs is similarly assessed in the study by Lo, Wang, Wah and Ramayah (2016), who further stress that the emphasis of customers may be higher in SMEs because of their nearness to and near associations with the customers. Their study also stresses that SME organisations ought not to view customers only as a basis of SMEs' revenues and profits, but also as resources for obtaining and maintaining competitive benefit through innovation (Lo, Wang, Wah and Ramayah, 2016). O'Dwyer, Gilmore and Carson (2009) maintain that customer-satisfaction and customer-orientation are highly related to customer focus in SMEs, where substantial importance is placed on personal associations in creating a

customer base (Waititi, 2014) and on the importance of customer fulfilment to rivalry achievement (Kotler and Armstrong, 2011). Consequently, O'Dwyer, Gilmore and Carson indicate that customer focus includes two elements: (1) customer-orientation (Brockman, Jones and Becherer, 2012), and (2) customer satisfaction.

#### 3.3.4.1 Customer Orientation

Brockman, Jones and Becherer (2012) describe customer orientation as an SME organisation's ability to constantly develop quality value for its customers based on a comprehensive understanding of its focus customer-base requirements. Sulemana (2014) defined customer orientation as the set of philosophies that prioritise customer interest. Therefore, as stated by Neneh (2018), food processing SMEs having high customer orientation have the enthusiasm and the capability to recognise and react to customers' requirements. Kraa (2016) argues that in this procedure practical and market concerns linking to certain customer segments can be more comprehensively assessed than is likely for food processing SMEs that are not attentive to the customer. The study by Brockman, Jones and Becherer (2012) identified three elements that influence customer orientation in SMEs and these are: (1) risk-taking, (2) innovativeness and (3) opportunity focus.

# 3.3.4.2 Customer Satisfaction

According to Suchánek and Králová (2015) customer satisfaction is usually described as a sensation or decision by customers concerning products or services once they have utilised them. Kurfonen and Takala (2013) acknowledge that customer satisfaction can represent very dissimilar things to the answerer. It may comprise such elements as distribution time, charge, adaptation and expertise, or it is usually just a reaction to a customer request (Kurfonen, Takala, 2013). Suchánek and Králová (2015) noted that to a certain extent the subject of customer satisfaction, as the marketing guiding principle of the SME (the means of utilising marketing instruments and comprising pricing approaches), influences customer orientation and subsequently the innovative marketing of the SME. Zeithmal, Bitner and Gremel (2006) indicate that customer satisfaction is when the customer assesses whether a product or service has satisfied their requirements. In the same vein, Fourie (2015) argues that the understanding of customers' requirements of a product or service provides direction for food processing SMEs to adapt their products or service contributions accordingly to fulfil these customer requirements which in turn can bring about customer satisfaction, and thus consequently

impact positively on food processing SMEs' customer orientation and innovative marketing. Tung (2013) asserts that customer satisfaction has three determinants, namely perceived quality, perceived value and perceived expectation.

#### 3.3.5 Market Focus

According to Cook (2013) market focus aims to determine prospects and then exploit them. He further argues that the market-focus viewpoint provides the greatest direction to viable and profit development. Market focus provides food processing SMEs with enterprise opportunities through the identification of customer needs, where customers spend and the focus on products to satisfy those needs (Cook, 2013). In the same vein, Aminu (2016) asserts that market focus involves reacting to enterprise and market conditions when suitable. Being externally attentive, spending on marketing, and being directed by market information brings about milestone decisions (Aminu, 2016). Cook (2013) contends that these decisions are chances to test expectations, assess main concerns, and decide if an alteration is necessary. Similarly, Mahmoud (2011) demonstrates that market focus encompasses the application of higher organisational expertise in comprehending and meeting customers' requirements. In effect, market focus needs food processing SMEs to consistently track fast evolving customer requirements, identify the effect of these changes on customer fulfilment, increase the proportion of product innovation, and execute approaches that develop the food processing SME's rivalry advantages (Mahmoud, 2011).

## 3.3.5.1 Vision

Previous studies (Dervitsiotis, 2010; Cooper, 2011; Camison and Villar-Lopez, 2014) have comprehensively emphasised the importance of leadership's vision to support and expedite innovation within an SME. According to Tikas and Akhilesh (2017) a prudently created vision for the future of a food processing SME can provide a strong capability that can change the future of the food processing SME by bringng into line all the skills, competences and assets accessible to it. The vision of top leadership such as food processing SME owners/managers can determine if the food processing SME pro-actively nurtures market-focus, innovativeness and creativity (Cooper, 2011). Moreover, vision can create effort for organisational transformation (Renko, Shrader and Simon, 2012).

# 3.3.5.2 Competitiveness

O'Dwyer, Gilmore and Carson (2009) assert that developing and maintaining competitive benefit originating from innovative practices are important factors in food processing SME profitability and long-term development and continued existence. In the same vein, Auma (2014) demonstrates that innovation aids an organisation create competitive benefit either through comparative differentiation, comparative low-cost positioning or focus. According to Sulemana (2014), innovation, technology advances, and competitive advantage are linked by difficult and multidimensional associations. In relation to this, Rowley (2011) argues that connection between innovation activities/practices and competitive advantage rests primarily on four factors. One, innovations that are difficult to copy are more probable to bring about maintainable competitive benefit (Samillani, 2012); two, innovations that precisely replicate market realities are more probable to bring about maintainable competitive benefits (Wafula, 2011); three, innovations that permit food processing SMEs to capitalise on the timing characteristics of related industry are more likely to bring about maintainable competitive advantage (Mulwa, 2010) and, fourth, innovations that rely on capabilities and technologies that are readily accessible to the food processing SME are more probable to bring about sustainable rivalry advantage (Karanja, 2011). Ananga (2015) contends that the less an innovative marketing strategy can be copied, the more resilient the source of competitive advantage. Thus, given that collection of capabilities required to maintain effective corporate entrepreneurship, innovation offers an attractive source of competitive advantage if it develops positive added-value for the food processing SME (Ananga, 2015). Similarly, if the innovation process or the results of innovation are complex to imitate, effective corporate entrepreneurship becomes an increasingly vital component in maintaining competitive advantage (Kiplimo, 2012). Auma (2014) suggests that product/service form, function, and distribution offer prospective ways for decreasing imitability for innovative food processing SMEs.

# 3.3.5.3 Market Centred

According to Aminu (2016), a food processing SME is market centred if it adequately comprehends its market focus and constantly develops higher value for it. He further argues that a market-centred food processing SME acquires information from the customer base and responds accordingly. In order to succeed in a competitive market, organisations, such as SMEs in all sectors, need to show high market-centredness (Ananga, 2015). Aliyu (2014) contends that for optimal performance, food processing SMEs require a good customer base information

system to gather information about their customers, recognise their requirements and utilise the information to effectively and efficiently serve them better than the rivals. Food processing SMEs must obtain customers' feedback to decide their level of fulfilment or else with the SME's offering (Sulemana, 2014). In the same vein, Aliyu and Mahmood (2014) indicate that in the present business environment, competition among food processing SMEs has reached an unusual level in terms of gaining acceptable competitive advantage which has become important to the sustenance of most food processing SMEs. Previous studies indicate that market-centredness is a vital actor in SME performance (Kirca, Jayachandran and Bearden, 2005; Kelson, 2012; Wilson, Perepkin, Zhang and Vochon, 2014). Market centredness also provides an SME with a strategy and is an important method to undertake market insight (Vorhies, Morgan and Autry, 2009). Lings and Greenley (2009) acknowledge that food processing SMEs with a sound market centredness culture perform better in understanding their customers and other competitors. Consequently, Agarwal, Erramalli and Dev (2013) posit that a proper market-centredness culture brings about stronger customer relationships which can improve performance results such as sales, growth, market share and profits. The study of Kelson (2014) indicates a significant association between market centredness and enterprise performance of twenty-four listed SMEs in Ghana. Similarly, the study by Kaya and Patton (2011) also indicates that market centredness has a significant relationship with innovative performance.

#### 3.3.6 Value Proposition

Kowalkowski (2011) indicates that SMEs do not provide worth to customers in isolation. Instead, they somewhat provide value propositions with an in-built prospect to co-create worth with the customer together. Dickmänken (2017) suggests that value propositions cannot be observed as stagnant ideas, as they are avowals concerning the recommended products or services by a company. Vargo and Lusch (2008) indicate that every potential and existing customer give different interpretation to the value proposition they receive from food processing SMEs. This makes it overtly significant for food processing SMEs to take the subjectivity of value perceptions into consideration and appreciate that those biased opinions of value might not be reliable among dissimilar potential and existing customers (Vargo and Lusch, 2008). Ballantyne, Frow, Varey, and Payne (2011) maintain that for food processing SMEs to recognise and interact with pertinent markets and stakeholders, value propositions contribute immensely as they proactively begin and guide stakeholder interaction. In the same vein, Dickmänken (2017) contends that value propositions have an influence on various

patterns of customer interaction and co-creation and are not to be devalued, both by food processing SMEs and the customer.

#### 3.3.6.1 Customer Value Proposition Leadership Support

According to Payne, Frow and Eggert (2017), customer value proposition leadership support denotes the degree to which there is a common strategic vision that concentrates on the market and by what means leaders (SME owners/managers) ratify their vision based on their behaviours. Vainman, Scullion and Collings (2012) suggest that leadership backing provides an indication to the food processing SME organisation that developing customer value propositions (CVPs) is of strategic importance, which triggers significant SME-centred and market-centred resources. In the same vein, Ramaswamy (2009) illustrates that transformational leaders provide specific benefits, in that they harmonise values, goals, and aspirations throughout the food processing SME, thus offering a catalyst for creating customer value propositions (CVPs) and recognising market prospects.

### **3.3.6.2** Customer value proposition formalisation

Payne, Frow and Eggert (2017) assert that customer value proposition (CVP) formalization involves organisational structures and procedures for creating customer value propositions inside an SME. Osterwalder, Pigneur, Bernarda, and Smith (2014) define a managerial procedure of how SMEs can deliver value to focused customers. They argue that, regardless of the noteworthy attention in customer value propositions (CVPs), few SMEs have official procedures for creating them (Osterwalder at al., 2014). Payne, Frow and Eggert (2017) maintain that with customer value proposition (CVP) formalization, a food processing SME can utilise market-centred antecedent resources, structure market information, and recognise customer associations that provide the greatest prospects. Resources associated with customer value proposition (CVP) formalization comprise cross-functional procedures for framing the customer value proposition (CVP) (Payne et al., 2017).

# 3.3.6.3 Product Knowledge

Payne, Frow and Eggert (2017) acknowledge that product knowledge indicates an insight into the methodical requirements and potential utilisation of the many goods and services provided

by the SME. In the same vein, Schmitz, Lee and Lilien (2014) observe that matching product knowledge (SME-centred resources) with customer and competitor knowledge (market-centred resources) releases their full capabilities.

Makanyeza and Dzvuke (2015) assert that innovative marketing has been seen as the main drive of SME performance. As a result, it has become imperative for food processing SMEs to develop policies that support innovative marketing (Robson, Haugh and Obeng, 2009). In support of this, Sampson (2007) indicates that SMEs have mainly accepted the idea of innovative marketing with the aim to increase profit and market share performance. Conversely, Makanyeza and Dzvuke (2015) argue that how to achieve this remains fuzzy. According to Karabulut (2014), innovative marketing impacts SMEs' performance in terms of financce, customers, internal business processes and learning and growth. Thus, SMEs undertake innovative marketing in order to improve their performance (Karabulut, 2014). Moreover, Jang (2013) emphasises that innovative marketing also increases the aptitude of the food processing SME to originate. For instance, refining approaches of manufacturing procedure permits the food processing SME to create novel products whereas new practices inside the organisation allow the food processing SME to obtain and create new knowledge which can also be utilised for creating other innovations in marketing (Jang, 2013). Makanyeza and Dzvuke (2015) argue that, through innovative marketing, SMEs are capable of protecting their rivalry location and obtaining rivalry advantage. Eventually, this increases the food processing SME's rivalry advantage which, in turn, improves the food processing SME's performance from the financial, customer, internal business process, learning and growth perspectives (Etim and Agara, 2011). The next section assesses SME performance in terms of the following constructs: (1) Financial perspective, (2) Customer perspective (3) Internal business process and (4) Learning and growth perspective.

# **3.4 SME PERFORMANCE**

Several previous studies (Cascio, 2011; Murray, Gao and Kotabe, 2011; Barczak, Hultink and Sultan, 2008; Arthur and Busenitz, 2006; Murray and Chao, 2005) related to innovative marketing presented SME performance as the dependent variable, and it was presented in a large number of various measurement items. In this regard, the studies of Murray, et al., (2011) and Arthurs and Busenitz (2006) proposed that SME performance is premised on achievement which includes the marketing competence in reaction to the market requirements and the adjustment competences in environmental dynamics. Also, the study of Barczak, Hultink and

Sultan (2008) explains that food processing SME performance associated with innovative marketing is the extent to which novel products meet customer requirements with respect to sales, it has a market-share greater than its competitors, it is profitable, and the extent to which the food processing SME has the ability to react to the market and develop customer fulfilment. Also, the study of Murray and Chao (2005) utilised novel product development acceleration, development expenditure productivity, and product superiority to represent SME performance related to innovative marketing. Cascio (2011) measured performance using sales growth, profits, cash flow, and shareholder value when he studied the association between marketing innovation and firm performance. Muangkhot and Ussahawanitchakit (2015) argue that a general and well-proportioned performance idealisation, comprising financial and nonfinancial measures, will aid food processing SMEs to entirely comprehend the performance implications of their innovative marketing approaches. According to Hamdy (2018) performance measurement can be described as a method by which an SME tracks its day-today procedures and assesses whether it is achieving its aims. Saad and Daraghma (2016) argue that various measures that appropriately represent SME performance must be developed to entirely use the function of performance measurement. These measures can be quantifiable (financial) or unquantifiable (non-financial) (Malgwi and Dahiru, 2014). In the same vein, Hamdy (2018) maintains that the selection of measures (criteria) can comprise financial measures (for example, interest costs, return on average assets, return on investment, profit margin) and/or non-financial measures (for example, human resource management, service, quality, competitive position), based on the methodology utilised. With respect to SME performance measurement, Abofaid (2017, p. 5) argues that the majority of functioning and control systems of SMEs are structured based on financial measures. Namazi and Abhari (2010) indicate that many SMEs utilise financial measures (for example, ROI, net profit, and return on equity) to assess their performance, though it is very well recognised that financial measures are good only in the short term. Abofaid (2017) argues that the prominence placed by majority SMEs companies on financial measures generates a gap between strategy development (such as innovative marketing) and implementation. Hence, it is vital to communicate the innovative marketing strategy to every person in the food processing SME organisation in a comprehensible language (Ananga, 2014).

The SME performance measure for this thesis is based on the four perspectives of the Balanced Scorecard (Kaplan, 2010): Financial, Customer, Internal Processes, and Learning and Growth.

#### 3.4.1 Financial Perspective

Kairu, Wafula, Okaka, Odera and Akerele (2013) indicate that the financial performance measures describe the long-term aims of the food processing SME. They argue that financial measures indicate whether the food processing SME's innovative marketing strategy application and performance are influencing bottom-line development. A well-structured financial control system can essentially improve a food processing SME's management system (Kairu, Wafula, Okaka, Odera and Akerele, 2013). Hamdy (2018) views the financial perspective as a measure that deliver the economic implications for innovative marketing activities undertaken by the food processing SME. He also stress that financial perspective focuses on profitability associated measures on which the food processing SME investors confirm the profitability of their investment. Alao (2013) indicates that the financial perspective assesses the profitability of the innovative marketing approach and cost reduction factors comparative to rivals' costs and sales growth. Again, Alao (2013) argues that the financial perspective emphasises how much of operating revenue comes from decreasing costs and selling additional units of the product. Malgwi and Dahiru (2014) state that under the financial perspective the frequently utilised performance measures incorporated are: return on investment (ROI), cash flow, net operating income and revenue growth. Kopecka (2015) states that innovative marketing ventures by food processing SMEs, such as marketing variables (includes product enhancement, alteration of marketing mix and distribution channels); marketing modification (includes marketing pro-action and change); customer focus (customer and market needs); integrated marketing (includes permeation of marketing throughout the food processing SME); market focus (includes vision of the food processing SME owner/manager, market centredness and profit); and customer value proposition (includes new products/services, uniqueness of marketing element introduced and unconventional aspects of the food processing SME) can develop more worth for the company, but only if it brings about selling more of the current and prospective products or services and/or spending less on cost structures.

Zhang (2016) argues that food processing SME managers/owners can improve their food processing SME's financial performance via two sources of revenue: growth and productivity. In the same vein, food processing SMEs can create profitable revenue increases by re-inforcing associations with their current customers (Khomba, Vermaak and Gouws, 2011). This permits them to sell more of their present product or service, or extra products and services (Namazi and Abhari, 2010). The study by Devie and Widjaja (2012) on the association between non-financial performance and financial performance utilising the balanced scorecard framework

acknowledges that financial performance measures can reveal whether food processing SME's innovative marketing vision, strategy, implementation and execution have influenced bottomline development. They further argue that the financial perspective indicates the result of the strategic options made in the other perspectives (customer, internal business process, and learning and growth). Madsen and Stenheim (2014) indicate that if food processing SMEs make important developments in their innovative marketing activities, they can attain improved general corporate performance, which in turn converts into long-term financial steadiness. Such steadiness is understood via developments in productivity (Singh and Sohani, 2014). Alao (2013) emphasises that financial performance is a function of operational activity (such as innovative marketing); and financial achievement is the rational implication of undertaking the basics well. Financial measures direct operational indications about the general corporate performance of a food processing SME (Rompho, 2011). According to Malgwi and Dahiru (2014) the three essential financial themes that direct the innovative marketing strategy of a food processing SME are revenue increase, cost decline and asset usage.

#### **3.4.2** Customer Perspective

Kairu, Wafula, Okaka, Odera and Akerele (2013) indicate that customer perspective encompasses the aptitude of the organisation to offer superior goods and services, the timeliness of their delivery, and general customer service fulfilment. They indicate that this customer perspective is influenced by factors such as price, quality availability, selection, functionality, service, partnerships and brand value proposition which will lead to increased customer acquisition and retention. The study of Kaplan (2010) asserts that the Balanced Scorecard demands that food processing SME owners/managers convert their overall mission statement on customer service into precise measures that represent the factors that really matter to customers. Kairu, Wafula, Okaka, Odera and Akerele (2013) maintain that customers' problems are likely to fall into four categories: time, quality, performance and service, and cost. Satisfied customers purchase a product again, interact positively with others about the product, pay less attention to rival brands and advertising, and buy other products from the food processing SME (Kotler and Armstrong, 2010).

The working paper of Kaplan (2010) on the conceptual foundation of the balanced scorecard shows that in the customer perspective, food processing SME owners/managers must recognise the focused customer segments in which the food processing SME organisation or particular enterprise unit competes and must recognise suitable measures of the enterprise division's

performance for customers in these focused segments. When the food processing SME comprehends who its focused customers are, it is capable of recognising the goals and measures for the value proposition it aims to provide (Kaplan, 2010).

Kopecka (2015) agreed with Abofaied (2017) that the customer perspective normally comprises numerous common measures of positive results from well-expressed and executed corporate strategies that comprise customer satisfaction, customer retention, customer acquisition, customer profitability, market share and account share.

Kopecka (2015) therefore emphasises that customer care and satisfaction are gradually more accepted as a baseline indicator of corporate performance and are a likely indicator of excellence for any food processing SME organisation. Kairu, Wafula, Okaka, Odera and Akerele (2013) contend that it is reasonable that corporations with a larger segment of fulfilled and committed customers profits from growing rebuy levels, growing their cross-purchasing prospects, higher price readiness and affirmative reference behaviour, and decreasing the propensity for customers to switch.

# 3.4.3 Internal Process Perspective

According to Gekonge (2005) as quoted by Kairu, Wafula, Okaka, Odera and Akerele (2013), the internal processes perspective emphasises the internal business/enterprise result that brings about financial attainment and fulfilled customers. Kairu, Wafula, Okaka, Odera and Akerele (2013) suggest that, in order for organisational objectives and customers' expectations to be met, food processing SMEs need to determine the main business/enterprise processes which they must surpass. These main business/enterprise processes are tracked to make sure that results will continually be acceptable (Kairu, Wafula, Okaka, Odera and Akerele, 2013). Kumari (2011) argues that the internal processes perspective accounts for the productivity of internal methods and techniques. The principle behind this perspective is that customer-centred measures are vital, but they need to be converted into measures of what the food processing SME needs to do within to meet its customers' requirements (Kaplan, 2010). Abofaied (2017) views internal business/enterprise processes as a perspective that offers the SME with the means by which performance requirements may be achieved. Naturally, the measures of this perspective are centred on providing goods and services in the most productive and operative techniques (Sulemana, 2014). Abofaied (2017) indicate that generally utilised measures for this perspective include: cost of superiority, cost of non-adaptation, process innovation and time saving.

Tibbs and Langat (2016) note that an SME organisation must maintain its internal processes and its growth of human, information and organisational capital to provide the distinguishing value proposition of its approach. Thus, excellent performance in these parts pushes strategy (Tibbs and Langat, 2016). Atarere and Oroka (2014) illustrate that internal processes achieve two important constituents of the SME's approach, as they provide and convey the value proposition for customers, and enhance procedures and decrease costs for the efficiency constituent in the financial perspective. In the same vein, Tucker and Pitt (2009) argue that the growth of a customer performance measurement system that adds quantitative benchmarking techniques with qualitative analysis in order to bring about strategic goals can concurrently augment business process development among food processing SMEs. They further contend that if they are well reengineered/restructured, internal business processes can enhance value to products and services and eventually to the food processing SME, even in the worldwide market place (Tucker and Pitt, 2009; Etim and Agara, 2011). Kopecka (2015) views internal process as the core aspect of attainment; the four core processes must be outstanding: (1) Operation management process: attain quality supplier competence, improve the cost, quality, and cycle times of operating; develop asset usage; convey goods and services responsively to customers. (2) Customer management processes: obtain new customers; fulfil and maintain current customers; create growth with customers. (3) Innovation process: improve innovative products and services; attain superiority in research and development processes. (4) Regulatory and social processes: an SME image of the social and regulatory responsibility that one expects them to receive in the long term. Similarly, Atkinson et al. (2011) indicate that internal processes include four processes that capture the critical organisational activities: operations management processes, customer management processes, innovation processes, and regulator and social processes.

### 3.4.4 Learning and growth perspective

Hamdy (2018) suggests that this perspective looks at how an employee of a food processing SME learns and grows in his/her career to improve the performance of the food processing SME. According to Kairu, Wafula, Okaka, Odera and Akerele (2013), the learning and growth perspective studies the capability of employees (skills, talents, knowledge and training), the quality of information systems (systems, databases and networks) and the effects of organisational configurations (culture, leadership, alignment and teamwork), in aiding the achievement of organisational objectives (Hamdy, 2018). In the same vein, Kairu, Wafula, Okaka, Odera and Akerele (2013) emphasise that processes will only thrive if sufficiently

skilled and inspired employees, provided with precise and appropriate information and led by effective leadership, are driving them. They will lead to manufacture and conveyance of superior products and services and, ultimately, positive financial performance (Kumari, 2011). Essentially, this perspective is associated with the employees of the food processing SME, and it measures the degree to which the food processing SME utilises efforts to offer its employees with prospects to develop and study in their domain (Abofaied, 2017). Kaplan (2010) indicates that learning and growth measures are the most challenging to choose; hence, they propose the following measures as instances: employee enablement, employee inspiration, employee competences, and information systems abilities. Pujas (2010) recognises that by measuring the food processing SME's aptitude to innovate, improve, and learn, the learning and growth perspective identifies the needed infrastructure to support the other three perspectives (financial, customers and internal business process). Therefore, Tibbs and Langat (2016) contend that measures of the learning and growth perspective are the enablers of the other three perspectives (financial, customers and internal business process). According to Kaplan and Norton (2009, p. 11), frequent enhancements and the aptitude to learn and introduce new products and services are the prerequisites to stay alive, grow in the global marketplace, and increase the food processing SME's value. Learning in SME organisations is centred on building an environment that supports the learning of all members (Berková, Adamová and Nývltová, 2017). Rebelo and Adelino (2011) explain that corporate culture, based on learning and growth of employees, brings about new and valuable knowledge and innovative ways to solve challenges and enhance processes. There are several traditional indicators of learning and growth perspectives (Muscalu, 2014). Conversely, corporate culture is very critical for the development of an appropriate environment for learning and growth and the environment is shaped by corporate culture. Farooq and Hussain (2011) view the learning and growth perspective as the main support to a positive scorecard since it includes employee skills and information systems. They further indicate that the learning and growth perspective can comprise such concerns as employee fulfilment, association of employee skills with jobs, number of employee suggestions executed, and hours of employee training (Farooq and Hussain, 2011). Rae (2011) argues that, based on the actual employee skills and anticipated employee skills, some SMEs alter job descriptions, reposition employees to other departments, and/or execute incentive programmes designed to encourage employees to deliver suggestions, receive education or training, and/or obtain tenure through sustained employment.

#### 3.5 HYPOTHESIS GENERATION

According to Haber (2009) hypotheses flow from the research question, literature review, and theoretical framework. He further mentions that a hypothesis is a declaration about the association between two or more variables that propose a response to the research question (Haber, 2009). Hypotheses are framed before the study is really undertaken since they offer direction for the gathering, analysis, and interpretation of data (Gay, Mills and Airasian, 2009). Based on the aforementioned arguments, the literature review on innovative marketing constructs and its relationship with SME performance constructs determined the generation of hypotheses for this study.

# **3.5.1** Relationship between Marketing Modification and Financial Performance, Customer Performance, Internal Business/Enterprise Process Performance, Learning and Growth performance

According to Njoroge (2015) marketing modification is a process of concentrating on an SME organisation's efforts and resources on a course of action, which can bring about increased sales and supremacy in a focused market. Njoroge (2015) further argues that marketing modification is most effective when it is an essential part of an overall food processing SME approach, defining how the food processing SME organisation will positively involve customers, prospects, and competitors in the market arena. In the same line of argument, Akinyele (2011) views marketing modification as a process that allows food processing SME organisations to focus their resources on the best prospects with the aims of increasing sales and attaining a maintainable rivalry advantage. On the other hand, Roongchirarote and Zhao (2017) explain marketing modification as practices of brand-new marketing processes in terms of substantial variations in packages, designs, product pricing, promotion activities, and product placement. Reacting to customer requirements and market prospects is substantially impacted by marketing modification (Roongchirarote and Zhao, 2017). Biégas (2018) asserts that the marketing modification capability is the food processing SME's aptitude to accept and execute new marketing techniques effectively. Therefore, Gunday, Ulusoy, Kilic, and Alpkan (2011) argue that marketing modification includes the execution of modifications associated with the design and packaging, positioning, promotion and/or product price or service, if they have not formerly been utilised by the food processing SME organisation, as recreating the product design without altering the basic technical and functional characteristics, recreating the distribution channels, recreating overall marketing management activities, and renewing the

product promotion techniques and renewing product pricing techniques employed for current and/or new product. In a simpler way food processing SME performance covers the attraction and retention of consumers and the range of economic outcome (Hogan and Coote, 2014). O'Cass and Ngo (2011) confirm the influence of marketing modification on SME performance. Hashi and Stojcic (2013) confirm the relationship between marketing innovation capacity and SME performance, but they use a dummy variable to identify whether there was or no, implementation of significant changes in product design, service or sales and distribution. Santos-Vijande, Sanzo-Perez, Gutierrez and Rodriguez (2012) also analysed the organisational antecedents of marketing modification capabilities and their impact on SME performance and established that marketing modification capabilities exert a significant and positive effect on clients' satisfaction and loyalty, which ultimately leads to better organisational performance in terms of sales profit, learning, internal processes and market share. Consequently, Biégas (2018) contends that it is therefore considered that the effective implementation of marketing modification means that the marketing modification capacity is related to the attraction and retention of consumers, internal business/enterprise processes, learning processes and the achievement of economic results, market performance and financial performance (Hogan and Coote, 2014).

Therefore, the hypotheses considered were:

H1: Marketing modification has a positive impact on financial performance.

H2: Marketing modification has a positive impact on customer performance.

H3: Marketing modification has a positive impact on internal business process performance.

*H4*: Marketing modification has a positive impact on learning and growth performance.

# 3.5.2 Relationship between Marketing Mix Variables and Financial Performance, Customer Performance, Internal Business/Enterprise Process Performance, Learning and Growth Performance

Kotler and Armstrong (2012) view marketing mix variables as a set of tactical marketing tools (product, price, place and promotion) that the SME blends to produce the response it wants in the target market. Gituma (2017) asserts that marketing mix variables are a mix of strategies that SMEs are able to control. Therefore, marketing mix variables help food processing SMEs to come up with strategies and thus define the direction in which their marketing strategy will

go in order to achieve and create a competitive advantage. Similarly, Kiprotich (2012) stresses that marketing mix variables are a set of marketing tools that organisations such as food processing SMEs blend to get the response they want from their target markets. In the same line of argument, Kiprotich (2012) reveals that marketing mix is grouped into four variables known as the 4Ps: product, price, place and promotion.

According to Kotler (2015), the marketing strategies of product, price, place and promotion are strategies that organisations such as food processing SMEs use to react to market dynamics and also act as internal forces that will enable a food processing SME organisation achieve its objective. Ghouri, Khan, Malik and Razzaq (2011) assert that food processing SME organisations that have implemented effective marketing variables (product, price, place and promotion) are able to increase their customer performance through market share growth, an internal enterprise process through procedures to create and deliver value and financial performance through sales, and achieve competitive advantage through learning and growth.

# **3.5.2.1 Product**

According to Ananga (2015) marketing variables (i.e. product, price, place (distribution) and promotion) have a connection to financial development through the organisation's management of its portfolio founded on market development and share. The identification and consideration of food processing SMEs' 'cash cows' and 'star' products/services will ultimately result in financial efficiency in creating profit and optimising the use of finances to enhance growth (Kotler, 2015). Karemati, Ardalan and Ashtiani (2012) argue that a review of food processing SME portfolios will also establish where and how food processing SMEs meet the service needs of the customer by directly impacting upon the perception of service. This leads to a full analysis of customer service and how it can be developed to support organisational goals in line with the balanced scorecard (Ananga, 2015). Ardjourna and Asma (2015) contend that food processing SMEs cannot market a product if they do not have the skills and competencies to make and sell them. Product knowledge is an important asset when developing the marketing mix (Ardjournan and Asma, 2015). Ananga (2015) asserts that knowledge management in this area can give significant advantage in the marketplace, including the ability to improve products to achieve competitive differentiation, hence meeting the needs of the balanced scorecard. Ebitu (2016) acknowledges that having the systems and processes throughout the organisational supply chain can ensure competitive advantage through time to market and cost efficiencies within the chain. Supply chain mapping leads to

processes and systems that link activities and share information to create a better product and move it quickly (Ananga, 2015).

# 3.5.2.2 Price

Bingqun, Kejia and Tingjui (2016) assert that the price at which the product or service is sold reflects the SME's ability to recoup costs and make a profit. This feeds directly into the balanced scorecard in terms of financial success (Bingqun, Kejia and Tingjui, 2016). Deonir, Gabriel, Evandro and Fabia (2017) argue that food processing SMEs' pricing strategies must, therefore, be clearly linked to their financial goals. Füreder, Maier, Yaramova (2014) mention that price will also be influenced by how food processing SMEs want to be perceived by their customers. In the same line of argument, Ananga (2015) emphasises that the perception of value-for-money or high quality must be taken into account when food processing SMEs are developing their prices. This, according to Holmes and Paswan (2012), links the customer performance aspects of the balanced scorecard.

According to Gituma (2017), the learning and growth aspect of the balanced scorecard regarding the pricing element of the marketing mix involves answering questions such as: What price do food processing SMEs place on their employees? What is the value of food processing SMEs' intellectual property? What will food processing SMEs pay to retain and attract expertise? Knowledge management ensures that food processing SMEs have the skills and competence to gain competitive advantage (Kamba, 2010). Liozu and Hinterhuber (2013) maintain that the ability to change and improve is based on the skill set to do so, thus linking directly from the marketing balanced scorecard to the overall strategic scorecard of the food processing SME organisation. Gituma (2017) indicates that if food processing SMEs are to succeed, they will need the processes to support their employees. Keramati, Ardalan and Ashtiani (2012) assert that internal business/enterprise process aspects regarding the price element of the marketing mix involve the questions: What price do food processing SMEs pay to ensure the correct processes and systems are in place to support their marketing efforts? Gituma (2017) emphasises that the cost associated with introducing and developing processes and systems must be outweighed by the benefits they provide to marketing and selling SME products and services.

# 3.5.2.3 Place

According to Nguyen, McCracken, Casavant and Jessup (2011) physical location of a food processing SME will directly impact on costs including overheads. This includes the geographical location of the functions and business units of the food processing SME (Nguyen et al., 2011). Oktaviyanti, Masyhuri and Mulyo (2015) emphasise that optimising the location of assets and activities can have an effect on the organisational balanced scorecard. This could be through centralisation or relocation of the marketing function of the food processing SME (Gituma, 2017). Owomoyela, Oyeniyi and Ola (2013, p. 488) assert that customer aspects of the balanced scorecard in terms of the "place" element of the marketing mix involves questions such as: How well does the current structure of the food processing SME meet the customers' requirements? Is marketing positioned correctly within the SME structure? How is the marketing function of the food processing SME structure will have a positive impact on customer service?

In the same line of argument, Gituma (2017) indicates that when it comes to the learning and growth aspect pertaining to individuals within the marketing function of the food processing SME, this involves questions such as where are the employees based and where exactly do food processing SMEs employ their skills. Are employees involved effectively in influencing and directing innovative marketing decisions as well as supporting others in strategic planning? Oyewale (2013) argues that it is not enough to have skills and competencies; they need to be employed at the right time in the right place. According to Bintu (2017) food processing SMEs need the correct processes and systems to deliver the right product or service to the right place. Consequently, Adewale, Adesola and Oyewale (2013) reveal that an agile supply chain will ensure customers receive their requirements on time and be able to track their orders: important aspects of customer service in a technologically advanced era. Measurement of internal business/enterprise process excellence will reflect directly back to the overarching balanced scorecard (Gituma, 2017).

# 3.5.2.4 Promotion

Tandoh and Sarpong (2015) assert that there are costs associated with any marketing effort and the objective is to manage costs to ensure they do not impinge on the financial objectives of the strategic balanced scorecard. The choice of promotion must be effective whilst also being cost efficient (Gituma, 2017). Syeda, Zehra and Sadia (2011) argue that in terms of the
customer perspective aspects of the balanced scorecard, food processing SMEs must set their service levels to meet the needs of their customers. This will be linked to their product or service portfolio. Osman, Chan, and Foon (2011) mention that part of the role of innovative marketing is to promote that service level in a way that gives a positive reflection of how food processing SMEs want to be perceived by their customers. On the other hand, Haghighinasab, Sattari, Ebrahimi and Roghanian (2013) indicate that the promotional effort will require the input of skills and competencies. Consequently, Gituma (2017) argues that this raises several questions regarding food processing SME's human resources: what skills are required? Do food processing SMEs have the skills? How do food processing SMEs develop the skills? How do food processing SMEs employ those skills? Oyewale (2013) acknowledges that these skills and competencies can then link back to the learning and growth measured through the balanced scorecard. Ayanda and Tunbosun (2012) mention that processes and systems, including marketing management support systems and business/enterprise continuity processes, will need to support promotion. They further contend that the processes should ensure that the promotional message is managed throughout the product lifecycle. In the same line of argument, Osogbo (2014) suggests that the systems of food processing SMEs should gather relevant data to target promotions accordingly. This supports the overall business/enterprise process of innovative marketing to support the balanced scorecard (Gituma, 2017). There are several empirical studies addressing the relationship between marketing variables (product, price, place and promotion) and the elements of the balanced scorecard (financial, customers, internal business/enterprise process, and learning and growth).

It is therefore hypothesised that:

*H5: Marketing mix variables have a positive impact on financial performance.* 

*H6*: Marketing mix variables have a positive impact on customer performance.

*H7*: Marketing mix variables have a positive impact on internal business process performance.

H8: Marketing mix variables have a positive impact on learning and growth performance.

# **3.5.3.** Relationship between Customer Focus and Financial Performance, Customer Performance, Internal Business/Enterprise Process Performance, and Learning and Growth Performance

Sharabi (2015) views the concept of "customer focus" as meeting the needs and expectations of current and potential customers by developing a comprehensive understanding of customer needs and then delivering perceived value to customers. He further emphasises that the expected outcomes of a customer focus strategy are creating value for customers which leads to loyal customers which in turn leads to SME profitability (Sharabi, 2015).

Kaplan and Norton (2009) state that customer perspectives focus on providing added value for the customer in the areas of price, quality, availability, accessibility, service, partnership, and reputation in order to support the core outcome of customer acquisition, customer satisfaction and customer retention. Mutinda (2014) suggests that food processing SME owners/managers should analyse how the customers view the food processing SME organisation by measuring lead times, quality, performance and service, and costs.

Kaplan and Norton (2009) state that in the past organisation managers emphasised only meeting the financial perspective of the company but, due to the dynamic changes in the economic environment, currently they have found that financial performance depends upon the customer's satisfaction or lack of satisfaction. Therefore, customer's satisfaction or lack of satisfaction is also the result of efficiency, cycle time, return and quality of the food processing SMEs' processes and operations. According to Enteshari, Abadi, Karbasi and Soltani (2012), the ability of the food processing SME to accomplish these processes depends on the operational capacity, human power quality, incentives, management and information systems. Mutinda (2014) states that the six quality management factors that are strategic planning; customer focus; leadership; measurement, analysis and knowledge management; human resource management; and process management have a positive impact on customer satisfaction.

Mutinda (2014) posits that the customer perspective aims at individuating objectives and measures to control the level of customer satisfaction through numerous rating indices, like the rate of acquisition of new customers, the market shares of the chosen segment and customer retention. According to Tardivo and Viassone (2010), the internal processes perspective controls the ability of an SME to develop new productive processes and enhance its production technology in line with the market trends. The most used indices are the time to introduce and

market a new product and the number of new processes implemented as they have a direct impact on customer satisfaction (Tardivo and Viassone, 2010).

This line of discussion led this study to generate the following hypotheses:

H9: Customer focus has a positive impact on financial performance.

H10: Customer focus has a positive impact on customer performance.

H11: Customer focus has a positive impact on internal business process performance.

H12: Customer focus has a positive impact on learning and growth performance.

# **3.5.4** Relationship between Integrated Marketing and Financial Performance, Customer Performance, Internal Business/Enterprise Process Performance, and Learning and Growth Performance

Murangiri and Wario (2014) observe that the vital role of integrated marketing is to build a close relationship with the customer. Therefore, integrated marketing is the result of aligning activities, procedures, messages, and goals in order to communicate with consistency and continuity within and across formal organisational boundaries (Chepkwony, Ondoro and Aila, 2017). Gilmore (2011) views integrated marketing as a holistic system of communication in which different techniques and tools can complement each other in the achievement of SMEs' marketing communication objectives.

Previous empirical studies conducted in different sectors such as banking (Abubakar, 2014); transport (Onditi et al., 2014); telecommunications (Mulwa and Ndeti, 2013) and food manufacturing (Ismail, Hussain, Shah and Hussain, 2012) reveal that integrated marketing has a positive relationship with performance. Nonetheless, empirical evidence largely relied on studies focusing on financial measures and limited studies measuring non-financial performance. The measures of performance used were different in most studies such as return on asset (ROA), growth and sales performance (Chepkwaony, Ondoro and Aila, 2017). On the other hand, Oluwafemi and Adebiyi (2018) argue that customer loyalty and performance can be viewed as an important concept in SME used to strengthen the purpose or existence of any SME. According to Serić and Gil-Saura (2011), customer loyalty is the result of an SME creating benefits for customers so that they will maintain and increasingly repeat business with the SME. Oluwafemi and Adebiyi (2018) mention that the benefits can be created through effective implementation of an assortment of integrated marketing dimensions for mutual

benefit of the customer and the SME. In addition, Van Vuuren, Lombard and Van Tonder (2012) specify that customers are loyal to a firm whenever they have been satisfied consistently, and they tend to become passionate about business with and loyal to the SME. From the internal business/enterprise process perspective, Gabrielli and Balboni (2010) contend that integration refers to the implementation of formal policies, decision procedures, formal responsibilities, lines of command, and organisational coordination mechanisms. How to organise an integration process has become critical (Gabrielli and Balboni, 2010). Potapenko (2010) mentions that integration involves the SME organisation through the inclusion of employees, customers and other stakeholders. It cannot be driven by formal policies and procedures alone (Potapenko, 2010). Sellahvarzi, Mirabi and Parizi (2014) emphasise that it also requires a high degree of interpersonal and cross-functional communication within the SME across business units. Vantamay (2011) recognises that SMEs are taking charge of the integration process themselves rather than looking to advertising agencies or other suppliers to provide the coordination. Gabrielli and Balboni (2010: p. 22) report that "agencies, no matter how skilled or capable, simply cannot integrate a client's marketing communication program unless the client leads the way." They implicitly assume that an agency's clients, large organisations as well as SMEs are able to clearly define their objectives and strategic goals through internal specialist expertise. Gabrielli and Balboni (2010) state that strategic goal integration reflects the programmatic aspects of integrated marketing. The premise of integrated marketing is to enhance the efficiency and effectiveness of marketing communications with the target consumers by managing various communications messages and communications mix components rather than by attempting to manage all aspects of marketing management.

According to Ibeh and Kasem (2014) marketing learning is defined as the dynamic process of acquiring marketing capabilities with integrated new knowledge or insight that has the potential to improve understanding of customer behaviour and to generate satisfaction among the target audience. In the same vein, Meesuptong, Jhundra-indra and Raksong (2014) argue that marketing learning involves the process by which SMEs accumulate knowledge that leads to improved capabilities in key marketing activities, such as SMEs responding to customers' needs, research and new-product development, building brand image, and channelling established relationships. Additionally, Ngamsutti, Jhundra and Raksong (2018) mention that new knowledge and skills gained through learning enhance food processing SMEs' innovative skills, ultimately improving the level of food processing SMEs' competitiveness and performance. Percy (2014) argues that learning about the customer, market environment, and

competitors is important to increase the effectiveness of an integrated marketing strategy. The study by Christensen, Firat and Torp (2008) on "The organisation of integrated communications: towards flexible integration" reveals that organisational learning has a positive effect on integrated marketing because the organisation can use it to adapt more skilfully to customer needs.

Therefore, the following hypotheses are proposed:

H13: Integrated marketing has a positive impact on financial performance.

H14: Integrated marketing has a positive impact on customer performance.

H15: Integrated marketing has a positive impact on internal process performance.

H16: Integrated marketing has a positive impact on learning and growth performance.

# 3.5.5 Relationship between Market Focus and Financial Performance, Customer Performance, Internal Business/Enterprise Process Performance, and Learning and Growth Performance

Aminu (2016) views market focus as a culture in which organisations such as food processing SMEs strive to create value for their customers and superior performance for the enterprise by concentrating on customer needs and long-term profitability. Aminu, Olayinka, Akinkunmi, Salau and Odesanya (2015) further argue that market focus enables an enterprise to have a good understanding of its customers, competitors and environment, all of which affect profit and other objectives of the enterprise. Tanja and Jurij (2014) argue that embodied in market focus is the appreciation of needs and satisfying them as well as reducing perceived sacrifices involved in the acquisition and use of SME products and services. Easy accessibility of information by customers and flexibility in dealing with them has been suggested by Ali, Yasan and Seyed (2014) as some of the dimensions of market focus that SMEs should apply to interact with customers. The customer therefore becomes the focus of the SME (Tournois, 2013). On the other hand, Chaudhry, Mahesar, Ansari and Ali (2016) view market focus from the internal business perspective and define market focus as a strategy that entails a process of continuous information gathering. They maintain that this information helps management of food processing SMEs to respond to market dynamics and turbulence effectively (Taghian, 2010). Argote (2011) argues that economic viability is, therefore, linked with food processing SMEs' ability to learn from their environment and markets and continuously adjust to the emerging

situations. This spirit of learning from the market is captured by "market orientation", where food processing SMEs frequently collect knowledge about customers' needs, competitors' capabilities and factors affecting buying behaviour, thus altering its offering to create superior customer value (Kasim, Ekinci, Altinay and Hussain, 2018; Calisir and Gumussoy, Basak, Gurel, 2016).

This is supported by previous studies (Pedler and Burgoyne, 2017; Kharabsheh, Jarrar, and Simeonova, 2015; Ozkaya et al., 2015; Blocker, Flint, Myers and Slater, 2011) which reveal that SME organisations adherence to market focus not only generates useful learning from markets but also enjoys a substantial competitive advantage bringing about SME growth. Thus, market focus provides two important benefits to SMEs, first market knowledge increases (learning) and second, performance improves (growth) (Ahmed et al., 2018; Kharabsheh, Jarrar, and Simeonova, 2015; Blocker et al., 2011). Ahmed, Kitchlew, Bajwa and Shazad (2018) maintain that since market focus provides insights about market place and serves a logical learning for SME organisations, it is intuitive to propose that the two, i.e., market focus and organisational learning, have a relationship. In other words, market focus leads to market-based knowledge, facilitating organisational learning and adaptation of the food processing SME to given and emerging circumstances, thus securing their economic fate (Fang, Chang, Ou and Chou, 2013).

Therefore, it is hypothesised that;

H17: Market focus has a positive impact on financial performance.

H18: Market focus has a positive impact on customer performance.

H19: Market focus has a positive impact on internal business process performance.

*H20*: Market focus has a positive impact on learning and growth performance.

3.5.6 Relationship between Value Proposition and Financial Performance, Customer Performance, Internal Business/Enterprise Process Performance, and Learning and Growth Performance

Lindič and da Silva (2011) state that a value proposition describes how a company's offer differs from those of its competitors and explains why customers buy from the SME. He argues that value is created when product attributes, such as design, service or support, match specific customer needs. According to McFarlane (2013), the key to retention is customer satisfaction

and high customer satisfaction comes from delivering superior customer value propositions. Highly satisfied customers stay loyal longer, talk favourably about the SME, pay less attention to the competition, are less sensitive, offer service ideas to the organisation, and cost less to serve than new customers (Weinstein, 2012). McFarlane (2013) mentions that this should also remind SME organisations of the 80-20 rule; essentially 80% of sales come from 20% of customers, and that this 20% of customers represents repeat customers who are loyal because of the exceptional customer value they perceive in an SME. Ballantyne, Frow, Varey and Payne (2011) contend that when an SME offers a customer a value proposition and prospects clearly see it, their revenue typically improves or exceeds expectations. Customers buy the product or service that best matches their needs, and that offers the best combination of benefits and price (McFarlene, 2013).

A value propositions often aims to establish a customer-provider relationship (Ballantyne, Frow, Varey and Payne, 2011). Establishing a successful relationship needs the commitment of all actors, which takes time ranging from the first contact up to a successfully executed transaction (Suleman, 2014). Dickmänken (2017) acknowledges that SMEs acquire knowledge over an extended time frame by constantly gathering and evaluating data about customer relationships. Dickmänken (2017) mentions that in the service dominant logic, knowledge often is referred to as an operant resource. Vargo and Lusch (2008) describe an operant resource as the "application of skills and knowledge for the benefit of another party" (Vargo and Lusch, 2008). Consequently, from this definition, Payne, Storbacka and Frow (2008) suggest that the knowledge food processing SMEs collect from customer relationships and customer interaction, "should incorporate a deep understanding of customer experiences and processes" (Payne, Storbacka and Frow, 2008: p. 23) and based on this further advise food processing SMEs to design their knowledge management activities and infrastructure on the basis of the identified value co-creation process.

Shalender (2015) views the impact of value proposition on the internal business process of SMEs in terms of process flexibility. He stated that process flexibility refers to the speed at which the food processing SME can make decisions, alter schedules or amend existing orders to meet customer needs. Grönroos (2011) indicates that in case of services this aspect relates to making the process more flexible in order to increase customer exposure to the whole process. Shalender (2015) emphasises that having the capability of process flexibility helps the SME to quickly change the processes according to changing customers' preferences. Therefore, it is hypothesised that;

*H21:* Value proposition has a positive impact on financial performance.

H22: Value proposition has a positive impact on customer performance.

H23: Value proposition has a positive impact on internal business process performance.

H24: Value proposition has a positive impact on learning and growth performance.

# 3.6 THEORETICAL RESEARCH FRAMEWORK

The theoretical framework for this study ("The impact of innovative marketing on the performance of Ghanaian food processing small and medium enterprises (SMEs)") was developed base on innovative marketing (Ungerman, Dedkova and Gurinova, 2018; Omodafe and Nwaizugbo, 2017; Suraksha, Malhotra, Czinkota and Foroudi, 2016; Chuwiruch, Jhundra-Indra and Boonlua, 2015; Sefa, 2014; Atlay, Anafarta and Sarvan, 2013; O'Dwyer, Gilmore and Carson, 2009) and performance (Hamdy, 2018; Abofaid, 2017; Muangkhot and Ussahawanitchakit, 2015; Kairu, Wafula. Okaka, Odera and Akerele, 2013; Etim and Agara, 2011; Malgwi and Dahiru, 2011; Kaplan and Norton, 2010, 2012; Namazi and Abhari, 2010) literature reviews.

The theoretical framework of this study suggests a direct relationship between innovative marketing (marketing modification, marketing variables, customer focus, integrated marketing, market focus and value proposition) and SME performance (financial, customer, internal business process, and learning and growth). Innovative marketing represents the independent variable with constructs including market modification, marketing variables, customer focus, integrated marketing, market focus and value proposition; and performance represents the dependent variable with constructs including financial, customer, internal business process, and learning and growth. The theoretical framework for this study is therefore represented in figure 3.1.

# Figure 3.1: Constructs with corresponding hypothesis

# THEORETICAL RESEARCH MODEL



#### 

Source: Field survey, 2020

# 3.7 CONCLUSION

This chapter on the impact of innovative marketing on performance provides theoretical insight into the relationship between innovative marketing and performance. The chapter initially looked at the concept of innovative marketing and the various definitions of innovative marketing based on different constructs. The elements that constitute innovative marketing were identified and explored. The chapter discussed six elements of innovative marketing including marketing modification, marketing variables, customer focus, integrated marketing, market focus and value proposition. In the same vein, the chapter also explored the concept of performance and looked at a mix of financial and non-financial measures that can be used to assess innovative marketing. Consequently, the constructs of the balanced scorecard were adopted as metrics to measure performance and this included financial perspective, customer perspective, internal business perspective, and learning and growth perspective. Based on the literature reviews on the relationship between the constructs of innovative marketing and SME performance, hypotheses for the study were formulated. The formulation of hypotheses for the study guided the development of a theoretical research framework for the study. The theoretical framework provided a framework based on existing theory in the field of innovative marketing and performance that is related and/or reflects the hypotheses of the study. The theoretical research framework of this study consists of dependent and independent variables. Innovative marketing is the independent variable made up of six constructs and the dependent variable is SME performance which also consists of four constructs. The theoretical framework shows the relationship between the constructs of innovative marketing and performance and how it brings about SME development.

In the next chapter the methodology for the study on the impact of innovative marketing on the performance of food processing SMEs in Ghana will be presented.

### **CHAPTER 4**

# **RESEARCH DESIGN AND METHODOLOGY**

# 4.1 INTRODUCTION

Chapter three presented a literature review on innovative marketing and its six constructs, namely; marketing modification, marketing variables, customer focus, integrated marketing, market focus and value proposition. Again, it presented a literature review on SME performance and its associated four constructs, namely; financial, customer, internal business process, and learning and growth. Chapter three also explored the impact of and relationship between innovative marketing constructs and performance constructs, thus leading to the formulation of hypotheses and the conceptual framework for the study.

The research design and methodology chapter discusses the research methodology which was used to investigate the impact of innovative marketing on the performance of Ghanaian food processing SMEs. This study was quantitative, exploratory and descriptive in nature. It addresses the association between innovative marketing and the performance of food processing SMEs in Ghana. This chapter also validates the method and the research tools the study used to gather the expected data. Again, this chapter deliberates on the research models, the basis why the quantitative method and the research design were used, the sampling frame, the data collection approach and the instrument design adopted for this study. Additionally, this chapter deliberates on the research approaches used in the study, the data collection methods and the methods employed by the researcher to examine the data gathered. This chapter closes with a deliberation on the ethical issues associated to the research study.

Tadu (2018) states that research methodology is the strategy or plan of action which underlies the choice and use of specific methods. Thus, it is the way in which the researcher investigates and seeks answers to pre-defined research problems (Creswell, 2014). To attain and attend to the objectives and hypotheses of this study, the researcher will address the research methodology to be used to carry out this research study (Ananga, 2015).

The foundation of research, as represented in Figure 4.1, shows the extent to which the philosophical framework impacts research activity. Figure 4.1 summarises the associations between diverse philosophical schools of thought, and methodological backgrounds with the attention on constructivism and interpretivism. The research paradigm is discussed next.





Source: Tuli (2010)

# 4.2 RESEARCH PARADIGM

Ananga (2015) acknowledges that in all research it is important to deliberate on the relevant philosophical conventions supporting the research. Therefore, different values, philosophical conventions, theoretical support and research approaches should all be associated with each other and the purposes of the research (Ananga, 2015). As a result, the concept of paradigm is principal to the research procedure in all aspects of the research study (Boateng, 2014). Ananga (2015: p. 32) mentions that paradigms can be regarded as "a set of assumptions about the social world, and about what constitutes proper techniques and topics for inquiry". According to

Mwai (2017), the main philosophy paradigms in social sciences are phenomenology and positivism. Zikmund, Babin and Car (2010) argue that phenomenological research centres on the meaning of social occurrences rather than their measurement, and aims to provide insight into and explanation of the study issue within the context. The application of the phenomenology approach requires the researcher to gather information and opinions via methods (Babbie 2010). inductive and qualitative and Mouton. Positivism philosophy/paradigm, on the other hand, is centred on the designed methodology to bring about a broad view and measurable observations and to assess the outcomes with the application of statistical approaches (Basit, 2010; Burton and Bartlett, 2009).

In view of the above, the researcher considers it suitable to pursue the positivist world understanding or method, considering the research objectives and hypotheses expressed in chapters one and three of this study. Ananga (2015) argues that researchers who subscribe to the positivism philosophy/paradigm search for causal justifications and essential laws and mostly decrease the whole phenomenon to the simplest possible elements in order to expedite analysis. Therefore, they move in the direction of a more deductive reasoning method (quantitative research) where research questions and hypotheses are framed and then validated empirically under controlled situations (Boateng, 2014). Consequently, the researcher adopted a positivist method as far as this research study was concerned.

# 4.3 RESEARCH APPROACH

Tadu (2018: p. 99) states that "a research approach is a plan indicating the way in which the research questions set will be answered or how the research objectives will be met". The approach comprises of clear objectives created from the research questions, specifies the sources of data, and considers the restrictions which may be encountered (Tadu, 2018). According to Levitt, Bamberg, Creswell, Frost, Josselson and Suárez-Orozco (2018), most quantitative research is undertaken to give the user of the data information created from a comparatively small group that is illustrative of a larger universe. The data analysis involves both descriptive and inferential statistics. Scotland (2012) explains that inferential statistics allow sample results to be generalised to larger populations. The main reason for adopting this method for this research study was the generaliszability of the outcomes to be attained from a small representative sample of food processing SMEs in the Eastern Region of Ghana. Another reason for the selection of a quantitative research approach for this study was that it would permit the researcher to decide on the subject matter, ask narrow and specific questions, collect

numeric data from participants, and analyse the statistically reliable information from the sample data (Scotland, 2012). The quantitative research approach was also used because it confirms or denies by providing a substantiation of the measuring variables (Maina, Namusonge and Kabare, 2016).

On the other hand, Baran (2010) points out that the qualitative research approach permits researchers to obtain rich comprehensive data about the units of analysis. It delivers a deep, rather than wide-ranging, set of knowledge about a particular phenomenon as observed through the researcher's eyes (Rudestam and Newton, 2014).

According to Sulemana (2014) the main strength of the quantitative paradigm as compared to qualitative and mixed paradigms is that it produces quantifiable and reliable data that is generalisable to a larger population. It made the quantitative approach suitable for this study as it enabled the use of a sample of food processing SMEs in the Eastern Region of Ghana whose characteristics were the same as those of other food processing SMEs in the rest of Ghana (Leedy and Ormrod, 2005). However, the researcher also observed that among the greatest weaknesses of the quantitative approach is its dissociation from human behaviour (Owino, 2014). The next section discusses justification of quantitative research for this study.

# 4.3.1 Justification for Quantitative Research

The current research study engaged the principle of quantitative research. The taking on of quantitative research was based on the studies by Gli (2018), Tadu (2018), Ananga (2015) and Boateng (2014). Boateng (2014: p. 25) stated that "quantitative research helps in establishing the relationship that exists between facets of a phenomenon by measuring and presenting the empirical findings in the form of numbers and statistics". Therefore, the application of this quantitative method in this research study was as a result of the conceptual framework and hypotheses proposed in chapters one and three. Again, this method facilitated the rigorous analysis of statistical data to attain the said objectives and hypotheses, therefore supporting the establishment of the relationship between innovative marketing and SME performance.

# 4.4 RESEARCH DESIGN

Cooper and Schindler (2014) indicates that research design constitutes a framework or blueprint for collection, measurement, and analysis of data. Sulemana (2014) mentions that research design is also referred to as the plan of procedures for data collection and analysis that

are conducted to assess theoretical perspectives. According to Scotland (2012), the purpose of research design is to structure the research to provide proof necessary to answer the research question as accurately, clearly and unequivocally as possible. Research design is thus an integrated map of the research project that determines the most suitable method of investigation, the nature of the instruments, the sampling plan and the types of data (Saunders, Lewis and Thornhill, 2011). Wilson (2012) argues that, usually, the research design provides an outline as to how the researcher must carry out the research project. This means that the research design is a logical plan for a research study which indicates how the study is to be conducted (Wilson, 2012). Creswell (2009) asserts that research design illustrates the main elements of the research study, such as determining the research sample, targeted population, data collection methods, data analysis techniques and ethical considerations, that all work together to attempt to meet the research objectives. Ananga (2015) asserts that, generally, researchers are inclined to employ one of two main methods when undertaking research, which is an inductive or deductive method. According to Teyi (2014), the deductive method usually employs current theories as a direction in comprehending data while the inductive method also takes on data to obtain new understanding, such as building a theory.

Therefore, inferring from Teyi (2014), one can argue that the inductive approach to research usually changes from particular situations to broad-spectrum ideas or theories, whereas the deductive deals with broad-spectrum ideas or theories to particular situations. Therefore, this study adopted the deductive approach. The deductive approach is usually centred on the testing of earlier works, theories, models, and literature reviews (Gli, 2018; Mwai, 2017; Ananga, 2015). Thus, the use of the deductive method in this research studies was as a result of the conceptual framework and hypotheses indicated in chapters one and three which were guided by models and empirical studies in innovative marketing and SME performance. The research design employed in this research study is an ex post facto or after-the-fact design, as the researcher did not have any control of the variables in the sense of being able to manipulate them (Tadu, 2018). Innovative marketing was measured by different variables operationalised into six sub-groups. In the same vein, food processing SME performance was also measured by various variables operationalised into four sub-groups. The study sought to explain how innovative marketing variables such as marketing modification (Brege, 2018), marketing mix (Omodafe and Nwaizugbo, 2017), customer focus (Lo, Wang, Wah and Ramayah, 2016), integrated marketing (Neneh, 2018), market focus (Aminu, 2016) and value proposition (Payne, Frow and Eggert, 2017; Dickmänken, 2017) are associated with food processing SME performance variables such as financial performance (Hamdy, 2018; Malgwi and Dahiru, 2014), customer performance (Abofaid, 2017), internal business process performance (Tibbs

and Langat, 2016) and learning and growth performance (Berková, Adamová and Nývltová, 2017; Njehu, 2017). While longitudinal study of the impact of innovative marketing on food processing SMEs in Ghana may have been both suitable and imperative, the restrictions of budget and time imposed the need for cross-sectional analysis.

#### 4.4.1 Justification of Research Strategy

This research study employed a survey strategy as an approach to collecting primary data from respondents owing to its suitability for social scientists as well as collecting primary data from populations too big to be observed (Charmaz and Belgrave, 2012). Also, this selection was informed by the cross-sectional nature of the data to be gathered, which was normally related to the survey strategy; therefore, data was gathered at a single point in time from respondents (Ananga, 2015). Furthermore, the survey strategy is an outstanding instrument when cause-and-effect associations are to be studied, as was the case for this thesis (Bryman, 2014). The selection of this research strategy again became essential because it can be utilised to propose possible purposes for the specific association between dependent and independent variables (Saunders, Lewis and Thornhill, 2012). Therefore, the survey strategy was accepted to statistically examine the impact that innovative marketing has on SME performance in the food processing sector of Ghana utilising descriptive inferential statistics (Ananga, 2015; Leedy and Ormrod, 2014; Charmaz and Belgrave, 2012).

# 4.5 RESEARCH METHODOLOGY

LoBiondo-Wood and Haber (2010) defined research methodology as an organised investigation and measurement of collecting and analysing information. Makhubela (2019, p. 102) contributes to this definition by stressing that research methodology is a research process of complexity and broadness. Additionally, Roy, Roy and Bouchard (2017) refer to research methodology as the participation of author(s) in the research, while trying to find practical solutions. Research methodology entails questioning the suitability and competence of the method that the researcher would have used to conduct a study as opposed to other options (Makhubela, 2019). With these guidelines in mind, the research design and methodology chapter of this study reflect the overall approach followed to translate the stated research problem and questions into insight. The population of the study is firstly presented, followed by a description of the most suitable sampling plan designs for the research study. These plans comprise a focus on the sampling methodology, sampling sizes, data collection procedure and

instruments or measure as well as the statistical analysis approach, and study limitations. A key feature for the discussion is the focus on research ethics and confidentiality issues.

# 4.5.1 Target Population

Kapologwe (2013) states that the target population of a study is a group of individuals who have one or more common characteristics that are of interest to the researcher.

The target population of this research consisted of food processing SMEs in the Eastern Region of Ghana that were registered members of the National Board for Small Scale Industry (NBSSI) for the year ended December 2018. The database of food processing SMEs in the Eastern Region of Ghana was obtained from the Eastern Regional Office of the NBSSI. The NBSSI is Ghana's governmental body in charge of SMEs. It is required that all SMEs in the Eastern Region of Ghana are to register with NBSSI. According to the NBSSI in the Eastern Region of Ghana (2018) five hundred and forty (540) food processing enterprises were categorised as food processing SMEs based on the definition of SMEs in this study (i.e. fewer than nine (9) employees and a maximum of one hundred (100) employees). These food processing SMEs have been categorised into thirteen sectors as presented in Table 4.1 in this chapter. The main drive behind selecting food processing SMEs in the Eastern Region of Ghana was that they were more likely to expose wide-ranging relations among the study indicators. Additionally, they represented a diverse population which would increase the generalisability of the research outcomes. The population of study was chosen from diverse sectors in the food processing industry in the Eastern Region of Ghana, and the researcher used the National Board for Small Scale Industry (NBSSI) as the central repository of information.

The study adopted the food processing SME classification that synthesises definitions of SMEs from global perspectives, the Ghana Statistical Services (GSS, 2016) and NBSSI (2018) which indicates that food processing SMEs in the Eastern Region of Ghana have fewer than nine (9) employees and a maximum of one hundred (100) employees. The directory of NBSSI in the Eastern Region of Ghana provides a list of 780 food processing enterprises. Out of this, 540 are classified as food processing SMEs. The target population for this study was therefore 540 food processing SMEs with fewer than nine (9) employees and a maximum of one hundred (100) employees.

# 4.5.2 Sampling Frame of the Study

According to Adams, Khan and Raeside (2014), the sampling frame is defined as a list of all individuals or element units that comprise the population from where a sample may be drawn. Further to this, Agudze-Tordzro (2012) asserts that social researchers are usually restricted with regards to gathering data from everyone who falls within the research unit or target population. This is often owing to the complexity in sampling and the ease of access to the whole target population. Fraenkel and Wallen (2006) argue that to bring about the saving of time, money and effort in research, a more narrowly defined target population is encouraged, thus the sampling frame. Agudze-Tordzro (2012) again mentions that the answer to this problem is by depending on materials from a section of the target population with the hope that the results will reflect the entire population. Therefore, the list of food processing SMEs registered with NBSSI in the Eastern Region of Ghana by the end of the year 2018 provided the sample frame of the study.

# 4.5.3 Research Sampling Technique

The study adopted stratified random sampling techniques to select respondents for the study. The population of the study was divided into thirteen sub-populations or strata with each sub-population or strata representing a sector in the food processing industry in the Eastern Region of Ghana (see Table 4.1). The division of the population of study was undertaken to achieve stratified sampling in order to avoid the situation where only a sub-population or stratum will be selected if the population is lumped together and sampled randomly. It was therefore reasoned that stratifying the respondents into sub-population or strata of food processing SMEs would ensure that the views to be represented in the study would reflect all SMEs in the food processing industry in the Eastern Region of Ghana (Saunders, Lewis and Thornhill, 2016). In selecting the respondents for the study, the researcher first obtained the full list of food processing SMEs registered with the NBSSI in the Eastern Region of Ghana.

The list was then stratified into thirteen sub-population of food processing SMEs with the help of NBSSI officers at the Eastern Regional Head office. Thereafter, simple random sampling was used to select respondents in each sub-population (strata) of food processing SMEs. The stratified random sample approach is consistent with studies by Mwai (2017) and Karabulut (2015).

# 4.5.4 Sampling Size of the Study

Bryman (2016) states that sample size determination is the technique of selecting the number of observations to include in a sample. Singh and Masukum (2014) assert that, in general, the sample size used is determined based on the cost of data collection, and based on sufficient statistical power.

The Taro Yamanes formula was used to establish the sample size of the study and stated below:

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

Where:

n =Sample size of the study

N = Population size = 540

- e = Margin error (assume 5%)
- 1 = Constant
- $n = 540 / [1 + 540(0.05)^2]$
- n = 540 / [1 + 540(0.0025)]
- n = 540 / [1 + 1.35] = 540 / 2.35

From the above calculation, the suitable sample size for the present study was two hundred and thirty (230) food processing SMEs in the Eastern Region of Ghana. The stratified random proportionate sampling technique which uses both stratified and simple random sampling was applied to pinpoint the preferred sample from each stratum. According to Salkind (2012) stratified random proportionate sampling is a method of sampling in which the researcher divides a finite population into sub-populations or strata and then applies random sampling techniques to each sub-population or strata. He further argues that stratified proportionate sampling is similar to proportional allocation in finite population sampling, but in a different context it also refers to other survey sampling situations (Salkind, 2012). Therefore, for a finite population with population size N, the population is divided into H strata (sub-populations) according to certain attributes. The size of the *hth* stratum is denoted as  $N_h$  and

$$\sum_{b=1}^{H} N_b = N$$

Stratified random proportionate sampling refers to a design with total sample size n such that

$$n_b = n \frac{N_b}{N}$$
 and  $\sum_{b=1}^H n_b = n$ 

Following that, a simple random sample with sample size  $n_h$  was selected within each stratum. The sample size for each stratum was therefore computed using the following relation:

 $n_h = N_h \ / \ \Sigma N \ x \ n$ 

where:

n<sub>h</sub> = Number of food processing SMEs required from each stratum

 $N_h$  = Total number of food processing SMEs from each stratum

n = size of the entire sample of food processing SME = 230

 $\Sigma N$  = Population size

To ensure sectorial and geographic representation, simple random sampling was applied to choose food processing SMEs from each stratum. Selected food processing SMEs from each sector are presented in Table 4.1 below. The sample size was therefore 230 food processing SMEs. Figure 4.2 shows how the food processing SME population in the Eastern Region of Ghana was divided into strata (subpopulation) thereby bringing about the sampling of the population in each stratum. Simple random sampling was then performed on each sampled population in each stratum.



Figure 4.2: Food Processing SME Population in Eastern Region of Ghana

Source: Shalabh, 2018

# **Table 4.1: Sampling Strata**

Food Processing SME Sectors	Population	% Proportionate Sampling P <sub>n</sub> =
		N/Total population x Sample
Cassava Processing	71	30
Palm Oil Processing	76	32
Herbal Medicine	3	1
Bakery	62	26
Confectionery	14	6
Fish and Meat Processing	58	26
Honey Processing	22	9
Pineapple Processing	50	22
Mango Processing	76	32
Papaya Processing	21	9
Tuber (Yam, Cocoyam and Sweet Potato)	51	22
Processing		
Fruit (Variety) Processing	14	6
Beverage Processing	22	9
Total	540	≈ 230

(Source: NBSSI-Eastern Region of Ghana, 2018)

The main purpose of adopting stratified random sampling in this study was to capture key population characteristics in the sample (Al-Kateb and Lee, 2014; Tirthapura and Woodruff, 2011). Similar to a weighted average, this method of sampling produced characteristics in the study sample that are proportional to the overall population (Chung and Tirthapura, 2015; Joshi and Jermaine, 2008). In this study, the proportionate stratified random sampling used ensured that the size of each stratum or subpopulation was proportionate to the population size of the strata when examined across the entire population (Hayes, 2019). This means that each stratum had the same sampling fraction. Simple random sampling was used to select the respondents from each stratum in this study. According to Njoroge (2015), simple random sampling ensures each element in the population has an equal chance of being included in the sample.

# 4.5.5 Data Collection Instrument

This section discusses the data collection instrument that was utilised to get information from respondents. Malhotra, Nunan and Birks (2017) have indicated four instruments which can be

utilised in gathering primary data. These instruments are participant observation, personal interviews, telephone interviews and self-administered questionnaires. The researcher considered it suitable to use a self-administered questionnaire because, in contrast to the other instruments, questionnaires are generally inexpensive, particularly if data is to be gathered over a wide geographical location (Malhotra et al., 2017).

Debois (2019) contends that, while there are positives to self-administered questionnaires, dishonesty on the part of respondents can be an issue. Watkins (2012) also mentions that respondents may not be a hundred per cent truthful with their answers when self-administered questionnaires are used as a data collection instrument in a research.

# 4.5.5.1 Questionnaire Designing

According to Acheampong (2015), with survey research, the nature of the data to be gathered will rely on the questions asked when getting the data; it is, hence, very important to structure a very high-quality questionnaire. The structured questionnaire of this study was then applied to empirically determine the conceptual framework and respond to the research objectives and questions of the study. The scales of the research study's construct were therefore developed to capture the meaning of each of the predetermined constructs (Owino, 2017). Having established the operationalisation of the constructs in the conceptual model through multiple indicators, the next decision concerned how to measure each of these indicators. The first section of the questionnaire was aimed at capturing the survey respondents' demographics, i.e. gender, age, marital status, educational qualification, form of food processing SME, respondent's position, size of food processing SME in terms of number of employee and years in operation (see Appendix A).

The second section captured the main variables of the study's theoretical framework. The study addressed ten (10) variables in all. Questions were generated from previous empirical studies on innovative marketing (Omodafe and Nwaizugbo, 2017; Sattari and Mehrabi, 2016; O'Dwyer, Gilmore and Carson, 2009) and food processing SME performance (Hamdy, 2018; Abofaid, 2017; Malgwi and Dahiru, 2014; Kaplan and Norton, 2009). Questions were thus adapted from existing scales available in literature. These scales were adapted for the study in line with their wide recognition and acceptability in innovative marketing and food processing performance literature. The adapted scales were used to measure all six constructs of innovative marketing, market focus, value proposition). Similarly, existing scales were also used to measure the four

constructs of food processing SME performance (financial performance, customer performance, internal business process performance and learning and growth performance).

# 4.5.5.1.1 Innovative Marketing

Six (6) items were used to capture the six dimensions of innovative marketing conceptualized by Omodafe and Nwaizugbo (2017); Sattari and Mehrabi (2016); O'Dwyer, Gilmore and Carson (2009). The items were based on the work by Karabulut (2015), Ananga (2015), Quave and Acheampong (2013), Boahene, Marfo-Yiadom and Yeboah (2015), and O'Dwyer, Gilmore and Carson (2009). However, the scales were slightly modified to better fit the context of Ghanaian food processing SMEs. The innovative marketing constructs were developed by using measurement scales adopted from prior studies (Omodafe and Nwaizugbo (2017); Sattari and Mehrabi (2016); O'Dwyer, Gilmore and Carson, 2009). All innovative marketing constructs were measured using a five-point Likert scale questionnaire ranging from 1=strongly disagree to 5=strongly agree. This scale consists of six innovative marketing dimensions/constructs, namely marketing mix (Omodafe and Nwaizugbo, 2017; Sattari and Mehrabi, 2016; O'Dwyer, Gilmore and Carson, 2009), marketing modification (Brege, 2018; Krokaew, Jhundra-Indra and Boonlua, 2017), customer focus (Lo, Wang, Wah and Ramayah, 2016; Ziggers and Henseler, 2015), integrated marketing (Neneh, 2018; Kraa, 2016), market focus (Aminu, 2018; Aliyu, 2014) and value proposition (Payne, Frow and Eggert, 2017; Dickmänken, 2017; Chandler and Lusch, 2015; Kowalkowski, 2011; Ballantyne, Frow, Varey, and Payne, 2011) (see Appendix A).

# 4.5.5.1.2 Food Processing SME Performance

Accordingly, six items were used to measure the constructs of food processing SME performance, where increases in financial (Hamdy, 2018; Malgwi and Dahiru, 2014; Kairu, Wafula, Okaka, Odera and Akerele, 2013), customers (Abofaied, 2017; Alao, 2013), internal business processes (Tibbs and Langat, 2016), and learning and growth (Berková, Adamová and Nývltová, 2017; Njehu, 2017; Tibbs and Langat, 2016; Muscalu, 2014) were the indicators of the food processing SMEs' performance. Similarly, food processing SME performance constructs were developed by using measurement scales adopted from prior studies (Hamdy, 2018; Malgwi and Dahiru, 2014; Kairu, Wafula, Okaka, Odera and Akerele, 2013). All food

processing SME performance constructs were measured using a five-point Likert scale questionnaire ranging from 1=strongly disagree to 5=strongly agree.

In all, a 36-item scale was used in measuring the innovative marketing of SMEs in Ghana's food processing sector. It constituted a 6-item scale for each of the components of innovative marketing (marketing modification, marketing mix, customer focus, integrated marketing, market focus, value proposition) totaling 36 items. Similarly, a 24-item scale was used in measuring the performance of SMEs in Ghana's food processing sector. It also constituted a 6-item scale for each of the components of food processing SME performance (financial, customers, internal business process, learning and growth) totaling 24 items. Furthermore, a 5-point Likert scale was adopted for answering questions for all scale items, ranging from Strongly Disagree (1) to Strongly Agree (5); the adoption of this scale was influenced by Shipulwa (2016) who opines that a 5-point Likert scale is easy to prepare and interpret, and also, simple for respondents to answer (see Appendix A).

# 4.5.5.1.3 Pilot Test of Questionnaire

Having designed the questionnaire, it was necessary to ascertain the suitability and applicability of the questionnaire before proceeding with the main data collection. According to Sulemana (2014), the final version of the questionnaire is pretested to make sure that there are no problems regarding the clarity of the questions, instructions, determinant of appropriate levels of independent variables, reliability and that face validity was satisfactory. In the same vein, Akrofi (2016) indicates that piloting helps in ensuring that the survey questions operate well and the research instrument as a whole functions well. In this study, the survey questionnaire was pilot-tested in two phases.

First the questionnaire was piloted on six of the researcher's peers and colleagues who are lecturers in marketing with PhD qualifications at the Koforidua Technical University, Koforidua in the Eastern Region of Ghana. This was to ensure that all the variables were completely and clearly covered and to avoid double-barrelled questions. During the pilot study, two of my colleague lecturers in marketing who hold PhD qualifications in marketing and had experience in working with SMEs in the Eastern Region of Ghana were very helpful in the reviewing of the questionnaire. The questionnaire was reviewed on the basis of syntax, spelling, integration, comprehensibility and grammar. This was to avoid confusion, ambiguity and vagueness. This review also ensured that the intended respondents readily found the questions understandable.

Secondly, the researcher conducted a pilot-test on the questionnaire with ten (10) SMEs (4 – pub/tavern operators; 6 – traders specialising in convenience and grocery products) within the Koforidua Technical University community who were randomly selected. The ten (10) initially tested SMEs though were not among those selected for the study; they shared, however, the same characteristics (such as same geographical location, specialising in the sale of processed food and appropriateness to the SME definition in this study). Also, as suggested by Akrofi (2016), pilot testing is best conducted on a small set of respondents similar to those in the final survey.

The pilot test was conducted to ensure the academic, business, social and cultural relevance of the survey questionnaire. Importantly, comprehensibility and confidence in the research questions and instruments were also assured in advance.

After the pilot testing little modifications were recommended regarding the scale which was not correctly showing what it was set out to measure; therefore, changes were made to the questionnaire to ensue that it measured what it essentially set out to do. Also, the clarity and guidelines of the questionnaire were determined by self-administering the reviewed questionnaire to a group of respondents comparable to those who were to be used for the main study. On the basis of their responses, all vagueness or complexity with regards to clarity, significance and instructions were adjusted, thereby increasing the quality of the designed questionnaire (Saunders, Lewis and Thornhill, 2016).

# 4.5.5.2 Data Collection Procedure

Following the piloting of the questionnaire, the next major phase of the study was the execution of the questionnaire. The data was collected from the Eastern Region of Ghana, from December 12, 2019 to February 25, 2020. The target population of thestudy consisted of owners/managers of food processing SMEs in the Eastern Region of Ghana with tertiary or secondary/basic education and also having two years or more experience in the food processing SME field of practice. The database of the respondents was obtained from the Eastern Regional branch of the National Board for Small Scale Industries (NBSSI) (see Appendix C). This choice was due to the selection criteria proposed by the researcher because they were representative of the population of interest and/or met the specific needs of the research study and also this was less time consuming (Ananga, 2015).

Many activities preceded the actual data collection in selecting the respondents for the study. First, phone calls were placed to the 230 selected food processing SMEs to make known the intended purpose of the study. Detailed locations and in some cases personal contacts of appropriate respondents were obtained. Second, with the help of two trained research assistants, the researcher was able to reach the 230 selected food processing SMEs, thus meeting with the appropriate person or respondent (owner/manager, general managers). Again, in cases where respondents were not available, the researcher and his two trained research assistants met respondents at convenient locations proposed by the respondents. Alternatively, questionnaires were administered through electronic email using the drop and pick up later method. Follow ups were done through phone calls and personal visits. The purpose of the study was explained to respondents whilst assurances were given that information provided would not be used for any other purpose than the intended study. Respondents were also assured of confidentiality.

The data collection process lasted for twelve weeks (December 12, 2019 to February 25, 2020). The researcher decided on this time range due to situations such as late return of answered questionnaires due to non-availability of respondents and geographical dispersion of the food processing SMEs within the Eastern Region of Ghana.

In all, a valid return sample size of 225 out of 230 sampled respondents representing 98% response rate was obtained which confirms Fincham's (2008) assertion that a survey response rate of  $\geq$  60% is considered acceptable.

# 4.5.5.3 Access to the Data Collected

The paper-based data is kept in a private office in a locked drawer at the Koforidua Technical University, Koforidua – Ghana, where the researcher is employed. The data will be confidential based on the information given. Soft copies of the data is kept on the researcher's computer and on other password-protected backup devices, such as memory sticks and movable hard drives. The statistician and fieldworkers signed confidentiality agreements before they were allowed access to the data. Only the researcher and statistician have had access to the computer-based records and data.

# 4.6 STATISTICAL ANALYSIS

In order to examine the relationship between innovative marketing and food processing SME performance, the analytical instrument for this study was the Statistical Package for Social Science (SPSS) version 23 and STATA version 15.1. This software has been widely used by researchers in the area of focus as quantitative data analysis instruments (Ananga, 2015; Odoom, 2015; Mwai, 2017). SPSS version 23 was used for the preliminary coding and inputting of the raw data as well as for data cleansing, before onward transferal to STATA

version 15.1 for exploratory factor analysis, reliability (i.e. Cronbach's alpha and composite reliability) and validity (i.e. convergent and discriminant validity) analyses. Checking the data set for errors is an essential prelude to data analysis. This stems from the fact that mistakes are quite easily made when entering data which can eventually muddy the results of the analysis. The process of data screening used in this study consisted of three vital steps as depicted by Pallant (2011):

- Step 1: Checking for errors First, there is the need to check each of the variables for scores that are out of range (that is, not within the range of possible scores).
- Step 2: Finding the errors in the data file Second there is the need to find where in the data file this error occurred (i.e. which case is involved).
- Step 3: Correcting the errors in the data file Finally, there is the need to correct the error in the data itself or delete the value.

A thorough data screening process was performed on each of the variables for scores that might be out of range, missing or even wrongly inputting and none were detected to be inconsistent. To achieve the objectives set out in chapter one, sections 1.4.1 and 1.4.2, this research study employed multivariate data analysis such as descriptive statistics, confirmatory factor analysis (CFA), multiple regression model and structural equation modelling.

Descriptive statistics were used to present respondents' demographics, frequencies and percentage scores. Data for the current conducted study was assessed using CFA at the initial stage. According to Hair, Tatham, Black, and Anderson (2010), CFA can be used for "examining the underlying patterns or relationships for a large number of variables and to determine whether the information can be condensed or summarised in a smaller set of factors or components". Drawing on Pallant (2011), two main steps were followed in carrying out CFA; (1) Assessment of the suitability of the data for factors analysis, (2) Factor extraction. It must be mentioned that 225 responses were used for the CFA.

This study tested the theoretical research model proposed using the Structural Equation Modelling (SEM) – Path Analysis. Structural equation modelling was applied in examining the structural paths among the constructs (i.e. to test the various hypotheses proposed in this research study, see chapter one – section 1.4.2). There were two main goals of path analysis in this study: (1) understanding patterns of correlations among the regions in the theoretical research model; (2) explaining as much of the regional variation as possible with the model specified in this study. The path in the proposed theoretical model was tested using STATA statistical software version 15.1 and the impact of the path was also assessed.

Assessing model fit involves the interpretation of how well the conceptualized model fits the empirical research. The process is comparative in nature because it involves choosing between numerous fit indices that subjectively indicate whether the data fits the theoretically postulated model (see chapter one - figure 1; Hair, Tathan, Black, and Anderson, 2010; Bagozzi and Yi, 2012). A number of fit indices have been proposed by scholars (Hair, Hult, Ringle and Sarstedt, 2017; Henseler, Ringle and Sarstedt, 2015). However, there are at least two main conventions for the assessment of model fit that are apparent in literature: the assessment of the *absolute* fit of the model and the assessment of the *comparative* fit (Henseler, Ringle and Sarstedt, 2015). Model fit criteria commonly used in absolute fit are chi-square ( $\chi^2$ ), goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI), root-mean-square residual (RMR) and Root-Mean-Square-Error of Approximation (RMSEA). These criteria are based on differences between the observed and model-implied correlation or covariance matrix (Hair, Hult, Ringle and Sarstedt, 2017). Comparative fit deals with whether the model being considered is better than a competing model in accounting for observed data. Comparative fit assessment is based on the examination of a "baseline" model in comparison with theoretically derived models (Henseler, Ringle and Sarstedt, 2015). Some criteria in this category included normed fit index (NFI), comparative fit index (CFI) and the relative non-centrality index (RNI).

The following indexes were used to evaluate how well the measurement model fit the data collected in this conducted research study, with each one having conventionally acceptable values: population error was measured using four indices [i.e. Root Mean Squared Error of Approximation (RMSEA  $\leq 0.08$ ), lower bound (LB  $\leq 0.08$ ), upper bound (UB  $\leq 0.10$ ) and pclose (pc  $\leq 0.08$ )], baseline comparison was measured using two indices [i.e. Comparative Fit Index (CFI close to 1) and Tucker-Lewis Index (TLI close to 1)] and size of residuals was also measured using two indices [i.e. Standardized Root Mean Squared Residual (SRMR  $\leq 0.08$ ) and Coefficient of Determination (CD close to 1)].

Furthermore, to test the hypotheses on the relationship between innovative marketing and food processing SME performance, a multiple regression model was estimated using food processing SME performance constructs [ $FP_i$  (financial performance),  $CP_i$  (customer performance),  $IBP_i$  (internal business process) and  $LG_i$  (learning and growth)] as the dependent variables and innovative marketing constructs [ $MM_i$  (marketing modification),  $MV_i$  (marketing mix variables),  $CF_i$  (customer focus),  $IM_i$  (integrated marketing),  $MF_i$  (market focus),  $VP_i$  (value proposition)] as the independent variable. The following is an equational presentation of the model:

$$\begin{split} FP_{i} &= \beta_{o} + \beta_{1}MV_{i} + \beta_{2}MM_{i} + \beta_{3}CF_{i} + \beta_{4}IM_{i} + \beta_{5}MF_{i} + \beta_{6}VP_{i} + \mu_{i} \dots \\ (1) \\ CP_{i} &= \beta_{o} + \beta_{7}MV_{i} + \beta_{8}MM_{i} + \beta_{9}CF_{i} + \beta_{10}IM_{i} + \beta_{11}MF_{i} + \beta_{12}VP_{i} + \mu_{i} \dots \\ (2) \\ IBPP_{i} &= \beta_{o} + \beta_{13}MV_{i} + \beta_{14}MM_{i} + \beta_{15}CF_{i} + \beta_{16}IM_{i} + \beta_{17}MF_{i} + \beta_{18}VP_{i} + \mu_{i} \dots \\ (3) \\ LGP_{i} &= \beta_{o} + \beta_{19}MV_{i} + \beta_{20}MM_{i} + \beta_{21}CF_{i} + \beta_{22}IM_{i} + \beta_{23}MF_{i} + \beta_{24}VP_{i} + \mu_{i} \dots \\ (4) \end{split}$$

Where;

FP<sub>i</sub> = Composite score for Financial Performance

CP<sub>i</sub> = Composite score for Customer Performance

IBPP<sub>i</sub> = Composite score for Internal Business Process

LGP<sub>i</sub> = Composite score for Learning and Growth

MM<sub>i</sub> = Composite score for Marketing Modification

MV<sub>i</sub> = Composite score for Marketing Mix Variables

CF<sub>i</sub> = Composite score for Customer Focus

IM<sub>i</sub> = Composite score for Integrated Marketing

MF<sub>i</sub> = Composite score for Market Focus

VP<sub>i</sub> = Composite score for Value Proposition

 $\beta_o = Regression Constant$ 

 $\beta_1,\ldots,\beta_{24}$  = represents the coefficients to be estimated

 $\mu_i = Error term$ 

# 4.6.1 Validity and Reliability

According to Gordon (2018) reliability and validity are needed to be present in the research methodology chapter in a concise but precise manner. He further maintains that reliability and validity are appropriate concepts for introducing a remarkable setting in research. According to Mohajan (2018), reliability refers to the stability of findings, whereas validity is representing the truthfulness of findings. Therefore, Singh (2014) argues that validity and reliability increase

transparency and decrease opportunities to insert researcher bias in both quantitative and qualitative research. For all primary and secondary data, a detailed assessment of reliability and validity involve an appraisal of methods used to collect data (Saunders, Lewis and Thornhill, 2016). Ackerman (2018) contends that these provide a good relation to interpret scores from psychometric instruments (example, questionnaires and observer ratings) used in research. These are vital concepts in contemporary research, as they are applied to improving the accuracy of the assessment and evaluation of research work (Tavakol and Dennick, 2011). The main purpose of establishing reliability and validity in this study was essentially to ensure that the data was sound and replicable, and the results were accurate. The evidence of validity and reliability in this study are prerequisites to assure the integrity and quality of the measurement instrument used (Heale and Twycross, 2015).

### 4.6.2 Validity

Heale and Twycross (2015) define validity as the extent to which a concept is accurately measured in a quantitative study. The validity of a research instrument assesses the extent to which the instrument measures what it is designed to measure (Robson, 2011). Assessment of internal validity in this study indicates whether the results of the study are legitimate because of the way the groups were selected, data were recorded or analyses were performed (Taherdoost, 2016). Therefore, to enable the researcher draw inferences about test scores related to innovative marketing and food processing SME performance, a construct validity was performed.

# 4.6.3 Construct Validity

Construct validity is an approach to evaluate a measure based upon how well the measure conforms to theoretical expectation (Legesse, 2014). According to Kane (2013), the meaning of any scientific construct is implied by statements of its theoretical relations to other constructs. Thus, the validation process in this study begins with an examination of the underlying theory of the concept being measured (Robson, 2011).

Construct validity in this study ensured that the measures of innovative marketing and food processing SME performance actually measured what they were intended to measure, and no other variables (Heale and Twycross, 2015). The process of validating the interpretations about innovative marketing and food processing SME constructs were indicated by test scores as construct validation (Oluwatayo, 2012). According to Chmielewski, Sala, Tang and Baldwin (2016) convergent and discriminant validity are essential for establishing construct validity and

for furthering theoretical and scientific developments in the construct of interest. Construct validity in this study was evaluated through convergent and discriminant validity using STATA version 15.1. The construct validity of instruments in this study was also be checked by factor analysis using STATA version 15.1.

# 4.6.4 Convergent Validity

Rochefort, Baldwin and Chmielewski (2018) state that convergent validity is the extent to which two measures of the same construct correlate with each other. Correlations greater than 0.70, with at least 0.80 being preferable, are necessary to establish convergent validity (Chmielewski, Sala, Tang and Baldwin, 2016). Therefore, convergent validity in this study was the actual general agreement among ratings, gathered independently of one another, where measures should be theoretically related (Zohrabi, 2013; Thatcher, 2010).

# 4.6.5 Discriminant Validity

Chmielewski, Sala, Tang and Baldwin (2016) state that discriminant validity is the extent to which a measure can be differentiated from measures of other constructs. In this study the most useful and meaningful test of discriminant validity was to compare the target measure with measures of related but conceptually distinct constructs, thereby providing further evidence that the measure is assessing its intended construct and not inadvertently assessing other constructs (Chmielewski, Sala, Tang and Baldwin, 2016). The researcher therefore had a priori hypotheses about the strength of discriminant correlations based on the specific constructs being assessed. Wolgast (2014) mentions that discriminant validity is established when the discriminant correlation is less than 0.7 (i.e. r < 0.7). Consequently, discriminant validity was established in this study when discriminant correlation was less than 0.7 (r < 0.7).

Similarly, Mohajan (2018) argues that discriminant validity is established when, based on theory, two variables are predicted to be uncorrelated (r < 0.7), and the scores obtained by measuring them are indeed empirically found to be so, that is, to differentiate one group from another. Thus, discriminant validity in this study was indicated by the lack of a relationship among measures which theoretically should not be related (Gámez, Chmielewski, Kotov, Suzuki and Watson, 2014; Wolgast, 2014; Zohrabi, 2013).

# 4.6.6 Reliability

EL Hajjar (2018) refers to reliability as the consistency of a research's measurement or the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. In other words, it is the repeatability of a researcher's measurement (Zohrabi, 2013; Thatcher, 2010). In the same line of argument, Moana-Filho et al., (2017) maintain that a measure is considered reliable if a researcher's score on the same test given twice is similar. Furthermore, reliability is seen as the degree to which a test is free from measurement errors, since the more measurement errors occur the less reliable the test (Abowitz and Toole, 2010). Heale and Twycross (2015) argue that reliability is a very important factor in assessment, and is presented as an aspect contributing to validity and not opposed to validity.

Although it is not possible to give an exact calculation of reliability, an estimate of reliability was achieved in this study through homogeneity or internal consistency measures (Heale and Twycross, 2015).

# 4.6.7 Internal Consistency Reliability

Zohrabi (2013) posits that internal consistency reliability refers to the extent to which all indicators on a particular (sub) scale are evaluating the same concept. In the same vein, Therdoost (2016) mentions that internal consistency reliability is the extent to which a group of items measure the same construct, as evidenced by how well they vary, or intercorrelate. A high degree of internal consistency enables the researcher to interpret the composite score as a measure of the construct (Bajpai and Bajpai, 2014; Hallgren, 2012).

In this study internal consistency estimates relate to item homogeneity, or the degree to which the items on a test jointly measure the same construct (Moana-Filho, Alonso, Kapos, Leon-Salazar, Gurand, Hodges and Nixdorf, 2017). Whenever a test's items are linearly combined into a single composite score, as is often the case in research, the issue of item homogeneity speaks directly to the ability of the researcher to interpret the composite score as a reflection of all the test's items (Hallgren, 2012). Othman and Rahim (2019) mention that the most frequently used estimators of internal consistency reliability of an instrument in research are Cronbach's alpha coefficient and composite reliability coefficient. Even though there are a lot of debates concerning the best technique to calculate reliability, the Cronbach's alpha coefficient is the universal method used although it may underestimate reliability (Hair, Ringle and Sarstedt, 2013).

Othman and Rahim (2019) argue that composite reliability is typically used in conjunction with SEM-PLS (Structural Equation Modelling – Partial Least Squares) models. This technique is more vigorous than Cronbach's alpha.

In this study Cronbach's alpha and the composite reliability coefficient were selected to ascertain the internal consistency reliability of measures. Another reason justifying the use of the composite reliability coefficient along Cronbach's alpha in this study is that the composite reliability coefficient offers a much less biased estimate of reliability as compared to the Cronbach's alpha which assumes all items equally contribute to its construct without considering the actual role of individual loading (Sekaran and Bougie, 2011).

# 4.6.8 Cronbach's Alpha

The most common internal consistency measure is Cronbach's alpha ( $\alpha$ ), which is usually interpreted as the mean of all possible split-half coefficients (Haynes, Ryan, Saleh, Winkel and Ades, 2017). Bajpai and Bajpai (2014) indicate that Cronbach's alpha ( $\alpha$ ) is a function of the average inter-correlations of items, and the number of items in the scale. It varies between 0 and 1, where 0 indicates no relationship among the items on a given scale, and 1 indicates absolute internal consistency (Mohajan, 2017). In this study alpha values above 0.7 are considered acceptable and satisfactory, above 0.8 is considered quite good, and above 0.9 is considered to reflect exceptional internal consistency (Sekaran and Bougie, 2010). Mohajan (2017) emphasises that in social sciences the acceptable range of alpha value estimates are from 0.7 to 0.8. The STATA version 15.1 was used to estimate Cronbach's alpha in this study.

# 4.6.9 Composite Reliability

Peterson and Kim (2013) assert that when true reliability is estimated using structural equation modelling (SEM), the resulting estimate is typically referred to as composite reliability (CR). They further argue that the claimed benefits of a structural equation modelling approach include "better" (e.g., typically larger) estimates of true reliability than is possible through Cronbach's coefficient alpha ( $\alpha$ ) because construct loadings or weights are allowed to vary, whereas the loadings of weights for Cronbach's coefficient alpha are constrained to be equal. Consequently, composite reliability coefficient estimated using structural equation modelling has the ability to empirically assess and overcome some of the limiting assumptions of Cronbach's coefficient alpha (El Hajjar, 2018; Mendi and Mendi, 2015). This study therefore employed structural equation modeling using STATA version 15.1 and Microsoft Excel

(spreadsheet) to estimate the composite reliability coefficient of scales. The composite reliability relation below was therefore used to estimate the composite reliability of both independent and dependent variables of the study:

Composite Reliability =  $\frac{\left(\sum_{i=1}^{n} L_{i}\right)^{2}}{\left(\sum_{i=1}^{n} e_{i}\right) + \left(\sum_{i=1}^{n} L_{i}\right)^{2}}$ 

Where  $(L_i)$  is computed from the squared sum of factor loadings for each construct and the sum of error variance terms for a construct  $(e_i)$ .

# 4.7 ETHICAL CLEARANCE

Saunders, Lewis and Thornhill (2016) assert that ethical matters and procedures should receive serious attention in both qualitative and quantitative research studies. The researcher first needs to obtain approval for the research study from the relevant academic institution before starting with the research study (Saunders, Lewis and Thornhill, 2016). For the purpose of this study, the researcher obtained ethical clearance from the University of South Africa (UNISA) Research and Ethics Committee for the Marketing and Retail Department (**see Appendix D**). Secondly, the researcher also obtained a gatekeeper letter from the National Board for Small Scale Industries (NBSSI) in the Eastern Region of Ghana granting permission to use selected food processing SMEs on their database for the study (**see Appendix C**).

UNISA's Policy on Research Ethics states that researchers should protect and respect the confidentiality, dignity, and privacy of the respondents (University of South Africa, 2007). This means that the researcher must obey UNISA's code of conduct for researchers. De Vos, Strydom, Fouché and Delport (2012) state that ethical guidelines assist the researcher as a basis and standard from where the researcher ought to assess their own conduct. The researcher included an informed consent form in the questionnaire that contained a detailed description of the nature and aim of the research to be conducted to assure the respondents that participation was voluntary and that the acquired information would be treated confidentially (see Appendix A). The ethical form was submitted together with a draft questionnaire before the data was collected, as mentioned in the guideline for research at UNISA. The following sections discuss the ethical guidelines that the researcher followed.

# 4.7.1 Confidentiality and Anonymity

McMillan and Schumacher (2014) indicate that information provided by respondents should be considered as confidential unless the respondents agreed otherwise upon the informed consent letter. This suggests that researchers have to be cautious, sensitive and sensible towards their respondents (Makhubela, 2019). The respondents' confidential information was not compromised during the data collection process in this study. The respondents' right to confidentiality was adhered to during the study because no confidential information will be divulged, as the research results will be presented anonymously (Bezzina and Saunders, 2014). The researcher respected the respondent's confidentiality by not disclosing the specifics of what respondents wrote in their questionnaires. According to Leedy and Ormrod (2005) and Lewis and Brown (2014), respondents' confidence has to be protected, their privacy has to be respected and their anonymity has to be preserved when they participate in the research.

# 4.7.2 Protection from psychological or physical harm

De Vos, Strydom, Fouché and Delport (2012) assert that respondents can be injured in an emotional or physical way. In order for the researcher to avoid harming the respondents, the researcher informed respondents beforehand about the impact of innovative marketing on food processing SMEs performance in Ghana. The researcher therefore offered respondents an opportunity to withdraw at any time should they see the need to do so.

# 4.7.3 Informed Consent

Makhubela (2019) contends that before the researcher collects data, the respondents should be provided with sufficient information regarding the study. In this regard, the respondents were provided with enough information as to the process to be followed and the way in which the findings would be used and made available to the respondents (Bryman, 2016). Tadu (2018) mentions that the research respondent information sheet mentions what the respondents should know about the research and what is expected from them. The researcher therefore provided respondents with the respondent information sheet prior to data collection (**see Appendix A**). The researcher believes that this helped the respondents to make their decisions concerning fairness and transparency.

# 4.8 CONCLUSION

The research design and methodology chapter discussed the research methodology which was used to investigate the impact of innovative marketing on the performance of Ghanaian food processing SMEs. This chapter also justified the approach and the research instrument the study used to collect the required data. Furtherance to this, it discussed the research paradigms, the reasons this study adopted the quantitative approach and the research design, specifically the sampling frame, data collection approach and instrument design. Based on the evaluation of research paradigm literature, the researcher deemed it appropriate to follow the positivist world view or approach, taking into account the research objectives and hypotheses formulated in chapters one and three of this study. The researcher adopted a quantitative research approach because it provides the user of quantitative data with information developed from a relatively small group that is representative of a larger universe. In addition, quantitative data is more efficient and able to test hypotheses as compared to qualitative data. Data analysis in the quantitative research approach involves both descriptive and inferential statistics which allow sample results to be generalised to larger populations. The major attraction in adopting this approach for this study was the generalizability of the results to be obtained from a small representative sample of food processing SMEs in Ghana. The study adopted a deductive approach which is generally based on the testing of prior works, theories, models, mind maps and literature. Therefore, the adoption of the deductive approach in this research study was due to the conceptual framework and hypotheses in chapters one and three which were guided by models and empirical studies in innovative marketing and SME performance. The research design used in this study was an ex post facto or after-the-fact design, as the researcher did not have control of the variables in the sense of being able to manipulate them. Thus, innovative marketing was measured by various variables operationalised into six sub-groups including marketing modification, marketing mix, customer focus, integrated marketing, market focus and value proposition. In the same vein, food processing SME performance was also measured by various variables operationalised into four sub-groups including financial performance, customer performance, internal business process performance and learning and growth performance. The research design and methodology chapter discussed the justification of the research strategy and adopted the survey strategy as a method for gathering primary data from respondents due to its appropriateness for social scientists as well as gathering primary data from populations too large to be observed. This choice was informed by the cross-sectional nature of data to be collected, which is usually associated with the survey strategy, hence data being obtained at a single point in time from respondents.
This chapter also discussed the research methodology of the study which entailed questioning the suitability and competence of the method that the researcher used to conduct the study as opposed to other options. Under research methodology, the population of the study was first presented, followed by a description of the most suitable sampling plan designs for the research study. These plans comprised a focus on the sampling methodology, sampling sizes, data collection procedure and instruments or measures as well as the statistical analysis approach and study limitations. A key feature of the discussion was the focus on research ethics and confidentiality issues.

The target population of the research was discussed and it comprised of food processing SMEs in the Eastern Region of Ghana that were registered members of the National Board for Small Scale Industry of Ghana (NBSSI), for the year ended December 2018. According to the NBSSI in the Eastern Region of Ghana (2018), five hundred and forty (540) food processing enterprises were categorised as food processing SMEs based on the definition of SMEs in this study (i.e. fewer than nine (9) employees and a maximum of one hundred (100) employees). The food processing SMEs were then categorised into thirteen sectors. The target population for this study was therefore 540 food processing SMEs with fewer than nine (9) employees and a maximum of one hundred (100) employees. The sampling frame of the study was discussed as the list of food processing SMEs registered with NBSSI in the Eastern Region of Ghana by the end of the year 2018. Under sampling technique, the study adopted the stratified random sampling technique to select respondents for the study. The Taro Yamanes relation was used by the researcher to establish the sample size of the study. Consequently, the suitable sample size for the study was two hundred and thirty (230) food processing SMEs in the Eastern Region of Ghana. The researcher used the stratified random proportionate sampling technique which uses both stratified and random sampling to pinpoint the preferred sample from each stratum.

The chapter discussed the data collection instrument that was used in obtaining information from respondents. The study therefore deemed it appropriate to adopt a self-administered questionnaire since, in comparison to other instruments, questionnaires are usually much cheaper, especially if data to be collected over a wide geographical location such as the Eastern Region of Ghana. The chapter also discussed pilot test of the questionnaire and indicated that the questionnaires were pilot tested on six of the researcher's peers and colleagues who are lecturers in marketing with PhD qualifications at the Koforidua Technical University, Koforidua in the Eastern Region of Ghana. This was to ensure that all the variables were completely and clearly covered and to avoid double-barrelled questions. This chapter discussed the data collection procedure and mentioned that data would be collected in the Eastern Region of Ghana, from October to December, 2019. The target population of study was owners/managers of food processing SMEs in the Eastern Region of Ghana with tertiary or secondary/basic education and also having two years or more experience in the food processing SME field of practice.

Statistical analysis of the study was discussed in this chapter. The study employed SPSS version 23 and STATA version 15.1 as the main statistical software to analyse the gathered field data. Inferential statistics and descriptive statistics were used to present respondents' mean, demographics and standard deviation. The theoretical research model of the study was tested using the Structural Equation Modelling (SEM) – Path Analysis. In order to test the hypotheses in this study, a multiple regression model was estimated using food processing SME performance constructs. Thus, the equational presentation of the model was generated. The chapter discussed how the construct validity was evaluated through convergent and discriminant validity using STATA version 15.1. In the same vein, Cronbach's alpha and the composite reliability coefficient were selected to ascertain the internal consistency reliability of measures in the study.

Finally, this chapter discussed the ethical implications of the study. The researcher first obtained approval for the research study from the relevant academic institution before starting with the study. The chapter further discussed that, for the purpose of the study, the researcher first obtained permission from UNISA and secondly obtained permission from the selected food processing SMEs on the list of the National Board for Small Scale Industries (NBSSI). The researcher therefore took into consideration issues including protection from psychological or physical harm and informed consent.

The next chapter, chapter five, discusses the analysis, results and the interpretation of the data that was collected from the completed questionnaires.

#### **CHAPTER 5**

# DATA ANALYSIS AND DISCUSSION

#### 5.1 INTRODUCTION

The study was carried out to investigate the impact of innovative marketing of Ghanaian food processing SMEs. In chapter four, the research methodology of the study was debated, the research paradigm, research approach and design, research methodology, data collection and data collection instruments, validity and reliability, data analysis and ethical clearance and indicated which approach to follow in this research study. The previous chapter also clarified how the raw data was collected, captured, and then imported to the SPSS version 23 for data management and cleansing while data analysis was undertaken using STATA version 15.1 (see chapter four - section 4.6). As indicated in Figure 4.1 in chapter four of this study, the next step in the research process is to analyse and interpret data, which is done in this chapter.

The purpose of chapter five (i.e. data analysis and discussion) is to critically analyse and interpret data, and then present the research findings in order to realise the research objectives. The results presented in this chapter are structured according to the sequence of the sections in the questionnaire survey, reflecting the dimensions of innovative marketing and performance based on the research questions. Findings are commented on in relation to previous literature, and present researcher's own explanations and suggestions. This chapter presents the results and discussion of the study conducted using two-hundred and thirty food processing SMEs in the Eastern Region of Ghana (see chapter four – Table 4.1). The results are organised into eight key areas including the response rate, demographic background of the respondents, inferential statistics of the variables, reliability, validity and factor analysis of constructs, multiple regression of innovative marketing and SME performance, goodness of fit test for SEM, and Structural Equation Modelling (SEM) - Path Analysis. Chapter five of this research study ends with a conclusion. The outline of chapter five and the thesis is presented in figure 5.1.

#### Figure 5.1: Chapter Five and Thesis Outline



# Source: Field survey, 2020

Figure 5.1 indicates that the broad objective of this study was to establish the impact of innovation marketing on the performance of Ghanaian food processing SMEs (see chapter one-section 1.4.1). To establish this objective, six specific objectives were set and corresponding hypotheses formulated (see chapter one-section 1.4.2). Primary data was collected and examined to assist in determining the relationships between innovative marketing and performance variables. The data analysed was obtained through a structured questionnaire (see Appendix A). For each variable, statements describing the indicators were availed to research participants in a 5-point Likert-type rating measure that expected them to point out the degree to which the statements applied in their food processing SME organisations.

## 5.2 **RESPONSE RATE**

The study adopted a quantitative cross-sectional survey that targeted food processing SMEs that are registered with the National Board for Small Scale Industries in the Eastern Region of Ghana. The list of registered food processing SMEs with the National Board for Small Scale Industries of Eastern Region, Ghana represented the population for food processing SMEs (see chapter four – section 4.5.1). The population of food processing SMEs was five hundred and forty (540), and a sample of two hundred and thirty (230) food processing SMEs was drawn by means of the stratified random sampling technique (see chapter four - sections 4.5.2; 4.5.4). The questionnaires were sent to two hundred and thirty (230) food processing SMEs in the Eastern Region of Ghana and a total of two hundred and thirty (230) responded; however,

questionnaires from five (5) food processing SMEs were incomplete and this brought the total number of food processing SMEs that responded to two hundred and twenty-five (225) translating to a response rate of ninety-eight percent. This represents an adequate response rate for precision and confidence required in research. This is a higher response rate than those of similar studies conducted; 87.83% by Al-Zyadaat, Saudi and Al-Awamreh (2012), 78% by Sattari and Mehrabi (2016), and 24.8% by Cascio (2011). Good survey research reports provide results with valid and reliable answers to the research question with an adequate response rate in business and management research could be anywhere between fifty percent (50%) and eighty percent (80%), with an overall average of 55.6%. The questionnaire return rate is summarised in Table 5.1 below.

Table 5.1: Respondents' Response Rate

Respondent location	Number in the sample	Number of responses	Responses by
			percentage
Eastern Region of	230	225	97.8% ≈ 98%
Ghana			

Source: Field Survey, 2020

Table 5.1 depicts that the response rate was 98%; a survey response rate of  $\geq$  60% is considered acceptable. Data was collected in the Eastern Region of Ghana from 225 questionnaires (see chapter four - section 4.5.5.2).

# 5.3 DEMOGRAPHIC PROFILE OF RESPONDENTS

This section provides information on the demographic profile of respondents which facilitates understanding of respondents' characteristics through the provision of data pattern (see section K of the questionnaire in Appendix A). Respondents for the survey have been profiled according to gender, age group, level of education, ownership structure of food processing SME, operation duration of food processing SME, size of the food processing SME in terms of number of employees, and current position of respondents in their enterprise. The demographic profile of respondents is presented below.

	Male	Female	Total
Age groups	n(%)	n(%)	n(%)
18-30	37 (49.33)	67 (44.67)	104 (46.22)
31-40	25 (33.33)	62 (41.33)	87 (38.67)
41-50	7 (9.33)	16 (10.67)	23 (10.22)
51-60	6 (8.00)	5 (3.33)	11 (4.89)
Total	75 (100)	150 (100)	225 (100)
Ownership Structure			
Sole Proprietorship	41 (54.67)	118 (78.67)	159 (70.67)
Partnership	24 (32)	25 (16.67)	49 (21.78)
Limited Liability	8 (13.33)	7 (4.67)	17 (7.55)
Total	75 (100)	150 (100)	225 (100)
Current Position			
Owner Manager	27 (36)	86 (57.33)	113 (50.22)
General Manager	27 (36)	22 (14.67)	49 (21.78)
Non-managerial	21 (28)	42 (28)	63 (28)
Total	75 (100)	150 (100)	225 (100)
Number of Employee/Enterprise			
Size			
1 - 8 (Small)	41 (54.67)	101 (67.33)	142 (63.11)
9 - 100 (Medium)	34 (45.33)	49 (32.67)	83 (36.89)
Total	75 (100)	150 (100)	225 (100)
Operation Duration			
2 years	19 (25.33)	35 (23.33)	54 (24)
>2 years	56 (74.67)	115 (76.67)	171 (76)
Total	75 (100)	150 (100)	225 (100)

# Table 5.2: Demographic Profile of Respondents

Source: Field Survey, 2020

Table 5.2 shows a cross tabulation of gender against age group, level of education, ownership structure of food processing SME, operation duration of food processing SME, size of the food processing SME in terms of number of employees, and current position of respondents in their enterprise and will be outlined next.

#### 5.3.1 Gender

The gender of respondents is important as it provides this study with a good understanding of the participants (see chapter two - section 2.5.1.4). Results from the analysis indicate that 150 respondents out of 225 respondents were females constituting 67%, while 75 respondents out of 225 respondents were males constituting 33%. The results establish that there were more females than males and this indicates that females dominate the ownership and management of the food processing SME sector in the Eastern Region of Ghana.

#### 5.3.2 Age

The question about the age of respondents was asked in order to determine the age groups of owners/managers of food processing SMEs in the Eastern Region of Ghana (see section K of questionnaire in Appendix A; chapter two – section 2.5.1.1). As shown in Table 5.2, the ages of respondents who fell within the 18 to 30 years group were 104 respondents, constituting 46.22%, of which 37 (49.33%) were males out of the total male respondents of 75 (100%) and 67 (44.67%) were females out of the total female respondents of 150 (100%). This represents the majority of respondents. They were followed by those within 31 to 40 years with 87 respondents, representing 39% of which 25 (33.33%) were males out of the total male respondents of 75 (100%) and 62 (41.33%) were females out of the total female respondents of 150 (100%). The age group within 41 to 50 years was 23, representing 10% of which 7 (9.33%) were males out of the total male respondents of 75 (100%) and 16 (10.67%) were females out of the total female respondents of 150(100%). Respondents within the ages 51 to 60 years were 11, representing 5% of which 6 (8%) were males out of the total male respondents of 75 (100%) and 5 (3.33%) were females out of the total female respondents of 150 (100%). The results established that Ghanaian youth within the age bracket of 18 to 30 years dominate the ownership and management of food processing SMEs with high female representation in the Eastern Region of Ghana. This was followed by respondents in their middle ages within the age bracket of 31 to 40 years constituting the second highest number in the ownership and management of food processing SMEs with high female representation in the Eastern Region of Ghana.

#### 5.3.3 Level of Education

The education of food processing SME owners/managers can impact the path of food processing SME success because it is the process of building absorptive capacity of food processing owners/managers such as knowledge and skills in the application of innovative marketing (see chapter two - section 2.5.1.2). As shown in Table 5.2, the level of education of respondents who completed a diploma recorded a frequency of 70, representing 31% with high female representation. This was followed by those with non-formal education (including apprenticeship) with a frequency of 48 respondents, and represents 21% with high female representation. Respondents who had university degrees recorded a frequency of 43, representing 19% with high female representation and those who completed grade 12 recorded a frequency of 30, representing 13% with high female representation. Respondents who never completed Grade 1 recorded a frequency of 14, representing 6% with low male representation and respondents in the 'other' category had a frequency of 11, representing 5% with low male representation. Respondents with a postgraduate qualification recorded a frequency of 9, representing 4% with high female representation.



Figure 5.2: Distribution of Respondents by Gender and Educational Level

Source: Field Survey, 2020

The results establish that the majority of food processing SME owners/managers in the Eastern Region of Ghana held a diploma qualification with high female representation. This was followed by SME owners/managers with non-formal education through apprenticeship, mentoring and coaching, self-learning, and hands-on training also having high female representation.

#### 5.3.4 Operation Duration

The operation duration of respondents focused on the number of years that the food processing SME has been in operation legally (see chapter two - section 2.5.2.1). The survey results in Table 5.2 show that a vast majority of 171 respondents, representing 76%, had been in the food processing enterprise for more than two years, of which 56 (74.67%) were males out of the total male respondents of 75 (100%) and 115 (76.67) were females out of the total female respondents of 150 (100%). Fifty-four (54) respondents, representing 24% indicated they had been in the food processing enterprise for two years making them a minority in terms of operation duration, of which 19 (25.33%) were males out of the total male respondents of 75 (100%) and 54 (24%) were females out of the total female respondents of 150 (100%).

#### 5.3.5 Respondent Position

The question about the position of respondents provides understanding on the autonomy background of respondents with respect to their position and decision making on issues such as marketing strategy choices (see section K of questionnaire in Appendix A). The survey results in Table 5.2 show that 113 respondents, representing 50%, held the position of owner manager, of which 27 (36%) were males out of the total male respondents of 75 (100%) and also 86 (57.33%) were females out of the total female respondents of 150 (100%). Table 5.2 also shows that 49 respondents, representing 22%, held the position of general manager, of which 27 (36%) were males out of the total male respondent of 75 (100%) and 22 (14.67%) were females out of the total female respondent of 75 (100%) and 22 (14.67%) were females out of the total female respondent of 75 (100%) and 22 (14.67%) were females out of the total female respondents of 150 (100%). Additionally, 63 respondents, representing 28%, held non-managerial positions, of which 21 (28%) were males out of the total female respondent position indicate that the majority of respondents of 150 (100%). The results on respondent position indicate that the majority of respondents who completed the questionnaires were owner-managers of food processing SMEs with high female representation. The second majority of respondents who filled the questionnaire were individuals who worked in the food processing industry without a

managerial position, with high female representation. These individuals were employees who were designated by the owner due to literacy challenges such as inability to read and write properly.

#### 5.3.6 Number of employees/food processing SME size

The question on size of food processing SMEs focused on the number of employees and this provided an understanding whether food processing SME of respondents were small or medium enterprises based on the definition of SME in this research study. The survey results in Table 5.2 showed that food processing SMEs that employed less than nine employees were 142 respondents, representing 63.11%, of which 41 (54.67%) were males out of the total male respondents of 75 (100%) and 101 (67.33%) were females out of the total female respondents of 150 (100%). Those that employed between nine and 100 employees were 83, representing 36.89%, of which 34 (45.33%) were males out of the total male respondents of 75 (100%) and 49 (32.67%) were females out of the total female respondents of 150 (100%). The results on the number of employees therefore establishes that food processing SMEs that employed less than nine employees were in the majority (63%) with high female representation in the Eastern Region of Ghana. This was followed by food processing SMEs that employed between nine and 100 employees making up a minority (36.89%) with high female representation in the Eastern Region of Ghana.

#### 5.3.7 Ownership Structure of Food Processing SME

The question on ownership structure of food processing SMEs provided understanding on the nature of ownership structure types among food processing SMEs in Ghana (see section K of the questionnaire in Appendix A). The survey results in Table 5.2 show that 159 of respondents' food processing SMEs, representing 70.67%, were sole proprietorships of which 41 (54.67%) were males out of the total male respondents of 75 (100%) and 118 (78.67) were females out of the total females' respondents of 150 (100%). Also, 49 of respondents' food processing SMEs, representing 21.8%, were partnerships of which 24 (32%) were males out of the total male respondents of 75 (16.67%) were females out of the total female of 75 (100%) and 25 (16.67%) were females out of the total female respondents of 75 (100%) were females out of the total male respondents of 75 (100%) were females out of the total male respondents of 75 (100%) and 25 (16.67%) were females out of the total male respondents of 75 (100%) and 25 (16.67%) were males out of the total male respondents of 75 (100%). Additionally, 16 of respondents' food processing SMEs, representing 7.1% were limited liabilities, of which 8 (13.33%) were males out of the total male respondents of 75 (100%) and 7 (4.67%) were females out of the total female respondents of 150 (100%). The results point out that the ownership structure of food processing SMEs in

the Eastern Region of Ghana is dominated by sole proprietorships with very high female representation. This is followed by partnerships as the second dominant ownership structure and limited liability is the least occurring ownership structure.

#### 5.4 CONFIRMATORY FACTOR ANALYSIS

Confirmatory factor analysis (CFA) in this study provided the procedure for data examination, and determined the structure of factors to be investigated (See chapter one –section 1.8.1.5 and chapter four – section 4.6). It was utilised in this study to determine convergent and discriminant validity and dimensionality of the relationship between items and variables. Therefore, confirmatory factor analysis was performed on innovative marketing (as independent variable with constructs including marketing modification, marketing mix, customer focus, integrated marketing, market focus, and value proposition) and performance (as dependent variable with constructs including financial performance, customer performance, internal business process and learning and growth) in order to determine whether all the scales applied in this study had construct validity.

To justify the application of Confirmatory Factor Analysis (CFA) in this study, a statistical test to quantify the extent of inter-correlations among the variables was utilised. Hence, the Bartlett's Test of Sphericity (Bartlett's Test) and Kaiser-Mayer-Olkin (KMO) indicate the measure of sampling adequacy. The Bartlett's Test of Sphericity (Bartlett's Test) is significant at p<0.05 for the confirmatory factor analysis to be considered appropriate and KMO lower than 0.5 is not suitable, which implies an exploratory factor analysis should not be performed. KMO with a value between 0.5 and 0.7 is mediocre, 0.7 and 0.8 is good, 0.8 and 0.9 is great and above 0.9 is excellent. As a rule of thumb that has been frequently used by factor analysis, factor loadings greater than 0.30 are considered significant, 0.40 are considered more important, and 0.50 or greater are considered very significant. Thus, the larger the absolute size of the factor loadings with values of 0.50 or greater were considered for interpretation and description. Therefore, the items for a factor were retained in this study only when the absolute size of their factor loading was above 0.50 as indicated.

# 5.4.1 Factor Analysis, Reliability and Validity of Independent Variables

As indicated in chapter one – section 1.2, innovative marketing of food processing SMEs in Ghana incorporates innovative developments in aspects of marketing including marketing modification, marketing mix, customer focus, integrated marketing, market focus, and value proposition. These aspects of marketing were adopted in this research study as independent variables measuring innovative marketing of food processing SMEs in Ghana. Confirmatory factor analysis (CFA), used to establish the dimensionality of innovative marketing, is thus discussed below.

						Average		Correlation
		Factor	Cronbach	KMO	Composite	Factor	AVE**	Matrix
Factors	Items	load	Alpha (α)		Reliability	loading*		Square
	MV1	0.73	0.8674	0.88	0.86	0.72	0.51	0.006
	MV2	0.71						
Marketing	MV3	0.73						
Mix	MV4	0.71						
(Variables)	MV5	0.71						
	MV6	0.72						
	MM7	0.71	0.8679	0.85	0.87	0.72	0.52	0.00
	MM8	0.78						
Marketing	MM9	0.72						
Modification	MM10	0.71						
	MM11	0.71						
	MM12	0.69						
	IM13	0.75	0.88	0.90	0.88	0.74	0.55	0.00
	IM14	0.80						
Integrated	IM15	0.77						
Marketing	IM16	0.73						
	IM17	0.71						
	IM18	0.70						
	CF19	0.83	0.89	0.86	0.89	0.76	0.58	0.00
	CF20	0.78						
Customer	CF21	0.72						
Focus	CF22	0.70						
	CF23	0.77						
	CF24	0.76						
	MF25	0.77	0.90	0.90	0.90	0.78	0.60	0.00
	MF26	0.78						
	MF27	0.78						
Market Focus	MF28	0.80						
	MF29	0.79						
	MF30	0.74						
	VP31	0.76	0.90	0.90	0.90	0.77	0.60	0.00
Value	VP32	0.79						
	VP33	0.77						
Proposition	VP34	0.82						
-	VP35	0.73						
	VP36	0.78						

Table 5.3: Factor Analysis, Reliability and Validity of Independent Variables (see Appendix B)

\*Average factor loading > 0.7, convergent validity established Source: Field Survey (2020)

 $** A verage \ Variance \ Extracted \ (AVE) > Correlation \ matrix \ squared; \ discriminant \ validity \ established$ 

\*\*Average Variance Extracted (AVE) > Correlation matrix squared; discriminant validity established

#### 5.4.1.1 Factor 1: Marketing Mix (Variables)

According to the results of confirmatory factor analysis that is given in Table 5.3, the data passed the thresholds for sampling adequacy with a total of six (6) items loaded under this factor. The KMO measure of sampling adequacy was 0.88 thus, confirming the appropriateness. The approximate chi-square statistic of Bartlett's test of sphericity was highly significant (p= 0.000). Six items which include MV1, MV2, MV3, MV4, MV5 and MV6 (see Appendix B) with factor loading values of 0.73, 0.71, 0.73, 0.71, 0.71, and 0.72 respectively were highly loaded in this factor (i.e. marketing mix variables). From Table 5.3 it is evident that all the items, i.e., MV1, MV2, MV3, MV4, MV5 and MV6, were related to marketing mix variables. Thus, six items of marketing mix variables loaded significantly into one factor higher than the value of 0.50.

The study employed Cronbach's alpha and composite reliability to establish the reliability of this factor (marketing mix variable). The Cronbach's alpha for this factor (marketing mix variables) was 0.8674 (Table 5.3), which indicates an acceptable and satisfactory internal consistency among the items in the scale (i.e. MV1, MV2, MV3, MV4, MV5 and MV6). Furthermore, the value of Cronbach's alpha ( $\alpha = 0.8674$ ) also shows that the group of items (i.e. MV1, MV2, MV3, MV4, MV5 and MV6) measured the same construct (marketing mix variables), as evidenced by how well they varied together. The study used Cronbach's alpha as a conservative measure of internal consistency reliability due to its sensitivity to the number of items in the scale and its tendency to underestimate the inter consistency reliability. As a consequence of these limitation, composite reliability is a more suitable measure of internal consistency reliability is a more suitable measure of internal consistency reliability is a more suitable measure of internal consistency reliability is a more suitable measure of internal consistency reliability is a more suitable measure of internal consistency reliability is a more suitable measure of internal consistency reliability is a more suitable measure of internal consistency reliability is a more suitable measure of internal consistency reliability in this study. From Table 5.3, the composite reliability (CR) for this factor (i.e. marketing mix variables) was 0.86 and this is consistent with the assertion in chapter four – section 4.6.8 that composite reliability that achieved 0.70 or above means the scale has good reliability.

To establish the construct validity of this factor (i.e. marketing mix variables), the study examined the scale being used by means of convergent and discriminant testing of validity. In this study, the convergent validity was established when the average factor loading was greater than 0.70 or when the Average Variance Extracted (AVE) was greater or equal to 0.5 (see chapter four - section 4.6.4). Table 5.3 shows that the average factor loading for this factor (i.e. marketing mix variables) was 0.72 which is greater than 0.7. Similarly, Table 5.3 also shows that the Average Variance Extracted (AVE) was 0.51 which is greater than 0.5. This means that convergent validity was established which also indicates that the construct (i.e. marketing

mix variables) explained more than half of the variance of its indicators (i.e. MV1, MV2, MV3, MV4, MV5 and MV6) (see chapter four – section 4.6.4). Conversely, discriminant validity in this study was established when the Average Variance Extracted (AVE) was greater than the Correlation Matrix Squared (AVE > Correlation Matrix Squared). Table 5.3 shows that the AVE value of this factor (i.e. marketing mix variable) which is 0.51 was greater than the correlation matrix squared value which was 0.006 (AVE, 0.51 > Corr. Matrix Squared, 0.006). This means that discriminant validity was established and also indicates that the construct (i.e. marketing mix) was unique and not represented by any other constructs in the model (see chapter four – section 4.6.5).

# 5.4.1.2 Factor 2: Marketing Modification

According to the result of the confirmatory factor analysis given in Table 5.3, the data on marketing modification as a factor passed the thresholds for sampling adequacy with six items (i.e. MM7, MM8, MM9, MM10, MM11, and MM12; see Appendix B). The KMO measure of sampling adequacy was 0.85, thus confirming its appropriateness. The approximate chi-square statistic of Bartlett's test of sphericity was highly significant (p = 0.000). A total of six items or variables were loaded under this factor (marketing modification) namely; MM7, MM8, MM9, MM10, MM11, and MM12 with factor load of 0.71, 0.78, 0.72, 0.71, 0.71 and 0.69 respectively. The factor load of the items/measures are all greater than 0.50 which indicates that the items were all appropriate to be retained. From Table 5.3, it is evident that all the items i.e. MM7, MM8, MM9, MM10, MM11, and MM12 are related to marketing modification as a factor. Thus, six items (MM7, MM8, MM9, MM10, MM11, and MM12) of marketing modification loaded significantly into one factor higher than the value of 0.50. The reliability of this factor (marketing modification) was established using Cronbach's alpha ( $\alpha$ ) and composite reliability. The Cronbach's alpha for this factor (marketing modification) was 0.8679 as shown in Table 5.3. This means that the Cronbach's alpha ( $\alpha$ =0.8679) for this factor was greater than the minimum cut off point of 0.7 (see chapter four - section 4.6.7). This indicates that there was an acceptable internal consistency reliability among the items (i.e. MM7, MM8, MM9, MM10, MM11, and MM12) of marketing modification as a factor. Due to Cronbach's alpha ( $\alpha$ ) sensitivity to the number of items in the scale and its tendency to underestimate the inter consistency reliability, the study employed composite reliability (CR) (see chapter four- section 4.6.8). The composite reliability (CR) of this factor (marketing modification) as depicted in Table 5.3 was 0.87, which indicates that the scale/items (i.e. MM7,

MM8, MM9, MM10, MM11, and MM12) had a good reliability since the CR value of 0.87 was greater than the cut off value of 0.7.

The construct validity of this factor (i.e. marketing modification) was determined using convergent and discriminant testing of validity. The convergent validity is ascertained when the average factor loading is greater than 0.7 (Ave. Factor Loading > 0.7) or when the Average Variance Extracted (AVE) is greater or equal to 0.5 (AVE  $\leq$  0.5). Table 5.4.1 shows that the Average Factor Loading of the factor (i.e. marketing modification) was 0.72, which is greater than 0.7 (Ave. Factor Loading, 0.72 < 0.7). Similarly, the Table 5.3 shows the AVE of the factor (i.e. marketing modification) was 0.52, which is greater than 0.52 (AVE,  $0.52 \le 0.5$ ). This means convergent validity of the factor (i.e. marketing modification) was established and also indicates the all the items (i.e. MM7, MM8, MM9, MM10, MM11, and MM12) measuring the construct/factor (i.e. marketing modification) were statistically significant (see chapter four - section 4.6.4). The discriminant validity was established among the items in this factor (marketing modification) when the Average Variance Extracted (AVE) was greater than the Correlation Matrix Squared (AVE > Corr. Matrix Squared). From Table 5.3, it is evident that the AVE (0.51) of the factor (marketing modification) was greater than Correlation Matrix Square (0.00) (AVE, 0.51 > Corr. Matrix Squared, 0.00). The discriminant validity of this factor (i.e. marketing modification) was established. Furthermore, the establishment of discriminant validity was an indication that the difference between each measurement item/variable (i.e. MM7, MM8, MM9, MM10, MM11, and MM12) was better.

# 5.4.1.3 Factor 3: Integrated Marketing

In the same way, the result of the confirmatory factor analysis provided in Table 5.3 shows that the data on items of integrated marketing as a factor passed the thresholds for sampling adequacy. The KMO measure of sampling adequacy was 0.90, thus confirming the appropriateness and the approximate chi-square statistic of Bartlett's test of sphericity were highly significant (p = 0.000). KMO values between 0.8 and 0.9 are considered to be good which agrees with the KMO value (0.90) obtained for items of integrated marketing as a factor. This also establishes that data on items of integrated marketing is sufficient for factor analysis. Table 5.3 shows that a total of six items/variables were loaded under this factor (i.e. integrated marketing) including; IM13, IM14, IM15, IM16, IM17 and IM18 (see Appendix B) with corresponding factor loading values of 0.75, 0.80, 0.77, 0.73, 0.71 and 0.70 respectively. The factor loading of items under this factor were all greater than 0.50 which indicates that all the

items under this factor were good to be retained. From Table 5.3, it is apparent that all the items i.e. IM13, IM14, IM15, IM16, IM17 and IM18 were related to integrated marketing as a factor. Thus, six items (IM13, IM14, IM15, IM16, IM17, and IM18) of integrated marketing loaded significantly into one factor higher than the value of 0.50.

Also, the reliability of items (i.e. IM13, IM14, IM15, IM16, IM17 and IM18) under this factor (i.e. integrated marketing) was established using Cronbach's alpha ( $\alpha$ ) and composite reliability (CR) tests. Table 5.3 shows that Cronbach's alpha ( $\alpha$ ) for the items (i.e. IM13, IM14, IM15, IM16, IM17 and IM18) under integrated marketing was 0.88, and this is greater than the cut off value of 0.7 recommended. This is an indication that the internal consistency reliability of the items (IM13, IM14, IM15, IM16, IM17 and IM18) under integrated marketing was acceptable and satisfactory. From Table 5.2, the composite reliability (CR) value for items under this factor (integrated marketing) was 0.88, which shows good reliability of the items (IM13, IM16, IM17 and IM18) under integrated marketing.

In order to test the construct validity of items (IM13, IM14, IM15, IM16, IM17 and IM18) under integrated marketing factor, convergent and discriminant validity were examined. Convergent validity is established when the Average Factor Loading is greater than 0.7 (Ave. Factor Loading < 7) or when the AVE is greater or equal to 0.5 (AVE  $\ge$  0.5). Table 5.3 shows that the Average Factor Loading of items under integrated marketing factor was 0.74 and this is greater than the value 0.7 (Ave. Factor Loading, 0.74 < 0.7); therefore convergent validity was established. This mean that the items (i.e. IM13, IM14, IM15, IM16, IM17 and IM18) loaded well under the construct (i.e. integrated marketing). Conversely, the discriminant validity of integrated marketing as a factor is established when the Average Variance Extracted (AVE) is greater than the Correlation Matrix Squared (AVE > Corr. Matrix Squared). Table 5.3 indicates that the AVE (0.55) of the items (IM13, IM14, IM15, IM16, IM17 and IM18) under integrated marketing factor was greater than the Correlation Matrix Squared (0.00) (AVE, 0.55 > Corr. Matrix Squared, 0.00). Thus, discriminant validity of integrated marketing factor was established. The establishment of discriminant validity indicates that the degree to which an item under the integrated marketing factor was empirically distinguishable from other items of the same factor was high. Additionally, the proof of discriminant validity ensures that the items (i.e. IM13, IM14, IM15, IM16, IM17 and IM18) under integrated marketing factor represents something unique (see chapter four - section 4.6.5).

## 5.4.1.4 Factor 4: Customer Focus

According to the results of the confirmatory factor analysis given in Table 5.3, the data passed the thresholds for sampling adequacy with six items under customer focus as a factor. The KMO measure of sampling adequacy was 0.86 (Table 5.3), thus confirming its appropriateness for a factor analysis. The approximate chi-square statistic of Bartlett's test of sphericity was highly significant (p = 0.000). Table 5.3 indicates that a total of six items including; CF19, CF20, CF21, CF22, CF23, and CF24 (see Appendix B) with respective factor loading values of 0.83, 0.78, 0.72, 0.70, 0.77, and 0.76 were loaded in this factor (i.e. Customer Focus). The factor loading value for all the items (i.e. CF19, CF20, CF21, CF22, CF23, and CF24) was greater than 0.50, which indicates that the items have acceptable relationship with the factor (i.e. customer focus). Thus, it is evident from Table 5.3 that the factor loadings of the items (i.e. CF19, CF20, CF21, CF22, CF23, and CF24) under customer focus as a factor indicates an acceptable degree of correspondence and relationship between the items and the factor. The reliability of items (i.e. CF19, CF20, CF21, CF22, CF23, and CF24) under this factor (customer focus) was determined using the Cronbach's alpha and composite reliability of testing. Table 5.3 shows that the Cronbach's alpha was 0.89 which is an indication that the factor items (CF19, CF20, CF21, CF22, CF23, and CF24) were reliable and highlighted internal consistency among the items assigned to the factor (i.e., customer focus). The reliance on Cronbach's alpha as a sole index of reliability is no longer sufficiently warranted (see chapter four - section 4.6.7). This requires that other indices of internal consistency be reported along with alpha coefficient, and that when a scale is composed of a large number of items, factor analysis should be performed and the appropriate internal consistency estimation method be applied. Furthermore, this approach, if adopted, will largely minimize and guard against uncritical use of Cronbach's alpha coefficient. Consequently, a composite reliability test was performed to ascertain the reliability of the items (CF19, CF20, CF21, CF22, CF23, and CF24) under this factor (customer focus). Table 5.3 shows that the composite reliability of the items (CF19, CF20, CF21, CF22, CF23, and CF24) under customer focus as a factor was 0.89 which is an indication that the items have high reliability (see chapter four - section 4.6.8).

The construct validity of the items (i.e., CF19, CF20, CF21, CF22, CF23, and CF24) in the factor (customer focus) was determined by employing convergent and discriminant validity. The convergent validity of customer focus as a factor was established when the average factor loading of the items was greater than 0.7 (Ave. Factor Loading > 0.7) or when the AVE of the construct was greater or equal to 0.5 (AVE  $\ge$  0.5). Table 5.4.1 shows that the average factor loading of items in this factor (i.e., customer focus) was 0.76 which is greater than 0.7 (Ave.

Factor Loading, 0.76 > 0.7). Similarly, Table 5.3 also shows that the AVE of the construct (i.e. customer focus) was 0.58 which is greater than 0.5 (AVE,  $0.58 \ge 0.5$ ). Thus, convergent validity of items in this factor (i.e. customer focus) was established. This indicates that the degree to which the six measures (i.e. CF19, CF20, CF21, CF22, CF23, and CF24) capture a common construct (i.e. customer focus) was high (see chapter four - section 4.6.4). On the other hand, discriminant validity of the items under customer focus as a factor was established when then Average Variance extracted (AVE) was greater than the correlation matrix square (AVE > Corr. Matrix Square). It is evident from Table 5.2 that the AVE of the items under customer focus factor was 0.58 which is greater than the items correlation matrix square value of 0.00 (AVE, 0.58 > Corr. Matrix Squared, 0.00). Hence, discriminant validity of the items (i.e. CF19, CF20, CF21, CF22, CF23, and CF24) under customer focus factor was established. Also, this implies that the establishment of discriminant validity is evidence that the six measures/items of customer focus were not unduly related to other similar, yet distinct, constructs. Conversely, the establishment of discriminant validity indicates that there was a high degree of unique contribution of items (i.e. CF19, CF20, CF21, CF22, CF23, and CF24) to the customer focus factor (see chapter four - section 4.6.5).

# 5.4.1.5 Factor 5: Market Focus

The results of confirmatory factor analysis given in Table 5.3 shows that the data on factor 5 (i.e. market focus) passed the thresholds for sampling adequacy. The KMO measure of sampling adequacy was 0.90, thus confirming the appropriateness and the approximate chi-square statistic of Bartlett's test of sphericity was highly significant (p = 0.000). Table 5.3 indicates that Factor 5 (market focus) was loaded on six items that reflect market focus with loading items including MF25, MF26, MF27, MF28, MF29, MF30 (see Appendix B) and corresponding factor loading values of 0.77, 0.78, 0.78, 0.80, 0.79 and 0.74. The factor loading values of all the items were greater than the cut off factor loading value of 0.50, which made them appropriate to be retained. Thus, the items (MF25, MF26, MF27, MF28, MF29, and MF30) as indicated in Table 5.3 showed a good representation of the factor (i.e. market focus).

The reliability of the items (i.e. MF25, MF26, MF27, MF28, MF29, and MF30) under market focus was evaluated by examining Cronbach's alpha coefficient ( $\alpha$ ) and composite reliability (CR). Cronbach's alpha coefficient was checked to examine the internal consistency of the items/variables under factor 5 (i.e. market focus). The result as evidenced in Table 5.3 indicates that the internal consistency was satisfactory and acceptable because the items/variables scored

more than 0.70. The Cronbach's alpha ( $\alpha$ ) coefficient of items under Factor 5 (i.e. market focus) was 0.90, exceeding the cut-off level recommended in chapter four - section 4.6.6 ( $\alpha = 0.90 > 0.70$ ). In the same vein, an acceptable standard value of composite reliability of 0.70, gave great confidence that the observable variables/items were all consistent with the construct of the model (see chapter four - section 4.6.7). Table 5.3 shows that the composite reliability of the observable variables/items (i.e. MF25, MF26, MF27, MF28, MF29, and MF30) under market focus (i.e. factor 5) was 0.90, which is greater than the cut-off composite reliability value of 0.7 (i.e. CR, 0.90 > 0.7). This proves and gives great confidence that the internal consistency of the items/variables (i.e. MF25, MF26, MF27, MF28, MF29, and MF30) under Market Focus (i.e. construct) was very high.

Similarly, the construct validity of the items under market focus as a factor/construct was estimated by examining the convergent and discriminant validity test. The convergent validity is achieved when the Average Factor Loading of items is greater than 0.7 (Ave. Factor Loading > 0.7). On the other hand, convergent validity could also be verified through Average Variance Extracted (AVE). The value of AVE should be greater or equal to 0.5 in order to achieve convergent validity (AVE  $\geq$  0.5) (see chapter four - section 4.6.4). Table 5.3 shows that the Average Factor Loading value of items/variables under market focus (i.e. Factor 5) was 0.78, which is greater than 0.7. This indicates that convergent validity was established (i.e. Ave. Factor Loading, 0.78 > 0.7). On the other hand, the AVE of the items under market focus (i.e. Factor 5) was 0.60, which is greater than 0.5 (i.e. AVE, 0.60 > 0.5).

Thus, this further confirms that convergent validity of the items (i.e. MF25, MF26, MF27, MF28, MF29, and MF30) under market focus (i.e. Factor 5) was established. This is an indication that the items (i.e. MF25, MF26, MF27, MF28, MF29, and MF30) under market focus (i.e. Factor 5) are highly correlated (see chapter four - section 4.6.4). The discriminant validity of the items under market focus (i.e. Factor 5) is established when the Average Variance Extracted is greater than the Correlation Matrix Squared (AVE > Corr. Matrix Squared). Table 5.3 shows that the AVE of the items under market focus (i.e. Factor 5) was 0.60, which is greater than the Correlation Matrix Squared value of 0.00 (AVE, 0.60 > Corr. Matrix Squared, 0.02). Thus, discriminant validity of the items (i.e. MF25, MF26, MF27, MF28, MF29, and MF30) under market focus (i.e. Factor 5) was established. Furthermore, this discriminant validity of the items shows that the contribution of the items to market focus as a construct (i.e. factor 5) is very unique.

#### 5.4.1.6 Factor 6: Value Proposition

According to the results of the confirmatory factor analysis that was given in Table 5.3, the data on items under value proposition (i.e., factor 6) passed the thresholds for sampling adequacy. The KMO measure of sampling adequacy was 0.90, thus, confirming the appropriateness and the approximate chi-square statistic of Bartlett's test of sphericity was highly significant (p = 0.000). Table 5.3 shows value proposition (i.e., Factor 6) was loaded on six items which consisted of VP31, VP32, VP33, VP34, VP35, VP36 (see Appendix B) with corresponding factor loading values of 0.76, 0.79, 0.77, 0.82, 0.73, and 0.78. The factor loading that falls outside of the interval bounded by  $\pm$  cutoff value was considered to be large and was thus retained. On the other hand, factor loading that does not meet the criterion indicates that the corresponding observed variable/item should not load on the corresponding common factor. The cut-off value is arbitrarily selected depending on the field of study, but ( $\pm 0.50$ ) seems to be preferred by many researchers. The factor load values of the items [VP31 (0.76), VP32 (0.79), VP33 (0.77), VP34 (0.82), VP35 (0.73), and VP36 (0.78)] under value proposition (i.e., factor 6) were all above the cut-off value of 0.50, thus all the items were retained. From Table 5.3, it is evident that all the items, i.e., VP31, VP32, VP33, VP34, VP35 and VP36 were related to value proposition as a factor. Thus, six items (VP31, VP32, VP33, VP34, VP35 and VP36) of value proposition (i.e., Factor 6) loaded significantly into one factor higher than the value of 0.50.

The reliability of the items (VP31, VP32, VP33, VP34, VP35 and VP36) under value proposition (i.e. Factor 6) was examined by employing Cronbach's alpha ( $\alpha$ ) and composite reliability (CR). The Cronbach's alpha measured the internal consistency or reliability between items (i.e. VP31, VP32, VP33, VP34, VP35 and VP36), measurements or ratings. In other words, it estimated how reliable were the responses of the questionnaire (or domain of a questionnaire), instrumentation or rating evaluated by subjects which indicated the stability of tools. The value of Cronbach's alpha ranged from zero to one with higher values implying the items were measuring the same dimension or factor. On the contrary, if the Cronbach's alpha value is low (near to 0), it means some or all the items are not measuring the same dimension of factor. On the other hand, Cronbach's alphas were calculated to evaluate the internal consistency of the instruments/items. The Cronbach alpha reliability classification occurred as follows: very low reliability ( $\alpha \le 0.30$ ); low reliability ( $0.30 < \alpha \le 0.60$ ); moderate reliability ( $0.60 < \alpha \le 0.75$ ); high reliability ( $0.75 < \alpha \le 0.90$ ) and very high reliability ( $\alpha > 0.90$ ) (see chapter four - section 4.6.6). Table 5.2 shows that the Cronbach's alpha ( $\alpha$ ) for the items (i.e. VP31, VP32, VP33, VP34, VP35 and VP36) under value proposition (i.e. factor 6) was  $\alpha =$ 

0.90, which infers that the items were measuring the same dimension or factor. This was indicative that the items had a strong relationship and high representation of the factor (i.e. value proposition). The internal consistency and reliability of the items (i.e. VP31, VP32, VP33, VP34, VP35 and VP36) under value proposition (i.e. Factor 6) was high (i.e.  $\alpha = 0.90$ ), thus supporting the assertion in chapter four - section 4.6.6 that high Cronbach's alpha reliability and internal consistency occur at  $0.75 < \alpha \le 0.90$ .

Cronbach's alpha assumes factor loadings to be the same for all items whereas composite reliability (CR) does not assume this but takes into consideration the varying factor loadings of the items. Composite reliability was therefore employed to ascertain the reliability of the items (i.e. VP31, VP32, VP33, VP34, VP35 and VP36) under value proposition (i.e. factor 6). The composite reliability ranges between 0 and 1, where a higher value indicates a higher level of reliability. Consequently, composite reliability values should be 0.7 or higher (CR  $\geq$  0.7). Since the composite reliability values of items (i.e. VP31, VP32, VP33, VP34, VP35 and VP36) under value proposition (i.e. Factor 6) was 0.90 and greater than 0.7, as shown in Table 5.3, the condition of internal consistency and reliability was met (see chapter four - section 4.6.7). The construct validity of the items (i.e. VP31, VP32, VP33, VP34, VP35 and VP36) under value proposition (i.e. Factor 6) is established by employing convergent and discriminant validity tests. In order to establish convergent validity, the average factor loading value of the items under value proposition (i.e. Factor 6) should be greater than 0.7 (Average Factor Loading > 0.7). Convergent validity is also established when the Average Variance Extracted (AVE) exceed or equals to 0.50 (AVE  $\geq 0.5$ ). Table 5.2 shows that the Average Factor Loading of the items (i.e. VP31, VP32, VP33, VP34, VP35 and VP36) under Value Proposition (i.e. Factor 6) was 0.77, which is greater than the cut-off value of 0.7. In the same vein, Table 5.3 shows that the Average Variance Extracted (AVE) of items under value proposition (i.e. Factor 6) was 0.60, which is greater than the cut-off value of 0.5. As a result, convergent validity of items under value proposition (i.e. Factor 6) was established. This established that there was a high level of correlation of multiple indicators/items (i.e. VP31, VP32, VP33, VP34, VP35 and VP36) of the same construct (i.e. value proposition) that were in agreement (see chapter four section 4.6.4).

The discriminant validity of the items (i.e. VP31, VP32, VP33, VP34, VP35 and VP36) under value proposition (i.e. Factor 6) is established when the Average Variance Extracted (AVE) is greater than the Correlation Matrix Squared (AVE > Corr. Matrix Squared). Table 5.2 shows that the AVE value of items under value proposition (i.e. Factor 6) was 0.60, which is greater than the Correlation Matrix Squared which was 0.00 (AVE, 0.60 > Corr. Matrix Squared, 0.00).

Consequently, the discriminant validity of items under value proposition (i.e. factor 6) was established. This also established that the items (VP31, VP32, VP33, VP34, VP35 and VP36) were unique and differed from each other empirically (see chapter four - section 4.6.5).

# 5.4.2 Factor Analysis, Reliability and Validity of Dependent Variables

As indicated in chapter one – section 1.2, there are four performance areas of food processing SMEs that can be used to assess the effectiveness of innovative marketing practised by food processing SMEs. The four performance areas include financial performance, customer performance, internal business process performance, and learning and growth performance were adopted in this research study as dependent variables measuring food processing SME performance. Confirmatory factor analysis (CFA), used to establish the dimensionality of performance, is discussed below.

	Items	Factor	Cronbach		Composite	Average		Correlation
Factors		load	$\Delta \ln ha (\alpha)$	KMO		Factor	AVE**	Matrix
		1044	Aipila (u)		Rendonity	load*		Square
	FP37	0.50	0.90	0.93	0.92	0.78	0.62	0.00
	FP38	0.84						
Financial	FP39	0.82						
Financial	FP40	0.81						
renomiance	FP41	0.79						
	FP42	0.86						
	FP43	0.84						
	CP44	0.81	0.91	0.91	0.91	0.76	0.58	0.00
	CP45	0.77						
Customer	CP46	0.84						
Performance	CP47	0.77						
	CP49	0.74						
	CP50	0.70						
	IBPP51	0.74	0.91	0.92	0.91	0.73	0.53	0.00
	IBPP52	0.73						
Internal	IBPP53	0.60						
	IBPP54	0.79						
Business	IBPP55	0.75						
Process	IBPP56	0.77						
Performance	IBPP57	0.77						
	IBPP58	0.68						
	IBPP59	0.71						
	LGP60	0.74	0.91	0.91	0.91	0.73	0.54	0.00
	LGP61	0.71						
	LGP62	0.77						
Learning &	LGP63	0.72						
Growth	LGP64	0.60						
Performance	LGP65	0.73						
	LGP66	0.80						
	LGP67	0.78						
	LGP68	0.81						

# Table 5.4: Factor Analysis, Reliability, and Validity of Dependent Variables (see Appendix B)

\*Average factor loading > 0.7, convergent validity established,

\*\*Average Variance Extracted (AVE) > Correlation matrix squared; discriminant validity established

# 5.4.2.1 Factor 1: Financial Performance

According to the results of the confirmatory factor analysis that is given in Table 5.4, the data passed the thresholds for sampling adequacy with four items/variables under financial performance as a factor (i.e. Factor 1). The KMO measure of sampling adequacy was 0.93, thus confirming the appropriateness, the approximate chi-square statistic of Bartlett's test of sphericity was highly significant (p=0.000). Factor 1 (financial performance) was loaded on seven items/variables which involve FP37, FP38, FP39, FP40, FP41, FP42, and FP43 (see Appendix B) with corresponding factor loading values of 0.50, 0.84, 0.82, 0.81, 0.79, 0.86, and 0.84 respectively. Factor loading that falls outside of the interval bounded ( $\pm$  cutoff value) is considered to be large and is thus retained. On the other hand, a factor loading that does not meet the criterion indicates that the corresponding observed variable/item should not load on the corresponding common factor. The appropriate cutoff factor loading value is 0.5. Table 5.4 shows that the corresponding factor loading values of all the items [i.e. FP37 (0.50), FP38 (0.84), FP39 (0.82), FP40 (0.81), FP41 (0.79), FP42 (0.86), and FP43 (0.84)] under Factor 1 (i.e. financial performance) all exceeded the cutoff factor loading value of 0.5, thus, all the seven items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) were retained. Thus, the seven items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) of Factor 1 load significantly into one factor higher than the factor loading value of 0.50.

The reliability of the items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under factor 1 was established using Cronbach's alpha ( $\alpha$ ) and composite reliability (CR). Chapter one section 1.81.7 indicates that an acceptable value for Cronbach's alpha ( $\alpha$ ) is 0.7 or higher. Table 5.4 shows that the Cronbach's alpha (α) of items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under factor 1 (i.e. financial performance) is  $\alpha = 0.90$ , which is greater than the cutoff value of 0.7. The Cronbach's alpha ( $\alpha = 0.74$ ) shows that the internal consistency of the items under Factor 1 (i.e. Financial Performance) is acceptable. Even though there is a lot of debate concerning the best technique to calculate reliability, the Cronbach's alpha coefficient ( $\alpha$ ) is the universal method used although it may underestimate reliability (see chapter four section 4.6.8). Conversely, the composite reliability is typically used in conjunction with SEM-PLS (Structural Equation Model-Partial Least Squares) models. This technique is more vigorous than Cronbach's alpha ( $\alpha$ ) (see chapter four – section 4.6.8). The composite reliability coefficient was therefore selected to ascertain the internal consistency reliability of items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under financial performance as a factor. Table 5.4.2 shows that the composite reliability value of items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under factor 1 was 0.92. This indicates an acceptable internal

consistency reliability of items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under factor 1 since composite reliability (CR) is greater than 0.7 (CR, 0.92 > 0.7).

Construct validity of the items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under Factor 1 was established by employing convergent and discriminant validity tests. The convergent validity is achieved when all items in a measurement model are statistically significant (see chapter four - section 4.6.4). The convergent validity of items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) was verified through Average Factor Loading and Average Variance Extracted (AVE). The validity of a particular measurement scale is regarded as convergent as soon as indicator's items average factor loadings are high (i.e., Average Factor Loading > 0.7) on their related constructs. For convergent validity of items under a factor/construct to be established, the Average Variance Extracted (AVE) value should be greater or equal to 0.5 (AVE  $\geq$  0.5) so that it is adequate for convergent validity. Table 5.4 shows that the Average Factor Loading of the items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under Factor 1 was 0.78, which is greater than 0.7 (i.e. Average Factor Loading, 0.78 < 0.7). On the other hand, it is evident from Table 5.4 that the AVE of the items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under Factor 1 was 0.62, which is greater than 0.5 (AVE, 0.62 > 0.50). Hence, convergent validity of items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under Factor 1 (i.e. financial performance) was established since Average Factor Loading = 0.78 > 0.7 and AVE = 0.62 > 0.5. This also means that the items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) correlate well under Factor 1 (i.e. financial performance). Discriminant validity is another criterion that assesses the degree to which a variable is truly not the same from other variables. The discriminant validity of the items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under Factor 1 (i.e. financial performance) was ascertained using AVE and it should be greater than the Correlation Matrix Squared (see chapter four - section 4.6.5). Table 5.4 shows that the AVE of items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under Factor 1 (i.e. financial performance) was 0.62, which is greater than the Correlation Matrix Squared value of 0.00 (i.e. AVE (0.62) > Correlation Matrix Squared (0.00)). Thus, the discriminant validity of the items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under Factor 1 (i.e. financial performance) was established. The establishment of discriminant validity suggests that the items (i.e. FP37, FP38, FP39, FP40, FP41, FP42, and FP43) under Factor 1 (i.e. financial performance) are distinct and captured some phenomena that other items did not (see chapter four - section 4.6.5).

# 5.4.2.2 Factor 2: Customer Performance

As stated by the results of the confirmatory factor analysis that is given in Table 5.4, the data passed the thresholds for sampling adequacy with six items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50; see Appendix B) under customer performance as a factor. The KMO measure of sampling adequacy was 0.91, thus confirming its appropriateness. High KMO values (close to 1.0) generally indicate that a factor analysis may be useful with the given data. Conversely, small values of KMO (less than 0.5) indicate that the correlation between pairs of variables/items cannot be explained by other variables/items and that factor analysis may not be appropriate and a KMO value close to 1 means a compressed correlation pattern, hence factor analysis is deemed appropriate and reliable. Thus, the KMO value (0.91) of items/variables (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) under customer performance factor is close to 1, therefore, factor analysis was deemed appropriate and reliable. The approximate chi-square statistic of Bartlett's test of sphericity was highly significant (p = 0.000). Bartlett's test of sphericity was significant which supports the factorability of the data set and implies the presence of non-zero correlation among the items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) and a high level of homogeneity among items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) under customer performance as a factor. Factor loading of items under Factor 2 (i.e. customer performance) indicates the degree of correspondence between the item and the factor and the strength of the relationship between the items and the factor. Items under customer performance factor which exhibited low factor loading (<0.50) were eliminated. Table 5.4 shows that the items under customer performance factor included: CP44, CP45, CP46, CP47, CP48, CP49, and CP50 with corresponding factor loading values of 0.81, 0.77, 0.84, 0.77, 0.74 and 0.70. It is evident from Table 5.4 that the factor loading values of the items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) under customer performance factor were all greater than the cutoff value of 0.50, thus the items were retained. Therefore, the items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) are represented by Factor 2 (i.e. customer performance) and this supports the earlier stated assertion that the higher the factor loading, the claim that the item is represented by the factor which is assigned to it is more reliable.

The reliability of items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) under Factor 2 (i.e. customer performance) was examined by using Cronbach's alpha ( $\alpha$ ) and composite reliability tests. In assessing a multi-item scale, internal consistency reliability assessment is the first step to be undertaken so as to avoid additional dimensions produced by factor analysis due to "garbage" items and is measured through the coefficient alpha ( $\alpha$ ). A six-factor model

requires acceptable reliability for each scale (i.e.  $\alpha \ge 0.7$ ). An acceptable value for Cronbach's alpha ( $\alpha$ ) is 0.7 or higher. Table 5.4 shows that the Cronbach's alpha ( $\alpha$ ) for items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) representing Factor 2 (i.e. customer performance) is 0.91 was greater than the cutoff value for Cronbach's alpha (i.e. 0.7). Thus, internal consistency of the items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) under Factor 2 (i.e. customer performance) was high and acceptable (i.e.  $\alpha = 0.91 > 0.7$ ).

Cronbach's alpha ( $\alpha$ ) is based on the assumption of equal reliability of all the indicators whereas Partial Least Squares-Structural Equation Model (PLS-SEM) ranks each of the indicators on the basis of their individual reliability (see chapter four-section 4.6.7). Moreover, it is recommended that Cronbach's alpha ( $\alpha$ ) be used as a conservative measure of internal consistency reliability due to its sensitivity to the number of items in the scale and its tendency to underestimate the internal consistency reliability (see chapter four-section 4.6.7). As a consequence of these limitation, composite reliability is a more suitable measure of internal consistency reliability (see chapter four-section 4.6.8). Table 5.4 shows that the composite reliability of items under Factor 2 (i.e. customer performance) is 0.91, which is greater than the cutoff value of 0.7 (CR = 0.91 > 0.7). Thus, there is high reliability among the items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) under customer performance (i.e. Factor 2) and this supports the assertion in chapter 1-section 1.8.1.7 that composite reliability values exceeding 0.7 indicate a higher level of reliability. The construct validity of the items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) under Factor 2 (i.e. customer performance) was examined using convergent and discriminant validity tests. Convergent validity is established as soon as the average factor loading of the indicator's (i.e. factor's) items is greater than 0.7 (i.e. Average Factor Loading > 0.7). In the same vein, to realise adequate convergent validity, AVE (i.e. Average Variance Extracted) for each underlying construct/factor must be 0.50 or more. Table 5.4 shows that the Average Factor Loading of the items under customer performance factor was 0.76, which is greater than 0.7 (Average Factor Loading = 0.76 > 0.7). Thus, this indicates that convergent validity was established and this suggests that the items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) under Factor 2 (i.e. customer performance) were highly correlated and related. Similarly, the AVE of the items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) under Factor 2 (i.e. customer performance) was 0.58, which is greater than cutoff value of 0.50 (AVE = 0.58 > 0.50). Therefore, this also points out that convergent validity was established, which suggests high correlation of the items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) under customer performance as a factor (see chapter four-section 4.6.4).

Discriminant validity as the extent to which a particular construct differs from another construct. The discriminant validity is established when the AVE of the items (i.e. CP44, CP45, CP46, CP47, CP48, CP49, and CP50) under Factor 2 (i.e. customer performance) is greater than the Correlation Matrix Squared of the same items under the same factor. The rationale behind this approach is that a construct or factor has more in common with its related items or measures than with other constructs. Table 5.4 illustrates that the AVE of items (i.e. CP44, CP45, CP45, CP46, CP47, CP48, CP49, and CP50) under Factor 2 (i.e. customer performance) was 0.58 (i.e. AVE = 0.58), which is greater than the Correlation Matrix Squared value of 0.00. Thus, discriminant validity between the items under customer performance factor was established, which suggests an item under customer performance is distinct and captures some phenomena that other items do not (see chapter four-section 4.6.5).

# 5.4.2.3 Factor 3: Internal Business Process Performance

According to the results of the confirmatory factor analysis that are given in Table 5.3, the data passed the thresholds for sampling adequacy with nine items under Internal Business Process Performance as a factor. The KMO measure of sampling adequacy is the index used to examine the appropriateness of factor analysis for internal business process performance as a factor. This index ranges from 0 to 1. High values (from 0.5 to 1.0) indicate factor analysis is appropriate. The value which is equal to 0.80 or above is considered meritorious. From Table 5.4, the KMO Measure of Sampling Adequacy was 0.92 which is a good result of the study. The significant value is 0.000 which is significant at 95% confidence level. A statistically significant Bartlett's test of sphericity indicates that sufficient correlation exists among the variables to proceed with factor analysis.

Factor loadings are part of the outcome from factor analysis, which serves as a data reduction method designed to explain the correlations between observed variables using smaller number of factors. Items exhibiting low factor loading (<0.5) were eliminated. Items that did not meet the criteria discussed above were not considered for further analysis. Table 5.4 shows that Internal Business Process Performance (i.e. Factor 3) was loaded with nine items which are IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP (see Appendix B) with corresponding factor load values of 0.74, 0.73, 0.60, 0.79, 0.75, 0.77, 0.77, 0.68, and 0.71 respectively. Thus, it is evident from Table 5.3 that the factor loading values of the items (i.e. IBPP51, IBPP52, IBPP52, IBPP53, IBPP54, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) under Internal Business Process Performance (i.e. Factor 3) were greater than the cutoff

value of 0.5. The items (i.e. IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) were therefore retained. The high factor loading of the items (i.e. IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) also attest that the items were represented by the factor (i.e. Internal Business Process Performance) which was assigned to it and these items were more reliable.

The reliability of items (i.e. IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) under Factor 3 (i.e. Internal Business Process Performance) was examined using Cronbach's alpha and Composite reliability. Cronbach's alpha was used as a measure to assess the reliability, or consistency of test items (i.e. IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) under Internal Business Process Performance (i.e. Factor 3). In other words, the reliability of the items/measurement (i.e. IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) refers to the extent to which it is a consistent measure of a concept (i.e. Internal Business Process Performance), and Cronbach's alpha is one way of measuring the strength of that consistency (see chapter foursection 4.6.7). Table 5.4 shows that the Cronbach's alpha of items (i.e. IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) under Internal Business Process Performance is  $\alpha = 0.91$ . The resulting  $\alpha$  coefficient of reliability ranges from 0 to 1 in providing this overall assessment of measure's reliability. If all of the scale items (i.e. IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) are entirely independent from one another, (i.e., are not correlated or share no covariance), the  $\alpha = 0$ ; and if all of the items have high covariance, then  $\alpha$  will approach 1 as the number of items in the scale approaches infinity. In other words, the higher the  $\alpha$  coefficient (i.e.  $\alpha = 0.91$ ), the more the items (i.e. IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) have shared covariance and also measure the same underlying concept (i.e. Internal **Business Process Performance**).

The Cronbach's alpha is analytically handicapped to capture important measurement errors and scale dimensionality, and how it is not invariant under variations of scale length, inter-item correlation, and sample characteristics. The reliance on Cronbach's alpha as a sole index of reliability is no longer sufficiently warranted (see chapter four-section 4.6.8). This requires that other indices of internal consistency be reported along with the alpha coefficient. Composite reliability (CR) was therefore used along with Cronbach's alpha to establish the reliability of the items (i.e. IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) under Internal Business Process Performance (i.e. Factor 3). Table 5.4 indicates that the

composite reliability value of items (i.e. IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) under Internal Business Process Performance as a Factor/Construct was CR = 0.91. The value of 0.70 of composite reliability was regarded as acceptable (See chapter four-section 4.6.8). Composite reliability should be above the benchmark of 0.7 to be regarded acceptable. The composite reliability of the construct (i.e. Internal Business Process Performance) was greater than 0.7 (i.e. CR (0.91) > 0.7). Since the composite reliability value (i.e. CR = 0.91) of the construct (i.e. Internal Business Process Performance) was higher than 0.7, as shown in Table 5.4, the condition of internal consistency was met (see chapter 4-section 4.6.8).

Convergent and discriminant validity tests were used to establish the validity of the construct Internal Business Process Performance (i.e. Factor 3). Convergent validity was applied to determine the extent to which the nine measures (i.e. IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) captured Internal Business Process Performance as a common construct. In order to ascertain convergent validity of Internal Business Process Performance, average factor loading and average variance extracted was used as a criterion (see chapter four-section 4.6.4). The average factor loading of the items (i.e. IBPP51, IBPP52, IBPP53, IBPP54, IBPP55, IBPP56, IBPP57, IBPP58, and IBPP) under Internal Business Process Performance must be greater than 0.7 (i.e. Ave. Factor Loading > 0.7). Similarly, the value of Average Variance Extracted (AVE) greater than 0.5 establishes the convergent validity, where it demonstrates that the construct (i.e. Internal Business Process Performance) is able to describe greater than half of the variance of its variables. Table 5.4 indicates that the Average Factor Loading value of Internal Business Process Performance as a construct was 0.73 which is greater than 0.7 (i.e. Ave Factor Loading = 0.73 > 0.7). Thus, the convergence validity of the construct Internal Business Process Performance was established. Also, from Table 5.4, the Average Variance Extracted (AVE) of the construct Internal Business Process Performance was 5.4 which is greater than 5.0 (AVE = 5.3 > 5.0). Conversely, an AVE of lesser value than 0.50 indicates that more error remains in the items than the average variance explained by the constructs. As such, the rule of thumb is that an AVE value greater or equal to 0.50 is acceptable, thus the convergent validity of construct Internal Business Process Performance was established (see chapter four-section 4.6.4).

The discriminant validity of the construct Internal Business Process Performance was assessed by comparing the average variance extracted (AVE) with correlation matrix squared. The AVE of the construct (i.e. Internal Business Process Performance) should be greater than its correlation matrix squared to evidence discriminant validity (i.e. AVE > Correlation Matrix Squared). Table 5.4 shows that the AVE value of the construct Internal Business Process Performance was 0.53 which is greater than its correlation matrix squared value of 0.00 (AVE, 0.53 >Correlation Squared Matrix, 0.00). Thus, the discriminant validity of the construct Internal Business Process Performance was established. This establishes that the phenomenon captured by the construct Internal Business Process Performance was unique and is not represented by the other constructs in the model (see chapter four-section 4.6.5).

#### 5.4.2.4 Factor 4: Learning and Growth Performance

According to the confirmatory factor analysis that is given in Table 5.4, the data on the construct/factor Learning and Growth performance passed the thresholds for sampling adequacy with nine items (i.e. LGP60, LGP61, LGP62, LGP63, LGP64, LGP65, LGP66, LGP67, and LGP68; see Appendix B). The nine (9) items to assess the Learning and Growth Performance were subjected to Confirmatory Factor Analysis (CFA). Confirmatory factor analysis was employed to further examine and purify the scale. CFA can be applied to the reduction of data through identification of representative variables from a larger set of variables for further application of multivariate analysis. The ultimate objective is to maintain the character and nature of the original variables as well as reducing their number to simplify for the multivariate analysis. For this purpose, Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO) tests of sampling adequacy were taken into consideration. In addition, the test value of Bartlett's test of sphericity gives the evidence about correlation matrix under study. Table 5.4 shows that the outcomes for construct/factor Learning and Growth Performance and demonstrates that the value 0.91 of KMO test of sampling adequacy was extremely good. The KMO value lies between 0 and 1. KMO values within 0.5 to 0.7 are mediocre, 0.7 and 0.8 are good, 0.8 and 0.9 are great and above 0.9 is superb. For the dataset of the construct/factor Learning and Growth Performance with nine items (i.e. LGP60, LGP61, LGP62, LGP63, LGP64, LGP65, LGP66, LGP67, and LGP68), the value (i.e. KMO = 0.91) lies in the category of 'superb' making it possible to run the principal component analysis. The Bartlett's test checks that the R matrix is not an identity matrix that will lead to zero correlation coefficients. Since the Bartlett's test was highly significant (p = 0.00) for the construct Learning and Growth Performance data set, it was a good idea to go in for factor analysis.

Table 5.4 shows that Factor 4 (i.e. Learning and Growth Performance) was loaded on nine items which are LGP60, LGP61, LGP62, LGP63, LGP64, LGP65, LGP66, LGP67, and LGP68 with corresponding factor loading values of 0.74, 0.71, 0.77, 0.72, 0.60, 0.73, 0.80, 0.78, and

0.81. Items with values less than 0.5 were dropped, starting from the smallest value until all the remaining items were greater than 0.5. It is evident from Table 5.3 that all nine items (i.e. LGP60, LGP61, LGP62, LGP63, LGP64, LGP65, LGP66, LGP67, and LGP68) had factor loading values greater than 0.5, thus, all nine items of the Learning and Growth Performance (i.e. Factor 4) were retained.

Cronbach's alpha and composite reliability were used to establish the reliability of the construct Learning and Growth Performance (i.e. Factor 4). Cronbach's alpha of the construct Learning and Growth Performance was calculated to evaluate the internal consistency of the instrument (i.e. LGP60, LGP61, LGP62, LGP63, LGP64, LGP65, LGP66, LGP67, and LGP68). It is a coefficient that measures the correlation between answers in a questionnaire through the analysis of the profile of the answers given by the respondents whose values vary from 0 to 1. The closer to 1, the greater the reliability of the indicators (i.e. LGP60, LGP61, LGP62, LGP63, LGP64, LGP65, LGP65, LGP66, LGP67, and LGP68). A generally accepted lower limit is 0.7, although it drops to 0.6 in exploratory research. The Cronbach's alpha reliability classification occurs as follows: Very low (a  $\leq$  0.30); Low (0.30 < a  $\leq$  0.60); Moderate (0.60 < a  $\leq$  0.75); High (0.75 < a  $\leq$  0.90) and Very high (a > 0.90). Table 5.3 shows that the Cronbach's alpha of the construct Learning and Growth Performance was 0.91. Thus, the reliability and internal consistency of the indicators/items (i.e. LGP60, LGP61, LGP62, LGP64, LGP65, LGP64, LGP65, LGP66, LGP67, and LGP68) reflecting Learning and Growth Performance (Factor 4) was very high.

Conversely, Cronbach's alpha is used as a conservative measure of internal consistency reliability due to its sensitivity to the number of items in the scale and its tendency to underestimate the internal consistency reliability. As a consequence of these limitations, composite reliability is a more suitable measure of internal consistency reliability. The composite reliability also ranges between 0 and 1, where a higher value indicates a higher level of reliability. Composite reliability values should be 0.7 or higher. Table 5.4 shows that the composite reliability value of the construct Learning and Growth Performance was 0.91. Since the composite reliability value of the construct Learning and Growth Performance (0.91) was higher than 0.7, as shown in Table 5.4, the condition of internal consistency of items (i.e. LGP60, LGP61, LGP62, LGP63, LGP64, LGP65, LGP66, LGP67, and LGP68) was established (see chapter four-section 4.6.8).

The construct validity of Learning and Growth Performance was determined by employing convergent and discriminant tests. In order to establish the convergent validity of the construct

(i.e. Learning and Growth Performance) the Average Factor Load must be greater than 0.7 (Ave. Factor Load > 0.7). Similarly, another common measure to establish convergent validity on the construct level is the average variance extracted (AVE). AVE is "the grand mean value of the squared loadings of the indicators associated with the construct (i.e. the sum of the squared loadings divided by the number of the indicators". AVE value of 0.50 or higher means that more than half of the variance of the measures is explained by the construct. Table 5.4 shows that the average factor loading of the construct Learning and Growth (i.e. Factor 4) was 0.73, which is greater than 0.7 (Ave Factor Loading = 0.73 > 0.7). Therefore, a convergent validity was established, which means that the construct's (i.e. Learning and Growth Performance) high average factor loading is an indication that the construct's linked indicators/items (i.e. LGP60, LGP61, LGP62, LGP63, LGP64, LGP65, LGP66, LGP67, and LGP68) have a lot in common. Table 5.3 shows that the AVE value of the construct Learning and Growth Performance was 0.53, which is greater than 0.5 (AVE = 0.53 > 0.5). Since the AVE (0.53) is greater than 0.50, the condition of convergent validity was met. Thus, AVE value of 0.53 means that more than half of the variance of the measures/items (i.e. LGP60, LGP61, LGP62, LGP63, LGP64, LGP65, LGP66, LGP67, and LGP68) are explained by the construct Learning and Growth Performance.

On the other hand, a more conservative way of determining discriminant validity of the construct Learning and Growth Performance (i.e. Factor 4) is the Fornell-Larcker criterion. It involves a comparison of the AVE with the correlation matrix squared such that the AVE of the construct Learning and Growth should be greater or larger than its correlation matrix squared. Table 5.4 shows that the AVE value of 0.53 was greater/larger than the correlation matrix squared value of 0.00 (AVE = 0.53 > Corr. Matrix Squared = 0.00), therefore discriminant validity was established. The establishment of discriminant validity and the rationale behind this approach is that the construct Learning and Growth has more in common with its related measures/items (i.e. LGP60, LGP61, LGP62, LGP63, LGP64, LGP65, LGP66, LGP67, and LGP68) than with other constructs in the model.

# 5.5 **REGRESSION ANALYSIS**

In order to establish the relationship between the independent variables and dependent variables, a multiple regression analysis was used. Thus, a regression test was conducted to assess the impact that the independent variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and

value proposition (VP)] have on the dependent variables [i.e. financial performance (FP), customer performance (CP), internal business process performance (IBPP), and learning and growth performance (LGP)]. This aided in achieving the objectives of the study by testing the stated hypotheses.

#### 5.5.1 Relationship between Innovative Marketing and SME Performance

The main purpose of the study was to look at the impact of innovative marketing on the performance of SMEs focusing on those in the food processing sector. In order to achieve the objective of this study, a multiple linear regression was employed. This section of the chapter presents the multiple regression results and the discussion on how it either accepted or rejected the hypotheses. The regression results are presented in Table 5.5 below and discussed. The results of the study output as shown in Table 5.5 show that all the evaluation techniques were satisfactory.

# 5.5.1.1 Analysis of Correlation Coefficient (R), Coefficient of Determination (R-Square) and F-statistic

The goodness of fit of a regression equation is assessed by R and R-Squared. R indicates the correlation or relationship between the dependent variable and the independent variables and R-Squared shows how much of the dependent variable can be explained by the independent variables.

From the summary Table 5.5, the correlation coefficient (R) value between the entire innovative marketing variables [i.e. all six independent variables: marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] and financial performance (dependent variable) was 0.83. This indicates high relationship between the variables (i.e. all innovative marketing variables and financial performance). When the correlation coefficient, R value, falls within 0.3 to 0.7, it is considered moderate and when R > 0.7 it is considered high, thus there is high correlation between innovative marketing variables (i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP) and financial performance (dependent variable). The R-Square which indicates the extent to which financial performance (dependent variable) is explained by innovative marketing (i.e. all variables of innovative marketing) was 0.69. This

means that 69% of the variations in the dependent variable, that is financial performance (FP), are explained by the independent variables of innovative marketing (marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)). In addition, the F-statistic also supports a very good fit regression model. Table 5.5 shows that the F-test between innovative marketing variables (i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)) and financial performance (dependent variable) has a coefficient of 13.97 which is highly significant at 1% significance level with a p-value < 0.001. This, therefore, confirms the fact that the model has a good fit and that all the independent variables of innovative marketing (IM), customer focus (CF), market focus (MM), integrated marketing (IM), customer focus (CF), market focus (MM), integrated marketing (i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)) jointly explain the variation in the dependent variable (i.e. financial performance).

	Dependent Variables							
Independent variables					Internal Business Process		Learning & Growth	
	Financial Performance		Customer Performance		Performance		Performance	
	Unstandardized Coefficients Beta (ß)	<i>p</i> - value	Unstandardized Coefficients Beta (β)	<i>p</i> - value	Unstandardized Coefficients Beta (β)	<i>p</i> - value	Unstandardized Coefficients Beta (β)	<i>p</i> - value
Marketing								
Mix Variable	0.05	0.473	0.1	0.157	0.11*	0.077	0.09*	0.133
Marketing								
Modification	0.006	0.918	-0.06	0.268	0.03	0.589	0.05	0.281
Integrated								
Marketing	0.27***	0.001	0.23***	0.002	0.08	0.266	0.19***	0.004
Customer								
Focus	0.06	0.437	0.1	0.179	0.17**	0.012	0.14**	0.023
Market			0 10**					
Focus	0.14*	0.057	0.19	0.005	0.41****	< 0.001	0.27****	< 0.001
Value								
Proposition	0.2**	0.005	0.17**	0.012	0.08	0.18	0.25****	< 0.001
Constant								
(βο)	5.90E-10	1.00	-3.01E-09	1.00	2.57E-09	1.00	2.10E-09	1.00
R	0.83		0.79		0.74		0.70	
R-square								
Adj. R-	0.69		0.62		0.55		0.49	
square	0.28		0.28		0.42		0.48	
F	13.97		17.8		26.41		33.63	

Table 5.5: Multiple Regression of the Impact of Innovative Marketing on SME

\*p-value < 0.10, \*\*p-value < 0.05, \*\*\*p-value < 0.01 \*\*\*\*p-value < 0.001

# Performance

Source: Field Survey (2020)
Table 5.5 shows that the correlation coefficient value (R) between all innovative marketing variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] and customer performance (dependent variable) was 0.79. This indicates a high relationship between innovative marketing variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] and customer performance (dependent), thus, R = 0.79 > 0.7. The relationship is also positive, indicating that when innovative marketing variables increase, customer performance also increases, and the vice versa. The R-Square which indicates the extent to which customer performance is explained by innovative marketing variables was 0.62. This shows that 62% of the variation in the dependent variable, that is customer performance (CP), was explained by the independent variables of innovative marketing [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)]. The F-statistic also supports a very good fit regression model. The F-test has a coefficient of 17.8 which is highly significant at 1% significance level with p-value <0.001. This, therefore, confirms the fact that the model has a good fit and that all the independent variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] jointly explain the variation in the independent variable (i.e. customer performance).

From Table 5.5 it is evident that the correlation coefficient value (R) of all the innovative marketing variables [marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] and internal business process performance (dependent variable) was 0.74. This shows that there is a strong relationship between the variables of innovative marketing [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] and dependent variable (i.e. internal business process performance), thus the correlation coefficient R = 0.74 > 0.70. The relationship is also positive, indicating that when innovative marketing increases, internal business process performance also increase, and vice versa. The R-Squared indicates the variability in internal business process performance (i.e. dependent variables (MV), marketing modification (MM), integrated marketing mix variables (MV), marketing modification (MM), integrated marketing [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)]. The R-Squared figure presented in Table 5.5 is 0.55. This means that about 55% of the variations in the dependent variable, which is internal business process

performance (IBPP), are explained by the independent variables of innovative marketing [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)]. From Table 5.5, it is evident that the F-test has a coefficient of 26.41 which is highly significant at 1% significant level with a p-value < 0.001. This, therefore, confirms the fact that the model has a good fit and that all independent variables of innovative marketing [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] jointly explain the variation in the dependent variable (i.e. internal business process performance).

In the same vein, Table 5.5 shows the correlation coefficient (R) value of all innovative marketing variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] and learning and growth (i.e. dependent variable) is 0.70. When correlation coefficient (R) value falls within 0.3 and 0.7, it is considered moderate. Thus, this indicates a moderate relationship between all innovative marketing variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] and learning and growth performance (dependent variable). The relationships are also positive, indicating that when innovative marketing variables increases, learning and growth performance (dependent variable) also increase, and vice versa. R-Square (coefficient of determination) value is the most common measure for evaluating the structural model. Representing the predictive accuracy of the model, it is determined as the square of the correlation (R) between the actual and predicted values of the dependent variables. It is a measure of the variance in the dependent variable (i.e. learning and growth) accounted for by the associated independent variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)]. The value of R-Squared ( $\mathbb{R}^2$ ) lies between 0 and 1 where a higher value represents greater predictive accuracy. R-Squared value > 0.67 have a practical value (i.e. high explanatory power), the R-Squared value represents a moderate explanatory power between 0.33 and 0.66, R-Squared value between 0.19 and 0.32 represents weak explanatory power. The R-Squared figure presented in Table 5.5 between all innovative marketing variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] and learning and growth performance (i.e. dependent variable) was 0.49. Thus, the R-Squared value of 0.49 represents a moderate explanatory power. This means that 49% of the variations in the dependent variable, that is learning and growth performance (LGP), are

explained by the independent variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)]. In addition, the F-statistic for independent variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] and learning and growth performance also supports a very good fit regression model. Table 5.5 shows that the F-test for independent variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] and dependent variables [i.e. learning and growth performance) has a coefficient of 33.63 which is highly significant at 1% significance level with a p-value < 0.001. This, therefore, confirms the fact that the model has a good fit and that all the independent variables [i.e. marketing mix variables (MV), marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] jointly explain the variation in the dependent variable (i.e. learning and growth performance).

An assessment of the result presented in regression model 1 (Table 5.5) indicates that all the variables of innovative marketing [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] are statistically significant with financial performance (FP) (Adj.  $R^2 = 0.28$ ; F = 13.97; P < 0.001).

In the same vein, the assessment of the result presented in regression model 2 (Table 5.5) indicates that, with the exception of marketing modification (MM), all the variables of innovative marketing [i.e. marketing mix variables (MV), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] are statistically significant with customer performance (CP) (Adj.  $R^2 = 0.28$ ; F = 17.8; P < 0.001).

Again, the multiple regression results presented in regression model 3 (Table 5.5) shows that all the variables of innovative marketing [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] are statistically significant with internal business process performance (IBPP) (Adj.  $R^2 = 0.42$ ; F = 26.41; P < 0.001). Similarly, the assessment results presented in regression model 4 (Table 5.5) indicates that all the variables of innovative marketing [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] are statistically significant with learning and growth performance (LGP) (i.e. Adj.  $R^2 = 0.48$ ; F = 33.63; P <0.001). The analysis of the relationship between the various independent variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] and dependent variables [i.e. financial performance (FP), customer performance (CP), internal business process performance (IBPP), learning and growth performance (LGP)] are discussed in the next section.

## 5.5.1.2 Tests of Hypotheses

This section presents results of hypotheses and interpretations of the associations amid the different factors of the study. The hypotheses describe the relationship between variables of the study as conceptualized and presented in the conceptual model. The primary objective of this study was to investigate the impact of innovative marketing on the performance of Ghanaian food processing SMEs. Consequently, the study focused on six secondary objectives and twenty-four hypotheses (chapter one-section 1.4.2; chapter 3). The hypotheses were tested under four main relational headings which supports the four regression models for the study. Thus, the four main relational headings under which the hypotheses were tested comprise; the impact of innovative marketing (i.e. independent variable) on financial performance (i.e. dependent variable), the impact of innovative marketing (i.e. independent variable) on customer performance, the impact of innovative marketing (i.e. independent variable) and the impact of innovative marketing (i.e. independent variable) and the impact of innovative marketing (i.e. independent variable) on financial performance (i.e. dependent variable) on learning and growth performance (i.e. dependent variable) (see chapter four-section 4.5.5).

Innovative marketing as an independent variable is measured by six constructs, namely: marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP) while SME performance as a dependent variable is measured by financial performance (FP), customer performance (CP), internal business process performance (IBPP) and learning and growth performance (LGP). The numbering of the hypotheses was arranged to correspond with the hypotheses numbering proposed in chapter one and also to support the four regression models of the study. The theoretical framework indicating the proposed hypotheses is presented in figure 5.3 below.

## Figure 5.3: Conceptual Framework of the Impact of Innovative Marketing on Performance

## THEORETICAL RESEARCH MODEL



Source: Field Survey, 2020

## 5.5.1.2.1 Innovative Marketing and Financial Performance

The research aimed to establish the influence of innovative marketing variables including marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP) on financial performance (H1, H5, H9, H13, H17 and H21; see Figure 5.3). Six hypotheses were established from the literature reviewed and the conceptual framework. To test the six hypotheses (i.e. H1, H5, H9, H13, H17 and H21), multiple regression was computed.

## The Association between Marketing Modification and Financial Performance

The proposed study hypothesis established a positive relationship between marketing modification and financial performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

## H1: Marketing modification has a positive impact on financial performance

The proposed hypothesis indicated a significant positive impact or relationship between marketing modification and financial performance. However, Table 5.5 shows that marketing modification has a positive and insignificant relationship with financial performance (H1:  $\beta$  = 0.006, p-value > 0.1). The conducted research study established that the contribution of marketing modification practices or applications to financial performance among SMEs in the food processing sector is minimal at 0.6% (i.e.  $\beta$  = 0.006). The conducted research study also established that marketing modification is not an important factor that influences the financial performance of SMEs in the food processing sector (i.e. p-value > 0.1). The result, therefore, does not support H1 and as such H1 is rejected at 0.1 significant level.

## The Association between Marketing Mix Variables and Financial Performance

The proposed study hypothesis indicated a significant positive relationship between marketing mix variables and financial performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

## H5: Marketing mix variables have a positive impact on financial performance

The proposed hypothesis indicated a significant positive relationship between marketing mix variables and financial performance. It is evident from Table 5.5 that marketing mix variables have a positive and insignificant relationship with financial performance (H5:  $\beta$  = 0.05, p-value > 0.1). The conducted research study established that the contribution of marketing mix variables to financial performance among SMEs in the food processing sector is marginal at

5% (i.e.  $\beta = 0.05$ ). The conducted research study also established that marketing mix variables is not an important factor that influences the financial performance of SMEs in the food processing sector (i.e. p-value > 0.1). The results, therefore, do not support H5 and as such H5 is rejected at 0.1 significant level.

#### The Association between Customer Focus and Financial Performance

The proposed study indicated that customer focus has a significant positive relationship with financial performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

#### H9: Customer focus has a positive impact on financial performance

The proposed hypothesis indicated a significant positive relationship between customer focus and financial performance. However, Table 5.5 above indicates that customer focus has a positive and insignificant relationship with financial performance (H9:  $\beta = 0.06$ , p-value > 0.1). The conducted research study established that the contribution of customer focus to financial performance among SMEs in the food processing sector is minimal at 6% (i.e.  $\beta = 0.06$ ). In addition, the conducted research study also established that customer focus is not an important factor that influences the financial performance of SMEs in the food processing sector (i.e. pvalue > 0.1). The results, therefore, do not support H9 and as such H9 is rejected at 0.1 significant level.

#### The Association between Integrated Marketing and Financial Performance

The proposed study indicated that integrated marketing has a significant positive relationship with financial performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

#### H13: Integrated marketing has a positive impact on financial performance

The proposed hypothesis indicated a significant positive relationship between integrated marketing and financial performance. It is evident from Table 5.5 that integrated marketing has a highly positive and significant relationship with financial performance (H13:  $\beta = 0.27$ , p-value < 0.01). The conducted research study established that the contribution of integrated marketing to financial performance among SMEs in the food processing sector is very high at 27% ( $\beta = 0.27$ ). Again, the conducted research study established that integrated marketing is a very important factor that influences the financial performance of SMEs in the food processing

sector. The result is significant at 99.9% (p-value < 0.01) confidence level. The results of the study, therefore, supports H13 and as such H13 is accepted at p < 0.01 significant level.

## The Association between Market Focus and Financial Performance

The proposed study hypothesis indicated that market focus has significant positive relationship with financial performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

## H17: Market focus has a positive impact on financial performance

The proposed hypothesis indicated a significant positive relationship between market focus and financial performance. However, Table 5.5 above indicates that market focus has a positive and significant relationship with financial performance (H17:  $\beta = 0.14$ , p-value < 0.1). The conducted research study established that the contribution of market focus to financial performance of SMEs in the food processing sector was at 14% ( $\beta = 0.14$ ). Additionally, the conducted research study also established that market focus is an important factor that influences the financial performance of SMEs in the food processing sector. The result is significant at 90% (p-value < 0.1) confidence level. The results of the study, therefore, supports H17 and as such H17 is accepted at p < 0.1 significant level.

## The Association between Value Proposition and Financial Performance

The proposed study hypothesis indicated that value proposition has a significant positive relationship with financial performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

## H21: Value proposition has a positive impact on financial performance

The proposed hypothesis indicated a significant positive relationship between value proposition and financial performance. It is evident from Table 5.5 that value proposition has a positive and significant relationship with financial performance (H21:  $\beta = 0.20$ , p-value < 0.01). The conducted research study established that the contribution of value proposition to financial performance of SMEs in the food processing sector was high at 20% ( $\beta = 0.20$ ). Again, the conducted research study also established that value proposition is an important factor that influences the financial performance of SMEs in the food processing sector. The result is significant at 95% (p-value < 0.01) confidence level. The results of the study, therefore, supports H21 and as such H21 is accepted at p < 0.01 significant level.

From the results of the study in Table 5.5, the regression model 1 established variations in financial performance as a result of the impact of innovative marketing variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] is fitted as follows:

 $FP_i = 5.90 + 0.05MV_i + 0.006MM_i + 0.06CF_i + 0.27IM_i + 0.14MF_i + 0.20VP_i$ .....(1) Where:  $FP_i =$  Financial Performance = Y;  $MV_i =$  Marketing Mix Variables;  $MM_i =$  Marketing Modification;  $CF_i =$  Customer Focus;  $IM_i =$  Integrated Marketing;  $MF_i =$  Market Focus and  $VP_i =$  Value Proposition.

 $\beta_0$  (Constant) = y-intercept = 5.90

 $\beta_1 = 0.05 =$  an estimate of 5% expected increase in financial performance of SMEs in the food processing sector corresponding to an increase in marketing mix variables.

 $\beta_2 = 0.006 =$  an estimate of 0.6% expected increase in financial performance of SMEs in the food processing sector corresponding to an increase in marketing modification.

 $\beta_3 = 0.06 =$  an estimate of 6% expected increase in financial performance of SMEs in the food processing sector, corresponding to an increase in customer focus.

 $\beta_4 = 0.27 =$  an estimate of 27% expected increase in financial performance of SMEs in the food processing sector, corresponding to an increase in integrated marketing.

 $\beta_5 = 0.14 =$  an estimate of 14% expected increase in financial performance of SMEs in the food processing sector, corresponding to an increase in market focus.

 $\beta_6 = 0.20 =$  an estimate of 20% expected increase in financial performance of SMEs in the food processing sector, corresponding to an increase in value proposition.

## 5.5.1.2.2 Innovative Marketing and Customer Performance

The research aimed to establish the influence of innovative marketing variables including marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP) on customer performance (CP) (i.e. H2, H6, H10, H14, H18 and H22; see figure 5.3). Six hypotheses were established from literature reviewed and the conceptual framework. To test the six hypotheses (H2, H6, H10, H14, H18 and H22), multiple regression was computed (see Table 5.5).

#### The Association between Marketing Modification and Customer Performance

The proposed study indicated that marketing modification has a significant positive relationship with customer performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

#### H2: Marketing modification has a positive impact on customer performance

The proposed hypothesis indicated a significant positive relationship between marketing modification and customer performance. It is evident from Table 5.5 that marketing modification has a negative and insignificant relationship with customer performance (H2:  $\beta$  = -0.06, p-value > 0.1). The conducted research study established that marketing modification contributes negatively to customer performance, thus reducing the effect on customer performance by negative 6% ( $\beta$  = -0.06). Additionally, the conducted research study also established that marketing modification is not an important factor that influences customer performance of SMEs in the food processing sector (p-value > 0.1). The result, therefore, does not support H2 and as such H2 is rejected at 0.1 significance level.

#### The Association between Marketing Mix Variables and Customer Performance

The proposed study hypothesis indicated that marketing mix variables have a significant positive relationship with customer performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

#### H6: Marketing mix variables have a positive impact on customer performance

The proposed hypothesis indicated a significant positive relationship between marketing mix variables and customer performance. However, Table 5.5 indicates that marketing mix variables have a positive and insignificant relationship with customer performance (H6:  $\beta$  = 0.10, p-value > 0.1). The conducted research study established that the contribution of marketing mix variables to customer performance of SMEs in the food processing sector was 10% ( $\beta$  = 0.10). The conducted research study also established that marketing mix variables is not an important factor that influences customer performance of SMEs in the food processing sector (i.e. p-value > 0.1). The result, therefore, does not support H6 and as such H6 is rejected at 0.1 significant level.

## The Association between Customer Focus and Customer Performance

The proposed study hypothesis indicated that customer focus has significant positive relationship with customer performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

#### H10: Customer focus has a positive impact on customer performance

The proposed hypothesis indicated a significant positive relationship between customer focus and customer performance. However, Table 5.5 indicates that customer focus has a positive and insignificant relationship with customer performance (H10:  $\beta = 0.10$ , p-value > 0.1). The conducted research study established that the contribution of customer focus to customer performance of SMEs in the food processing sector is 10% ( $\beta = 0.10$ ). The conducted research study also established that customer focus is not an important factor that influences customer performance of SMEs in the food processing sector (i.e. p-value > 0.1). The result, therefore, does not support H10 and as such H10 is rejected at 0.1 significant level.

## The Association between Integrated Marketing and Customer Performance

The proposed study hypothesis indicated that integrated marketing has significant positive relationship with customer performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

## H14: Integrated marketing has a positive impact on customer performance

The proposed hypothesis indicated a significant positive relationship between integrated marketing and customer performance. Table 5.5 above depicts that integrated marketing has a positive and significant relationship with customer performance (H14:  $\beta = 0.23$ , p-value < 0.01). The conducted research study established that the contribution of integrated marketing to customer performance of SMEs in the food processing sector is high at 23% ( $\beta = 0.23$ ). The conducted research study also established that integrated marketing is an important factor that influences the customer performance of SMEs in the food processing sector. The result is, therefore, significant at 99% (i.e. p-value < 0.01) confidence level. The results of the study, therefore, support H14 and as such H14 is accepted at p < 0.01 significant level.

## The Association between Market Focus and Customer Performance

The proposed study indicated that market focus has significant positive relationship with customer performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

#### H18: Market focus has a positive impact on customer performance

The proposed hypothesis indicated a significant positive relationship between market focus and customer performance. Table 5.5 shows that market focus has a positive and significant relationship with customer performance (H18:  $\beta = 0.19$ , p-value < 0.01). The conducted research study established that the contribution of market focus to customer performance of SMEs in the food processing sector was high at 19% ( $\beta = 0.19$ ). Thus, the conducted research study also established that market focus is an important factor that influences the customer performance of SMEs in the food processing sector. Thus, the result is significant at 95% (i.e.

p-value < 0.01) confidence level. The results of the study, therefore, supports H18 and as such H18 is accepted at p < 0.01 significant level.

## The Association between Value Proposition and Customer Performance

The proposed study hypothesis indicated that value proposition has significant positive relationship with customer performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

### H22: Value proposition has a positive impact on customer performance

The proposed hypothesis indicated a significant positive relationship between value proposition and customer performance. It is evident from Table 5.5 that value proposition has a positive and significant relationship with customer performance (H22:  $\beta = 0.17$ , p-value < 0.05). The conducted research study established that the contribution of value proposition to customer performance of SMEs in the food processing sector is at 17% ( $\beta = 0.17$ ). Again, the conducted research study also established that value proposition is an important factor that influences the customer performance of SMEs in the food processing sector. The result is significant at 95% (p-value < 0.05) confidence level. The results of the study, therefore, support H22 and as such H22 is accepted at p < 0.05 significant level.

From the results of the study in Table 5.5, the regression model 2 established variations in customer performance as a result of the impact of innovative marketing variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] as follows:

 $CP_i = 0.10MV_i - 0.06MM_i + 0.10CF_i + 0.23IM_i + 0.19MF_i + 0.17VP_i - 3.01$  ......(2) Where:  $CP_i = Customer$  Performance = Y;  $MV_i = Marketing$  Mix Variables;  $MM_i = Marketing$ Modification;  $CF_i = Customer$  Focus;  $IM_i = Integrated$  Marketing;  $MF_i = Market$  Focus and  $VP_i = Value$  Proposition.

 $\beta_0$  (Constant) = y-intercept = (-3.01)

 $\beta_7 = 0.10 =$  an estimate of 10% expected increase in customer performance of SMEs in the food processing sector corresponding to an increase in marketing mix variables.

 $B_8 = (-0.06) =$  an estimate of negative 0.6% expected decrease in customer performance of SMEs in the food processing sector corresponding to a decrease in marketing modification.

 $B_9 = 0.10 =$  an estimate of 10% expected increase in customer performance of SMEs in the food processing sector, corresponding to an increase in customer focus.

 $B_{10} = 0.23 =$  an estimate of 23% expected increase in customer performance of SMEs in the food processing sector, corresponding to an increase in integrated marketing.

 $B_{11} = 0.19 =$  an estimate of 19% expected increase in customer performance of SMEs in the food processing sector, corresponding to an increase in market focus.

 $B_{12} = 0.17 =$  an estimate of 17% expected increase in customer performance of SMEs in the food processing sector, corresponding to an increase in value proposition.

## 5.5.1.2.3 Innovative Marketing and Internal Business Process Performance

The research aimed to establish the influence of innovative marketing variables including marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP) on internal business process performance (CP) (i.e. H3, H7, H11, H15, H19 and H23; see figure 5.3). Six hypotheses were established from literature reviewed and the conceptual framework. To test the six hypotheses (i.e. H3, H7, H11, H15, H19 and H23), multiple regression was computed (Table 5.5).

# The Association between Marketing Modification and Internal Business Process Performance

The proposed study hypothesis indicated that marketing modification has a significant positive relationship with internal business process performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

## H3: Marketing modification has a positive impact on internal business process performance

The proposed hypothesis indicated a significant positive relationship between marketing modification and internal business process performance. However, Table 5.5 indicates that marketing modification has a positive and insignificant relationship with internal business process performance (H3:  $\beta = 0.03$ , p-value > 0.1). The conducted research study established that the contribution of marketing modification to internal business process performance of SMEs in the food processing sector was 3% ( $\beta = 0.03$ ). The conducted research study also established that marketing modification is not an important factor that influences internal business process performance of SMEs in food processing sector (i.e. p-value > 0.1). The results, therefore, do not support H3 and as such H3 is rejected at 0.1 significant level.

## The Association between Marketing Mix Variables and Internal Business Process Performance

The proposed study hypothesis indicated that marketing mix variables have a significant positive relationship with internal business process performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

#### H7: Marketing mix variables have a positive impact on internal business process performance

The proposed hypothesis indicated a significant positive relationship between marketing mix variables and internal business process performance. Table 5.5 shows that marketing mix variables have a positive and significant relationship with internal business process performance (H7:  $\beta = 0.11$ , p-value < 0.1). The conducted research study established that the contribution of marketing mix variables to internal business process performance of SMEs in the food processing sector was at 11% ( $\beta = 0.11$ ). Thus, the conducted research study also established that marketing mix variables is an important factor that influences the internal business process performance of SMEs in the food processing sector. Thus, the result is significant at 90% (i.e. p-value < 0.1) confidence level. The results of the study, therefore, support H7 and as such H7 is accepted at p < 0.1 significant level.

## The Association between Customer Focus and Internal Business Process Performance

The proposed study hypothesis indicated that customer focus has significant positive relationship with internal business process performance. Therefore, the research hypothesis is presented as follows:

#### H11: Customer focus has a positive impact on internal business process performance

The proposed hypothesis indicated a significant positive relationship between customer focus and internal business process performance. Table 5.5 shows that customer focus has a positive and significant relationship with internal business process performance (H11:  $\beta = 0.17$ , p-value < 0.05). The conducted research study established that the contribution of customer focus to internal business process performance of SMEs in the food processing sector was 17% ( $\beta = 0.17$ ). Thus, the conducted research study also established that customer focus is an important factor that influences the internal business process performance of SMEs in the food processing sector. Thus, the result is significant at 95% (i.e. p-value < 0.05) confidence level. The results of the study, therefore, support H11 and as such H11 is accepted at p < 0.05 significant level.

## The Association between Integrated Marketing and Internal Business Process Performance

Based on the proposed hypotheses in chapter one – section 1.4.2, integrated marketing has significant positive relationship with internal business process performance. Therefore, the research hypothesis is presented as follows:

## H15: Integrated marketing has a positive impact on internal business process performance

The proposed hypothesis indicated a significant positive relationship between integrated marketing and internal business process performance. However, Table 5.5 established that integrated marketing has a positive and insignificant relationship with internal business process performance (H15:  $\beta = 0.08$ , p-value > 0.1). The conducted research study established that the contribution of marketing modification to internal business process performance of SMEs in the food processing sector was 8% ( $\beta = 0.08$ ). The conducted research study also established that integrated marketing is not an important factor that influences internal business process performance of SMEs in the food processing sector (i.e. p-value > 0.1). The results, therefore, do not support H15 and as such H15 is rejected at 0.1 significant level.

#### The Association between Market Focus and Internal Business Process Performance

The proposed study hypothesis indicated that market focus has significant positive relationship with internal business process performance (see chapter one-section 1.4.2; chapter 3-section 3.5.1). Therefore, the research hypothesis is presented as follows:

### H19: Market focus has a positive impact on internal business process performance

The proposed hypothesis indicated a significant positive relationship between market focus and internal business process performance. Table 5.5 above shows that market focus has a positive and highly significant relationship with internal business process performance (H19:  $\beta = 0.41$ , p-value < 0.001). The conducted research study established that the contribution of market focus to internal business process performance of SMEs in the food processing sector was high at 41% ( $\beta = 0.41$ ). Thus, the conducted research study also established that market focus is a very important factor that influences the internal business process performance of SMEs in the food processing sector. Thus, the result is highly significant at 99.9% (i.e. p-value < 0.001) confidence level. The results of the study, therefore, support H19 and as such H19 is accepted at p < 0.001 significance level.

## The Association between Value Proposition and Internal Business Process Performance

Based on the proposed hypotheses in chapter one-section 1.4.2, value proposition has a significant positive relationship with internal business process performance. Therefore, the research hypothesis is presented as follows:

#### H23: Value proposition has a positive impact on internal business process performance

The proposed hypothesis indicated a significant positive relationship between value proposition and internal business process performance. However, Table 5.5 indicates that value proposition has a positive and insignificant relationship with internal business process performance (H23:  $\beta = 0.08$ , p-value > 0.1). The conducted research study established that the contribution of value proposition to internal business process performance of SMEs in the food processing sector was 8% ( $\beta = 0.08$ ). The conducted research study also established that value proposition is not an important factor that influences the internal business process performance of SMEs in the food processing sector (i.e. p-value > 0.1). The results, therefore, do not support H23 and as such H23 is rejected at 0.1 significant level.

From the results of the study in Table 5.5, the regression model 3 established variations in internal business process performance as a result of the impact of innovative marketing variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] as follows:

 $IBPP_i = 2.57 + 0.11MV_i + 0.03MM_i + 0.17CF_i + 0.08IM_i + 0.41MF_i + 0.08VP_i \qquad (3)$ Where: IBPP<sub>i</sub> = Internal Business Process Performance = Y; MV<sub>i</sub> = Marketing Mix Variables; MM<sub>i</sub> = Marketing Modification; CF<sub>i</sub> = Customer Focus; IM<sub>i</sub> = Integrated Marketing; MF<sub>i</sub> = Market Focus and VP<sub>i</sub> = Value Proposition.

 $\beta_o$  (Constant) = y-intercept = 2.57

 $\beta_{13} = 0.11 =$  an estimate of 11% expected increase in internal business process performance of SMEs in the food processing sector corresponding to an increase in marketing mix variables.  $B_{14} = 0.03 =$  an estimate of 3% expected increase in internal business process performance of SMEs in the food processing sector corresponding to an increase in marketing modification.  $B_{15} = 0.17 =$  an estimate of 17% expected increase in internal business process performance of SMEs in the food processing sector, corresponding to an increase in customer focus.  $B_{16} = 0.08 =$  an estimate of 8% expected increase in internal business process performance of SMEs in the food processing sector, corresponding to an increase in customer focus.  $B_{17} = 0.41 =$  an estimate of 41% expected increase in internal business process performance of SMEs in the food processing sector, corresponding to an increase in market focus.

 $B_{18} = 0.08 =$  an estimate of 8% expected increase in internal business process performance of SMEs in the food processing sector, corresponding to an increase in value proposition.

## 5.5.1.2.4 Innovative Marketing and Learning and Growth Performance

The research aimed to establish the influence of innovative marketing variables including marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP) on learning and growth performance (CP) (H4, H8, H12, H16, H20 and H24; see figure 5.3). Six hypotheses were established from the literature reviewed and the conceptual framework. To test the six hypotheses (i.e. H4, H8, H12, H16, H20 and H24), multiple regression was computed (Table 5.5).

## The Association between Marketing Modification and Learning and Growth Performance

Based on the hypotheses proposed in chapter one-section 1.4.2, marketing modification has significant positive relationship with learning and growth performance. Therefore, the research hypothesis is presented as follows:

## H4: Marketing modification has a positive impact on learning and growth performance

The proposed hypothesis indicated a significant positive relationship between marketing modification and learning and growth performance. However, Table 5.5 indicates that marketing modification has a positive and insignificant relationship with learning and growth performance (H4:  $\beta = 0.05$ , p-value > 0.1). The conducted research study established that the contribution of marketing modification to learning and growth performance of SMEs in the food processing sector was 5% ( $\beta = 0.05$ ). The conducted research study also established that marketing modification is not an important factor that influences learning and growth performance of SMEs in the food processing sector (i.e. p-value > 0.1). The results, therefore, do not support H4 and as such H4 is rejected at 0.1 significance level.

#### The Association between Marketing Mix Variables and Learning and Growth Performance

The proposed study indicated that the marketing mix variables have a significant positive relationship with learning and growth performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

#### H8: Marketing mix variables have a positive impact on learning and growth performance

The proposed hypothesis indicated a significant positive relationship between marketing mix variables and learning and growth performance. Table 5.5 shows that marketing mix variables have a positive and insignificant relationship with learning and growth performance (H8:  $\beta$  = 0.09, p-value > 0.1). The conducted research study established that the contribution of marketing mix variables to learning and growth performance of SMEs in the food processing sector was 9% ( $\beta$  = 0.09). The conducted research study also established that marketing mix variables is not an important factor that influences learning and growth performance of SMEs in the food processing sector (i.e. p-value > 0.1). The results, therefore, do not support H8 and as such H8 is rejected at 0.1 significant level.

#### The Association between Customer Focus and Learning and Growth Performance

The proposed study hypothesis indicated that customer focus has a significant positive relationship with learning and growth performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

#### H12: Customer focus has a positive impact on learning and growth performance

The proposed hypothesis indicated a significant positive relationship between customer focus and learning and growth performance. Table 5.5 shows that customer focus has a positive and significant relationship with learning and growth performance (H12:  $\beta = 0.14$ , p-value < 0.05). The conducted research study established that the contribution of customer focus to learning and growth performance of SMEs in the food processing sector was 14% ( $\beta = 0.14$ ). Thus, the conducted research study also established that customer focus is an important factor that influences the learning and growth performance of SMEs in the food processing sector. Thus, the result is significant at 95% (i.e. p-value < 0.05) confidence level. The results of the study, therefore, support H12 and as such H12 is accepted at p < 0.05 significant level.

## The Association between Integrated Marketing and Learning and Growth Performance

The proposed study hypothesis indicated that integrated marketing has a positive significant relationship with learning and growth performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

#### H16: Integrated marketing has a positive impact on learning and growth performance

The proposed study hypothesis indicated a significant positive relationship between integrated marketing and learning and growth performance. Table 5.5 shows that integrated marketing

has a positive and significant relationship with learning and growth performance (H16:  $\beta$  = 0.19, p-value < 0.01). The conducted research study established that the contribution of integrated marketing to learning and growth performance of SMEs in the food processing sector was 19% ( $\beta$  = 0.19). Thus, the conducted research study also established that integrated marketing is an important factor that influences the learning and growth performance of SMEs in the food processing sector. Thus, the result is highly significant at 99% (i.e. p-value < 0.01) confidence level. The results of the study, therefore, support H16 and as such H16 is accepted at p < 0.01 significant level.

#### The Association between Market Focus and Learning and Growth Performance

The proposed study hypothesis indicated that market focus has significant positive relationship with learning and growth performance. Therefore, the research hypothesis is presented as follows:

## H20: Market focus has a positive impact on learning and growth performance

The proposed hypothesis indicated a significant positive relationship between market focus and learning and growth performance. Table 5.5 shows that market focus has a positive and significant relationship with learning and growth performance (H20:  $\beta = 0.27$ , p-value < 0.001). The conducted research study established that the contribution of market focus to learning and growth performance of SMEs in the food processing sector was 27% ( $\beta = 0.27$ ). Thus, the conducted research study also established that market focus is an important factor that influences the learning and growth performance of SMEs in the food processing sector. Thus, the result is highly significant at 99.9% (i.e. p-value < 0.001) confidence level. The results of the study, therefore, support H20 and as such H20 is accepted at p < 0.001 significant level.

## The Association between Value Proposition and Learning and Growth Performance

The proposed study hypothesis indicated that value proposition has a significant positive relationship with learning and growth performance (see chapter one-section 1.4.2; chapter three-section 3.5.1). Therefore, the research hypothesis is presented as follows:

## H24: Value proposition has a positive impact on learning and growth performance

The proposed hypothesis indicated a significant positive relationship between value proposition and learning and growth performance. Table 5.5 indicates that value proposition has a positive and significant relationship with learning and growth performance (H24:  $\beta$  = 0.25, p-value < 0.001). This established that the contribution of value proposition to learning and growth performance of SMEs in the food processing sector is 25% ( $\beta$  = 0.25). The

conducted research study established also that value proposition is an important factor that influences the learning and growth performance of SMEs in the food processing sector. Thus, the result is highly significant at 99.9% (i.e. p-value < 0.001) confidence level. The results of the study, therefore, support H24 and as such H24 is accepted at p < 0.001 significant level.

From the results of the study in Table 5.5, the regression model 4 established variations in learning and growth performance as a result of the impact of innovative marketing variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] as follows:

 $LGP_{i} = 2.10 + 0.09MV_{i} + 0.05MM_{i} + 0.14 CF_{i} + 0.19IM_{i} + 0.27MF_{i} + 0.25VP_{i} \dots (4)$ Where: LGP<sub>i</sub> = Learning and Growth Performance = Y; MV<sub>i</sub> = Marketing Mix Variables; MM<sub>i</sub> = Marketing Modification; CF<sub>i</sub> = Customer Focus; IM<sub>i</sub> = Integrated Marketing; MF<sub>i</sub> = Market Focus and VP<sub>i</sub> = Value Proposition.

 $\beta_o$  (Constant) = y-intercept = 2.10

 $\beta_{19} = 0.09 =$  an estimate of 9% expected increase in learning and growth performance of SMEs in the food processing sector corresponding to an increase in marketing mix variables.

 $B_{20} = 0.05 =$  an estimate of 5% expected increase in learning and growth performance of SMEs in the food processing sector corresponding to an increase in marketing modification.

 $B_{21} = 0.14 =$  an estimate of 14% expected increase in learning and growth performance of SMEs in the food processing sector, corresponding to an increase in customer focus.

 $B_{22} = 0.19 =$  an estimate of 19% expected increase in learning and growth performance of SMEs in the food processing sector, corresponding to an increase in integrated marketing.

 $B_{23} = 0.27 =$  an estimate of 27% expected increase in learning and growth performance of SMEs in the food processing sector, corresponding to an increase in market focus.

 $B_{24} = 0.25 =$  an estimate of 25% expected increase in learning and growth performance of SMEs in the food processing sector, corresponding to an increase in value proposition.

Table 5	.6:	Summarv	Results	of Hy	vpothesis	Test
	••••			~	P C C C C C C C C C C C C C C C C C C C	

Hypothesis	Outcome
H1: Marketing modification has a positive impact on financial performance	Reject
H2: Marketing modification has a positive impact on customer performance	Reject
H3: Marketing modification has a positive impact on internal business process	Reject
performance	
H4: Marketing modification has a positive impact on learning and growth performance	Reject
H5: Marketing mix variables have a positive impact on financial performance	Reject
H6: Marketing mix variables have a positive impact on customer performance	Reject
H7: Marketing mix variables has a positive impact on internal business process	Accept
performance	1
H8: Marketing mix variables have a positive impact on learning and growth performance	Reject
H9: Customer focus has a positive impact on financial performance	Reject
H10: customer focus has a positive impact on customer performance	Reject
H11: Customer focus has a positive impact on internal business process performance	Accept
H12: Customer focus has a positive impact on learning and growth performance	Accept
H13: Integrated marketing has a positive impact on financial performance	Accept
H14: Integrated marketing has a positive impact on customer performance	Accept
H15: Integrated marketing has a positive impact on internal business process performance	Reject
H16: Integrated marketing has a positive impact on learning and growth performance	Accept
H17: Market focus has a positive impact on financial performance	Accept
H18: Market focus has a positive impact on customer performance	Accept
H19: Market focus has a positive impact on internal business process performance	Accept
H20: Market focus has a positive impact on learning and growth performance	Accept
H21: Value proposition has a positive impact on financial performance	Accept
H22: Value proposition has a positive impact on customer performance	Accept
H23: Value proposition has a positive impact on internal business process performance	Reject
H24: Value proposition has a positive impact on learning and growth performance	Accept

Source: Field Survey, 2020

## 5.5.1.3 Structural Equation Model and Path Analysis

Once the construct measures have been affirmed as reliable and substantial, the study then proceeds to assess the structural model using path analysis (see chapter four-section 4.6). This process includes the assessment of the model's predictive capabilities, and the relationship that exists between the constructs of the study indicates that path analysis is a causal modelling approach to exploring correlations within defined network (see chapter one-section 1.8.1.5). The method is also known as Structural Equation Modelling (SEM). Structural equation modelling (SEM) was applied in examining the structural paths among the constructs (i.e. to test the various hypothesis in this research).

The path analysis is an extension of the regression model in Table 5.5. The structural equation model path assessment was determined using STATA version 15.1 (see Figure 5.4). This resulted in the determination of multiple regression weight by the model (see Table 5.6). Then the goodness of fit statistic is calculated in order to see the fitting of the model. In this section, the model path coefficient test was carried out to assess the relationship between the dimensions of the research and also to determine whether the path coefficient was significant to the hypothesis of the study.



## Figure 5.4: Structural Equation Model Assessment Results using STATA 15.1

	Dependent Variables							
Independent Variables	Financial		Costumer		Internal business		Looming	e growth
	Performance		Performance		process		Learning & growin	
, and res	Coefficients Beta (β)	<i>p</i> - value	Coefficients Beta (ß)	<i>p</i> - value	Coefficients Beta (ß)	<i>p</i> -value	Coefficients Beta (ß)	<i>p</i> -value
Marketing mix								
variables	0.09	0.438	0.17	0.158	0.16*	0.089	0.14	0.125
Marketing								
modification	0.007	0.944	-0.11	0.287	0.04	0.579	0.07	0.311
Integrated marketing	0.33***	0.001	0.31**	0.002	0.11	0.154	0.22***	0.003
Customer focus	0.06	0.456	0.12	0.145	0.16**	0.011	0.14**	0.018
Marketing focus	0.16**	0.037	0.27**	0.001	0.44***	< 0.0001	0.29***	< 0.0001
Value proposition	0.25***	0.005	0.09**	0.008	0.11	0.113	0.25***	< 0.0001

 Table 5.7. Multiple Regression for Structural Equation Model on the Impact of Innovative Marketing on

 Food Processing SME Performance

\**p*-value < 0.10, \*\**p*-value < 0.05, \*\*\**p*-value < 0.01

Table 5.7 shows that marketing modification has a positive and insignificant relationship with financial performance (H1:  $\beta = 0.007$ , p-value > 0.1). The conducted research study established that the contribution of marketing modification practices or applications to financial performance among SMEs in the food processing sector is minimal at 0.7% (i.e.  $\beta = 0.007$ ). The conducted research study also established that marketing modification is not an important factor that influences the financial performance of SMEs in the food processing sector (i.e. p-value > 0.1). The result, therefore, does not support H1 and as such H1 is rejected at 0.1 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.007$ ) for the impact of marketing modification on financial performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.006$ ) for the same in Table 5.5 whereas the p-values for the impact of marketing modification on financial performance in both Table 5.5 (p-value = 0.918) and Table 5.7 (p-value = 0.944) are both insignificant at p-value > 0.1.

Table 5.7 indicates that marketing modification has a negative and insignificant relationship with customer performance (H2:  $\beta = -0.11$ , p-value > 0.1). The conducted research study established that marketing modification contributes negatively to customer performance, thus, reduces the effect on customer performance by negative 11% ( $\beta = -0.11$ ). Additionally, the conducted research study also established that marketing modification is not an important factor that influences customer performance of SMEs in the food processing sector (p-value > 0.1). The result, therefore, does not support H2 and as such H2 is rejected at 0.1 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = -0.11$ ) for the impact of marketing modification on customer performance in Table 5.7 is lesser than the Coefficient Beta value (i.e.  $\beta = -0.06$ ) for the same in Table 5.5 whereas the p-values for the impact of marketing modification on customer performance in both Table 5.5 (p-value = 0.268 and Table 5.7 (p-value = 0.287) are both insignificant at p-value > 0.1.

Table 5.7 indicates that marketing modification has a positive and insignificant relationship with internal business process performance (H3:  $\beta = 0.04$ , p-value > 0.1). The conducted research study established that the contribution of marketing modification to internal business process performance of SMEs in the food processing sector is 4% ( $\beta = 0.04$ ). The conducted research study also established that marketing modification is not an important factor that influences internal business process performance of SMEs in the food processing sector (i.e. p-value > 0.1). The results, therefore, do not support H3 and as such H3 is rejected at 0.1 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.04$ ) for the impact of marketing modification on internal business process performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.03$ ) for the same in Table 5.5 whereas the p-values for the impact of marketing modification on internal business process performance in Table 5.5 (pvalue = 0.587) and Table 5.7 (p-value = 0.579) are both insignificant at p-value > 0.1.

Table 5.7 shows that marketing modification has a positive and insignificant relationship with learning and growth performance (H4:  $\beta = 0.07$ , p-value > 0.1). The conducted research study established that the contribution of marketing modification to learning and growth performance of SMEs in the food processing sector is 7% ( $\beta = 0.07$ ). The conducted research study also established that marketing modification is not an important factor that influences learning and growth performance of SMEs in food processing sector (i.e. p-value > 0.1). The results, therefore, do not support H4 and as such H4 is rejected at 0.1 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.07$ ) for the impact of marketing modification on learning and growth performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.05$ ) for the same in Table 5.5, whereas the p-values for the impact of marketing modification on learning and growth performance in Table 5.5 (p-value = 0.281) and Table 5.7 (p-value = 0.311) are both insignificant at p-value > 0.1.

Table 5.7 shows that marketing mix variable has a positive and insignificant relationship with financial performance (H5:  $\beta = 0.09$ , p-value > 0.1). The conducted research study established that the contribution of the marketing mix variables to financial performance among SMEs in the food processing sector is marginal at 9% (i.e.  $\beta = 0.09$ ). The conducted research study also established that marketing mix variables is not an important factor that influences the financial performance of SMEs in the food processing sector (i.e. p-value > 0.1). The results, therefore, do not support H5 and as such H5 is rejected at 0.1 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.09$ ) for the impact of marketing mix variables on financial performance

in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.05$ ) for the same in Table 5.5 whereas the p-values for the impact of marketing mix variables on financial performance in both Table 5.5 (p-value = 0.473) and Table 5.7 (p-value = 0.438) are both insignificant at p-value > 0.1.

Table 5.7 indicates that marketing mix variables have a positive and insignificant relationship with customer performance (H6:  $\beta = 0.17$ , p-value > 0.1). The conducted research study established that the contribution of marketing mix variables to customer performance of SMEs in the food processing sector is 17% ( $\beta = 0.17$ ). The conducted research study also established that marketing mix variables is not an important factor that influences customer performance of SMEs in the food processing sector (i.e. p-value > 0.1). The result, therefore, does not support H6 and as such H6 is rejected at 0.1 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.17$ ) for the impact of marketing mix variables on customer performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.10$ ) for the same in Table 5.5 whereas the p-values for the impact of marketing mix variables on customer performance in both Table 5.5 (p-value = 0.157) and Table 5.7 (p-value = 0.158) are both insignificant at p-value > 0.1.

Table 5.7 shows that marketing mix variables have a positive and significant relationship with internal business process performance (H7:  $\beta = 0.16$ , p-value < 0.1). The conducted research study established that the contribution of marketing mix variables to internal business process performance of SMEs in the food processing sector is at 16% ( $\beta = 0.16$ ). Thus, the conducted research study also established that marketing mix variables is an important factor that influences the internal business process performance of SMEs in the food processing sector. Thus, the result is significant at 90% (i.e. p-value < 0.1) confidence level. The results of the study, therefore, support H7 and as such H7 is accepted at p < 0.1 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.16$ ) for the impact of marketing mix variables on internal business process performance in both Table 5.5 (p-value = 0.077) and Table 5.7 (p-value = 0.089) are both significant at p-value < 0.1.

Table 5.7 shows that marketing mix variables have a positive and insignificant relationship with learning and growth performance (H8:  $\beta = 0.14$ , p-value > 0.1). The conducted research study established that the contribution of marketing mix variables to learning and growth performance of SMEs in the food processing sector is 14% ( $\beta = 0.14$ ). The conducted research study also established that marketing mix variables is not an important factor that influences learning and growth performance of SMEs in food processing sector (i.e. p-value > 0.1). The

results, therefore, do not support H8 and as such H8 is rejected at 0.1 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.14$ ) for the impact of marketing mix variables on learning and growth performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.09$ ) for the same in Table 5.5 whereas the p-values for the impact of marketing mix variables on learning and growth performance in both Table 5.5 (p-value = 0.133) and Table 5.7 (p-value = 0.125) are both insignificant at p-value > 0.1.

Table 5.7 above indicates that customer focus has a positive and insignificant relationship with financial performance (H9:  $\beta = 0.06$ , p-value > 0.1). The conducted research study established that the contribution of customer focus to financial performance among SMEs in the food processing sector is minimal at 6% (i.e.  $\beta = 0.06$ ). In addition, the conducted research study also established that customer focus is not an important factor that influences the financial performance of SMEs in the food processing sector (i.e. p-value > 0.1). The results, therefore do not support H9 and as such H9 is rejected at 0.1 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.06$ ) for the impact of customer focus on financial performance in Table 5.7 is equal to the Coefficient Beta value (i.e.  $\beta = 0.06$ ) for the same in Table 5.5 whereas the p-values for the impact of customer focus on financial performance in both Table 5.5 (p-value = 0.437) and Table 5.7 (p-value = 0.456) are both insignificant at p-value > 0.1.

Table 5.7 shows that customer focus has a positive and insignificant relationship with customer performance (H10:  $\beta = 0.12$ , p-value > 0.1). The conducted research study established that the contribution of customer focus to customer performance of SMEs in the food processing sector is 12% ( $\beta = 0.12$ ). The conducted research study also established that customer focus is not an important factor that influences customer performance of SMEs in the food processing sector (i.e. p-value > 0.1). The result, therefore, does not support H10 and as such H10 is rejected at 0.1 significant level. Hence, Coefficient Beta value (i.e.  $\beta = 0.12$ ) for the impact of customer focus on customer performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.10$ ) for the same in Table 5.5 (p-value = 0.179) and Table 5.7 (p-value = 0.145) are both insignificant at p-value > 0.1.

Table 5.7 shows that customer focus has a positive and significant relationship with internal business process performance (H11:  $\beta = 0.16$ , p-value < 0.05). The conducted research study established that the contribution of customer focus to internal business process performance of SMEs in the food processing sector is 16% ( $\beta = 0.16$ ). Thus, the conducted research study also established that customer focus is an important factor that influences the internal business process performance of SMEs in the food processing sector. Thus, the result is significant at

95% (i.e. p-value < 0.05) confidence level. The results of the study, therefore, support H11 and as such H11 is accepted at p < 0.05 significant level. Therefore, Coefficient Beta value (i.e.  $\beta$  = 0.16) for the impact of customer focus on internal business process performance in Table 5.7 is relatively lesser than the Coefficient Beta value (i.e.  $\beta$  = 0.17) for the same in Table 5.5, whereas the p-values for the impact of customer focus on internal business process performance in both Table 5.5 (p-value = 0.012) and Table 5.7 (p-value = 0.011) are both significant at p-value < 0.05.

Table 5.7 shows that customer focus has a positive and significant relationship with learning and growth performance (H12:  $\beta = 0.14$ , p-value < 0.05). The conducted research study established that the contribution of customer focus to learning and growth performance of SMEs in the food processing sector is 14% ( $\beta = 0.14$ ). Thus, the conducted research study also established that customer focus is an important factor that influences the learning and growth performance of SMEs in the food processing sector. Thus, the result is significant at 95% (i.e. p-value < 0.05) confidence level. The results of the study, therefore, support H12 and as such H12 is accepted at p < 0.05 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.14$ ) for the impact of customer focus on learning and growth performance in Table 5.7 is equal to the Coefficient Beta value (i.e.  $\beta = 0.14$ ) for the same in Table 5.5, whereas the p-values for the impact of customer focus on learning and growth performance in both Table 5.5 (p-value = 0.023) and Table 5.7 (p-value = 0.018) are both significant at p-value < 0.05.

It is evident from Table 5.7 that integrated marketing has a highly positive and significant relationship with financial performance (H13:  $\beta = 0.33$ , p-value < 0.01). The conducted research study established that the contribution of integrated marketing to financial performance among SMEs in the food processing sector is very high at 33% ( $\beta = 0.33$ ). Again, the conducted research study established that integrated marketing is a very important factor that influences the financial performance of SMEs in the food processing sector. The result is significant at 99.9% (p-value < 0.01) confidence level. The results of the study, therefore, support H13 and as such H13 is accepted at p < 0.01 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.33$ ) for the impact of integrated marketing on financial performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.27$ ) for the same in Table 5.5 whereas the p-values for the impact of integrated marketing on financial performance in both Table 5.5 (p-value = 0.001) and Table 5.7 (p-value = 0.001) are both significant at p-value < 0.01.

Table 5.7 above shows that integrated marketing has positive and significant relationship with customer performance (H14:  $\beta = 0.31$ , p-value < 0.01). The conducted research study

established that the contribution of integrated marketing to customer performance of SMEs in the food processing sector is high at 31% ( $\beta = 0.31$ ). The conducted research study also established that integrated marketing is an important factor that influences the customer performance of SMEs in the food processing sector. The result is, therefore, significant at 99% (i.e. p-value < 0.01) confidence level. The results of the study, therefore, support H14 and as such H14 is accepted at p < 0.01 significant level. Therefore, Coefficient Beta value (i.e.  $\beta =$ 0.31) for the impact of integrated marketing on customer performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.23$ ) for the same in Table 5.5, whereas the p-values for the impact of integrated marketing on customer performance in both Table 5.5 (p-value = 0.002) and Table 5.7 (p-value = 0.002) are both significant at p-value < 0.01.

Table 5.7 indicates that integrated marketing has a positive and insignificant relationship with internal business process performance (H15:  $\beta = 0.11$ , p-value > 0.1). The conducted research study established that the contribution of marketing modification to internal business process performance of SMEs in the food processing sector is 11% ( $\beta = 0.11$ ). The conducted research study also established that integrated marketing is not an important factor that influences internal business process performance of SMEs in food processing sector (i.e. p-value > 0.1). The results, therefore, do not support H15 and as such H15 is rejected at 0.1 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.11$ ) for the impact of integrated marketing on internal business process performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.08$ ) for the same in Table 5.5, whereas the p-values for the impact of integrated marketing marketing on internal business process performance in both Table 5.5 (p-value = 0.266) and Table 5.7 (p-value = 0.154) are both insignificant at p-value > 0.1.

Table 5.7 shows that integrated marketing has a positive and significant relationship with learning and growth performance (H16:  $\beta = 0.22$ , p-value < 0.01). The conducted research study established that the contribution of integrated marketing to learning and growth performance of SMEs in the food processing sector is 22% ( $\beta = 0.22$ ). Thus, the conducted research study also established that integrated marketing is an important factor that influences the learning and growth performance of SMEs in the food processing sector. Thus, the result is highly significant at 99% (i.e. p-value < 0.01) confidence level. The results of the study, therefore, support H16 and as such H16 is accepted at p < 0.01 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.22$ ) for the impact of integrated marketing on learning and growth performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.19$ ) for the same in Table 5.5, whereas the p-values for the impact of integrated marketing on learning

and growth performance in both Table 5.5 (p-value = 0.004) and Table 5.7 (p-value = 0.003) are both significant at p-value < 0.01.

Table 5.7 above indicates that market focus has a positive and significant relationship with financial performance (H17:  $\beta = 0.16$ , p-value < 0.1). The conducted research study established that the contribution of market focus to the financial performance of SMEs in the food processing sector is at 16% ( $\beta = 0.16$ ). Additionally, the conducted research study also established that market focus is an important factor that influences the financial performance of SMEs in the food processing sector. The result is significant at 90% (p-value < 0.1) confidence level. The results of the study, therefore, support H17 and as such H17 is accepted at p < 0.1 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.16$ ) for the impact of market focus on financial performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.14$ ) for the same in Table 5.5, whereas the p-values for the impact of integrated marketing on learning and growth performance in both Table 5.5 (p-value = 0.057) and Table 5.7 (p-value = 0.037) are both significant at p-value < 0.1.

Table 5.7 shows that market focus has a positive and significant relationship with customer performance (H18:  $\beta = 0.27$ , p-value < 0.01). The conducted research study established that the contribution of market focus to customer performance of SMEs in the food processing sector is high at 27% ( $\beta = 0.27$ ). Thus, the conducted research study also established that market focus is an important factor that influences the customer performance of SMEs in the food processing sector. Thus, the result is significant at 95% (i.e. p-value < 0.01) confidence level. The results of the study, therefore, support H18 and as such H18 is accepted at p < 0.01 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.16$ ) for the impact of market focus on customer performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.19$ ) for the same in Table 5.5 (p-value = 0.005) and Table 5.7 (p-value = 0.001) are both significant at p-value < 0.01.

Table 5.7 above shows that market focus has a positive and highly significant relationship with internal business process performance (H19:  $\beta = 0.44$ , p-value < 0.001). The conducted research study established that the contribution of market focus to internal business process performance of SMEs in the food processing sector is high at 44% ( $\beta = 0.41$ ). Thus, the conducted research study also established that market focus is a very important factor that influences the internal business process performance of SMEs in the food processing sector. Thus, the result is highly significant at 99.9% (i.e. p-value < 0.001) confidence level. The results of the study, therefore, support H19 and as such H19 is accepted at p < 0.001 significant

level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.44$ ) for the impact of market focus on internal business process performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.41$ ) for the same in Table 5.5, whereas the p-values for the impact of market focus on customer performance in both Table 5.5 (p-value < 0.001) and Table 5.7 (p-value < 0.001) are both significant at p-value < 0.001.

Table 5.7 shows that market focus has a positive and significant relationship with learning and growth performance (H20:  $\beta = 0.29$ , p-value < 0.001). The conducted research study established that the contribution of market focus to learning and growth performance of SMEs in the food processing sector is 29% ( $\beta = 0.29$ ). Thus, the conducted research study also established that market focus is an important factor that influences the learning and growth performance of SMEs in the food processing sector. Thus, the result is highly significant at 99.9% (i.e. p-value < 0.001) confidence level. The results of the study, therefore, support H20 and as such H20 is accepted at p < 0.001 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.29$ ) for the impact of market focus on learning and growth performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.27$ ) for the same in Table 5.5, whereas the p-values for the impact of market focus on learning and growth performance in both Table 5.5 (p-value < 0.001) and Table 5.7 (p-value < 0.001) are both significant at p-value < 0.001.

It is evident from Table 5.7 that value proposition has a positive and significant relationship with financial performance (H21:  $\beta = 0.25$ , p-value < 0.01). The conducted research study established that the contribution of value proposition to financial performance of SMEs in the food processing sector is high at 25% ( $\beta = 0.25$ ). Again, the conducted research study also established that value proposition is an important factor that influences the financial performance of SMEs in the food processing sector. The result is significant at 99% (p-value < 0.01) confidence level. The results of the study, therefore, support H21 and as such H21 is accepted at p < 0.01 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.25$ ) for the impact of value proposition on financial performance in Table 5.7 is greater than the Coefficient Beta value (i.e.  $\beta = 0.20$ ) for the same in Table 5.5, whereas the p-values for the impact of value proposition on financial performance in both Table 5.5 (p-value = 0.005) and Table 5.7 (p-value = 0.005) are both significant at p-value < 0.01.

It is evident from Table 5.7 that value proposition has a positive and significant relationship with customer performance (H22:  $\beta = 0.09$ , p-value < 0.05). The conducted research study established that the contribution of value proposition to customer performance of SMEs in the food processing sector is at 9% ( $\beta = 0.09$ ). Again, the conducted research study also established that value proposition is an important factor that influences the customer performance of SMEs

in the food processing sector. The result is significant at 95% (p-value < 0.05) confidence level. The results of the study, therefore, support H22 and as such H22 is accepted at p < 0.05 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.09$ ) for the impact of value proposition on customer performance in Table 5.7 is lesser than the Coefficient Beta value (i.e.  $\beta = 0.17$ ) for the same in Table 5.5, whereas the p-values for the impact of value proposition on customer performance in both Table 5.5 (p-value = 0.005) and Table 5.7 (p-value = 0.008) are both significant at p-value < 0.01.

Table 5.7 indicates that value proposition has a positive and insignificant relationship with internal business process performance (H23:  $\beta = 0.11$ , p-value > 0.1). The conducted research study established that the contribution of value proposition to internal business process performance of SMEs in the food processing sector is 11% ( $\beta = 0.11$ ). The conducted research study also established that value proposition is not an important factor that influences internal business process performance of SMEs in the food processing sector (i.e. p-value > 0.1). The results, therefore, do not support H23 and as such H23 is rejected at 0.1 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.11$ ) for the impact of value proposition on internal business process performance in Table 5.7 is lesser than the Coefficient Beta value (i.e.  $\beta = 0.08$ ) for the same in Table 5.5, whereas the p-values for the impact of value proposition on internal business process performance in both Table 5.5 (p-value = 0.18) and Table 5.7 (p-value = 0.113) are both insignificant at p-value > 0.1.

Table 5.7 indicates that value proposition has a positive and significant relationship with learning and growth performance (H24:  $\beta = 0.25$ , p-value < 0.001). This established that the contribution of value proposition to learning and growth performance of SMEs in the food processing sector is 25% ( $\beta = 0.25$ ). The conducted research study established also that value proposition is an important factor that influences the learning and growth performance of SMEs in the food processing sector. Thus, the result is highly significant at 99.9% (i.e. p-value < 0.001) confidence level. The results of the study, therefore, support H24 and as such H24 is accepted at p < 0.001 significant level. Therefore, Coefficient Beta value (i.e.  $\beta = 0.25$ ) for the impact of value proposition on learning and growth performance in Table 5.7 is equal to the Coefficient Beta value (i.e.  $\beta = 0.25$ ) for the same in Table 5.5, whereas the p-values for the impact of value proposition on learning and growth performance in both Table 5.5 (p-value < 0.001) and Table 5.7 (p-value < 0.001) are both significant at p-value < 0.001.

#### 5.5.1.3.1 Goodness-of-Fit of Study Model

The study assessed the general fitness of the confirmed model (i.e. Figure 5.3) using three main parameters including population error, baseline comparison and size residuals (see chapter four-section 4.6). The indices used to measure the various parameters indicate that population error was measured using four indices [i.e. Root Mean Squared Error of Approximation (RMSEA), lower bound, upper bound and pclose], baseline comparison was measured using two indices [i.e. Comparative Fit Index (CFI) and Tucker-Lewis Index (TLI)] and size of residuals was also measured using two indices [i.e. Standardized Root Mean Squared Residual (SRMR) and Coefficient of Determination (CD)]. These fit indices were employed to assess the strength and acceptability of the construct measurement.

Fit statistic	Value	Description
Likelihood ratio chi2_ms(2186) p > chi2 chi2_bs(2278) p > chi2	3533.281 0.000 11912.927 0.000	model vs. saturated baseline vs. saturated
Population error RMSEA 90% CI, lower bound upper bound pclose	0.052 0.049 0.055 0.112	Root mean squared error of approximation Probability RMSEA <= 0.05
Information criteria AIC BIC	35345.918 36124.789	Akaike's information criterion Bayesian information criterion
Baseline comparison CFI TLI	0.860	Comparative fit index Tucker-Lewis index
Size of residuals SRMR   CD	0.193	Standardized root mean squared residual Coefficient of determination

 Table 5.8: Goodness of Fit Tests for SEM (using STATA 15.10)

Source: Field Survey, 2020

 the structural model of the research are considered to be good fit. Thus, the RMSEA, Lower bound and Upper bound of 90% CI of research model are good fit except for the pclose index value (pclose = 0.112) which is not close to 1.

On the other hand, the measurement of baseline comparison in Table 5.8 shows that the Comparison Fit Index, CFI = 0.860 and Tucker-Lewis index, TLI = 0.854 are close or equal to 1. Comparative Fit Index, CFI and Tucker Lewis Index, TLI values close to 1 is a good fit. Thus, the study found all indices (i.e. CFI and TLI) excellent because they are close to 1. The measurement of size of residuals in Table 5.8 shows that standardised root mean squared residual, SRMR = 0.193 and the Coefficient of Determination, CD = 1.000. Standardized Root Mean Squared Residuals, SRMSR = 0 is considered perfect model fit, small better up to 0.08 and Coefficient of Determination, CD = 1 is perfect which is useful in comparing models such as R-squared. Thus, Standardized Root Mean Squared Residuals, SRMSR of the study is a perfect model fit and the Coefficient of Determination is also a good model fit because 1.000 is equal to 1. These overall fit indices indicate an acceptable fit of the study model to the observed data.

## 5.5.1.3.2 Validation Test of the Structural Model

In examining the structural model, the attention is on the proposed hypotheses that reflect the relationships between the variables. The purpose is assessing whether the data supports the proposed conceptualisation (see chapter 1-section 1.8.1.5). Key issues of interest are: (i) whether the direction of the relationships between the constructs are hypothesised, which can be examined looking at the signs of the respective parameters; (ii) the strength of the hypothesised links reflected by the estimated parameters, which should be at least significant (i.e. their respective p-values should be less than 0.1, 0.05, 0.01 and 0.001) and, (iii) the amount of variance in the endogenous (dependent) variables explained by the respective proposed determinants, which can be evaluated looking at the path coefficients ( $\beta$ ) for the structural equations. Table 5.9 below show the statistical results emerging from the structural equation modelling test of the hypothesised paths.

Hypothesis	Construct Structural Relationships	Path Coefficient ( $\beta$ )	<i>p</i> -values	Decision
H1	Marketing Modification $\rightarrow$ Financial Performance	0.007	0.944	Reject
H2	Marketing Modification $\rightarrow$ Customer Performance	(-0.11)	0.287	Reject
H3	Marketing Modification $\rightarrow$ Internal Business Process	0.04	0.579	Reject
	Performance			
H4	Marketing Modification $\rightarrow$ Learning and Growth	0.07	0.311	Reject
	Performance			
H5	Marketing Mix Variables $\rightarrow$ Financial Performance	0.09	0.438	Reject
H6	Marketing Mix Variables $\rightarrow$ Customer Performance	0.17	0.158	Reject
H7	Marketing Mix Variables $\rightarrow$ Internal Business Process	0.16	0.089	Accept
	Performance			
H8	Marketing Mix Variables $\rightarrow$ Learning and Growth	0.14	0.125	Reject
	Performance			
H9	Customer Focus $\rightarrow$ Financial Performance	0.06	0.456	Reject
H10	Customer Focus $\rightarrow$ Customer Performance	0.12	0.145	Reject
H11	Customer Focus → Internal Business Process	0.16	0.011	Accept
	Performance			
H12	Customer Focus $\rightarrow$ Learning and Growth Performance	0.14	0.018	Accept
H13	Integrated Marketing $\rightarrow$ Financial Performance	0.33	0.001	Accept
H14	Integrated Marketing $\rightarrow$ Customer Performance	0.31	0.002	Accept
H15	Integrated Marketing $\rightarrow$ Internal Business Process	0.11	0.154	Reject
	Performance			
H16	Integrated Marketing $\rightarrow$ Learning and Growth	0.22	0.003	Accept
	Performance			
H17	Market Focus $\rightarrow$ Financial Performance	0.16	0.037	Accept
H18	Market Focus $\rightarrow$ Customer Performance	0.27	0.001	Accept
H19	Market Focus → Internal Business Process	0.44	< 0.0001	Accept
	Performance			
H20	Market Focus $\rightarrow$ Learning and Growth	0.29	< 0.0001	Accept
H21	Value Proposition $\rightarrow$ Financial Performance	0.25	0.005	Accept
H22	Value Proposition $\rightarrow$ Customer performance	0.09	0.008	Accept
H23	Value Proposition → Internal Business Process	0.11	0.113	Reject
	Performance			
H24	Value Proposition $\rightarrow$ Learning and Growth	0.25	< 0.0001	Accept
	Performance			

## Table 5.9: Structural Model Assessment Results

Source: Field Survey, 2020

## 5.6 CONCLUSION

The objective of this conducted research study was to determine the impact of innovative marketing on the performance of Ghanaian food processing SMEs (see chapter one-section 1.4.1). In chapter 5, data was analysed, presented and interpreted. The feasible results were presented graphically in the form of a table or a figure. Data obtained from the study was captured, cleaned, coded, and later data was imported from SPSS version 23 to STATA version 15.1 (see chapter four-section 4.6). The study had a 98% (n = 225) response rates from respondents in the Eastern Region of Ghana. A demographic profile for food processing SMEs that operate in the Eastern Region of Ghana was developed. The demographic results of respondents presented includes; gender, age, level of education, operation duration, respondent position number of employees/food processing SME size, and ownership structure of food processing SME.

Confirmatory factor analysis (CFA) in this study provided the procedure for data examination, and determined the structure of factors to be investigated. The CFA was utilised in this study to determine convergent and discriminant validity and dimensionality of the relationship between items and variables. Therefore, confirmatory factor analysis was performed on innovative marketing as an independent variable with constructs including marketing modification, marketing mix, customer focus, integrated marketing, market focus, value proposition and SME performance as dependent variables with constructs including financial performance, customer performance, internal business process and learning and growth. Thus, the study used the confirmatory factor analysis to determine whether all the scales applied in this study had construct validity.

To justify the application of confirmatory factor analysis in this study, a statistical test to quantify the extent of inter-correlations among the variables was utilised. The Bartlett's Test of Sphericity for the constructs of independent and dependent variables is significant at p < 0.01 and their KMO were between 0.8 and 0.9. The results of the KMO indicate that the exploratory factor analysis of the study should be performed and the Bartlett's Test of sphericity also suggests that the factor analysis is considered appropriate. Additionally, the factor loading of the construct's items of the independent and dependent variables loaded significantly into one factor higher than the cutoff value of 0.5.

The Cronbach's alpha and composite reliability of the construct's items of both independent and dependent variables were above 0.8, which indicates high or strong reliability of constructs and construct items. In the same vein, the validity of constructs of independent and dependent
variables were estimated by examining the convergent validity and discriminant validity test. The convergent validity in this study was achieved when the Average Factor Loading of items under a construct was greater than 0.7 (Ave. Factor Loading > 0.7) or when the value of the Average Variance Extracted was equal or greater than 0.5. The Average Factor Loading of items under constructs of both independent and dependent variables in this study were greater than 0.7. Similarly, their Average Variance Extracted was greater than 0.5, thus, the convergent validity of constructs in this study was established. Conversely, the discriminant validity of constructs in this study was established since their Average Variance Extracted was greater than their Correlation Matrix Squared.

In order to establish the relationship between the independent variables and dependent variables in this study, a multiple regression analysis was employed. Thus, a regression test was conducted to assess the impact that the independent variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] had on the dependent variables [i.e. financial performance (FP), customer performance (CP), internal business process performance (IBPP), and learning and growth performance (LGP)]. This helped in achieving the objectives of the study by testing the stated hypotheses. The study focused on six secondary objectives and twenty-four hypotheses. The hypotheses were tested under four main relational headings which supporteds the four regression models for the study. Thus, the four main relational heading under which the hypotheses were tested comprised; the impact of innovative marketing (i.e. independent variable) on financial performance (i.e. dependent variable), the impact of innovative marketing (i.e. independent variable) on customer performance, the impact of innovative marketing (i.e. independent variable) on internal business process performance (i.e. dependent variable) and the impact of innovative marketing (i.e. independent variable) on learning and growth performance (i.e. dependent variable).

The results of the regression analysis indicated that with regression model 1, three components/constructs of innovative marketing (i.e. integrated marketing (H13), market focus (H17) and value proposition (H21) have a positive and significant association with food processing SMEs' financial performance. However, three components of innovative marketing (i.e. marketing mix variables (H5), marketing modification (H1), and customer focus (H9)) have no significant relationship with food processing SMEs' financial performance. Regression model 2 analysis also indicates that three components/constructs of innovative marketing (i.e. integrated marketing (14), market focus (H18) and value proposition (H22)) had a positive and significant association with food processing SME customer performance.

Conversely, two components of innovative marketing (i.e. marketing mix variables (H6), marketing modification (H2), and customer focus (H10)) had no significant relationship with food processing SME customer performance. Analysis of Regression model 3 shows that three components/constructs of innovative marketing (i.e. marketing mix variables (H7), customer focus (H11) and market focus (H19)) had a positive and significant association with food processing SMEs' internal business process performance. On the other hand, three components/constructs of innovative marketing (i.e. marketing modification (H3), integrated marketing (H15) and value proposition (H23) had no significant relationship with food processing SMEs' internal business process performance. In the same vein, the analysis of regression model 4 indicates that four components/constructs of innovative marketing (i.e. integrated marketing (H16), customer focus (H12), market focus (H20) and value proposition (H24)) had a positive and significant association with food processing SMEs' learning and growth performance. However, two components/constructs of innovative marketing (marketing mix variables (H8), and marketing modification (H4)) had no significant relationship food processing SMEs' learning and growth performance.

Once the construct measures had been affirmed as reliable and substantial, the study then proceeded to assess the structural model using path analysis. Then the goodness of fit statistic was calculated in order to establish the fitness of the model. The model path coefficient test was carried out to assess the relationship between the dimensions of the research and also to determine whether the path coefficient was significant to the hypothesis of the study. The next chapter will discuss the findings of the research study.

#### **CHAPTER 6**

### **DISCUSSION OF RESEARCH RESULTS**

### 6.1 INTRODUCTION

The study was carried out to investigate the impact of innovative marketing on the performance of Ghanaian food processing SMEs. Chapter five presented the empirical results and analysis found in the study – model evaluation, estimation of results and testing of the conceptual framework. Chapter six provides a discussion on the empirical outcome of the hypotheses testing conducted in this investigation and their significance particularly in relation to findings from other studies reported in literature. Again, chapter six discusses the findings of the study based on the research objectives and hypotheses posed in the introductory part of this research study (see chapter one-section 1.4). The research findings are discussed in relation to literature (see chapter three-section 3.5) below.

# 6.1.1 Objective one established the impact of marketing modification on financial performance, customer performance, internal business/enterprise process performance, learning and growth performance (see chapter one – section 1.4.2)

A multiple regression was conducted to assess the relationship between marketing modification (i.e., independent variable) and dimensions of the food processing SME performance in Ghana including financial performance, customer performance, internal business process performance and learning & growth performance (see chapter five-section 5.5).

An assessment of the result from the regression model 1 (Table 5.5) indicates that marketing modification has a positive and insignificant relationship with financial performance (H1:  $\beta$ =0.0062, *p*-value>0.1). The statistically positive insignificant relationship between marketing modification and financial performance establishes that it generally takes quite a long time to move from the initial stage of marketing modification (which is also a function of marketing R&D) to a new product entry into the market. Therefore, the positive influence of marketing modification cannot be imposed on the food processing SME financial performance at once (see chapter three-section 3.5.1; section 3.3.2). This research study also established that marketing modification investment has a long-term effect on food processing SMEs in Ghana. It is therefore reasonable to expect a lagged relationship between activities of marketing modification (i.e., such as changes related to product design and packaging, product pricing, promotion activities, responding to demands and market opportunities) and food processing

SMEs' financial performance (see chapter four-section 3.5.1). This research indicated that many essing SMEs in Ghana undertake short-term advertising strategies as they seek the instant gratification that their consumers need (see chapter three-section 3.5.1; section 3.3.2). This finding is, however, contrary to Roongchirarote and Zhao (2017); Njoroge (2015); Kathambi and Mutulu (2014); and Slater, Hult and Oslo (2010) who found a positive and statistically significant relationship between marketing modification and financial performance based on their study focus in the SME industry (see chapter three-section 3.5.1; section 3.3.2). This study established that marketing modification enables food processing SMEs to focus their organisations' energies and resources on a course of action (i.e. proactive marketing management, competition-oriented activities and innovation-oriented activities) which can lead to increased sales and dominance in a targeted market. In addition, the study established that marketing modification is most effective when it is an integral component of the overall food processing SME strategy, defining how the food processing SME organisation will successfully engage customers, prospects, and competitors in the market arena. The research established that, in order for food processing SMEs in Ghana to realise the impact of marketing modification on their financial performance, there is the need for them to capture it as part of their strategy (see chapter three-section 3.5.1; section 3.3.2). The hypothesis test (H1:  $\beta$ =0.0062, *p*-value>0.1) in this research study shows that Ghanaian food processing SMEs are highly engaged in short-term marketing strategies that contradict the application of marketing modification as indicated by Roongchirarote and Zhao (2017); Njoroge (2015); Kathambi and Mutulu (2014); and Slater, Hult and Oslo (2010) (see chapter three-section 3.5.1). In addition, this research study established that strategic management implementation of food processing SMEs in Ghana face challenges such as inability to manage change and owner-managers' not supporting strategy. This agrees with the study by Opoku (2016) who also found that SMEs in Ghana face strategic management implementation challenges (see chapter two-section 2.5.2.7.1). The inability of food processing SMEs to apply sound marketing modification techniques has therefore impacted negatively on their financial performance (see chapter twosection 2.5.2.7.1). It was discovered in this research study that most Ghanaian food processing SMEs cannot generate relevant information to develop understanding of their enterprise environment and reduce uncertainty, which confirms the findings by Aldehayyat and Twaissi (2011) stipulating that the inability of SMEs to obtain information on their business environment impacts negatively on their performance (see chapter two-section 2.5.2.7). This research study also established that food processing SMEs in Ghana that engage in strategic planning such as marketing modification are more likely to achieve higher margins on profit and higher employee growth. This confirms the study by Donkor (2018) who found that market dynamism only influences SME performance when SMEs apply marketing modification as a strategic plan (see chapter three-section 3.5.1; section 3.3.2).

An assessment of the result from regression model 2 (Table 5.5) indicates that marketing modification has a negative and insignificant relationship with customer performance (H2:  $\beta$  = (-0.0064), *p*-value>0.1). The statistically negative and insignificant relationship between marketing modification and customer performance supports earlier studies by Abdullahi, Jakada, and Kabir (2016); Ebitu, Ufot, and Olom (2015); Ayozie, Oboreh, Umukoro, and Ayozie (2013); Tom (2014); Amoah and Fordjour (2013); Brush, Ceru and Blackburn (2009); and Zeithaml, Bitner, Gremler and Pandit (2008) based on their studies in the SME industry (see chapter three-section 3.5.1; section 3.3.2). This research study established that marketing modification is another problem food processing SMEs in Ghana. This is because the study indicated that many food processing SMEs in Ghana are confronted with problems of product feature communication changes and implementing sales modifications to win and retain customers. Furthermore, other aspects such as lack of capabilities to create innovation, image, exclusive branding, and lack of appropriate support from marketing infrastructure impacts negatively on the implementation of marketing modification to bring about yields in terms of customer performance. This research indicated that food processing SMEs in Ghana usually face the obstacles of lack of information or knowledge about other markets (which is critical to the configuration of an appropriate marketing modification), and they only limit their ability to sell their products to groups of customers to expand their enterprises. This agrees with the study by Brush, Ceru and Blackburn (2009) when they found that SMEs are confronted with product modification challenges and also lack information and knowledge about other markets, which is critical to the configuration of an appropriate marketing modification (see chapter three-section 3.5.1; section 3.3.2). Similarly, in a study conducted by Ebito, Ufot and Olom (2015) this was conspicuously exposed. Their study reveals that there is a correlation between marketing modification problems faced by SMEs and their customer performance (which was measured using sales volume). This study also discovered that the majority of Ghanaian food processing SMEs lack the knowledge and skills of basic marketing modification ingredients that will facilitate change and alignment with the enterprise environment – marketing research, market segmentation, and marketing planning and control (see chapter two-section 2.5.2.5.1). The outcome of this is poor quality products, unawareness of competition, poor promotion, poor distribution, and poor pricing method (see chapter two-section 2.5.2.6.1). This agrees with Asiedu (2016) who indicated in his study that most Ghanaian SME owners equate 'marketing' with 'selling' and this is reflected in their various dysfunctional business behaviour against customer satisfaction, good business and marketing modification (see chapter two-section

2.5.2.5.1). This research study indicated that NPD which is an important component of marketing modification is not an important innovative marketing technique used by food processing SMEs in Ghana. This has led to imitation tactics among food processing SMEs in Ghana such as direct copying similar processed food products and the use of catalogues to copy designs. The conducted study indicated that the adoption of this tactic, however, does not depend on the number of years a food processing SME has been in operation, indicating that both old food processing SMEs and new entrants in Ghana adopt imitation tactics in their NPD efforts. This agrees with the study by Amoah and Fordjour (2012) which found that, despite its wide spread adoption by Ghanaian food processing SMEs, imitation as a strategy has not provided the needed impetus for them to engage in developing new products to achieve the expected customer performance (see chapter two-section 2.5.2.6.1). This study established that imitation tactics is seen as a cost cutting strategy by food processing SMEs because their imitators are known not to invest in research. The finding agrees with the study by Amarteifio and Agbeblewu (2017) which indicated that many SME owners/managers in Ghana lack resources, technology or expertise to research and develop new enterprise/business ideas and innovation in marketing (see chapter two-section 2.5.1.2.1). This study also established that food processing SMEs in Ghana consider imitation strategies and by that they ignore critical marketing modification techniques such as customer-oriented NPD. This agrees with Agyei (2012) who indicated that SMEs in Ghana lack enterprise and marketing skills that may allow them put together viable innovative marketing strategies for their products and services (see chapter two-section 2.5.1.2.1). This finding is, however, contrary to Biégas (2018); Santos-Vijande, Sanzo-Perez, Gutierrez and Rodriguez (2012); and Sanda, Sackey and Fältholm (2011) who established a positive relationship between marketing modification and customer performance based on their focus in the SME industry (see chapter three-section 3.5.1; section 3.3.2). The conducted research established that marketing modification capabilities exert a significant and positive effect on clients' satisfaction and loyalty, which ultimately leads to better organisational performance in terms of market share (see chapter three-section 3.5.1; section 3.3.2).

An assessment of the result from regression model 3 (Table 5.5) indicated that marketing modification had a positive and insignificant relationship with internal business process performance (H3:  $\beta = 0.029$ , *p*-value>0.1). The statistically positive and insignificant relationship between marketing modification and internal business process performance supports earlier studies by Izvercian, Miclea and Potra (2016); Manrai (2013); Bettiol, Di Maria, and Finotto (2012); Gellynck, Banterle, Kuhne, Carraresi and Stranieri (2012); Mahmoud (2011), Mahmoud, Kastner and Yeboah, (2010); Marcati Guido and Peluso (2008);

Blankson and Cheng (2005); (Hill, 2001) and Hammond (2001) based on their focus in the SME industry (see chapter three-section 3.5.1; section 3.3.2). The conducted research study indicated that the intuitive nature of food processing SMEs in Ghana is based upon specific situations and, as a result, the implementation of marketing modification activities is without a pre-planning internal process activity. Moreover, these actions are evaluated subjectively based on the food processing owner-manager's perceptions, conjuncture or mental marketing schemes, thus accounting for a poor or non-existing internal business process. This agrees with the studies by Izvercian, Miclea and Potra (2016) and Marcati, Guido and Peluso (2008) who indicated that the marketing strategies of SMEs are usually based on the intuition of the owner/manager (see chapter two-section 2.5.2.6.1). This study established that marketing modification in food processing SMEs in Ghana is all food processing SME owner-manager driven and that it is not a result of a systematic search process for opportunities or a structured analysis of the relevant market, and it is more a result of a reaction process towards business environment changes. Therefore, it is recommended that Ghanaian food processing SMEs have to adhere to a particular marketing modification strategy and find new ways and processes to improve marketing modification constantly. In the same vein, this study established that food processing SMEs in Ghana lack the capability to organise marketing modification activities, namely planning and implementation. The conducted research indicated that food processing SME owners-managers in Ghana do not take into consideration long-term marketing modification perspectives, and also do not adapt to marketing modification plans, especially the budget to market changes. These limitations, if averted by Ghanaian food processing SMEs, will provide an appropriate internal business process that will direct the planning and implementation of their marketing modification. Since marketing modification is viewed as part of food processing SMEs' organisational culture or process, it may be facilitated or hampered by internal factors. The conducted research indicated that the commitment of top managers (owners-managers) of food processing SMEs in Ghana is an essential prerequisite for marketing modification and viable internal business processes. Thus, the management behaviour of food processing SMEs in Ghana is the key barrier to developing a marketing modification-oriented culture and processes in their organisations (see chapter two-section 2.5.2.7.1). This agrees with the study by Opoku (2016) who established that the marketing modification implementation of SMEs in Ghana faces challenges such as inability to manage change and top managers' not supporting strategy (see chapter two-section 2.5.2.7.1). This study established that a marketing modification, while 'better suited to the customer', creates complications in terms of structure and processes. Therefore, the study analysed Ghanaian food processing SMEs' processes as a barrier to marketing modification and advised that the degree

to which Ghanaian food processing SMEs can increase their marketing modifications is inextricably linked to their structures, systems and processes created to sustain them. Thus, adoption of certain characteristics of organisational structure and processes by Ghanaian food processing SMEs such as low formalisation and limited centralisation may facilitate the development of market modifications and vice versa. This finding is, however, contrary to Hogan and Coote (2014) who found a positive relationship between marketing modification and internal business process performance based on their focus in the SME industry (see chapter three-section 3.5.1).

An assessment of the result from regression model 4 (Table 5.5) indicated that marketing modification had a positive and insignificant relationship with learning and growth performance (H4:  $\beta = 0.029$ , p-value>0.1). The statistically positive and insignificant relationship between marketing modification and learning and growth performance supports earlier studies by Rupčić (2018) and Pius and Anderson (2009) based on their focus in the SME industry (see chapter three-section 3.4.4). The study indicated that adaptive learning dominates in food processing SMEs in Ghana and is restricted only to the struggle to adapt to market changes in a reactive way. It is true that adaptive learning may facilitate the innovation process but the innovation process will likely be incremental rather than discontinuous in nature. The defensive, reactive, and imitative position makes Ghanaian food processing SMEs vulnerable to fundamental shifts in the underlying dynamics of the marketplace, thus impacting negatively on marketing modification. This agrees with the study by Rupčić (2018) who established that SME learning is adaptive in nature rather than discontinuous (see chapter three-section 3.5.1; section 3.3.2). This research is, however, contrary to studies by Werlong and Rossetto (2019); Mahmoud, Blankson, Owusu-Frimpong, Nwankwo and Trang (2016); Amue (2014); Abiola (2013); Nwachukwu (2009) who found a positive relationship between marketing modification and learning and growth performance based on their focus on the SME industry (see chapter three-section 3.5.1). The research undertaken by Werlong and Rossetto (2019); Mahmoud, Blankson, Owusu-Frimpong, Nwankwo and Trang, (2016); Amue, 2014; Abiola, 2013; Nwachukwu (2009) established that marketing modifications exert a significant and positive effect on food processing SMEs' learning and growth, which ultimately leads to better food processing SME performance, thus disagreeing with this conducted research finding (see chapter three-section 3.5.1; section 3.3.2). The research study established that the positive effect of marketing modification on food processing SMEs in Ghana can be summarised as follows: marketing modification information processing activities can be duplicated by competition, as they almost never involve complex structures and/or systems. The learning environment that organises, gives meaning to and translates the output of such activities into

the specific food processing SME behaviour is much more complex and cannot be easily copied (see chapter three-section 3.4.4). This research indicated that a superior food processing SME learning environment will therefore leverage the use of all resources available, including the outcomes of the marketing modification orientation. Such an environment can be achieved within the learning food processing SME context establishing an integrative concept of marketing modification based on organisational learning. Thus, the stronger the marketing modification orientation, the greater are the benefits from the learning and growth orientation resulting in a positive relationship between the synergistic effects of the marketing modification and learning orientation (see chapter three-section 3.5.1; section 3.3.2). The research by Werlong and Rossetto (2019); Mahmoud, Blankson, Owusu-Frimpong, Nwankwo and Trang, (2016); Amue, 2014; Abiola, 2013; Nwachukwu (2009) established that marketing modification exerts a significant and positive effect on food processing SMEs' learning and growth, which ultimately leads to better food processing SME performance, therefore, disagreeing with this research finding (see chapter three-section 3.5.1; section 3.3.2).

# 6.1.2 Objective two, determining the impact of marketing mix variables on financial performance, customer performance, internal business/enterprise process performance, learning and growth performance (see chapter one – section 1.4.2)

A multiple regression was conducted to assess the relationship between marketing mix variables (i.e. independent variables) and the performance dimensions of food processing SMEs in Ghana, including financial performance, customer performance, internal business process performance and learning & growth performance (see chapter five – section 5.5).

An assessment of the results from regression model 1 (Table 5.5) indicates that marketing mix variables had a positive and insignificant relationship with financial performance (H5:  $\beta$  = 0.052, *p*-value>0.1). The statistically positive insignificant relationship between marketing mix variables and financial performance supports earlier studies by Ismail, Zainol, Daud, Rashid and Afthanorhan (2018); Ayamba, Maayir, Osei-Agyemang and Anaba (2017); Sulaiman and Masri, (2017); Villar (2014); Amoah and Fordjour (2012); Lee (2012); Levy (2011); Mugo (2010); Oyugi (2009) based on their focus on the SME industry (see chapter two-section 2.5.2.6.1). This research study established that the dismal performance of many food processing SMEs can be attributed to the employed marketing strategy which leads to declined financial performance and growth. The positive and insignificant relationship of the conducted

research established that many Ghanaian food processing SMEs find it challenging to offer high quality products with good packaging at competitive prices in strategic locations that are convenient to the target market. This lowers the level of customer satisfaction and leads to low sales turnover and a declining profit margin, which results in poor financial performance and stagnated enterprise growth. This agrees with the study by Amoah and Fordjour (2012) when they established that most SMEs in Ghana face challenges in offering high products due to the imitation tactics they practise (see chapter two-section 2.5.6.1). This study established that wide spread imitation tactics among food processing SMEs in Ghana with most of their owners-managers having higher educational qualifications is an indication that many food processing SMEs in Ghana have a lack of focus on demand and produce products based on cost efficiency and sales only rather than innovative value creation. Most food processing SMEs in Ghana also typically rely on other food processing SMEs in making decisions and often copycat most successful product offerings by those food processing SMEs. Thus, the market becomes overcrowded with duplicate products, often does not meet customer demand and provides an overabundance of substitutable products for customers that affects the food processing SMEs with little or no financial performance. In the same vein, Ghanaian food processing SMEs usually utilise pricing strategies which are cost-based (i.e. prices are determined based on the cost of creating and delivering the product or service) and reactive (i.e. food processing SMEs adjust their pricing based on the pricing strategies of competitors). Most of the food processing firms in Ghana become more creative in their pricing strategy only due to increasing competition and homogenous products and services offered by them (see chapter two-section 2.5.2.6.1). This agrees with the study by Ayamba, Maayir, Osei-Agymang and Anaba (2017) which indicated that SMEs in Ghana do not apply a customer-oriented marketing mix (see chapter three-section 3.3.1.2). Consequently, this brings about price disparity among the majority of Ghanaian food processing SMEs, also resulting in quality connotation perceptions among consumers, thus impacting negatively on customer patronage and financial performance (see chapter three-section 3.3.1.2). In contrast, food processing SME pricing should be a core part, and reflection of corporate and/or enterprise unit strategy. The study indicated that even though traditional promotional methods have proved significant, very rare food processing SMEs in Ghana have an integrated marketing plan to merge traditional and digital promotional strategies. The research established that the majority of Ghanaian food processing SMEs tend not to be successful in their promotional aspects because they fail to take into account the importance of creating products with high perceived value and developing innovative pricing strategies. Consequently, this has impacted negatively on the financial performance of Ghanaian food processing SMEs since they mostly promote products and

services which are not in line with market demands due to lack of market understanding (see chapter three-section 3.3.1.4). The research indicated that distribution channels of food processing SMEs are highly standardised and limited to traditional retailers in which demand is already established. This has resulted in slow or at times stagnated financial performance. Distribution undertaken by Ghanaian food processing SMEs typically involves supplying products, delivering products, and making them available for sale. In contrast, effective distribution will be evaluated based on how effective it can help to realise sales activity and financial performance. This agrees with the studiesy by Ramos (2016) and Sulaiman and Masri (2017) who established that SMEs lack the ability to blend the marketing mix to produce the response they want in the target market (see chapter three-section 3.3.1.3). This study also established that, although some owners of SMEs embarked on some form of marketing, they had a "backward" and "primitive" mindset of marketing mix. They viewed the marketing mix to be all about promotional sales and advertising. That is, they considered the marketing mix as a mere tactic in support of selling or advertising, rather than a strategic planning tool needed for innovative development and financial performance of the enterprise (see chapter twosection 2.5.2.7). This finding is, however, contrary to studies by Karam, Hamo, Rashid, Jarjes, Muhammed and Obaid (2018); Kenu (2018); Badi (2018); Adewale, Adesola and Oyewale (2013) who found a positive significant relationship between marketing mix variables and financial performance based on their focus in the SME industry (see chapter three-section 3.5.2). Their finding established that marketing mix variables exert a significant and positive effect on SME financial performance, which ultimately leads to better SME performance (see chapter three-section 3.5.2).

An assessment of the results from regression model 2 (Table 5.5) indicates that marketing mix variables had a positive and insignificant relationship with customer performance (H6:  $\beta$  = 0.098, *p*-value>0.1). This evidence is consistent with Appiah-Adu (2000) who also found a non-significant association between marketing mix variables and customer performance among Ghanaian domestic businesses which include SMEs (see chapter two-section 2.5.2.6.1). It is, however, contrary to the significant influence of marketing mix variables on customer performance found by Badi (2018); Marlina, Wardi and Dina (2018); Bawa, Shameem, Riswan, (2015); and Amofah, Gyamfi and Tutu (2016) based on their focus on the SME industry (see chapter three-section 3.5.2). The conducted research study established that the majority of Ghanaian food processing SMEs are not seeking superiority in the marketplace since they are failing to emphasise new product development, product improvements, and gradual elimination of products that do not satisfy customer needs. In the same vein, the majority of food processing SMEs are not doing well to introduce formal measures to enhance

product quality in order to achieve the required customer performance. In this respect, the emphasis should not merely be on quality control, but a full organisational commitment to quality improvement and the introduction of procedures for fulfilling customer satisfaction and repeated purchase. Considering the financial constraints on many domestic food processing SMEs in Ghana and the likelihood of lagged effects between new product development success and customer performance, major new product decisions could be viewed as a long-range investment (see chapter two-section 2.5.2.4.1). This study also established that food processing SMEs in Ghana do not extensively utilise discounts for different categories of buyers which is indicative of conditions which do not yet completely reflect a buyers' market. However, the ability of food processing SMEs to apply a variety of pricing techniques should present it with customer performance in Ghana's gradually evolving buyers' market (see chapter three-section 3.3.1.2). This research study indicated that promotion is not established as a significant determinant of customer performance among domestic food processing SMEs in Ghana. Nevertheless, factors such as the steadily increasing consumer sophistication and awareness, will add momentum to the increased importance, utilization and efficacy of promotional activities in the years that lie ahead in Ghana (see chapter three-section 3.5.2). This research established that a reason a significant relationship was not found between Ghanaian food processing SMEs and promotional activities and performance is that such activities were given very low priority. This requires Ghanaian food processing SMEs to apply a multiple-channel strategy that may bring about increased customer performance (see chapter three-section 3.5.2.3). Thus, food processing SMEs can use different channels (e.g. virtual/on-line channel, collaboration with channel members, delivery and courier partners) to sell different processed food products (see chapter three-section 3.3.1.3). This research finding is, however, contrary to the significant influence of marketing mix variables on customer performance found by Badi (2018); Marlina, Wardi and Dina (2018); Bawa, Shameem, Riswan, (2015); and Amofah, Gyamfi and Tutu (2016) based on their focus on the SME industry (see chapter three-section 3.5.2).

An assessment of the results from regression model 3 (Table 5.5) indicates that marketing mix variables had a positive and marginally significant relationship with internal business process performance (H7:  $\beta = 0.11$ , *p*-value < 0.1). This evidence is consistent with Bintu (2017); Osogbo (2014); Adewale, Adesola and Oyewale (2013); Ayanda and Tunbosun (2012); and Keramati, Ardalan and Ashtiani (2012) who found a positive significant relationship between marketing mix variables and internal business processes of SMEs (see chapter three-section 3.5.2). This conducted research study established that the reason for the positive marginal significance is that food processing SMEs in Ghana practice basic product management

processes by adapting, maintaining, and delivering product and service offerings to satisfy customer needs in already established customer bases (see chapter three-section 3.3.1.1). Ghanaian food processing SMEs are still confronted with the challenge of producing and delivering valuable and appealing product/service offerings which require well-developed organisational routines and processes for evaluating product/service performance and also adapting existing product/service offerings to match changing customer requirements and competitive imperatives (see chapter two-section 2.5.2.6). In order for food processing SMEs in Ghana to be effective, product management efforts must focus attention on the appropriate internal business processes to understand the needs of customers within targeted segments and segments beyond the existing customer base (see chapter three-section 3.4.3). The second reason for the positive marginally significant relationship established by this research study is that Ghanaian food processing SMEs are knowledgeable about competitors' current and planned pricing strategies and actions which they use as a benchmark to set their own pricing strategies (i.e. competitive parity pricing strategy). Even though a competitive parity and costbased pricing strategy is commonly used by Ghanaian food processing SMEs, it only confers some pricing capability on them but they cannot be classified as food processing SMEs with strong pricing capability. This is because a competitive parity and cost-based pricing strategy makes food processing SMEs less knowledgeable about the impact of price on customer value perceptions. Consequently, this requires internal processes to gather and utilise knowledge (i.e. customer perceptions on price) to develop appropriate pricing strategies and to quickly and effectively execute and communicate price changes when required (see chapter three-section 3.5.2.2). The third reason for the positive marginally significant relationship established by this research study is that Ghanaian food processing SMEs undertake distribution through traditional distribution processes which involves supplying products, delivering products (i.e. through food processing SMEs' outlets/kiosks and vendors) and making them available for sale. The research indicated that in Ghana food processing SMEs operate through a direct-tocustomer channel and are yet to develop channel capabilities that relate to order processing, shipping, return processing and customer service (see chapter three-section 3.5.2.3). Major challenges affecting channel capabilities include; order processing which is oftene plagued with long queue-time; most food processing SMEs do not engage in shipping food processed products; most food processing in Ghana does not have returnable policies, as a result, return processing as a channel capability is underdeveloped; and customer service requires development (see chapter three-section 3.3.1.3). The fourth reason for the positive and marginally significant relationship is that food processing SMEs engage in some basic marketing communication management which involves communicating essentially with

existing customers on product features but not with prospects. This conducted research indicated that food processing SMEs in Ghana fail to communicate the benefits of their products and services to potential customers, reminding current users about their product benefits and availability, and reinforcing the purchase decision to reduce cognitive dissonance. These are essential internal business processes and skills that food processing SMEs must have in order to possess a strong marketing communication capability (see chapter three-section 3.3.1.4).

An assessment of the results from regression model 4 (Table 5.5) indicates that marketing mix variables had a positive and insignificant relationship with learning and growth performance (H8:  $\beta = 0.093$ , *p*-value > 0.1). In other words, among the sampled food processing SMEs, learning and growth performance cannot be achieved unless owners-managers display high commitment to marketing mix variables. Therefore, for Ghanaian food processing SMEs to attain learning and growth performance, the long-term marketing strategy must favour marketing mix variables. This evidence is consistent with Sulaiman and Masri (2017); Ramos (2016); Kangasmaki (2014) who also found a non-significant association between marketing mix variables and learning and growth performance among domestic businesses which includes food processing SMEs (see chapter three-section 3.5.2). It is, however, contrary to the significant influence of marketing mix variables on learning and growth performance found by Oyewale (2013); Liozu and Hunterhuber (2013); and Kamba (2015) based on their focus on the SME industry (see chapter three-section 3.5.2). The insignificant result by this research study indicated that most products produced by food processing SMEs in Ghana are not entrepreneurial due to the fact that their enterprise operations are limited and centred on meeting customer demands only, but beyond that food processing SMEs have to work out innovative ways through learning to exceed market expectation in order to deliver the great customer experience (see chapter two-section 2.5.2.6.1). All these can be accomplished by creating customer needs through organisational learning, not just having the ability to predict the market and by possessing an extreme understanding of the market. This agrees with the study of Ayamba, Maayir, Osei-Agymang and Anaba (2017) who also found that most SMEs in Ghana cannot exceed market expectations due to their inability to work out innovative ways through learning (see chapter three-section 3.3.6.3). The rapid change in Ghana's market makes it imperative for food processing SMEs to continue in product evolution. Generally, the implications of entrepreneurial product strategy on food processing SMEs' learning and growth may consist of several elements such as a thorough understanding of food processing SME market demands, a constant search for new product and service opportunities, leveraging available resources to increase utilisation, and using innovative mindsets which can help the

food processing SMEs to invent new products or rethink existing products (see chapter threesection 3.4.4). Another explanation for the insignificant result is the fact that reliance on pricing strategy such as competitive strategy and cost-based pricing by Ghanaian food processing SMEs does not give them the flexibility to learn about consumer perceptions towards price particularly, when customer expectations change over time, when new market opportunities arise, and when competitors introduce new strategies and make market-based pricing a necessity (see chapter three-section 3.5.2.2). Even though food processing SMEs in Ghana presume price as an objective element of the marketing mix, the unstable nature of the Ghanaian market calls for food processing SME owners-managers to develop a creative price strategy through an appropriate organisational learning approach (see chapter three-section 3.3.1.2). An organisational learning approach on pricing by food processing SMEs will develop new knowledge and insights on consumer price perception that could influence and improve the organisation's pricing capabilities (see chapter three-section 3.5.2.2). This research study established that food processing SMEs in Ghana should abandon cost-based and competitive parity pricing strategies for market-based pricing strategies. Again, food processing SMEs should utilise proactive rather than reactive pricing, and allow higher risk approaches to pricing by adhering to the appropriate organisational learning methodologies (see chapter three-section 3.3.1.2). Additionally, a reason for the insignificant result established by this research study is that, even though food processing SMEs in Ghana create some form of awareness for their products mainly at their point of sale (i.e. outlets, kiosks and vendors), but lack engagement and personal touch with customers (see chapter 3-section 3.5.2.4). Promotional strategy is a critical part of the marketing mix but food processing SMEs in Ghana often cannot promote their products effectively to their target audience. Basically, food processing SMEs may have some capacity in building the awareness but they have difficulty in connecting their promotional marketing to their target audience. This has impacted negatively on their organisational learning and growth capability due to poor engagement with both existing and potential customers (see chapter 3-section 3.3.1.4). On the other hand, effective promotional marketing needs proper planning and research from food processing SMEs which begins with understanding of their customer base. This will enable their promotional marketing concentrate on creating perceived value for customers and building relationships between them and their customers. Consequently, food processing SMEs in Ghana need to apply effective marketing and innovative promotional strategies based on a structured organisational learning approach to enable them to survive and grow in the Ghanaian competitive business environment (see chapter three-section 3.5.2.4). The insignificant result of this research established that food processing SMEs in Ghana may lack understanding of their best potential distribution channels,

they are not alert on customer demand and also fail to utilise the distribution networks effectively and efficiently in developing retail partnerships (see chapter two-section 2.5.2.2.1). Additionally, food processing SMEs in Ghana need to learn how to balance their limited resources and potential distribution channels to maximise customer profitability and growth (see chapter three-section 3.4.4). This research finding, however, is contrary to the studies by Oyewale (2013); Liozu and Hunterhuber (2013); and Kamba (2015) who found significant influence of marketing mix variables on learning and growth performance based on their focus on the SME industry (see chapter three-section 3.5.2).

# 6.1.3 Objective three investigated the impact of customer focus on financial performance, customer performance, internal business/enterprise process performance, learning and growth performance (see chapter one – section 1.4.2)

An assessment of the results from regression model 1 (Table 5.5) indicates that customer focus had a positive and insignificant relationship with financial performance (H9:  $\beta = 0.058$ , p-value > 0.1). This evidence is consistent with Shehu and Mahmood (2014); De luca, Verona and Vicara (2010); Foley and Fahy (2009) who also found a non-significant association between customer focus and financial performance based on their focus on the SME industry (see chapter three-section 3.5.3). The regression results in the study by Shehu and Mahmood (2014) also showed no significant association between customer focus and financial performance of Nigerian SMEs ( $\beta = -0.014$ , t = 0.311, p-value = 0.756). It is, however, contrary to the significant influence of customer focus on financial performance found by Hammond and Rothwel (2014); Daud, Remli and Muhammad (2013); Ogbonna and Ogwu (2013); Shah and Dubey (2013); Loke, Taiwo and Downe (2011) based on their focus on the SME industry (see chapter three-section 3.5.3). The insignificant result of this research established that food processing SMEs in Ghana lack the organisation culture that most effectively and efficiently creates the necessary behaviour for the creation of superior value for buyers and, thus, brings about a continuous superior financial performance for the enterprise (see chapter three-section 3.3.4.1). This is because customer focus thrives in an organisational culture of market intelligence generation pertaining to current and future customer needs, dissemination of customer-oriented intelligence across functional units and organisation-wide responsiveness. Therefore, customer focus can be viewed as an organisational culture, which can be considered as an intangible asset of a food processing SME that enables it to deliver superior value for its customers through better handling of market information. The implication is that an increase in customer focus by food processing SMEs in Ghana would result in an increase in financial

performance (see chapter three-section 3.5.3). This research recommends that Ghanaian food processing must therefore commit resources into a customer focus-oriented culture in order to attain the expected financial performance (see chapter two-section 2.5.2.3.1). This research study is, however, contrary to the studies by Hammond and Rothwel (2014); Daud, Remli and Muhammad (2013); Ogbonna and Ogwu (2013); Shah and Dubey (2013); Loke, Taiwo and Downe (2011) who established the significant influence of customer focus on financial performance based on their focus on the SME industry (see chapter three-section 3.5.3).

An assessment of the results from regression model 2 (Table 5.5) indicates that customer focus had a positive and insignificant relationship with customer performance (H10:  $\beta = 0.095$ , pvalue > 0.1). In other words, among the sampled food processing SMEs, customer performance cannot be achieved unless owners-managers display high commitment to customer focus (see chapter three-section 3.3.4). Therefore, for Ghanaian food processing SMEs to attain customer performance, the long-term marketing strategy must favour customer focus. This evidence is consistent with Nwokah and Maclayton (2006) who also did not find any strong association between customer focus and customer performance/market share in the Nigerian context using the food and beverages organisations for study. It is, however, contrary to the significant influence of customer focus on customer performance found by Jaiyeoba (2014); Kelson (2012); Oyedijo, Idris and Aliu (2012); Lings and Greenly (2009) based on their focus on the SME industry (see chapter three-section 3.5.3). The insignificant result by this research study established that most food processing SMEs in Ghana do not adopt customer-focus resulting in low performance on customers or market share. Therefore, Ghanaian food processing SMEs' failure to take cognizance of the influence of customers has led to disastrous consequences on food processing SMEs' performance (see chapter three-section 3.5.3). Again, failure to develop a customer focussed orientation by Ghanaian food processing SMEs has adversely affected their customer performance. Although, at present, not much has been done in Ghana on the status of customer-focus orientation and its impact on SME performance, it is clear in food processing SMEs that the level of customer performance in Ghana is unsatisfactory (see chapter two-section 2.5.2.3.1). This research established that customer focus is not be well managed in food processing SMEs to translate into customer performance (see chapter 3section 3.34.2). The study is, however, contrary to the studies by Jaiyeoba (2014); Kelson (2012); Oyedijo, Idris and Aliu (2012); Lings and Greenly (2009) who established significant influence of customer focus on customer performance based on their focus on the SME industry (see chapter three-section 3.5.3).

An assessment of the results from the regression model 3 (Table 5.5) indicates that customer focus had a positive and marginally significant relationship with internal business process performance (H11:  $\beta = 0.17$ , *p*-value < 0.1). This evidence is consistent with Dubihlela and Dhurup (2015); Laukkanen, Nagy, Hirvonen, Reijonen and Pasanen (2013); Kumar, Jones, Venkatesan, and Leone (2011) who also found a significant association between customerfocus and internal business process performance based on their focus on the SME industry (see chapter three-section 3.5.3). It is, however, contrary to the insignificant influence of customer focus on internal business process performance found by Raju, Lonial, and Crum (2011); and Liao, Chang, Wu, and Katrichis (2011) based on their focus on the SME industry (see chapter three-section 3.5.3). The conducted research study established that the close proximity and relatively close relationship food processing SMEs in Ghana have with their customers makes them adopt some basic internal processes through the gathering and dissemination of information throughout the organisation (see chapter two-section 2.5.2.3). This enable food processing SMEs in Ghana to maintain some form of reactive relationship with customers. This study recommends that food processing SMEs in Ghana need to commit entirely to customer focus by translating customer-based measures into parameters of what they (i.e. food processing SME) must do internally to meet and exceed their customers' expectations. Food processing SME owners-managers in Ghana need to focus on those critical internal operations that enable them to stay focused on customers and satisfy their needs. Thus, the customer focus of food processing SMEs should stem from the enterprise/business processes that have the greatest impact on customer satisfaction such as factors that affect cycle time, quality, employee skills, and productivity (see chapter three-section 3.5.3). This study established that the Ghanaian food processing SMEs' existing organisational structures do not actively support the setting up of relational processes with customers. Such relational processes concentrate on value creation and increasingly focus on bundles including capital goods and services, rather than on only supplying the product. As a result, food processing SMEs are not only extending their total offering towards integrated solutions that combine products and services to customer-specific solutions; they are also looking for more service-focused and customerfocused organisational structures (see chapter three-section 3.3.4). This finding is, however, contrary to studies by Raju, Lonial, and Crum (2011); and Liao, Chang, Wu, and Katrichis (2011) who established insignificant influence of customer focus on internal business process performance based on their focus on the SME industry (see chapter three-section 3.5.3; section 3.3.4).

An assessment of the results from the regression model 4 (Table 5.5) indicates that customer focus had a positive and significant relationship with learning and growth performance (H12:

 $\beta = 0.14$ , *p*-value < 0.05). This evidence is consistent with Kamya (2012); Bui and Baruch (2010); Hoe and McShane (2010) who also found a significant association between customerfocus and learning and growth performance based on their focus on the SME industry (see chapter 3-section 3.5.3; section 3.3.4). It is, however, contrary to the insignificant influence of customer focus on learning and growth performance found by Demirbag, Koh, Tatoglu and Zaim (2006) based on their focus on the SME industry (see chapter three-section 3.5.3; section 3.3.4). The conducted research study established that food processing SMEs in Ghana have developed the capability to learn from market-based information that resides in stakeholders which include customers, competitors, channel members and suppliers so that appropriate responses are made at the right time (see chapter three-section 3.4.4). Thus, food processing SMEs have to continuously adapt to the market environment which requires a customer-focus oriented approach. In this case the fundamental argument is that, for organisational learning to be a source of profitability, competitiveness and survival for food processing SMEs, it has to be translated into market-based outcomes that measure market performance. The research study indicated that owners-managers and employees are committed and open to learning which ultimately improves the food processing SMEs' competitiveness and performance in the market place (see chapter three-section 3.5.3). Furthermore, the study indicated that the relationship between organisational learning and market performance enables the food processing SME to be proactive in sensing trends and events in the market place (see chapter two-section 2.5.2.5.1). The relationship enhances the questioning and review of the norms and value of the food processing SME in order to adjust to market trends (chapter three-section 3.3.4.1). One of the major obstacles to organisational learning among food processing SMEs in Ghana is motivating owners-managers and employees to learn by sharing knowledge and to encourage them to abandon what they currently have as successful working practices or beliefs for new ones which may be considered risky (see chapter three-section 3.5.3). The study indicated that for customer-focus orientation to have an impact on performance, food processing SMEs in Ghana need to develop their ability to learn generatively, to address latent needs and create customer value. Therefore, a strong customer-focus orientation must be complemented by a strong learning orientation to optimise the ability of Ghanaian food processing SMEs to engage in both adaptive and generative learning activities.

## 6.1.4 Objective four established the impact of integrated marketing on financial performance, customer performance, internal business/enterprise process performance, learning and growth performance (see chapter one – section 1.4.2)

An assessment of the results from regression model 1 (Table 5.5) indicates that integrated marketing has a positive and significant relationship with financial performance (H13:  $\beta = 0.27$ , p-value < 0.01). This evidence is consistent with Abubakar (2014); Mulra and Ndati, (2013); Ismail, Hussain, Shah and Hussain (2012) who also found a positive and significant association between integrated marketing and financial performance based on their focus on the SME industry (see chapter three-section 3.5.4; section 3.3.3). It is, however, contrary to the insignificant influence of customer focus on learning and growth performance found by Seukindo (2017); Banerjee and Siddhanta (2015) based on their focus on the SME industry (see chapter three-section 3.5.4; section 3.3.3). The positive and strong significant result of the conducted research established that food processing SMEs in Ghana undertake integrated marketing but mainly using traditional integrated marketing tools such as publicity and direct marketing (see chapter three-section 3.5.4). Direct marketing and publicity have proven to be very effective for Ghanaian food processing SMEs in terms of sales and financial performance. This research study established that food processing SMEs are more inclined to use direct marketing and publicity as preferred integrated marketing tools than sales promotion and advertising. The research indicated that integrated marketing efforts within food processing SMEs in Ghana are largely influenced by the environment in which the food processing SME operates, the resources of the food processing SME, and the characteristics of the owner (see chapter two-section 2.5.3). The research also indicated that decisions within food processing SMEs are usually made by the owners-managers and, as such, decisions regarding integrated marketing are implemented based on the owners-managers' intuition. As such integrated marketing activities of food processing SMEs in Ghana are more informal and are done in reaction to environmental conditions. Traditionally, food processing SMEs in Ghana make use of publicity tools such as pamphlets, flyers, posters, sign post, and business card and direct marketing to promote their food processing businesses. These integrated marketing tools allow the food processing SME to communicate its product offering to the consumer and gain exposure for the enterprise (see chapter three-section 3.3.3.1). The research indicated that major development in technology have, however, led to various technology-enabled integrated marketing tools that food processing SMEs in Ghana can utilise to communicate and interact with their customers and also to improve financial performance. These technology-enabled integrated marketing tools include social media such as Facebook and Twitter, mobile media such as short message services (SMS), multimedia messaging services (MSS) and voice

messages, and E-media such websites, blogs and email (see chapter three-section 3.5.4; section 3.3.3).

An assessment of the results from regression model 2 (Table 5.5) indicates that integrated marketing has a positive and significant relationship with customer performance (H14:  $\beta$  = 0.23, p-value < 0.01). This evidence is consistent with Oluwafemi and Adebiyi (2018); Jemutai and Wambua (2016); Khizer, Farooqi, Rehmat and Naz (2016); Thaichon and Quach (2015); Frimpong (2014a; 2014b); and Manisha (2012) who also found a positive and significant association between integrated marketing and customer performance based on their focus on the SME industry (see chapter three-section 3.5.4; section 3.3.3). It is, however, contrary to the insignificant influence of integrated marketing and customer performance found by Wachira and Kariuki (2018); Banerjee and Siddhanta (2015) based on their focus on the SME industry (see chapter three-section 3.5.4; section 3.3.3). The positive significant relationship, as indicated by this study, established a good connection between food processing SME integrated marketing activities (i.e. such as publicity, direct marketing) and consumer responses through their decision as customers towards patronising a particular food processing SME in Ghana. Therefore, integrated marketing is an essential ingredient for food processing SMEs to communicate through integration of various promotional means in order to succeed in the market (see chapter three-section 3.5.4). The conducted research recommends that food processing SMEs in Ghana should invest appropriately in integrated marketing, as it indicates a positive predictive ability to enhance customer loyalty, thereby helping food processing SMEs in actualizing both short and long-term benefits of marketing communications. As consumer demand for food processed product increases in Ghana (as indicated in chapter two of this research), it requires food processing SMEs to ensure holistic promotional mixes like integrated marketing communication in order to continually attract new customers as well as attain higher customer loyalty which can strengthen food processing SMEs' survival. In a highly competitive business environment that food processing SMEs in Ghana operate, there is the need for effective integrated marketing communications that influence the purchase behaviour of stakeholders positively with regard to the food processing SME (see chapter three-section 3.3.3.1). This conducted research study further supports the importance of integrated marketing activities in the food processing industry which has been a major influence of customers' loyalty to food processing SMEs. This is evident based on the 62% variation (see chapter five-Table 5.4) in customer performance accounted for by integrated marketing implementation in food processing SMEs; thus, integrated marketing is a strategic tool for targeting existing and potential customers to patronise and retain them with quality processed food products for a long time. Additionally, based on the result of this research (H14:

 $\beta = 0.23$ , *p*-value < 0.01), it is imperative for food processing SMEs in Ghana to build distinctive capability in establishing effective integrated marketing on customer loyalty to products and services as well as overall performance of the food processing SME in justifying corporate existence. This evidence is consistent with Oluwafemi and Adebiyi (2018); Jemutai and Wambua (2016); Khizer, Farooqi, Rehmat and Naz (2016); Thaichon and Quach (2015); Frimpong (2014a; 2014b); and Manisha (2012) who also found a positive and significant association between integrated marketing and customer performance based on their focus on the SME industry (see chapter three-section 3.5.4; section 3.3.3).

An assessment of the results from regression model 3 (Table 5.5) indicates that integrated marketing has a positive and insignificant relationship with internal business process performance (H15:  $\beta = 0.076$ , *p*-value > 0.1). This evidence is consistent with Lekhanya (2015); Saeed, Naeem, Bilal and Naz (2013); Longenecker, Moore and Pretty (2006); Thrassou and Vrontis (2006) who also found an insignificant association between integrated marketing and internal business process performance based on their focus on the SME industry (see chapter three-section 3.5.4; section 3.3.3). It is, however, contrary to the significant influence of integrated marketing on internal business process performance found by Senguo, Xixiang and Kilango (2017); Shonubi and Akintaro (2016); Luxton, Reid and Mavondo (2015) based on their focus on the SME industry (see chapter three-section 3.5.4; section 3.3.3). The positive insignificant relationship results of this conducted research study established that food processing SMEs do not have marketing plans due to lack of required resources, and are not implemented by the few that have them, resulting in food processing SMEs running trial and error with integrated marketing strategies (see chapter two-section 2.5.2.7). Consequently, there are no structured systems, procedures and processes to undertake integrated marketing strategies by food processing SMEs. The conducted research indicated that challenges faced by food processing SMEs intensify the difficulty of managing integrated marketing communication, particularly, where resource constraints and lack of marketing expertise are concerned (see chapter two-section 2.5.2.5.1). Lack of time and scarce marketing communication skills in the fact that communication management is often part of the food processing SME owner-manager's usual concern with business and profits in general, instead of communication's impact on the market through internal enterprise/business processes. Therefore, based on the result of this research (H15:  $\beta = 0.076$ , *p*-value > 0.1), this study recommends that food processing SME owners/managers should improve their integrated marketing skills and knowledge, with specific reference to the application of marketing promotional tools and their benefits to food processing SMEs' internal business processes. In addition, this study established that lack of skills and knowledge with regard to integrated

marketing strategies makes it difficult for food processing SMEs to apply all integrated marketing communication (IMC) tools to enhance internal enterprise processes, market awareness and growth. This evidence is consistent with Oluwafemi and Adebiyi (2018); Jemutai and Wambua (2016); Khizer, Farooqi, Rehmat and Naz (2016); Thaichon and Quach (2015); Frimpong (2014a; 2014b); and Manisha (2012) who found a positive and significant association between integrated marketing and customer performance based on their focus on the SME industry (see chapter three-section 3.5.4)

An assessment of the results from regression model 4 (Table 5.5) indicates that integrated marketing has a positive and significant relationship with learning and growth performance (H16:  $\beta = 0.19$ , p-value < 0.01). This evidence is consistent with Meesuptong, Jhundra-indra and Raksong (2014); Ibeh and Kasem (2014); Ebren (2006) who also found a significant association between integrated marketing and learning and growth performance based on their focus on the SME industry (see chapter three-section 3.5.4; section 3.3.3). It is, however, contrary to the insignificant influence of integrated marketing on learning and growth performance found by Ngamsutti, Jhundra-indra and Raksong (2018) based on their focus on the SME industry (see chapter three-section 3.5.4; section 3.3.3). The positive significant relationship as indicated in this research study established that food processing SMEs in Ghana are applying some integrated marketing tools to communicate internally to employees (i.e. learning) and other units so that the food processing SME can reach outward with a consistent, strong voice projecting the qualities and benefits of their products and services (see chapter three-section 3.5.4). Therefore, food processing SMEs that incorporate effective learning and growth components into their overall integrated marketing communication (IMC) plans stand a better chance of remaining successful in future operations (see chapter three-section 3.4.4). The research indicated that application of integrated marketing by food processing SMEs should enable employees to comprehend what each company brand stands for and the benefits it offers consumers. When food processing SMEs deliberately invest resources in integrated marketing, it produces more knowledgeable and dedicated employees, who will, in turn, seek the goal of providing excellent products and services to customers. Integrated marketing influences market learning which involves the process by which food processing SMEs accumulate knowledge that leads to improved capabilities in key marketing activities, such as food processing SMEs responding to customers' needs, research and new-product development, building brand image, and channelling established relationships (see chapter three-section 3.4.4). Additionally, this research study established that new knowledge and skills gained through the influence of integrated marketing on learning enhances food processing SMEs' innovative skills and ultimately improves their level of competitiveness and

performance. On the other hand, learning about the customer, market environment, and competitors is important to increase the effectiveness of an integrated marketing communication strategy. Moreover, this study established that organisational learning has a positive effect on integrated marketing communication because the organisation can use it to adapt more skillfully to the customers' needs. Thus, when food processing SMEs develops new knowledge and implements the resultant information to build a relationship with a target audience, it can help them to meet their objectives. Therefore, this agrees with Ngamsutti, Jhundra-indra and Raksong (2018) who also found that quality information and knowledge development by SMEs helps them to build relationships with target audiences (see chapter three-section 3.5.4; section 3.3.3).

## 6.1.5 Objective five determined the impact of market focus and financial performance, customer performance, internal business/enterprise process performance, learning and growth performance (see chapter one – section 1.4.2)

An assessment of the results from regression model 1 (Table 5.5) indicates that market-focus has a positive and marginally significant relationship with financial performance (H17:  $\beta$  = 0.14, p-value < 0.1). This evidence is consistent with Wambugu, Gichira and Wanjau (2016); Njeru and Munyoki (2014); Oseyomon and Gbandi (2014); Reijonen, Laukkanen, Komppula and Tuominen (2012); Idar and Mahmood (2011) who also found significant association between market-focus and financial performance based on their focus on the SME industry (see chapter three-section 3.5.5; section 3.3.5). It is, however, contrary to the insignificant influence of market-focus on financial performance found by Udegbe and Maurice (2013); Yussif (2012) and Nwokah (2008) based on their focus in the SME industry (see chapter threesection 3.5.5; section 3.3.5). The positive marginally significant relationship as indicated in this study established that to an extent food processing SMEs in Ghana are market-focused and tend to perform more in terms of financial perspective than those that are less market-focused. This is because food processing SMEs to an extent are able to satisfy customers and respond to their needs and preferences (see chapter three-section 3.4.1). This study established that decline in sales more often than not creates a compelling need for food processing SMEs to adopt a market focus. Furthermore, the dire need by food processing SMEs to satisfy their customers and hence to make profits are other reasons why it is necessary and compelling for food processing SMEs in Ghana to fully adopt a market focussed strategy (see chapter threesection 3.3.5). The results of the research study indicate that food processing SMEs with a higher degree of market focus will exhibit better financial, economic and market performance;

this agrees with hypothesis seventeen (H17) (see chapter five-Table 5.8). This also agrees with the studies of Hajipour and Ghanaviti (2012), Suliyanto and Rahab (2012), Aliyu (2014) and Mahmoud (2011) who found that a market focus culture bring about competitive advantage among food processing SMEs (see chapter three-section 3.5.5; section 3.3.5).

An assessment of the results from regression model 2 (Table 5.4) indicates that market-focus has a positive and significant relationship with customer performance (H18:  $\beta = 0.19$ , *p*-value < 0.05). This evidence is consistent with Wambugu, Gichira and Wanjau (2016); Njeru and Munyoki (2014); Oseyomon and Gbandi (2014); Reijonen, Laukkanen, Komppula and Tuominen (2012); Idar and Mahmood (2011) who also found significant association between integrated marketing and customer performance based on their study focus on the SME industry (see chapter three-section 3.5.5; section 3.3.5). It is, however, contrary to the insignificant influence of market focus on customer performance found by Suliyanto and Rahab (2012) who also focused their study on the SME industry (see chapter three-section 3.5.5; section 3.3.5). The positive significant relationship as indicated in this study established that market focus activities by food processing SMEs enables them to appreciate the needs of their target audience and try to satisfy them as well as reducing perceived sacrifices involved in the acquisition and use of food processing SME products and services. The research indicated that market focus is considered as the most primary factor that drives food processing SMEs towards customer satisfaction and performance (see chapter three-section 3.3.5.3). If food processing SMEs want to qualify for market focus orientation, they must understand their prospects, whether customers would buy their products or not. The study established that market focus brings about clear understanding of current and potential customers which leads the food processing SMEs to customer performance (see chapter three-section 3.3.5). The research recommends that food processing SMEs in Ghana must not be complacent regarding identification of customers' needs. Beyond the customer, the members of value delivery network must also be understood, because they are also supposed to be influencing the target audiences' purchasing intentions (see chapter three-section 3.5.5). Easy accessibility of information by customers and flexibility in dealing with them has been established by this research study as some of the dimensions of market focus that food processing SMEs should apply to interact with customers. The customer therefore becomes the focus of the food processing SME. When the food processing SME puts the customer/market in focus in all decisions, they will be able to respond to changes in customer preferences and taste which will in the long run build a larger number of loyal customers for the food processing SME. The main aim of a market focused food processing SME is to gain the loyalty of customers by offering superior value to the customer continuously, thus bringing about customer

performance. This evidence is consistent with Wambugu, Gichira and Wanjau (2016); Njeru and Munyoki (2014); Oseyomon and Gbandi (2014); Reijonen, Laukkanen, Komppula and Tuominen (2012); Idar and Mahmood (2011) who also found a significant association between market focus and customer performance based on their study focus in the SME industry (see chapter three-section 3.5.5; section 3.3.5).

An assessment of the results from regression model 3 (Table 5.5) indicates that market focus has a positive and significant relationship with internal business process performance (H19:  $\beta$ = 0.41, p-value < 0.001). This evidence is consistent with Chaudhry and Mahesar (2016); Ofoegbu and Akanbi (2012); Taghian (2010); Mateja (2010) who also found significant association between market focus and internal business process performance based on their study focus on the SME industry (see chapter three-section 3.5.5; section 3.3.5). It is, however, contrary to the insignificant influence of market focus on internal business process performance found by Murjan and Salleh (2012) based on their study focus on the SME industry (see chapter three-section 3.5.5; section 3.3.5). The positive strong significant relationship as indicated by this study established that market focus activities by food processing SMEs enable them to obtain market information, which then helps management of food processing SMEs to respond to market dynamics and turbulence effectively. The conducted research study indicated that food processing SMEs operationalise the market focus in three internal business process components; intelligence generation, dissemination and responsiveness. Intelligence generation comprises the food processing SME's ability to collect relevant market information about its customers, competitors, technology and other environmental factors. The second component indicates the degree of willingness of food processing SMEs to disperse market information to all other department. The responsiveness of food processing SMEs comprises the strategy formulation on the basis of information gathered and disseminated. Consequently, the three components (i.e. intelligence generation, dissemination and responsiveness) provide food processing SMEs with a unified market-focus that eventually leads to superior internal business process performance (see chapter three-section 3.5.5). Therefore, the studies by Chaudhry and Mahesar (2016); Oseyomon and Gbandi (2014); Ofoegbu and Akanbi (2012); and Mateja (2010) agree with the positive strong relationship results between market focus and internal business process performance of food processing SMEs (see chapter three-section 3.5.5; section 3.3.5).

An assessment of the results from regression model 4 (Table 5.5) indicates that market-focus has a positive and significant relationship with learning and growth performance (H20:  $\beta$  = 0.27, *p*-value < 0.001). This evidence is consistent with Kasim, Ekinci, Altinay and Hussain

(2018); Kitchlew, Bajwa and Shahzad (2018); Pedler and Burgoyne (2017); Calisir, Gumussoy, Basak and Gurel (2016); Kharabsheh, Jarrar, and Simeonova (2015); Ozkaya, Droge, Hult, Calantone and Ozkaya (2015); Blocker, Flint, Myers and Slater (2011) who also found significant association between integrated marketing and learning and growth performance based on their study focus on the SME industry (see chapter three-section 3.5.5; section 3.3.5). It is, however, contrary to the study of Johnson, Dibrell and Hansel (2009) who established an insignificant influence of market focus on learning and growth performance based in their study focus in the SME industry. The positive strong significant relationship as indicated in this conducted research study established that market focus-oriented food process SMEs are fast learners because they anticipate market requirements ahead of their competitors (see chapter three-section 3.4.4). The research indicated that when emphasis is on market-based learning, all stages of organisational learning (OL) i.e. knowledge acquisition, knowledge distribution and knowledge interpretation become important. It is so because, through market focus orientation, food processing SMEs acquire knowledge about consumer behaviour and competitor capabilities and disseminate this knowledge though inter-functional coordination (IFC) for strategy design. Customer and competitor knowledge are at the heart of market focus orientation; therefore, knowledge acquisition, distribution and interpretation are influenced through customers and competitors' knowledge (see chapter three-section 3.5.5). In addition, the study indicated that market focus orientation offers a dual focus, i.e. customers and competitors providing a critical knowledge base for new learning. The research established that food processing SMEs that learn continuously from customers, competitors, suppliers and changing trends can create superior value for customers and thus yield greater performance competitiveness. Therefore, market focus serves as a capability to learn with changing customer needs and to counter competitive moves (see chapter three-section 3.3.5). This research study also established that food processing SMEs' adherence to market focus not only generates useful learning from markets but also enjoys a substantial competitive advantage bringing about SME growth. Thus, market-focus provides two important benefits to food processing SMEs; first market knowledge increases through learning and, second, performance in terms of growth improves (see chapter three-section 3.4.4). Therefore, this evidence agrees with the studies by Kasim, Ekinci, Altinay and Hussain (2018); Kitchlew, Bajwa and Shahzad (2018); Pedler and Burgoyne (2017); Calisir, Gumussoy, Basak and Gurel (2016); Kharabsheh, Jarrar, and Simeonova (2015); Ozkaya, Droge, Hult, Calantone and Ozkaya (2015); Blocker, Flint, Myers and Slater (2011) who found that market focus impacts positively on food processing SME performance (see chapter three-section 3.5.5; section 3.3.5).

## 6.1.6 Objective six investigated the impact of value proposition on financial performance, customer performance, internal business/enterprise process performance, learning and growth performance (chapter one – section 1.4.2)

An assessment of the results from regression model 1 (Table 5.5) indicates that value proposition has a positive and significant relationship with financial performance (H21:  $\beta$  = 0.2, *p*-value < 0.01). This evidence is consistent with McFarlane (2013); Weinstein (2012); Ballantyne, Frow, Varey and Payne (2011); Kowalkowski (2011); and Breur (2006) who also found significant association between value proposition and financial performance based on their study focus on the SME industry (see chapter three-section 3.5.6; section 3.3.6). It is, however, contrary to the insignificant influence of value proposition on financial performance found by Zaborek, Doligalski and Sysko-Romańczuk (2013) based on their study focus on the SME industry (see chapter three-section 3.5.6; section 3.3.6). The positive significant relationship as indicated by this research study established that the financial performance of food processing SMEs is due to the delivery of customer value proposition. Therefore, key to retention is customer satisfaction and high customer satisfaction comes from delivering superior customer value propositions (see chapter three-section 3.5.6). The research indicated that highly satisfied customers stay loyal longer, talk favourably about the food processing SME, pay less attention to the competition, are less sensitive, offer service ideas to the food processing SME, and cost less to serve than new customers, thus bringing about improved financial performance to food processing SMEs. This should also remind food processing SMEs of the 80-20 rule; essentially 80% of sales comes from 20% of customers, and this 20% of customers represents repeat customers who are loyal because of the exceptional customer value they perceive in food processing SMEs. The more significant food processing SMEs' customer value proposition, the greater its potential revenue advantage and financial performance. This study research established that focus on purposely chosen customer value propositions and targeted acquisition of new customers are key to successful financial performance (see chapter three-section 3.5.6; section 3.3.6). Thus, the studies by McFarlane (2013); Weinstein (2012); Ballantyne, Frow, Varey and Payne (2011); Kowalkowski (2011); and Breur (2006) supports the positive significant relationship between value proposition and financial performance (H21:  $\beta = 0.2$ , *p*-value < 0.05) based on their study focus in the SME industry (see chapter three-section 3.5.6; section 3.3.6).

An assessment of the results from regression model 2 (Table 5.5) indicates that value proposition has a positive and marginally significant relationship with customer performance (H22:  $\beta = 0.17$ , *p*-value < 0.1). This evidence is consistent with Dickmänken (2017); Lusch

(2015); Keränen, (2014); Bowen, Cattell, Jay and Edwards (2011) who also found significant association between value proposition and customer performance based on their study focus on the SME industry (see chapter three-section 3.5.6; section 3.3.6). It is, however, contrary to the insignificant influence of value proposition on customer performance found by Amit and Zott (2007a) based on their study focus on the SME industry (see chapter 3-section 3.5.6; section 3.3.6). The positive significant relationship as indicated by this study established that the customer performance of food processing SMEs in Ghana is influenced by the value proposition activities they undertake. The conducted research indicated that value propositions are the first point of contact between food processing SMEs and their customers, thus it is vital to establish a good customer relationship (see chapter three-section 3.3.6). This research indicated that a well-posed value proposition can help a food processing SME relate with its customers, preparing the path to successful co-creation with the customers. On the other hand, the research indicated that every customer's value proposition, attributes a subjective and individual value to it. This makes it explicitly important for food processing SMEs to take the subjectivity of value perceptions into account and that those subjective perceptions of value might not be consistent among different customers (see chapter three-section 3.3.6.3). Although well maintained customer relationships are key to successful co-creation with the customer, not every customer is willing to engage in co-creation practices with a food processing SME. Therefore, customer co-creation and collaboration are limited in nature, as each customer has a different degree of willingness to invest in a relationship with every food processing SME; he or she conveys a transactional relationship. The conducted research indicated that this divergence in the degree of willingness to invest and engage in a customerbusiness relationship makes it even more important for food processing SMEs in Ghana to pose their value proposition to a specific customer segment, while paying explicit attention to the target segments' individual needs. In order to create a functioning value proposition, which invites the right customers to engage with food processing SMEs, the customers have to be able to derive the promised value for their individual use. If this condition is not met, the value proposition does either not address the right customer needs or it addresses the wrong customer segment (see chapter three-section 3.5.6; section 3.3.6). This research recommends that food processing SMEs should not pursue an unvarying approach to the formulation of their value propositions. In order to address each customer in accordance with his or her individual perception of value, food processing SMEs have to use customised value propositions for different customer segments (Dickmänken, 2017; Lusch, Vargo, and O'Brien, 2007). Thus, the studies by Dickmänken (2017); Lusch (2015); Keränen, (2014); Bowen, Cattell, Jay and Edwards (2011); Lusch and Vargo (2008); and Lusch, Vargo, and O'Brien, 2007 support the

positive significant relationship between value proposition and customer performance (H22:  $\beta$  = 0.17, *p*-value < 0.1) (see chapter three-section 3.5.6; section 3.3.6).

An assessment of the results from regression model 3 (Table 5.5) indicates that value proposition has a positive and insignificant relationship with internal business process performance (H23:  $\beta = 0.08$ , *p*-value > 0.1). This evidence is consistent with Doligalski, Zaborek and Sysko-Romańczuk (2015) who also found an insignificant association between value proposition and internal business process performance based on their study focus on the SME industry (see chapter three-section 3.5.6; section 3.3.6). It is, however, contrary to the significant influence of value proposition on internal business process performance found by Shalender (2015); Helkkula, Kelleher and Philström (2012); Lindic and da Silva (2011); and Ulaga (2011) based on their study focus on the SME industry (see chapter three-section 3.5.6; section 3.3.6). The positive insignificant relationship as indicated by this conducted research study established that the value proposition of food processing SMEs in Ghana does not impact on process flexibility to bring about the required internal business process performance. The process flexibility is the speed at which food processing SMEs can make decisions, alter schedules or amend existing orders to meet customer needs. This study established that the cocreation of value by food processing SMEs with their customers requires more flexibility in the process to increase the overall value delivery experience. This allows enhanced participation of food processing SME customers while value proposition is being generated and offers customers opportunity to give their crucial feedback (see chapter three-section 3.5.6). Then the implementation of customer feedback again requires process flexibility so as to incorporate this feedback on a real time basis. Additionally, this research study established that this incorporation, thus, is sure to enhance internal business processes and the satisfaction consumers derived from food processing SMEs' value proposition making services and products more satisfying and up to the mark. Therefore, this evidence is consistent with Doligalski, Zaborek and Sysko-Romańczuk (2015) who also found insignificant association between value proposition and internal business process performance based on their study focus on the SME industry (see chapter three-section 3.5.6; section 3.3.6).

An assessment of the results from regression model 4 (Table 5.5) indicates that value proposition has a positive and strong significant relationship with learning and growth performance (H24:  $\beta = 0.25$ , *p*-value < 0.001). This evidence is consistent with Müller (2012); Brodie, Hollebeek, Juric and Ilic (2011); Payne, Storbacka and Frow (2008); and Vargo and Lusch (2008) who also found significant association between value proposition and learning and growth performance based on their study focus on the SME industry (see chapter three-

section 3.5.6; section 3.3.6). It is, however, contrary to the insignificant influence of value proposition on customer performance found by Amit and Zott (2007b) based on their study focus in the SME industry (see chapter three-section 3.5.6; section 3.3.6). The positive strong significant relationship as indicated by this conducted research study established that the value proposition activities of Ghanaian food processing SMEs has enable them to bring together knowledge gathered from customer relationships and customer interaction, which has incorporated an understanding of customer experiences and processes (see chapter threesection 3.5.6). Consequently, food processing SMEs in Ghana are supposed to design their knowledge management activities and infrastructure on the basis of the identified value cocreation process. This research study also established that, by focusing on value co-creation with the customer, this customer-centric view enabled food processing SMEs to align their value creation activities with the up-to-date knowledge about customer needs. Furthermore, the gained knowledge helps food processing SMEs in Ghana to anticipate customer needs and, thus, adapt their value propositions, providing them with a comparative advantage from those competitors who are structuring their knowledge management activities around products, rather than customer processes and experiences (see chapter three-section 3.3.6.3). The studies by Müller (2012); Brodie, Hollebeek, Juric and Ilic (2011); Payne, Storbacka and Frow (2008); and Vargo and Lusch (2008) support the positive significant relationship between value proposition and learning and growth performance (H24:  $\beta = 0.25$ , p-value < 0.001) based on their study focus in the SME industry (see chapter three-section 3.5.6; section 3.3.6).

### 6.2 CONCLUSION

The objective of this conducted research study was to determine the impact of innovative marketing on the performance of food processing SMEs in Ghana (see chapter one-section 1.4.1). Chapter six presented a discussion with an empirical outcome which established that five measures of innovative marketing (i.e. marketing mix, customer focus, integrated marketing, market focus and value proposition, excluding marketing modification) out of six measures positively impact on four measures of food processing SME performance (i.e. financial, customer, internal business process and learning & growth). Again, the study discussed the findings of the study based on the research objectives and hypotheses posed in the introductory part of this research (see chapter one – section 1.4.2). These were discussed in relation to literature (see chapter two and chapter three). Objective 1 established the impact of marketing modification on financial performance, customer performance, internal business/enterprise process performance, learning and growth performance of food processing

SMEs in Ghana (see chapter one - section 1.4.2). This research indicated that marketing modification had insignificant association with financial performance (H1), customer performance (H2), internal business process performance (H3) and learning & growth performance (H4) of food processing SMEs in Ghana (see chapter five-Table 5.7). Objective 2 determined the impact of marketing mix variables on financial performance, customer performance, internal business/enterprise process performance, learning and growth performance (see chapter one - section 1.4.2). This research indicated that marketing mix variables had insignificant association with financial performance (H5), customer performance (H6) and learning and growth performance (H8) of food processing SMEs in Ghana. However, marketing mix variables had a significant association with internal business process performance (H7) of food processing SMEs in Ghana (see chapter five-Table 5.8). Objective 3 investigated the impact of customer focus on financial performance, customer performance, internal business/enterprise process performance, and learning & growth performance of food processing SMEs in Ghana (see chapter one – section 1.4.2). This research indicated that customer focus had insignificant association with financial performance (H9) and customer performance (H10) of food processing SMEs in Ghana (see chapter five-Table 5.8). However, customer focus had significant association with the internal business process (H11) and learning & growth (H12) of food processing SMEs in Ghana (see chapter five-Table 5.8). Objective 4 determined the impact of integrated marketing on financial performance, customer performance, internal business/enterprise process performance, and learning and growth performance of food processing SMEs in Ghana (see chapter one – section 1.4.2). This research indicated that integrated marketing had a significant association with the financial performance (H13), customer performance (H14) and learning & growth performance (H16) of food processing SMEs in Ghana. However, integrated marketing had an insignificant association with the internal business process performance (H15) of food processing SMEs in Ghana (see chapter five-Table 5.8). Objective 5 determined the impact of market focus and financial performance, customer performance, internal business/enterprise process performance, and learning and growth performance of food processing SMEs in Ghana (see chapter one – section 1.4.2).

The conducted research indicated that market focus had a significant relationship with financial performance (H17), customer performance (H18), internal business process performance (H19) and learning and growth (H20) of food processing SMEs in Ghana (see chapter five-Table 5.8). Objective 6 investigated the impact of value proposition on financial performance (H21), customer performance (H22), internal business/enterprise process performance (H23) and learning & growth performance (H24) of food processing SMEs in Ghana (chapter one –

section 1.4.2). This study indicated that value proposition had a significant association with the financial performance, customer performance and learning & growth performance of food processing SMEs in Ghana (see chapter five-Table 5.8). However, value proposition had insignificant association with the internal business process performance of food processing SMEs in Ghana (see chapter five-Table 5.8).

The next chapter will discuss the research conclusions, recommendations and limitations of the study.

#### **CHAPTER 7**

### CONCLUSION AND RECOMMENDATIONS

### 7.1 INTRODUCTION

Innovative marketing is an important strategy for the performance of food processing SMEs as they contribute immensely to the growth and development of the manufacturing sector in Ghana. The conducted research identified six determinants as contributing factors to innovative marketing of food processing SMEs in Ghana (see chapter one-section 1.2). In this age of expanding globalisation of trade, communication, technological advancement and challenging economic climate, it is observed that the majority of Ghanaian food processing SMEs tend to be mired in a survival strategy rather than expanding, despite their immense contribution to food production in Ghana (see chapter one-section 1.3). This study examined the impact of innovative marketing on the performance of food processing SMEs in Ghana, using primary data collected from food processing SMEs in the Eastern Region of Ghana registered with the National Board for Small Scale Industry (NBSS), Ghana (see chapter one-section 1.8.1.0; chapter four-section 4.5.1).

Reflecting on the previous chapters, chapter one introduced the study by giving a general background and setting out the structure for the study. Chapter one also highlighted the problem that the research addressed, the primary and secondary research objectives, the research design methodology, chapter outline and a conclusion.

Chapter two provided an in-depth discussion on the nature and structure of food processing SMEs globally as well as Ghana specifically. The chapter delved into food processing characteristics and features which will support innovative marketing practice in order to achieve performance. The SME industry and their definitions from the Global, African and Ghanaian contexts were discussed too. The role and importance of SMEs in economic development and success factors or characteristics of SMEs both in general terms and specifically in the Ghanaian context were discussed as well. The chapter ended with an in-depth discussion of the Ghanaian food processing sector and the food processing SME industry in Ghana.

Chapter three provided a literature review on innovative marketing and its six constructs namely; marketing modification, marketing variables, customer focus, integrated marketing, market focus and value proposition. This chapter three also presented a literature review on performance and its associated four constructs, namely; financial, customer, internal business process, and learning and growth. The chapter further explored the impact and relationship

between innovative marketing constructs and performance constructs. The chapter was concluded with the formulation of hypotheses and the conceptual framework for the study.

Chapter four discussed in details the research design and methodology used to research the impact of innovative marketing on the performance of food processing SMEs in Ghana. A review of various research philosophies was conducted and the rationale for the choice of the positivist paradigm, utilising deductive reasoning through a descriptive and quantitative approach to gather data, was presented. The research design and methodology chapter also discussed the overall structure as well as the strategy to meet the objectives of the study such as research environment, population, sampling, data administration and collection, validity and reliability of research, statistical process for data analysis and ethical considerations. Limitations of the selected research design and method were noted while measures taken to minimize such limitations were highlighted. Finally, chapter four gave a description of the process for statistical approaches to data management and analysis in order to ascertain the research objectives and hypotheses (see chapter one – section 1.4.2).

Chapter five analysed the data and discussed the empirical findings obtained from the quantitative study. The chapter interpreted results based on the questions and the objectives of the study as specified in chapters one and four. The findings were presented, supported and discussed using tables, figures as well as references to previous studies.

Chapter six presented a discussion on the empirical outcome of the hypotheses testing conducted in this investigation and their significance, particularly in relation to findings from other studies reported in the literature (see chapter six-sections 6.1.1, 6.1.2, 6.1.3, 6.1.4, 6.1.5, 6.1.6). Chapter six discussed the findings of the study based on the research objectives and hypotheses posed in the introductory part of this research (see chapter one-section 1.4.2). These were discussed in relation to literature.

The current chapter (chapter seven) draws conclusions and makes recommendations based on the research findings and discussion of results in chapter five. The chapter also highlights the contribution of the research to theoretical knowledge as well as in practice. The ethnographic reflection of the conducted research study is also discussed.

Chapter seven is divided into ten sections. The first section is the introductory section which begins with an overview of the previous chapters. Section two of chapter seven addresses the summary of the research results that were identified for this study. Chapter seven also presents the conclusion of the research results of the study which are highlighted in section three. Section four discusses the conclusions of the research objectives and the research recommendations are addressed in section five. The contribution of this study to knowledge is also discussed in section six. Sections seven, eight, nine and ten of chapter seven addresses the conclusion and research limitations, suggestions for future research, ethnographic reflections and final conclusion respectively.





### 7.2 SUMMARY OF RESEARCH STUDY

The study was carried out in response to the on-going discussion and increasing research interest on the impact of innovative marketing on food processing SMEs in Ghana (see chapter one-section 1.2). The increased research is in recognition of the critical role innovative marketing plays among food processing SMEs in Ghana as a performance catalyst, and in response to the identified lack of holistic methodology as to the definition, measures/determinants and execution. The study found a lack of unification between theories of innovative marketing and performance across SME organisations in general, as well as a call for research to entrench understanding of innovative marketing and food processing SME performance constructs from the review of literature in chapters one, two and three. The primary aim of this research was to determine the impact of innovative marketing on the performance of food processing SMEs in Ghana. This was achieved by establishing and
prioritising innovative marketing measures that influence food processing SMEs' performance measures in the Ghanaian context. The objective of the research (see chapter one-section 1.4), and an overview of the demographic profile of the respondents (chapter five-section 5.3) are presented in section 7.2.1 to 7.2.3 below.

#### 7.2.1 Research Objectives

The main objective of the research as detailed in chapters one, three and five was to determine the impact of innovative marketing on the performance of Ghanaian food processing SMEs. The objectives were set based on the on-going discussion on filling the gap in innovative marketing and performance conceptualisation. The research problem and research gap were derived from extant literature (see chapter one- section 1.2). The objective of the research was then proposed to address the research problem specified in chapter one-section 1.3. The overall findings obtained in the literature study and empirical studies will attempt to address the research objectives. The outcome of addressing the research objectives is also expected to result in deeper understanding of innovative marketing and performance constructs as well as expansion of available knowledge (see chapter three). Achieving the objectives of this research is also expected to enhance the innovative marketing capability and performance of food processing SMEs in Ghana.

#### 7.2.1.1 Primary Research Objectives

As stated in chapters one, three, five and section 7.2.1 above, the primary objective of the research was to establish the impact of innovative marketing on the performance of Ghanaian food processing SMEs.

# 7.2.1.2 Secondary Research Objectives

As stated in chapter one - section 4.2.1, the secondary objectives of the study were formulated as follows:

1. To establish the impact of marketing modification on performance (financial, customer, internal business process, learning and growth) among food processing SMEs in Ghana.

2. To determine the impact of marketing mix on performance (financial, customer, internal business process, learning and growth) among food processing SMEs in Ghana.

3. To investigate the impact of customer focus on performance (financial, customer, internal business process, learning and growth) among food processing SMEs in Ghana.

4. To establish the impact of integrated marketing on performance (financial, customer, internal business process, learning and growth) among food processing SMEs in Ghana.

5. To determine the impact of market focus on performance (financial, customer, internal business process, learning and growth) among food processing SMEs in Ghana.

6. To investigate the impact of value proposition on performance (financial, customer, internal business process, learning and growth) among food processing SMEs in Ghana.

# 7.2.2 Summary of Research Technique

The research was conducted in three stages. First, extant literature on innovative marketing and performance as well as food processing SME relevant to the study were reviewed in chapters one and three to establish their relevance to the proposed framework. The second stage of the research design was to establish the reliability, validity as well as refine the data collection instrument. This was achieved in two phases; firstly, a review of the instruments by academic experts and, secondly, a pilot study was carried out to verify the survey instrument based on end user feedback, ten (10) SMEs (4 - pub/tavern operators; six (6) - traders specializing in convenience and grocery products) within the Koforidua Technical University community who were randomly selected. The ten (10) initially tested SMEs though were not among those selected for the study; they shared, however, the same characteristics (such as same geographical location, specialising in the sale of processed food and appropriateness to SME definition in this study). Finally, the last stage of the study was the main study based on the survey design. The main study was carried out through a stratified random selection of 230 respondents who were on the list of registered food processing SME with the National Board for Small Scale Industry in the Eastern Region of Ghana. The study was carried out specifically in the Eastern Region of Ghana (see chapter four- figure 7).

The questionnaire consisted of 68 questions on the main constructs and seven questions on the demographic characteristics of the population. The targeted population for the study was food processing SME owners/managers who were between the ages of 18-60 and had been operating for not less than two years in the Eastern Region of Ghana.

### 7.2.3 Summary of Research Population Sample

The population sample was selected in Ghana to address the research objectives and questions through empirical studies. Conclusions on the research population for the study were made based on the information that was derived from the choice and profile of the research area highlighted in chapter four and the demographic variables of respondents presented in chapter five. Information on sampling design for the study provided a deeper understanding of the characteristics of the respondents as well as established a data pattern. Information of the demographic variables gathered from the empirical studies included gender, age, level of education, operation duration, respondent's position, number of employees/food processing SME size and ownership structure of the food processing SME.

As expounded in chapter four, the study area for the research was the Eastern Region of Ghana. The population was drawn from 540 food processing enterprises registered by the National Board for Small Scale Industries (NBSSI) in the Eastern Region of Ghana and also were categorised as food processing SME based on the definition of SMEs in this study (i.e. fewer than nine (9) employees and a maximum of one hundred (100) employees). The analysis of the socio-demographic variables of the respondents established a data pattern which provides an understanding of the characteristics of the respondents and also provides a data pattern. The socio-demographic analysis reveals that 150 respondents out of 225 respondents were females constituting 67% while 75 respondents out of 225 respondents were males constituting 33%. The analysis indicates that the age of respondents who fall within 18 to 30 years were 104 respondents, constituting 46%; those within 31 to 40 years were 87 respondents representing 39%; age group within 41 to 50 years were 23 respondents constituting 10%, whilst respondents within the ages 51 to 60 years were 11 representing 5%. The analysis shows that the level of education of respondents who completed a diploma recorded a frequency of 70, representing 31%; those with non-formal education (including apprenticeship) were 48 respondents constituting 21%; respondents with a university degree were 43 representing 19%; respondents who completed grade 12 were 30 representing 13%; respondents who never completed grade 1 were 17 representing 6%; respondents in 'other' category were 11 constituting 5%; and respondents with postgraduate qualification were 9 constituting 4%. Data analysis on operation duration indicates that 171 respondents representing 76% had been in food processing enterprise for more than two years; 54 respondents constituting 24% had been in food processing enterprise for exactly two years. Analysis on respondent position shows that 113 respondents representing 50% held the position of owner/manager; 49 respondents representing 22% held the position of general manager and 28% of respondent held nonmanagerial positions. Also, analysis on number of employee/food processing SME size shows that food processing SMEs that employed less than nine employees were 142 respondents representing 63% and those that employed between nine and 100 employees were 83, representing 37%. The analysis on ownership structure of food processing SMEs indicates that 160 respondents representing 71.1% were sole proprietorships, 49 of respondents representing 21.8% were partnerships and 16 of the respondents representing 7.1% were limited liabilities. Section 7.3 presents the summary of findings from literature and empirical studies.

# 7.3 CONCLUSIONS OF RESEARCH RESULTS

This section makes conclusion on the research study results. The conclusions were made based on the information derived from both the literature review in chapters one, two, and three as well as empirical findings. The data in this study was focused on meeting the research objectives and validating the research hypotheses in chapters one and three. The overall findings derived from the literature review and the empirical studies are summarized. Next each secondary objective of this study is addressed based on the findings from chapter five. From this conclusion on the secondary objectives, conclusions will be made on the primary objective of the study.

# 7.3.1 An Overview of Research Findings

This research study was conducted with the primary aim of establishing the impact of innovative marketing on the performance of Ghanaian food processing SMEs. A research into the measures of innovative marketing and food processing SME performance is important to establishing the impact of proposed measures of innovative marketing (as independent variables) on the proposed measures of food processing SME performance (as dependent variables).

Table 7.1 is a pictorial representation of the findings from the research. The table shows the progression on the development of the framework for the study from the review of literature to the final outcome based on empirical findings.

LITERATURE REVIEW	PRETEST	EMPIRICAL STUDIES
• Measures/determinants of	• 10 constructs and 68 items	• Quantitative research was
innovative marketing and	extracted from literature	conducted on food processing
performance are identified	were subjected to	SMEs using the 10 constructs
for extant literature and	refinement and validation	and 75 items established after
adapted in the context of	by academic experts.	pilot test.
food processing SMEs		Analysis of empirical studies
	• A pilot test was conducted	generated 10 constructs
• A total of 10 constructs	to further refine	(consisting of 6 constructs of
consisting of 6 constructs of	instruments.	innovative marketing, 4
innovative marketing and 4		constructs of food processing
constructs of performance	• 10 constructs and 75 items	SME performance) and 37
were extracted from	were established as	items to which measures the
literature and proposed as	measurement instrument	constructs of innovative
determinants of innovative	for establishing the	marketing and 31 items
marketing and food	determinants of	measures the constructs of food
processing SME	innovative marketing and	processing in Ghana
performance respectively.	food processing SME	• A final model of determinants
	performance in Ghana.	of innovative marketing and its
• The adapted determinants		impact on food processing
were used as framework for	• The measurement	SME performance determinants
further empirical studies	instrument was used for	in Ghana was developed in
	the main study.	order of significance.

# **Table 7.1: Pictorial Illustration of Research Findings**

Source: Field Survey, 2020

Table 7.1 presents a pictorial representation of the progression of the study. The figure illustrates how the research results from both literature and empirical studies were integrated to develop a model of determinants of innovative marketing and its impact on determinants of food processing SME performance in Ghana.

An overview of findings from the review of past literature and empirical studies is outlined in sections 7.3.2 and 7.3.3 below.

# 7.3.2 Findings from Study of Literature

The comprehensive review of literature in chapters one to four was derived from several academic journals, textbooks and internet searches from databases such as Emerald Insight, Elsevier, and Science Direct among others. A comprehensive assessment and comparative

analysis of the literature content was undertaken to establish the major factors of innovative marketing and performance, exclude repetition and to ensure the quality of research on the impact of innovative marketing on food processing SME performance. The conceptual framework developed from the review of literature and produced in chapters one and three is presented in figure 7.2. Figure 7.2 shows the six determinants of innovative marketing and the four determinants of food processing SME performance.

# Figure 7.2: Conceptual Framework of the Impact of Innovative Marketing on Performance

# THEORETICAL RESEARCH MODEL



Source: Field Survey, 2020

A review of literature established that innovative marketing is constituted by basic dimensions or elements classified into the classes of marketing variables (includes product enhancement, alteration of marketing mix and distribution channels); marketing modification (includes marketing pro-action and change); customer focus (customer and market needs); integrated marketing (includes permeation of marketing throughout the food processing SME); market focus (include vision of food processing SME owner/manager, market centredness and profit); and value proposition (includes new products/services, uniqueness of marketing element introduced and unconventional aspect of the food processing SME). When these elements or dimensions are fully integrated into the food processing SMEs' innovative marketing, they create the ability to respond to the dynamic environment. The description of SME innovative marketing elements/variables identifies the key constituents of innovative marketing and facilitates insight into the key constituents. The variables/elements of innovative marketing increase understanding of possible inter-relationships between variables/elements and the role played by such variables/elements in innovative marketing in SMEs.

Extant literature suggests that a broad and well-balanced performance conceptualisation, including financial and non-financial measures, will help SMEs to fully understand the performance consequences of their innovative marketing strategies. Review of literature as indicated in chapter one-section 1.2 identified research gaps such as issues of poor strategic implementation, and the reliance on financial measures only to judge the strategic performance of the organisation such as food processing SME. This provided motivation for the research study to develop a mix of financial and non-financial tools to link performance measures by looking at the organisation's strategic vision from four different perspectives: financial, customer, internal processes, and learning and growth. The performance measures are intended to document a strategic logic in terms of cause and effect relationships between innovative marketing activities of food processing SMEs and its long-term success.

The review of extant literature found that marketing modification capabilities exert a significant and positive effect on profitability (i.e. financial performance), customer satisfaction (i.e. customer performance), internal marketing procedures (i.e. internal business process) and knowledge management in terms of product and service differentiation (i.e. learning and growth). Therefore, the marketing modification implementation has a relationship with profitability, customer retention and growth, internal marketing procedures and customer knowledge and insights.

Therefore, the hypotheses considered were (see chapter one-section 1.4.2; chapter three-section 3.5.1):

H1: Marketing modification has a positive impact on financial performance.

H2: Marketing modification has a positive impact on customer performance

H3: Marketing modification has a positive impact on internal business process performance

H4: Marketing modification has a positive impact on learning and growth performance

Analysis of the literature established that marketing mix variables which include product, price, place and promotion are strategies that organisations such as food processing SMEs use to react to market dynamics and also act as internal forces that will enable a food processing SME to achieve its objective. Food processing SMEs that have implemented effective marketing mix variables (i.e. product, price, place and promotion) are able to increase their customer performance through market share growth and internal enterprise processes through procedures in creating and delivering value, financial performance through sales and achievement of competitive advantage through learning and growth.

It is therefore hypothesized that (see chapter one-section 1.4.2; chapter three-section 3.5.2): *H5: Marketing variables have a positive impact on financial performance.* 

*H6*: *Marketing variables have a positive impact on customer performance.* 

H7: Marketing variables have a positive impact on internal business process performance.

*H8*: *Marketing variables have a positive impact on learning and growth performance.* 

A review of extant literature posits that customer focus has a positive impact on organisational performance since it promotes loyalty. It was found from literature that customer focus directly affects the financial performance of food processing SMEs especially on profitability and return on capital through market expansion and increasing market share. The customer focus strategy expected outcomes are creating value for customers which leads to loyal customers. In the same vein, the review of literature revealed that customer focus influences the ability of food processing SMEs to develop new productive processes and enhance their production technology in line with the market trends. The impact of customer focus on a company's ability to innovate, create, improve and learn ties directly to the food processing SME's capacity and value through the ability to launch new products, create more value for customers and improve operating efficiencies continually.

This line of discussion led this study to generate the following hypotheses (see chapter onesection 1.4.2; chapter three-section 3.5.3): *H9:* Customer focus has a positive impact on financial performance.

H10: Customer focus has a positive impact on customer performance.

H11: Customer focus has a positive impact on internal business process performance.

H12: Customer focus has a positive impact on learning and growth performance.

Review of extant literature shows that previous studies conducted in different sectors such as banking, transport, telecommunication and food manufacturing reveal that integrated marketing has a positive relationship with performance. Nonetheless, empirical evidence largely relied on studies focusing on financial measures and limited studies measure nonfinancial performance. It was established that integrated marketing capability drives a brand's financial performance through influencing the effectiveness of communication campaigns and the brand's market-base performance. Review of literature reveals that integrated marketing tools such as advertising, direct marketing, publicity and sales promotion have the highest influence on consumer buying behaviour. On the other hand, integrated marketing was identified in extant literature as the implementation of formal policies, decision procedure, formal responsibility, line of command and organisational coordination mechanisms. These reflect the influence of integrated marketing on internal processes of organisations including food processing SMEs. Integrated marketing based on extant literature is important to increase the effectiveness of learning about the customer, market environment, and competitors. Thus, integrated marketing has positive effect on organisational learning and growth because the organisation can use it to adapt more skillfully to customer's needs.

Therefore, the following hypotheses were being proposed (see chapter one-section 1.4.2; chapter three-section 3.5.4):

*H13:* Integrated marketing has a positive impact on financial performance.

H14: Integrated marketing has a positive impact on customer performance.

H15: Integrated marketing has a positive impact on internal process performance.

*H16*: Integrated marketing has a positive impact on learning and growth performance.

Review of literature established that market focus is a culture in which organisations strive to create value for their customers and superior performance for the organisation by concentrating on customer needs and long-term profitability. In the same line of argument, the review of literature showed that market focus enables an enterprise to have a good understanding of its customers and environment through learning, all of which affect the profit and growth of the enterprise. Extant literature describes marketing focus as a form of organisational culture

whereby the workers within organisation are systematically and fully dedicated to continuous creation of superior value. Market focus also entails a process of continuous information gathering which sets the tone for a structured internal business process. Literature reviewed shows that information gathered helps management of enterprises to respond to market dynamics and turbulence effectively. Again, extant literature operationalised market focus definition into three internal business components; *intelligence generation, dissemination* and *responsiveness*.

Therefore, it was hypothesised that (see chapter one-section 1.4.2; chapter three-section 3.5.5): *H17: Market focus has a positive impact on financial performance.* 

H18: Market focus has a positive impact on customer performance.

H19: Market focus has a positive impact on internal business process performance.

H20: Market focus has a positive impact on learning and growth performance.

A review of extant literature shows that when organisations such as food processing SMEs offer a customer value proposition and it is clearly witnessed by their prospects, their revenue typically improves or exceeds expectation, thereby translation into financial performance for organisations. Literature emphasises that the more significant an organisation's customer value proposition, the greater its potential revenue advantage and financial performance. Value propositions are the first point of contact between a food processing SME organisation and its customers; thus, it is vital to establish a customer relationship and customer performance. The literature review suggests that, whist food processing SMEs develop over time, constantly adapting and applying learned knowledge, their value propositions traverse the same processes. The impact of value proposition on food processing SME learning and growth enables them to acquire knowledge over an extended timeframe by constantly gathering and evaluating data about customers. Extant literature views the impact of value proposition on internal business process of food processing SMEs in terms of process flexibility. Process flexibility refers to the speed at which the SME can make decisions, alter schedules or amend existing orders to meet customer needs. Literature indicates that value proposition relates to making the process more flexible in order to increase customer exposure to the whole internal process of food processing SMEs.

Therefore, it is hypothesised that (see chapter one-section 1.4.2; chapter three-section 3.5.6):

*H21:* Value proposition has a positive impact on financial performance.

H22: Value proposition has a positive impact on customer performance.

#### H23: Value proposition has a positive impact on internal business process performance.

#### H24: Value proposition has a positive impact on learning and growth performance.

The antecedents offered in past literature, however, were particular to contexts outside food processing SMEs. This study therefore empirically investigated determinants of innovative marketing and performance established through a literature review in the Ghanaian food processing SME context. For the purpose of this study, six determinants of innovative marketing and four determinants of performance were eventually arrived at. The extracted determinants of innovative marketing and replacement after extraction, categorisation and review of literature previously discussed in chapter three of this study. Marketing modification, marketing mix variables, customer focus, integrated marketing, market focus and value proposition were proposed as determinants of food processing SME innovative marketing. Further, financial performance, customer performance, internal business process and learning and growth performance were also proposed as determinants of food processing SME gerformance based on the recurrence of the impact of innovative marketing determinants on these performance determinants in literature.

The review of literature in chapters one and three resulted in the development of 68 items as subcategories that describe the six determinants of innovative marketing and the four determinants of food processing SME performance. The procedure for the development of the subcategories are described in chapter four (sections 4.5.5.1). This study therefore empirically investigated the impact of determinants of innovative marketing on the determinants of performance established through a literature review in the Ghanaian food processing SME context. The next section summarises the findings of the study on the impact of innovative marketing on food processing SMEs in Ghana.

# 7.3.3 Findings from Empirical Studies

The previous section provided a summary of the antecedents that initiate innovative marketing and their impact on performance based on the literature review carried out in this study. It also highlighted the fact that the identified antecedents were outcomes of past researches in different geographical contexts. From the literature review, six factors of innovative marketing and four factors of food processing SME performance were proposed for empirical investigation in the Ghanaian food processing SME sector. Empirical studies were further conducted to validate or invalidate the findings from the literature review described in section 7.3.1. This section

provides a summary of the findings from empirical examination. Six determinants of innovative marketing (marketing modification, marketing mix variables, customer focus, integrated marketing, market focus and value proposition) were presented as independent variables while four determinants of performance (financial performance, customer performance, internal business process performance and learning and growth performance) identified from the review of literature were presented to be validated or invalidated by the impact of determinants of innovative marketing on determinants of food processing SME performance in Ghana during this study.

Questionnaires were structured to correlate with objectives of the research outlined in chapter one and chapters one and three were used to gather the opinions of owners/mangers of food processing SMEs. The data was then analysed to validate its importance to the research hypotheses and research objectives, as presented in the previous chapters in six steps. First, the demographic characteristics of the population sample was analysed to profile the characteristics of the respondents as well as provide a data pattern. Frequency count, percentage and cumulative percentage were used to describe categories of variables. The demographic profile revealed that the majority of food processing SME owners/managers in Ghana were females as compared to their male counterparts. The research study also established that the majority of them were young as compared to their older counterparts. The study confirmed that the majority of food processing owners/managers have higher education followed by those with secondary and post-secondary education. This is an indication the food processing owners/managers in Ghana can comprehend the application of innovative marketing and its impact on their performance. The analysis also showed that the majority of food processing SMEs in Ghana have been in operation for more than two years. This is also an indication that food processing SME owners/managers who are older in operation are more inclined to implement innovative marketing due to factors such as experience, less risk of failure, local knowledge and market insight. The demographic analysis also showed that majority of food processing SMEs are owners/managers. This gives an indication that majority of food processing SMEs are in the position to make independent decisions regarding innovative marketing and its implementation. The analysis also revealed that in terms of number of employees or food processing SME size, the majority of them employed less than nine employees. This shows that food processing SMEs compared to larger enterprises develop their relational capital with greater ease and use the available knowledge on innovative marketing from their associations more readily in order to achieve higher performance due to small size or smaller employee number. The demographic analysis also indicated that the majority of food processing SMEs in Ghana are operating under sole proprietorship ownership.

This type of ownership structure enables food processing SMEs to develop and implement innovative marketing initiatives.

In the second stage, confirmatory factor analysis (CFA) was carried out in this study. Confirmatory factor analysis provided the procedure for data examination, and determined the structure of factors to be investigated. The CFA was utilised in this study to determine convergent and discriminant validity and dimensionality of the relationship between items and variables. Therefore, confirmatory factor analysis was performed on innovative marketing as an independent variable with constructs including marketing modification, marketing mix, customer focus, integrated marketing, market focus, value proposition and SME performance as dependent variables with constructs including financial performance, customer performance, internal business process and learning and growth. Thus, the study used the exploratory factor analysis to determine whether all the scales applied in this study have construct validity.

To justify the application of confirmatory factor analysis in this study, a statistical test to quantify the extent of inter-correlations among the variables was utilised. The Bartlett's Test of Sphericity for the constructs of independent and dependent variables is significant at p < 0.01 and their KMO were between 0.8 and 0.9. The results of the KMO indicate that the confirmatory factor analysis of the study should be performed and the Bartlett's Test of Sphericity also suggests that the factor analysis is considered appropriate. Additionally, the factor loading of the construct's items of the independent and dependent variables loaded significantly into one factor higher than the cutoff value of 0.5.

Third stage of the empirical study determined that the Cronbach's alpha and composite reliability of the construct's items of both independent and dependent variables were above 0.8, which indicates high or strong reliability of constructs and construct's items. In the same vein, the validity of constructs of independent and dependent variables was estimated by examining the convergent validity and discriminant validity test. The convergent validity in this study was achieved when the Average Factor Loading of items under a construct is greater than 0.7 (Ave. Factor Loading > 0.7) or when the value of the Average Variance Extracted is equal or greater than 0.5. The Average Factor Loading of items under constructs of both independent and dependent variables in this study were greater than 0.7. Similarly, their Average Variance Extracted is greater than 0.5, thus, the convergent validity of constructs in this study was established. Conversely, the discriminant validity of constructs in this study was established since their Average Variance Extracted was greater than their Correlation Matrix Squared.

In the fourth stage, a multiple regression analysis was employed to establish the relationship between the independent variables and dependent variables in chapter five - section 5.5. Thus, a regression test was conducted to assess the impact that the independent variables [i.e. marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP)] had on the dependent variables [i.e. financial performance (FP), customer performance (CP), internal business process performance (IBPP), and learning and growth performance (LGP)]. This helped in achieving the objectives of the study by testing the stated hypotheses. The study focused on six secondary objectives and twenty-four hypotheses. The hypotheses were tested under four main relational headings which supported the four regression models for the study. Thus, the four main relational heading under which the hypotheses were tested comprised; the impact of innovative marketing (i.e. independent variable) on financial performance (i.e. dependent variable), the impact of innovative marketing (i.e. independent variable) on customer performance, the impact of innovative marketing (i.e. independent variable) on internal business process performance (i.e. dependent variable) and the impact of innovative marketing (i.e. independent variable) on learning and growth performance (i.e. dependent variable). Innovative marketing as an independent variable was measured by six constructs, namely: marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP) while SME performance as a dependent variable was measured by financial performance (FP), customer performance (CP), internal business process performance (IBPP) and learning and growth performance (LGP). The numbering of the hypotheses was arranged to correspond with the hypotheses numbering proposed in chapter one and also to support the four regression models of the study.

The results from the regression analysis indicate that, with regression model 1, three components/constructs of innovative marketing (i.e. integrated marketing (H13), market focus (H17) and value proposition (H21) have a positive and significant association with food processing SMEs' financial performance. However, three components of innovative marketing (i.e. marketing mix variables (H5), marketing modification (H1), and customer focus (H9)) had no significant relationship with food processing SMEs' financial performance. Regression model 2 analysis also indicates that three components/constructs of innovative marketing (i.e. integrated marketing (14), market focus (H18) and value proposition (H22)) had a positive and significant association with food processing SME customer performance. Conversely, two components of innovative marketing (i.e. marketing mix variables (H6), marketing modification (H2), and customer focus (H10)) had no significant relationship with food processing SME customer performance.

components/constructs of innovative marketing (i.e. marketing mix variables (H7), customer focus (H11) and market focus (H19)) had a positive and significant association with food processing SMEs' internal business process performance. On the other hand, three components/constructs of innovative marketing (i.e. marketing modification (H3), integrated marketing (H15) and value proposition (H23) had no significant relationship with food processing SMEs' internal business process performance. In the same vein, the analysis of regression model 4 indicates that four components/constructs of innovative marketing (i.e. integrated marketing (H16), customer focus (H12), market focus (H20) and value proposition (H24)) had a positive and significant association with food processing SMEs' learning and growth performance. However, two components/constructs of innovative marketing (marketing mix variables (H8), and marketing modification (H4)) had no significant relationship with food processing SMEs' learning and growth performance. Table 7.2 provides the summary results of the hypothesis.

Hypothesis	Outcome
H1: Marketing modification has a positive impact on financial performance	Rejected
H2: Marketing modification has a positive impact on customer performance	Rejected
H3: Marketing modification has a positive impact on internal business process performance	Rejected
H4: Marketing modification has a positive impact on learning and growth performance	Rejected
H5: Marketing Mix Variables has a positive impact on financial performance	Rejected
H6: Marketing mix variables has a positive impact on customer performance	Rejected
H7: Marketing mix variables has a positive impact on internal business process performance	Accepted
H8: Marketing mix variables has a positive impact on learning and growth performance	Rejected
H9: Customer focus has a positive impact on financial performance	Rejected
H10: customer focus has a positive impact on customer performance	Rejected
H11: Customer focus has a positive impact on internal business process performance	Accepted
H12: Customer focus has a positive impact on learning and growth performance	Accepted
H13: Integrated marketing has a positive impact on financial performance	Accepted
H14: Integrated Marketing has a positive impact on customer performance	Accepted
H15: Integrated marketing has a positive impact on internal business process performance	Rejected
H16: Integrated marketing has a positive impact on learning and growth performance	Accepted
H17: Market focus has a positive impact on financial performance	Accepted
H18: Market focus has a positive impact on customer performance	Accepted
H19: Market focus has a positive impact on internal business process performance	Accepted
H20: Market focus has a positive impact on learning and growth performance	Accepted
H21: Value proposition has a positive impact on financial performance	Accepted
H22: Value proposition has a positive impact on customer performance	Accepted
H23: Value proposition has a positive impact on internal business process performance	Rejected
H24: Value proposition has a positive impact on learning and growth performance	Accepted

Source: Field Survey (2020)

Finally, the fifth stage shows that once the construct measures had been affirmed as reliable and substantial, the study then proceeded to assess the structural equation model (SEM) using path analysis. This process included the assessment of the SEM model's predictive capabilities and the relationship that exists between the constructs of the study. The path analysis is an extension of the SEM regression model in chapter five -Table 5.7. The path of the model is shown by a square and arrow, which shows the causation (see chapter 5-Figure 5.4). Regression weight was predicted by the SEM model (see Table 5.7). Then the goodness of fit statistic was calculated in order to see the fitting of the model (chapter five-section 5.5.1.3.1; Table 5.8). The measurement of population error indicates that RMSEA, Lower bound, Upper bound and pclose were perfect for model fit. On the other hand, the measurement of baseline comparison indicates that comparison fit index, Tucker-Lewis index were all close or equal to 1, and this suggests a perfect model fit. The measurement of size of residuals shows that standardized root mean squared residual, SRMR and the coefficient of determination were considered a perfect model fit. The model path coefficient test was carried out to assess the relationship between the dimensions of the research and also to determine whether the path coefficient was significant to the hypothesis of the study in chapter five – section 5.5.1.3.2. The hypotheses result from the regression analysis was confirmed by the model path coefficients test in term of relationship between dimensions and the significance of the hypothesis.

From a review of the data derived from both the literature review and empirical studies, it is evident that the specific antecedents of innovative marketing impact on food processing SME performance. Also, the antecedents of innovative marketing have varying levels of significance of impact to the performance of food processing SMEs. Specifically, in the food processing SME context, it was evident that five out of the proposed six determinants of innovative marketing were found to have significant relative contribution to performance, and the weight of significance varied. Three of the factors, namely integrated marketing, market focus, and value proposition, were found to have a great impact on food processing SME performance. On the other hand, marketing mix variables and customer focus respectively were found to have minimal significance on the performance of food processing SMEs in Ghana. Marketing modification was found to have no significance on the performance of food processing SMEs in Ghana.

# 7.4 CONCLUSIONS FOR RESEARCH OBJECTIVES

The conclusions of the research objectives that were identified for this conducted study are addressed below. The primary objective of the study was to investigate the impact of innovative marketing on the performance of Ghanaian food processing SMEs. In order for the primary research objective to be realised, various secondary objectives were formulated.

### 7.4.1 Conclusion for Secondary Research Objective 1

As outlined in chapter one (see section 1.4.2), the first secondary objective of the study was to establish the impact of marketing modification on financial performance, customer performance, internal business process performance, and learning an d growth performance among food processing SMEs in Ghana.

A multiple regression model was conducted to determine how marketing modification (i.e. an innovative marketing construct) influences financial performance of SMEs in the food processing sector in Ghana. The study result indicated a positive and insignificant relationship between marketing modification and financial performance of food processing SMEs. The conducted research study concludes that SMEs in the food processing sector are not oriented in terms of marketing modification. They encourage little or no marketing modification, and that marketing modification is not an integral component of their strategy. The research study also concludes that marketing modification strategy implementation of food processing SMEs in Ghana face challenges such as inability to manage change and owner-managers' not supporting the strategy. The inability of food processing SMEs to apply sound marketing modification techniques has therefore impacted negatively on their financial performance.

The statistically positive and insignificant relationship between marketing modification and financial performance of food processing SMEs agrees with the studies by Xu, Liu and Chen (2019); Song, Zhong, Chen and Wu (2018); Opoku (2016); and He and Chen (2011). This finding is, however, contrary to Roongchirarote and Zhao (2017); Njoroge (2015); Kathambi and Mutulu (2014); and Slater, Hult and Oslo (2010) who found a positive and statistically significant relationship between marketing modification and financial performance (see chapter three-section 3.5.1; section 3.3.2).

A multiple regression model was conducted to determine how marketing modification (i.e. an innovative marketing construct) influences customer performance of SMEs in the food processing sector in Ghana. The research result indicated a negative and insignificant relationship between marketing modification and customer performance of food processing SMEs. The study concludes that food processing SMEs are confronted with problems of product feature communication changes and implementing sales modifications to win and retain customers. Furthermore, other aspects such as lack of capabilities to create innovation, image, exclusive branding, and lack of appropriate support from marketing infrastructure impact negatively on the implementation of marketing modification to bring about yield in terms of customer performance.

The statistically negative and insignificant relationship between marketing modification and customer performance of food processing SMEs agrees with the studies by Abdullahi, Jakada, and Kabir (2016); Ebitu, Ufot, and Olom (2015); Ayozie, Oboreh, Umukoro, and Ayozie (2013); Tom (2014); Amoah and Fordjour (2013); Brush, Ceru and Blackburn (2009); and Zeithaml, Bitner, Gremler and Pandit (2008). This finding is, however, contrary to Biégas (2018); Santos-Vijande, Sanzo-Perez, Gutierrez and Rodriguez (2012); and Sanda, Sackey and Fältholm (2011) who found a positive relationship between marketing modification and customer performance (see chapter three-section 3.5.1; section 3.3.2).

A multiple regression model was conducted to determine how marketing modification (i.e. an innovative marketing construct) influences internal business process performance of SMEs in the food processing sector in Ghana. The study result indicated a positive and insignificant relationship between marketing modification and internal business process performance of food processing SMEs. The conducted research study concludes that the intuitive nature of food processing SMEs is based upon specific situations and, as a result, any implementation of marketing modification activities is without a pre-planning internal process activity. Moreover, marketing modification actions among food processing SMEs in Ghana are evaluated subjectively based on the owner-manager's perceptions, conjectures or mental marketing schemes, thus accounting for poor or non-existing internal processes.

The statistically positive and insignificant relationship between marketing modification and internal business process performance of food processing SMEs agrees with the studies by Izvercian, Miclea and Potra (2016); Manrai (2013); Bettiol, Di Maria, and Finotto (2012); Gellynck, Banterle, Kuhne, Carraresi and Stranieri (2012); Mahmoud (2011), Mahmoud, Kastner and Yeboah, (2010); Marcati Guido and Peluso (2008); Blankson and Cheng (2005); (Hill, 2001) and Hammond (2001). This finding is, however, contrary to Hogan and Coote, (2014) who found a positive relationship between marketing modification and internal business process performance (see chapter three-section 3.5.1; section 3.3.2).

A multiple regression model was conducted to determine how marketing modification (i.e. an innovative marketing construct) influences learning and growth performance of SMEs in the food processing sector in Ghana. The research result indicated a positive and insignificant relationship between marketing modification and learning and growth performance of food processing SMEs. The study concludes that marketing modification facilitates behaviour characterised by adaptive organisational learning directed at achieving short term benefits. Adaptive or single loop learning does not involve changes in the food processing SME norms or mental models. Such learning is sufficient to motivate tactical adjustments in operations,

production and planning and is therefore vital for making operating decisions. It occurs within a set of constraints that represent the food processing SME's assumptions about itself and its environment. The principal assumption underlying such behaviour, the desire to serve the market and defend the position, requires the development of core capabilities in response to market needs, as well as the food processing SME's structure and culture to support these goals. However, it is possible that these capabilities constrain the development of the food processing SME. Such capabilities can become core rigidities that inhibit innovation. Adaptive learning dominates in food processing SMEs in Ghana and is restricted only to the struggle to adapt to market changes in a reactive way. It is true that adaptive learning may facilitate the innovation process but the innovation process will likely be incremental rather than discontinuous in nature. The defensive, reactive, and imitative position makes Ghanaian food processing SMEs vulnerable to fundamental shifts in the underlying dynamics of the marketplace.

The statistically positive and insignificant relationship between marketing modification and learning and growth performance supports earlier studies by Rupčić (2018) and Pius and Anderson (2009). This finding is, however, contrary to studies by Werlong and Rossetto (2019); Mahmoud, Blankson, Owusu-Frimpong, Nwankwo and Trang (2016); Amue (2014); Abiola (2013); Nwachukwu (2009) who found a positive relationship between marketing modification and learning and growth performance (see chapter three-section 3.5.1; section 3.3.2). The conducted research established that marketing modification exert a significant and positive effect on food processing SMEs' learning and growth, which ultimately leads to better food processing SME performance.

With the above discussion on the impact of marketing modification on financial performance, customer performance, internal business process performance and learning and growth performance among food processing SMEs in Ghana, the study concludes that the first secondary objective of the study was not met. This is because marketing modification had an insignificant association with financial performance, customer performance, internal business process performance and learning and growth performance.

## 7.4.2 Conclusion for Secondary Research Objective 2

As outlined in chapter one (see section 1.4.2), the second secondary objective of the study was to establish the impact of marketing mix variables on financial performance, customer performance, internal business process performance, and learning and growth performance among food processing SMEs in Ghana.

A multiple regression model was conducted to determine how marketing mix variables (i.e. an innovative marketing construct) influences financial performance of SMEs in the food processing sector in Ghana. The conducted research result indicated a positive and insignificant relationship between marketing modification and financial performance of food processing SMEs. The study concluded that food processing SMEs in Ghana find it challenging to offer high quality products with good packaging at competitive prices in strategic locations that are convenient to the target market. This lowers the level of customer satisfaction and leads to low sales turnover and a declining profit margin which results in poor financial performance and stagnated business growth.

The statistically positive and insignificant relationship between marketing mix variables and financial performance supports earlier studies by Ismail, Zainol, Daud, Rashid and Afthanorhan (2018); Ayamba, Maayir, Osei-Agymang and Anaba (2017); Sulaiman and Masri, (2017); Villar (2014); Amoah and Fordjour (2012); Lee (2012); Levy (2011); Mugo (2010); Oyugi (2009). ). This finding is, however, contrary to studies by Karam, Hamo, Rashid, Jarjes, Muhammed and Obaid (2018); Kenu (2018); Badi (2018); Adewale, Adesola and Oyewale (2013) who found a positive significant relationship between marketing mix variables and financial performance (see chapter three-section 3.5.2).

A multiple regression model was conducted to determine how marketing mix variables (i.e. an innovative marketing construct) influences customer performance of SMEs in the food processing sector in Ghana. The conducted research result indicated a positive and insignificant relationship between marketing mix variables and customer performance of food processing SMEs. The research study concluded that the majority of food processing SMEs in Ghana are not seeking superiority in the marketplace since they are failing to emphasise new product development, product improvements, and gradual elimination of products that do not satisfy customer needs. The study also found that food processing SMEs in Ghana do not extensively utilise *discounts for different categories of buyers*, indicative of conditions which do not yet completely reflect a buyers' market. Additionally, promotion is not established as a significant determinant of customer performance among domestic food processing SMEs in Ghana. Food

processing SMEs in Ghana do not apply a multi-channel strategy that may bring about increased customer convenience and performance.

The statistically positive and insignificant relationship between marketing mix variables and customer performance supports earlier studies by Ebitu (2016); Ardjouman and Asma, (2015) and Appian-Adu (2000). This finding is, however, contrary to studies by Badi (2018); Marlina, Wardi and Dina (2018); Bawa, Shameem, Riswan, (2015); and Amofah, Gyamfi and Tutu (2016) who found a positive significant relationship between marketing mix variables and customer performance (see chapter three-section 3.5.2).

A multiple regression model was conducted to determine how marketing mix variables (i.e. an innovative marketing construct) influences internal business process performance of SMEs in the food processing sector in Ghana. The conducted research result indicated a positive and marginally significant relationship between marketing mix variables and internal business process performance of food processing SMEs. The conducted research study concluded that food processing SMEs in Ghana practise basic product management processes of adapting, maintaining, and delivering product and service offerings to satisfy customer needs in an already established customer base. However, Ghanaian food processing SMEs are still confronted with the challenge of producing and delivering valuable and appealling product/service offerings which require well-developed organisational routines and processes for evaluating product/service performance and also adapting existing product/service offerings to match changing customer requirements and competitive imperatives. The research study also revealed that another reason for the marginal significant relationship between marketing mix variables and internal business processes is that food processing SMEs in Ghana are knowledgeable about competitors' current and planned pricing strategies and actions which they use as a benchmark to set their own pricing strategy (i.e. competitive parity and cost-based pricing strategy). Even though a competitive parity and cost-based strategy is commonly used by food processing SMEs in Ghana, it only gives them some pricing abilities but they cannot be classified as food processing SMEs with strong pricing abilities. This is because a competitive parity and cost-based pricing strategy makes food processing SMEs less knowledgeable about the impact of price on customer value perceptions. Consequently, this requires internal processes to gather and utilise knowledge (i.e. customer perceptions on price) to develop appropriate pricing strategies and to quickly and effectively execute and communicate pricing changes when required. The conducted research study concludes that another reason for the positive marginally significant relationship between marketing mix variables and internal business processes is that food processing SMEs in Ghana undertake

distribution through traditional distribution processes which involve supplying products, delivering products (i.e. through food processing SMEs outlets/kiosks and vendors) and making them available for sale. In Ghana, food processing SMEs operate a direct-to-customer channel and are yet to develop channel capabilities that relate to order processing, shipping, return processing and customer service. Major challenges affecting channel capabilities include; order processing are plagued with long queue-time; most food processing SMEs do not engage in shipping food processed products; most food processing enterprises in Ghana do not have returnable policies, as a result of which return processing as a channel capability is underdeveloped; and customer service requires development. Another rationale for the positive and marginally significant relationship between marketing mix variables and internal business processes is that food processing SMEs engage in some basic marketing communication management which involves communicating essentially with existing customers on product features but not with prospects. Conversely, food processing SMEs in Ghana fail to communicate the benefits of their products and services to potential customers. Reminding current users about their product benefits and availability, and reinforcing the purchase decision to reduce cognitive dissonance are essential internal business processes and skills that food processing SMEs must have in order to possess a strong marketing communication capability. The statistically positive and marginally significant relationship between marketing mix variables and internal business process performance supports earlier studies by Bintu (2017); Osogbo (2014); Adewale, Adesola and Oyewale (2013); Ayanda and Tunbosun (2012); and Keramati, Ardalan and Ashtiani (2012) who found a positive significant relationship between marketing mix variables and internal business processes of SMEs (see chapter threesection 3.5.2).

A multiple regression model was conducted to determine how marketing mix variables (i.e. an innovative marketing construct) influence the learning and growth performance of SMEs in the food processing sector in Ghana. The research result indicated a positive and an insignificant relationship between marketing mix variables and learning and growth performance of food processing SMEs. The research study concluded that most products produced by food processing SMEs in Ghana are not entrepreneurial due to the fact that their enterprise operations are limited and centred on meeting customer demands only, but beyond that food processing SMEs have to work out innovative ways through learning to exceed market expectation in order to deliver the great customer experience. Another explanation for the insignificant result is the fact that reliance on pricing strategy such as competitive strategy and cost-based pricing by Ghanaian food processing SMEs does not give them the flexibility to learn about consumer perception towards price, particularly when customer expectations

change over time, when new market opportunities arise, and when competitors introduce new strategies making market-based pricing a necessity. Additionally, a reason for the insignificant result according to this study research is that, even though food processing SMEs in Ghana create some form of awareness for their products mainly at their point of sale (i.e. outlets, kiosks and vendors), they lack engagement and the personal touch with customers. Promotional strategy is a critical part of the marketing mix but food processing SMEs in Ghana often cannot promote their products effectively to their target audience. Basically, food processing SMEs may have some capacity in building the awareness but they have difficulty in connecting their promotional marketing to their target audience. This has impacted negatively on their organisational learning and growth capability due to poor engagement with both existing and potential customers. The insignificant result also suggests that food processing SMEs in Ghana lack understanding of their best potential distribution channels, they are not alert to customer demand and also fail to utilise the distribution networks effectively and efficiently in developing retail partnerships. This evidence is consistent with Sulaiman and Masri (2017); Ramos (2016); and Kangasmaki (2014) who also found a non-significant association between marketing mix variables and learning and growth performance among domestic businesses which include food processing SMEs. It is, however, contrary to the significant influence of marketing mix variables on learning and growth performance found by Oyewale (2013); Liozu and Hunterhuber (2013); and Kamba (2015) (see chapter three-section 3.5.2).

With the above discussion on the impact of marketing mix variables on financial performance, customer performance, internal business process performance and learning and growth performance among food processing SMEs in Ghana, the study concluded that the second secondary objective of the study was not completely met. This was because marketing mix variables had an insignificant association with three food processing SME performance constructs (i.e. financial performance, customer performance, and learning and growth performance) with the exception of internal business process performance which had a positive and marginally significant relationship with marketing mix variables.

## 7.4.3 Conclusion for Secondary Research Objective 3

As outlined in chapter one (see section 1.4.2), the third secondary objective of the conducted study was to establish the impact of customer focus on financial performance, customer performance, internal business process performance, and learning and growth performance among food processing SMEs in Ghana.

A multiple regression model was conducted to determine how customer focus (i.e. an innovative marketing construct) influences financial performance of SMEs in the food processing sector in Ghana. The research result indicated a positive and insignificant relationship between customer focus and financial performance of food processing SMEs. The study concluded that food processing SMEs in Ghana lack the organisation culture that most effectively and efficiently creates the necessary behaviour for the creation of superior value for buyers and, thus, continuous superior financial performance for the enterprise. This is because customer focus thrives in an organisational culture of market intelligence generation pertaining to current and future customer needs, dissemination of customer-oriented intelligence across functional units and organisation-wide responsiveness.

This evidence is consistent with Shehu and Mahmood (2014); De luca, Verona and Vicara (2010); and Foley and Fahy (2009) who also found a non-significant association between customer focus and financial performance. It is, however, contrary to the significant influence of customer focus on financial performance found by Hammond and Rothwel (2014); Daud, Remli and Muhammad (2013); Ogbonna and Ogwu (2013); Shah and Dubey (2013); and Loke, Taiwo and Downe (2011) (see chapter three-section 3.5.3; section 3.3.4.1).

A multiple regression model was conducted to determine how customer focus (i.e. an innovative marketing construct) influences customer performance of SMEs in the food processing sector in Ghana. The result indicated a positive and insignificant relationship between customer focus and customer performance of food processing SMEs. The research study concluded that food processing SMEs in Ghana do not adopt a customer focus resulting in low performance in terms of customers and market share. Although at present not much has been done in Ghana on the status of customer focus orientation and its impact on SME performance, it is evident from this conducted research study that the level of customer performance in Ghana is unsatisfactory. This means that customer focus is not well managed among Ghanaian food processing SMEs to translate into customer performance. This evidence is consistent with Nwokah and Maclayton (2006) who also did not find any strong association between customer focus and customer performance/market share in the Nigerian context using

the food and beverages organisations for study. It is, however, contrary to the significant influence of customer focus on customer performance found by Jaiyeoba (2014); Kelson (2012); Oyedijo, Idris and Aliu (2012); and Lings and Greenly (2009) (see chapter three-section 3.5.3; section 3.3.4.1).

A multiple regression model was conducted to determine how customer focus (i.e. an innovative marketing construct) influences internal business process performance of SMEs in the food processing sector in Ghana. The conducted research result indicated a positive and marginally significant relationship between customer focus and internal business process performance of food processing SMEs. The conducted research study concluded that the close proximity and relatively close relationship food processing SMEs in Ghana have with customers makes them adopt some basic internal process to gather and disseminate information throughout the organisation and to maintain some form of reactive relationship with customers. However, the existing organisational structures of food processing SMEs in Ghana do not actively support the setting up of relational processes with customers.

This evidence is consistent with Dubihlela and Dhurup (2015); Laukkanen, Nagy, Hirvonen, Reijonen and Pasanen (2013); and Kumar, Jones, Venkatesan, and Leone (2011) who also found a significant association between customer focus and internal business process performance. It is, however, contrary to the insignificant influence of customer focus on internal business process performance found by Raju, Lonial, and Crum (2011); and Liao, Chang, Wu, and Katrichis (2011) (see chapter three-section 3.5.3; section 3.3.4.1).

A multiple regression model was conducted to determine how customer focus (i.e. an innovative marketing construct) influences learning and growth performance of SMEs in the food processing sector in Ghana. The conducted research result indicated a positive and significant relationship between customer focus and learning and growth performance of food processing SMEs. The study concluded that food processing SMEs in Ghana have developed a capability to tap and learn from market-based information that resides in stakeholders who include customers, competitors, channel members and suppliers so that appropriate responses are made at the right time. However, one of the major obstacles to organisational learning among food processing SMEs in Ghana is motivating owners-managers and employees to learn by sharing knowledge and to encourage them to abandon what they currently have as successful working practices or beliefs for new ones which may be considered risky.

This evidence is consistent with Kamya (2012); Bui and Baruch (2010); Hoe and McShane (2010) who also found a significant association between customer focus and learning and

growth performance. It is, however, contrary to the insignificant influence of customer focus on learning and growth performance found by Demirbag, Koh, Tatoglu and Zaim (2006) (see chapter three-section 3.5.3; section 3.3.4.1).

With the above discussion on the impact of customer focus on financial performance, customer performance, internal business process performance and learning and growth performance among food processing SMEs in Ghana, the conducted study concluded that the third secondary objective of the study was not completely met. This was because customer-focus had an insignificant association with two food processing SME performance constructs (i.e. financial performance and customer performance) with the exception of learning and growth performance and internal business process performance which had a positive and significant relationship with customer-focus.

#### 7.4.4 Conclusion for Secondary Research Objective 4

As outlined in chapter one (see section 1.4.2), the fourth secondary objective of the conducted study was to establish the impact of integrated marketing on financial performance, customer performance, internal business process performance, and learning and growth performance among food processing SMEs in Ghana.

A multiple regression model was conducted to determine how integrated marketing (i.e. an innovative marketing construct) influences financial performance of SMEs in the food processing sector in Ghana. The research result indicated a positive and significant relationship between integrated marketing and financial performance of food processing SMEs. The study concluded that food processing SMEs in Ghana are more inclined to use direct marketing and publicity as a preferred integrated marketing tool than sales promotion and advertising. Conversely, integrated marketing efforts within food processing SMEs in Ghana are largely influenced by the environment in which the food processing SME operates, the resources of the food processing SME, and the characteristics of the owner. Decisions within food processing SMEs are usually made by the owner-manager and, as such, decisions regarding integrated marketing are implemented based on the owner-manager's intuition. As such integrated marketing activities of food processing SMEs in Ghana are more informal and are done in reaction to environmental conditions. Even though traditionally food processing SMEs in Ghana make use of publicity tools such as pamphlets, flyers, posters, sign posts, business cards and direct marketing to promote their food processing businesses, it has impacted on their financial gains.

This evidence is consistent with the studies by Abubakar (2014); Mulra and Ndati, (2013); and Ismail, Hussain, Shah and Hussain (2012) who also found a positive and significant association between integrated marketing and financial performance. It is, however, contrary to the insignificant influence of customer focus on learning and growth performance found by Seukindo (2017); and Banerjee and Siddhanta (2015) (see chapter three-section 3.5.4; section 3.3.3).

A multiple regression model was conducted to determine how integrated marketing (i.e. an innovative marketing construct) influences customer performance of SMEs in the food processing sector in Ghana. The research result indicated a positive and significant relationship between integrated marketing and customer performance of food processing SMEs. The study concluded that there is a good connection between food processing SME integrated marketing activities (i.e. such as advertising, publicity, sales promotion, direct marketing) and consumer responses through their decisions as customers towards patronising a particular food processing SME in Ghana. This research study further supports the importance of integrated marketing activities in the food processing industry which has been a major influence on customers' loyalty to food processing SMEs. This is evident based on the 62% variation (chapter five-Table 5.5) in customer performance accounted for by integrated marketing implementation in food processing SMEs, thus integrated marketing is a strategic tool for targeting existing and potential customers to patronise and retain them with quality processed food products for a long time.

This evidence is consistent with the studies by Oluwafemi and Adebiyi (2018); Jemutai and Wambua (2016); Khizer, Farooqi, Rehmat and Naz (2016); Thaichon and Quach (2015); Frimpong (2014a; 2014b); and Manisha (2012) who also found a positive and significant association between integrated marketing and customer performance. It is, however, contrary to the insignificant influence of integrated marketing on customer performance found by Wachira and Kariuki (2018); and Banerjee and Siddhanta (2015) (see chapter five-section 3.5.4; section 3.3.3).

A multiple regression model was conducted to determine how integrated marketing (i.e. an innovative marketing construct) influences internal business process performance of SMEs in the food processing sector in Ghana. The result indicated a positive and insignificant relationship between integrated marketing and internal business process performance of food processing SMEs. The conducted research study concluded that food processing SMEs in Ghana do not have marketing plans due to lack of required resources, and are not implemented by the few that have them, resulting in food processing SMEs running trial and error strategies

with integrated marketing. Consequently, there are no structured system procedures and processes to undertake integrated marketing strategies by food processing SMEs. Furthermore, the challenges faced by food processing SMEs intensify the difficulty of managing integrated marketing communication, particularly where resource constraints and lack of marketing expertise are concerned. Therefore, lack of time and scarce marketing communication skills and the fact that communication management is often part and parcel of the food processing SME owner-manager's usual concern with business and profits in general, instead of communication's impact on the market through internal enterprise/business processes contribute to these challenges. In addition, lack of skills and knowledge with regard to integrated marketing strategies, makes it difficult for food processing SMEs in Ghana to apply all integrated marketing communication (IMC) tools to enhance internal enterprise processes, market awareness and growth.

This evidence is consistent with studies by Lekhanya (2015); Saeed, Naeem, Bilal and Naz (2013); Longenecker, Moore and Pretty (2006); and Thrassou and Vrontis (2006) who also found insignificant association between integrated marketing and internal business process performance (see chapter three-section 3.5.4; section 3.3.3). It is, however, contrary to the significant influence of integrated marketing on internal business process performance found by Senguo, Xixiang and Kilango (2017); Shonubi and Akintaro (2016); and Luxton, Reid and Mavondo (2015) (see chapter three-section 3.5.4; section 3.3.3).

A multiple regression model was conducted to determine how integrated marketing (i.e. an innovative marketing construct) influences the learning and growth performance of SMEs in the food processing sector in Ghana. The study result indicated a positive and significant relationship between integrated marketing and learning and growth performance of food processing SMEs. The study concluded that food processing SMEs in Ghana are applying some integrated marketing tools to communicate internally to employees (i.e. learning) and other units so that the food processing SMEs can reach outward with a consistent, strong voice projecting the qualities and benefits of their products and services. The study also revealed that new knowledge and skills gained through the influence of integrated marketing on learning, enhance food processing SMEs' innovative skills and ultimately improve their level of competitiveness and performance.

This evidence is consistent with studies by Meesuptong, Jhundra-indra and Raksong (2014); Ibeh and Kasem (2014); and Ebren (2006) who also found a significant association between integrated marketing and learning and growth performance (see chapter three-section 3.5.4; section 3.3.3). It is, however, contrary to the insignificant influence of integrated marketing on learning and growth performance found by Ngamsutti, Jhundra-indra and Raksong (2018) (see chapter three-section 3.5.4; section 3.3.3).

With the above discussion on the impact of integrated marketing on financial performance, customer performance, internal business process performance and learning and growth performance among food processing SMEs in Ghana, the study concluded that the fourth secondary objective of the study was not completely met.

This is because integrated marketing had a significant association with three food processing SME performance constructs (i.e. financial performance, customer performance, and learning and growth performance) with the exception of internal business process performance which had a positive and insignificant relationship with integrated marketing.

#### 7.4.5 Conclusion for Secondary Research Objective 5

As outlined in chapter one (see section 1.4.2), the fifth secondary objective of the conducted study was to establish the impact of market-focus on financial performance, customer performance, internal business process performance, and learning and growth performance among food processing SMEs in Ghana.

A multiple regression model was conducted to determine how market focus (i.e. an innovative marketing construct) influences financial performance of SMEs in the food processing sector in Ghana. The research result indicated a positive and marginally significant relationship between integrated marketing and financial performance of food processing SMEs. The research study concluded that to some extent food processing SMEs in Ghana are market-focused and tend to perform more in terms of financial perspective than those that are less market focused. This is because food processing SMEs in Ghana to some extent are able to satisfy customers and respond to their needs and preferences. Also, the decline in sales more often than not creates a compelling need for food processing SMEs to adopt a market focus. Furthermore, the dire need by food processing SMEs to satisfy their customers and hence to make profits are other reasons why it is necessary and compelling for food processing SMEs in Ghana to fully adopt a market focus strategy.

This evidence is consistent with studies by Wambugu, Gichira and Wanjau (2016); Njeru and Munyoki (2014); Oseyomon and Gbandi (2014); Reijonen, Laukkanen, Komppula and Tuominen (2012); and Idar and Mahmood (2011) who also found significant association between market focus and financial performance (see chapter three-section 3.5.5; section

3.3.5). It is, however, contrary to the insignificant influence of market focus on financial performance found by Udegbe and Maurice (2013); Yussif (2012); and Nwokah (2008) (see chapter three-section 3.5.5; section 3.3.5).

A multiple regression model was conducted to determine how market focus (i.e. an innovative marketing construct) influences customer performance of SMEs in the food processing sector in Ghana. The research result indicated a positive and significant relationship between integrated marketing and customer performance of food processing SMEs. The research study concluded that market focus activities by food processing SMEs in Ghana enable them to appreciate the needs of their target audience and try to satisfy them as well as reducing perceived sacrifices involved in the acquisition and use of food processing SME products and services. Market focus is considered as one of the most primary factors that drives food processing SMEs in Ghana towards customer satisfaction and performance. If food processing SMEs in Ghana want to qualify for market focus orientation then they must understand their prospects, whether customers would buy their products or not. Thus, market focus brings about clear understanding of current and potential customers which leads the food processing SME

This evidence is consistent with studies by Wambugu, Gichira and Wanjau (2016); Njeru and Munyoki (2014); Oseyomon and Gbandi (2014); Reijonen, Laukkanen, Komppula and Tuominen (2012); and Idar and Mahmood (2011) who also found significant association between integrated marketing and customer performance (see chapter three-section 3.5.5; section 3.3.5). It is, however, contrary to the insignificant influence of market focus on customer performance found by Suliyanto and Rahab (2012) (see chapter three-section 3.5.5; section 3.3.5).

A multiple regression model was conducted to determine how market focus (i.e. an innovative marketing construct) influences internal business process performance of SMEs in the food processing sector in Ghana. The research result indicated a positive and significant relationship between integrated marketing and internal business process performance of food processing SMEs. The study concluded that market focus activities by food processing SMEs enable them to obtain market information, which then helps the management of food processing SMEs to respond to market dynamics and turbulence effectively. Thus, food processing SMEs operationalise the market focus in three internal business process components; intelligence generation, dissemination and responsiveness.

This evidence is consistent with studies by Chaudhry and Mahesar (2016); Ofoegbu and Akanbi (2012); Taghian (2010); and Mateja (2010) who also found a significant association between market focus and internal business process performance (see chapter three-section 3.5.5; section 3.3.5). It is, however, contrary to the insignificant influence of market focus on internal business process performance found by Murjan and Salleh (2012) (see chapter three-section 3.5.5; section 3.3.5).

A multiple regression model was conducted to determine how market focus (i.e. an innovative marketing construct) influences learning and growth performance of SMEs in the food processing sector in Ghana. The research result indicated a positive and significant relationship between integrated marketing and learning and growth performance of food processing SMEs. The study concluded that market focus oriented food processing SMEs in Ghana are fast learners because they anticipate market requirements ahead of their competitors. When emphasis is on market-based learning, all stages of organisational learning (OL), i.e. knowledge acquisition, knowledge distribution and knowledge interpretation, become important. It is so because, through market focus orientation, food processing SMEs acquire knowledge about consumer behaviour and competitor capabilities and disseminate this knowledge though inter-functional coordination (IFC) for strategy design.

This evidence is consistent with Kasim, Ekinci, Altinay and Hussain (2018); Kitchlew, Bajwa and Shahzad (2018); Pedler and Burgoyne (2017); Calisir, Gumussoy, Basak and Gurel (2016); Kharabsheh, Jarrar, and Simeonova (2015); Ozkaya, Droge, Hult, Calantone and Ozkaya (2015); and Blocker, Flint, Myers and Slater (2011) who also found significant association between integrated marketing and learning and growth performance (see chapter three-section 3.5.5; section 3.3.5). It is, however, contrary to the insignificant influence of market focus on learning and growth performance found by Johnson, Dibrell and Hansel (2009) (see chapter three-section 3.5.5; section 3.5.5).

With the above discussion on the impact of market focus on financial performance, customer performance, internal business process performance and learning and growth performance among food processing SMEs in Ghana, the study concluded that the fifth secondary objective of the conducted study was met. This is because integrated marketing had a significant association with all four food processing SME performance constructs (i.e. financial performance, customer performance, internal business process, and learning & growth performance).

## 7.4.6 Conclusion for Secondary Research Objective 6

As outlined in chapter one (see section 1.4.2), the sixth secondary objective of the conducted study was to establish the impact of value proposition on financial performance, customer performance, internal business process performance, and learning and growth performance among food processing SMEs in Ghana.

A multiple regression model was conducted to determine how a value proposition (i.e. an innovative marketing construct) influences financial performance of SMEs in the food processing sector in Ghana. The conducted study result indicated a positive and marginally significant relationship between value proposition and financial performance of food processing SMEs. The research study concluded that the financial performance of food processing SMEs in Ghana is also derived from the delivery of customer value propositions. The key to retention is customer satisfaction and high customer satisfaction comes from delivering superior customer value propositions. Highly satisfied customers stay loyal longer, talk favourably about the food processing SME, pay less attention to the competition, are less sensitive, offer service ideas to the food processing SME, and cost less to serve than new customers, thus bringing about improved financial performance to food processing SMEs in Ghana.

This evidence is consistent with studies by McFarlane (2013); Weinstein (2012); Ballantyne, Frow, Varey and Payne (2011); Kowalkowski (2011); and Breur (2006) who also found a significant association between value proposition and financial performance (see chapter three-section 3.5.6; section 3.3.6). It is, however, contrary to the insignificant influence of value proposition on financial performance found by Zaborek, Doligalski and Sysko-Romańczuk (2013) (see chapter three-section 3.5.6; section 3.5.6; section 3.5.6; section 3.3.6).

A multiple regression model was conducted to determine how value proposition (i.e. an innovative marketing construct) influences customer performance of SMEs in the food processing sector in Ghana. The study result indicated a positive and marginally significant relationship between value proposition and customer performance of food processing SMEs. The study concluded that customer performance of food processing SMEs in Ghana is influenced by the value proposition activities they undertake. Value propositions are the first point of contact between food processing SMEs and their customers, thus it is vital to establish a good customer relationship. A well-posed value proposition can help food processing SMEs relate with theirs customers, preparing the path to successful co-creation with the customers. On the other hand, every actor value proposition attributes a subjective and individual value to

it. This makes it explicitly important for food processing SMEs to take the subjectivity of value perceptions into account as those subjective perceptions of value might not be consistent among different actors.

This evidence is consistent with studies by Dickmänken (2017); Lusch (2015); Keränen, (2014); and Bowen, Cattell, Jay and Edwards (2011) who also found significant association between value proposition and customer performance. It is, however, contrary to the insignificant influence of value proposition on customer performance found by Amit and Zott (2007a) (see chapter three-section 3.5.6; section 3.3.6).

A multiple regression model was conducted to determine how value proposition (i.e. an innovative marketing construct) influences internal business process performance of SMEs in the food processing sector in Ghana. The study result indicated a positive and insignificant relationship between value proposition and internal business process performance of food processing SMEs. The study concluded that the value proposition of food processing SMEs in Ghana does not impact on process flexibility to bring about the required internal business process performance. The process flexibility is the speed at which food processing SMEs can make decisions, alter schedules or amend existing orders to meet customer needs. The coccreation of value by food processing SMEs with their customers requires more flexibility in the process to increase the overall value delivery experience. This allows enhanced participation of food processing SME customers while the value proposition is being generated and offers customers opportunity to give their crucial feedback.

This evidence is consistent with Doligalski, Zaborek and Sysko-Romańczuk (2015) who also found an insignificant association between value proposition and internal business process performance (see chapter three-section 3.5.6; section 3.3.6). It is, however, contrary to the significant influence of value proposition on internal business process performance found by Shalender (2015); Helkkula, Kelleher and Philström (2012); Lindic and da Silva (2011); and Ulaga (2011) (see chapter three-section 3.5.6; section 3.3.6).

A multiple regression model was conducted to determine how value proposition (i.e. an innovative marketing construct) influences learning and growth performance of SMEs in the food processing sector in Ghana. The study result indicated a positive and significant relationship between value proposition and learning and growth performance of food processing SMEs. The study concluded that the value proposition activities of food processing SMEs has enabled them to bring together knowledge gathered from customer relationships and customer interaction, which has incorporated an understanding of customer experiences and

processes. Consequently, food processing SMEs in Ghana are supposed to design their knowledge management activities and infrastructure on the basis of the identified value cocreation process. By focusing on value co-creation with the customer, this customer-centric view enables the SMEs to align their value creation activities with up-to-date knowledge about customer needs. Furthermore, the gained knowledge helps food processing SMEs in Ghana to anticipate customer needs and thus adapt their value propositions, providing them with a comparative advantage to those competitors, who are structuring their knowledge management activities around products, rather than customer processes and experiences.

This evidence is consistent with studies by Müller (2012); Brodie, Hollebeek, Juric and Ilic (2011); Payne, Storbacka and Frow (2008); and Vargo and Lusch (2008) who also found a significant association between value proposition and learning and growth performance (see chapter three-section 3.5.6; section 3.3.6). It is, however, contrary to the insignificant influence of value proposition on customer performance found by Amit and Zott (2007b) (see chapter three-section 3.5.6; section 3.3.6).

With the above discussion on the impact of value proposition on financial performance, customer performance, internal business process performance and learning and growth performance among food processing SMEs in Ghana, the study concluded that the sixth secondary objective of the conducted study was not completely met. This is because integrated marketing had a significant association with three food processing SME performance constructs (i.e. financial performance, customer performance, and learning and growth performance) with the exception of internal business process performance which had a positive and insignificant relationship with value proposition.

# 7.4.7 Reflection on Conceptual Framework

From the review of literature in chapter three, it was also imperative to examine existing models and frameworks in innovative marketing food processing SME performance studies. The purpose of this was to institute a good foundation for the establishment of a framework for the current study. As a result, a conceptual model was developed from the various discourses in extant literature on innovative marketing food processing SME performance. Particularly, since none of the few existing models and frameworks suited the current investigations, the research proposed a framework which guided the empirical investigations. The framework incorporated a synthesis of theories and conceptualisations to establish relationships and propositions between innovative marketing and food processing SME performance. The fundamental theorisation of the framework is that marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP) act as antecedents to innovative marketing which enable food processing SMEs to realise financial performance, customer performance, internal business process performance and learning and growth performance, which all act as antecedents to food processing SME performance.

The empirical results from the study supported the variables/constructs of the framework, and provided support for thirteen out of the twenty-four propositions made in this research. In all, there were five innovative marketing constructs (i.e. marketing mix variables, integrated marketing, customer-focus, market-focus and value proposition) in the proposed framework which were deemed to be capable of providing solutions to the research problem. Yet, it must be pointed out that these variables were only representative and not exhaustive. Thus, it is possible that other variables such as food process SME characteristics and personnel characteristics could have boosted the research outcome of the framework. However, in line with current research investigation, the relevance of the carefully chosen framework constructs made it possible to provide empirical supports in line with the current study, which were in congruence with existing theory and conceptualisations, as well as managerial practice. Apparently, each of the constructs has either been studied in isolation or combined with other constructs in previous studies.
## Figure 7.3: Model of the Impact of Innovative Marketing on Food Processing SME Performance in Ghana



#### THEORETICAL RESEARCH MODEL

Source: Field Survey, 2020

### 7.5 **RECOMMENDATIONS**

Food processing SMEs in Ghana play a very critical role in contributing to food manufacturing, the employment sector and generally the Ghanaian economy. The nature of the food processing SME activities is to provide quality and affordable food to the Ghanaian population and also to grow, survive and achieve profitability as a small medium enterprise (SME). As such, the existence of food processing SMEs has captured the attention of academics, policy makers, and practitioners due to the innovative marketing and performance of such food processing SMEs. The study has been able to establish that certain factors were applicable determinants of innovative marketing of food processing SMEs in Ghana. These include market focus,

integrated marketing, value proposition, customer focus and marketing mix variables respectively. This will go a long way towards improving the survival, growth and profitability of food processing SMEs in Ghana.

From the research results discussed in chapter five and the conclusions drawn from the findings as described in chapter six of this study, the following recommendations are made:

- The conducted research recommends that marketing modification is a very important reality of innovative marketing that should be given attention by food processing SMEs in Ghana. Based on the importance of marketing modification to innovative marketing outomes (i.e. financial performance, customer performance, internal business process and learning and growth), food processing SMEs in Ghana should focus their organisation's energies and resources on courses of action such as proactive marketing management implementation, competition-oriented activities and innovation-oriented activities which can lead to increased sales and dominance in a target market. Food processing SMEs in Ghana should work to acquire the knowledge and skills of basic marketing modification that will facilitate change and alignment with the enterprise environment, i.e. marketing modification, food processing SMEs in Ghana should deliberately capture fundamental customer requirements such as customers' culture, ideas and taste into their product development.
- The conducted research recommends that marketing mix variables is a factor critical to the manifestation of innovative marketing and its impact on performance. Food processing SMEs in Ghana should commit to offering high quality products with good packaging at competitive pricing in strategic locations that are considered convenient to the target market. This requires food processing SMEs in Ghana to focus on demand and produce products based on cost efficient (for example, leveraging on economies of scale) techniques and innovative value creation. Food processing SMEs in Ghana should seek superiority in the marketplace by emphasising new product development, product improvement, and gradual elimination of products that do not satisfy customer needs. As a result, food processing SMEs in Ghana should introduce formal measures to enhance product quality in order to achieve the required performance. In this respect, the emphasis should not merely be on quality control, but on a full organisational commitment to quality improvement and the introduction of procedures for fulfilling customer satisfaction. Food processing SMEs in Ghana should also utilise discounts for different categories of buyers; this is indicative of conditions which completely reflect a buyers' market. Again, food

processing SMEs in Ghana should apply a multiple-channel strategy that may bring about increased performance. As a result, food processing SMEs in Ghana can use different channels such as virtual/on-line channel, collaboration with channel members, delivery and courier partners to distribute their different food processed products. As part of the marketing mix, food processing SMEs in Ghana should also communicate the benefits of their products and services to potential customers, reminding current users about their product benefits and availability, and reinforcing the purchase decision to reduce consumer cognitive dissonance.

- The conducted research recommends that food processing SMEs in Ghana must commit to customer focus in the quest to actualise innovative marketing. Consequently, SMEs should develop an organisational culture that most effectively and efficiently creates the necessary behaviour for the creation of superior value for buyers. This is because customer focus thrives in an organisational culture of market intelligence generation pertaining to current and future customer needs, dissemination of customer-oriented intelligence across functional units and organisation-wide responsiveness. Food processing SMEs in Ghana should translate customer-based measures into parameters of what they must do internally to meet and exceed their customers' expectations. Consequently, owners/managers need to focus on those critical internal operations that enable them to stay focused on customers and satisfy their needs. Thus, customer focus of food processing SMEs in Ghana should stem from the enterprise/business processes that have the greatest impact on customer satisfaction such as factors that affect cycle time, quality, employee skills, and productivity.
- The research recommends that integrated marketing is an important factor of innovative marketing that impacts significantly on the performance of food processing SMEs. These SMEs should leverage on the major developments in technology to apply various technology-enabled integrated marketing tools that they can utilise to communicate and interact with their customers. These technology-enabled integrated marketing tools include social media such as Facebook and Twitter, mobile media such as short message services (SMS), multimedia messaging services (MSS) and voice messages, and E-media such as websites, blogs and emails. Food processing SMEs in Ghana should, therefore, invest appropriately in integrated marketing, as it indicates a positive predictive ability to enhance customer loyalty, thereby helping food processing SMEs in actualising both short and long-term benefits of marketing communications
- The research study recommends that food processing SMEs in Ghana should generate market intelligence pertaining to current and future needs of customers and how this is disseminated into the organisation to guide all of its decisions. They should develop easy

accessibility of information by customers and flexibility in dealing with customers through the appropriate application of market focus. Food processing SMEs in Ghana should develop a strong market focus culture to adapt to the changing enterprise environment and also to help them achieve competitive advantage.

- The research recommends that value proposition is the first point of contact between food processing SMEs and their customers; therefore, it is vital for food processing SMEs in Ghana to establish a good customer relationship. A well-posed value proposition can help them to relate with their customers, preparing the path to successful co-creation with customers. On the other hand, every customer value proposition attributes a subjective and individual value to it. This makes it explicitly important for the SMEs to take the subjectivity of value perception into account, keeping in mind that those subjective perceptions of value might not be consistent among different customers. Food processing SMEs in Ghana should commit to co-creation of value with their customers which requires more flexibility in processes to increase the overall value delivery experience. This allows enhanced participation of the SME customers while value proposition is being generated and offers customers opportunity to give their crucial feedback. Then the implementation of customer feedback again requires process flexibility so as to incorporate this feedback on a real time basis. Consequently, food processing SMEs in Ghana should design their knowledge management activities and infrastructure on the basis of the identified value cocreation process. It is also evident that by focusing on value co-creation with the customer, this customer-centric view enables them to align their value creation activities with up-todate knowledge about customer needs.
- The conducted research recommends that SMEs in the food processing sector in Ghana must encourage innovative marketing by encouraging employees to explore their creativity through welcoming new ideas from workers, regardless of their position, and creating an enabling, relaxing and flexible working environment devoid of stringent structures to allow the free flow of work assigned tasks.
- The conducted research recommends that SME owners/managers in the food processing sector in Ghana must strive to maintain a low central authority and not depend solely on their judgement in decision making. They must also have the ability to be self-directed and seek advice in the pursuit of business opportunities.
- The research recommends that Ghanaian SME managers/owners, policy makers, governmental and non-governmental organisations, including the Ministry of Trade and Industry of Ghana (MOTI), National Board for Small Scale Industries of Ghana (NBSSI) and the Association of Ghana Industries (AGI), must endeavour to educate food processing

SMEs in Ghana on the importance of each innovative marketing dimension and its implication on their growth and survival and also encourage the practice of innovative marketing within food processing SMEs in Ghana.

# 7.6 CONTRIBUTION TO KNOWLEDGE IN THE FIELD OF INNOVATIVE MARKETING AND SME PERFORMANCE

The research study observed that a gap exists in innovative marketing food processing SME literature as compared to innovative marketing performance studies which have focused on larger organisations (see chapter one-section 1.2). First of all, the study brought together a collection of studies on innovative marketing SME performance and synthesised them into a comprehensive review of literature (see chapter one-section 1.7; chapter 3). The review rigorously established some key thematic areas in existing food processing SME innovative marketing performance literature, as well as expounding on various gaps in theory, issues, methodology and contexts (chapter one-section 1.2). Secondly, the output of the review culminated in an extensive conceptual framework which described how marketing mix variables (MV), marketing modification (MM), integrated marketing (IM), customer focus (CF), market focus (MF), and value proposition (VP) can be blended to arrive at innovative marketing among food processing SMEs to achieve improved performance including financial performance, customer performance, internal business process performance and learning and growth performance (see chapter one-figure 1). The framework in its uniqueness is grounded in two theories - Innovative Marketing theory (O'Dwyer, Gilmore and Carson, 2009) and the Performance theory (Kaplan and Norton, 2010) – and identifies distinctive factors which are relevant to innovative marketing activities and expected performance outcomes (see chapter one-section 1.7.4; chapter one-section 3.2, 3.4). The research study evaluation of existing literature in the area under study indicated that most of the food processing SME innovative marketing performance literature is from developed and developing countries in Europe, Asia and Australia, and very little from Africa. Thus, evidence has been provided by way of contribution to existing works on innovative marketing and performance with food processing SME situated in Ghana (see chapter five and chapter six). It is the contention of this study that the findings will spur further discussions in literature on innovative marketing food processing SME performance in Ghana. Results derived from the test and analysis of the conceptual model for the study has a number of implications for theory and practice. Particularly, robustness of the constructs has been demonstrated in the analysis section of this thesis. However, like any

other research involving construct development, this can be substantiated only by further research on the subject with evidence from other contexts.

Regarding marketing theory, this research has attempted the advancement of a new concept innovative marketing food processing SME performance in Ghana. By employing theoretical foundations, this research has responded to some of the several calls for marketing researchers to explore and test the role and relevance of innovative marketing theory (O'Dwyer, Gilmore and Carson, 2009) and performance theory (Kaplan and Norton, 2010) in food processing SME marketing research. Although from a broader marketing research umbrella, some attempts have been made regarding this construct, but there are still no acceptable theoretical measures for examining food processing SME innovative marketing and its impact on performance. This research serves as an initial step by not only developing a measurement scale (backed by theoretical conceptualisations), but also validating it through a practical-oriented (i.e. empirical) test to buttress theoretical perspectives. Thud, empirical support has been provided in this research for the largely accepted theoretical work of innovative marketing theory (O'Dwyer, Gilmore and Carson, 2009) and performance theory (Kaplan and Norton, 2010) proponents. The study's review of existing literature revealed that the bulk of studies on innovative marketing and its implication for performance in SMEs have been approached from the qualitative perspective, perhaps owing to the assumption that the subject is relatively still in its nascent stages as compared to those which have focused on larger firms (see chapter onesections 1.2, 1.3). Therefore, there appears to be a phenomenon where more qualitative works are being explored to establish some theories, models and frameworks. This research notwithstanding, the study has provided some preliminary evidence and tests as well from a quantitative perspective as a way of providing and validating statistical measures and typology for examining innovative marketing and its impact on performance in food processing SME companies. Measurement matters have been advanced in this research, particularly with the constructs on innovative marketing and food processing SME performance, which has been examined on the foundations of innovative marketing theory (O'Dwyer, Gilmore and Carson, 2009) and performance theory (Kaplan and Norton, 2010) (see chapter one-section 1.2; chapter three-sections 3.2, 3.4). As a quantitative piece, it tends to provide a stronger sense of size and strength of some of the theoretical and conceptual relationships discussed in this research.

Additionally, it was observed from the review of existing works that there is a general lack of empirical findings from developing economies (see chapter one-section 1.2, 1.7.4; chapter three-section 3.2, 3.4). As a result, there have been calls for more studies on innovative marketing and its impact on food processing SME performance from developing country

contexts to compare with existing results of those from developed economies in order to come to some academic consensus on the applicability of proposed and existing frameworks, theories and models (O'Dwyer, Gilmore and Carson, 2009; Kaplan and Norton, 2010). With this research situated in Ghana, the researcher has provided contextual evidence from a developing economy setting as a way of responding to such calls from academic researchers. The researcher would therefore recommend further application and empirical testing of the constructs of innovative marketing and performance measures developed in this research to be employed as a tool for subsequent research seeking to examine innovative marketing and performance in food processing SMEs in Ghana. Though not exhaustive, the attempt by this research to employ innovative marketing theory (O'Dwyer, Gilmore and Carson, 2009) and performance theory (Kaplan and Norton, 2010) to study the impact of innovative marketing on the performance of food processing SMEs in Ghana has yielded several important implications and judicious insights that can guide researchers in future studies.

#### 7.7 RESEARCH STUDY LIMITATIONS

While the study makes a modest contribution to the literature on innovative marketing and its impact on food processing SMEs' performance in Ghana, it is relevant to point out some limitations which are associated with the study. To begin with, this research primarily used food processing SME owners/managers in Ghana as key informants for collecting the empirical information. The limitations of using the key informant method have been well documented in several organisation-related researches (chapter one-section 1.2) and this study recognises similar conditions. Although respondents were qualified to answer research questions, the ability to contact more than one person within a food processing SME in Ghana could have probably boosted the robustness of the data and potentially yielded additional insights into the phenomenon being studied (see chapter four-section 4.5).

Furthermore, available theory on the subject under study was blend in, and data was empirically collected to test the posited theory in Ghana. Yet, it is also argued that theory cannot be proven true from data; it can only be corroborated (see chapter six). From a methodological perspective, the study obtained a relatively large sample of respondents (n=230). However, the sampled responses were collected in a cross-section as well as through stratified random sampling. Thus, it is acknowledged that the sample does not cover the entire population of food processing SMEs in Ghana. As such, although stratified random sampling design is a suitable method for research works which seek to test theory as in the case of this study, caution must

be used when generalising the results of the research in Africa. The next limitation relates to the variables contained in the research model; innovative marketing variables – marketing modification, marketing mix, customer-focus, integrated marketing, market-focus, and value proposition and performance variables – financial performance, customer performance, internal business process performance and learning and growth performance. In as much as the research model encompasses the variables that are central to the study and its objectives, there are a number of possible components/variables that could explain and affect the relationship between the fundamental constructs used in this study.

Notwithstanding the limitations identified in this study, the researcher believes that the study is worthwhile and that the results can be generalised to other SME sectors in Ghana as well as other countries in Africa.

#### 7.8 SUGGESTIONS FOR FUTURE RESEARCH

The study investigated the impact of innovative marketing on the performance of food processing SMEs in Ghana. Arising from this research, a number of suggestions are made for future research. Future studies should seek to establish the antecedents of innovative marketing practices in food processing SMEs in Ghana, thereby permitting food processing SMEs in Ghana to make informed decisions with regards to innovative marketing investments. The researcher believes that existing innovative marketing and performance works on food processing SMEs in Northern Ghana are scanty and lack theoretical underpinnings as well (see chapter one-section 1.3). Hence, future research needs to integrate more theoretical groundings in examining innovative marketing activities and performance in food processing SMEs in Northern Ghana. There could be more research on how food processing SMEs in Ghana could leverage on innovative marketing to maximise their production outputs while minimising some costs.

From a methodological perspective, evidence suggests a general lack of qualitative studies on the application of innovative marketing as a competitive strategy among food processing SMEs in Ghana. The current review of literature revealed that this has typically been tackled using quantitative approaches across various SME sectors. It might be of immense value to particularly explore *how* enterprises with strong innovative marketing capability and efforts have created, developed and managed a strong performance (i.e. financial, customer, internal business process and learning and growth) position sustained over the years in Ghana. Future research studies could provide evidence of the actual *processes* which some food processing SMEs in Ghana go through to establish robust innovative marketing. Furthermore, it was also evident that context-based gaps exist in the area of innovative marketing in SME studies. Most of the research on innovative marketing in SMEs has emanated predominantly from Europe and the region of Australia and Oceania. Works from the Americas, Africa, Asia and the Middle East have been relatively few on the subject under study. The researcher believes that more research evidence from such geographical contexts (i.e. Americas, Africa, Asia and Middle East) will provide substantial data and novel information towards the development of theoretically sound discourse for understanding innovative marketing in food processing SMEs. Finally, prospects exist for further studies to examine how food processing SMEs' factors in Ghana (such as age of food processing SME, gender of owner, educational levels of owners/managers, etc.) affect the constructs put across in this research study.

The last two sections provide a reflection on the researcher's PhD journey and a final conclusion. A reflection of the PhD journey is relevant for the researcher to understand the journey and guide future attempts and scholarly ventures, and also to provide academic institutions and students embarking on doctoral studies with insight on areas that could be strengthened or reviewed to offer better outcomes.

#### 7.9 ETHNOGRAPHIC REFLECTION

I believe the seeds of success in a PhD journey are planted as early as the application stage especially during the search for potential supervisors. First of all, I believe, one should only embark on a PhD journey if one has a true passion for research and academia. Therefore, passion for research and academia should provide the fundamental driving force for a PhD research journey. In addition, my PhD research journey taught me to carefully consider the supervisory relationship more than the institution where I undertook the research work. The relationship with my supervisor was one of the most important factors that shaped the rest of my academic and personal life during my PhD research journey. Of course, you are looking for a potential supervisor who is interested in your topic but you are also looking for a team of people that matches and complements your strengths and weaknesses as an individual. My relationship with my supervisors was fundamental to the success of my PhD research work, as they encouraged and supported my journey and provided guidance for my research work. The factors mentioned were critical for my PhD success because they were the motivation I needed during the long and routine emotional rollercoaster associated with this journey. I have come to believe that being a brilliant student in the past has less to do with being successful at the

PhD level. This is because at the PhD level it is more of a statement about passion, personality and character.

The emotional rollercoaster associated with the PhD journey also extended to my family. My family went through the PhD journey with me; however, at times they struggled to make sense of why and what we were going through as a family. Through it all, I empathise with my family members more than ever even though they might not understand the challenges and stress I was experiencing in my day-to-day research endeavours. It is particularly difficult when family members and friends cannot relate to and empathise with my PhD journey experience. For these and many other reasons, I believe the PhD journey is a test of character more than any other thing. Therefore, in my perspective, the PhD journey is about mastering ways to navigate through emotional upheavals and pressure by maintaining perseverance, learning to remain calm and maintaining focus amidst 'chaos'. There were routine challenges such as finding the informants, dealing with informants, getting the appropriate literature and putting it into context and limited access to data. Again, my PhD journey taught me to undertake a considerable amount of careful planning on a consistent basis throughout the journey. I made it a priority to plan ahead of time and keep writing on a daily basis from the very first day of my PhD journey. In addition, I learnt to maintain a clear and on-going channel of communication with my supervisors which is an essential task as a PhD candidate. My supervisors' role was to provide me with guidance; however, it was also important for me to remember that their lives are much busier than mine with teaching, research, administration, other supervisions and much more. Therefore, it was essential for me to maintain a clear line of communication with my supervisors about my plans and expectations. I also ensured that my planning went beyond academic life and encompassed my family life as well. This allowed my family and I to allocate important time which also contributed positively to the completion of my PhD journey.

In summary, reflecting on my experience, a PhD journey inspired by passion for research and supported by supervisors helps one to develop a successful PhD thesis, which also brings about successful completion of a PhD journey. A PhD journey is a journey that must be navigated with courage, extreme perseverance, patience and humility.

#### 7.10 FINAL CONCLUSION

The main objective of the research study was to investigate the impact of innovative marketing on the performance of Ghanaian food processing SMEs. Chapter seven discussed the significance of the research study, and presented the conclusions and main findings of each of the objectives of the study. In addition, the limitations, recommendations for future research studies and ethnography reflection were discussed.

The recommendations of the research study made a clear distinction that food processing SMEs in Ghana should maintain a positive attitude towards innovative marketing, and negate the effects of innovative marketing challenges to achieve growth, profitability and survival. However, food processing SMEs face challenges in their innovative marketing practices and performance evaluation uptake for which policy makers, including Ghana's Ministry of Trade and Industry (MOTI), the National Board for Small Scale Industry of Ghana (NBSSI) and The Association of Ghana Industries (AGI), must endeavour to educate food processing SMEs on the importance of each innovative marketing and performance dimension and its implications for their profitability, growth and survival. The conclusions that were drawn from the research study indicated that the main research objective had been achieved. Hence, innovative marketing positively influences the performance of food processing SMEs in Ghana.

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#### **APPENDIX** A

#### **QUESTIONNAIRE**



Consent for participation in an academic research study

**Department of Marketing and Retail Management:** 

# IMPACT OF INNOVATIVE MARKETING ON THE PERFORMANCE OF GHANAIAN FOOD PROCESSING SMALL AND MEDIUM ENTERPRISES' (SMES)

#### Research conducted by:

Kwabena Abrokwah-Larbi (kaabrokwah@gmail.com, 61001309@mylife.unisa.ac.za)

#### **Dear respondent**

You are invited to participate in an academic research study conducted by Kwabena Abrokwah-Larbi from the Department of Marketing and Retail Management at the University of South Africa. The purpose of this research is to establish the impact of innovative marketing on the performance of Ghanaian food processing small and medium enterprises' (SMEs).

Please note the following:

- You were selected to participate in the study as you are Ghanaian citizen, owner/manager/staff of a food processing SME, your food processing SME is located and operate in the Eastern Region of Ghana and you are between the ages of 18-60.
- This study involves an <u>anonymous</u> survey. Your name will not appear on the questionnaire and the answers you give will be treated as strictly <u>confidential</u>.
- Your participation in this study is very important to the researcher. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.

- Please answer the questions in the attached questionnaire as completely and honestly as possible. This should not take more than <u>20 minutes</u> of your time.
- Please note you can withdraw at any time without obligation or any adverse effects.
- In completing the questionnaire, you are assisting the researcher to develop a better understanding of innovative marketing and its impact on food processing SMEs in Ghana.
- The results of this study will be used for academic purposes only.
- Electronic copies of your responses will be stored by the researcher for a period of five years on a password protected computer, thereafter it will be deleted.
- If you would like to be informed of the final research findings or require any further information, please feel free to contact the researcher.

You also agree to the following:

- You have read and understand the information provided above.
- You have sufficient opportunity and contact details of researchers available to ask questions, if the need arises.
- You give your consent to participate in the study on a voluntary basis.
- You are aware that the data set will be shared with statisticians for analysis and/or journals as per request.
- You are aware that the findings of this study will be anonymously processed into the research report, a journal publication and/or a conference proceeding.
- You agree to the recording of your responses in a numeric data set.

Please make an X in the following box to indicate that you agree to participate in this study:

I agree to participate in this study:

# - THE IMPACT OF INNOVATIVE MARKETING ON THE PERFORMANCE OF GHANAIAN FOOD PROCESSING SMEs -

Questionnaire to be filled by Owners/Managers/Directors of food processing SME in the Eastern Region of Ghana.

Research Study Title: The Impact of Innovative Marketing on the Performance of Ghanaian Food Processing SMEs.

Principal Researcher's name: Kwabena Abrokwah-Larbi

kaabrokwah@gmail.com, 61001309@mylife.unisa.ac.za

#### Dear respondent,

Thank you for your time and willingness to complete the following questionnaire. There are no correct or incorrect answers. I am merely interested in your personal opinion regarding the subject matter.

Are you Owners/Managers/Directors of food processing SME in the Eastern Region of Ghana?

Qualifying Question	Please indicate by ticking "yes" or "no"				
Are you an Owner/Manager/Non-manager of	YES	[]	NO [ ]		
a food processing SME in the Eastern Region					
of Ghana?					

#### SECTION A: MARKETING MIX VARIABLES

Please indicate the extent to which you agree or disagree with the following statements regarding the Marketing Variables, using a five-point Likert scale: 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree

Statement	Please		indicate		by
	ticking				
1. Our enterprise is an initiator of product development	1	2	3	4	5
2. We respond to market requirement by altering our marketing mix	1	2	3	4	5
<b>3.</b> Developing quality and performing products is important to our	1	2	3	4	5
enterprise					

4. We practice Value-based pricing to give the enterprise	1	2	3	4	5
competitive advantage.					
<b>5.</b> The current channel used by the enterprise helps to effectively	1	2	3	4	5
promote, sell and distribute products and services to final					
consumers.					
6. Promotion methods used by our enterprise helps to build	1	2	3	4	5
favourable image in the minds of the consumer.					

#### SECTION B: MARKETING MODIFICATION

Please indicate the extent to which you agree or disagree with the following statements regarding the Marketing Modification, using a five-point Likert scale: 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree

Statement	Please		e indicate		by
	tick	ing			
7. Our proactive marketing management approach enable the	1	2	3	4	5
enterprise to introduce new products/services to meet customer's					
latent needs					
8. Customer-oriented activities are encouraged by our enterprise	1	2	3	4	5
9. Our competition-oriented approach enable us to generate	1	2	3	4	5
competitor intelligence and respond to significant competitor					
activities					
<b>10.</b> Our enterprise's innovation-oriented activities has influenced the	1	2	3	4	5
creation of innovative market offerings.					
<b>11.</b> We involve customers in our innovation process	1	2	3	4	5
<b>12.</b> Our market shaping focuses on product and service aspects that	1	2	3	4	5
create customer value					

#### SECTION C: INTEGRATED MARKETING

Please indicate the extent to which you agree or disagree with the following statements regarding the Integrated Marketing, using a five-point Likert scale: 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree

Statement	Please		indicate		by
	tick	cing			
13. Our marketing integration approach creates experiences for	1	2	3	4	5
customers to interact with our enterprise					
<b>14.</b> We use target marketing to help us optimize customer response	1	2	3	4	5
and minimize wasted effort					
<b>15.</b> We encourage the culture of consumer insight through thorough	1	2	3	4	5
understanding of our customer's needs					
<b>16.</b> Communication with our customers is based on the identification	1	2	3	4	5
of contact points consumers have with our brands.					
<b>17.</b> We use marketing orientation approach to manage our enterprise	1	2	3	4	5
<b>18.</b> We create value inside the enterprise through corporation among	1	2	3	4	5
all functional areas.					

# **SECTION D: CUSTOMER FOCUS**

Please indicate the extent to which you agree or disagree with the following statements regarding the Customer Focus, using a five-point Likert scale: 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree

Statement	Please		indicate		by
	tick	ing			
<b>19.</b> Our focus on customers enable us to respond to rapid changing	1	2	3	4	5
customer preference and needs.					
20. Our customer orientation practices helps us to understand out	1	2	3	4	5
target market's current needs.					
21. We encourage risk-taking through the exploitation of	1	2	3	4	5
opportunities in uncertain markets.					
<b>22.</b> Customer satisfaction is a marketing policy in our enterprise.	1	2	3	4	5
<b>23.</b> Perceived value of our products has led to high customer loyalty	1	2	3	4	5
<b>24.</b> We take our customer expectations into consideration when	1	2	3	4	5
aiming to satisfy their needs.					

### **SECTION E: MARKET FOCUS**

Please indicate the extent to which you agree or disagree with the following statements regarding the Market Focus, using a five-point Likert scale: 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree

Statement	Please		ease indicate		by
	tick	cing			
25. We consistently monitor rapidly changing customer needs and	1	2	3	4	5
wants					
<b>26.</b> Our leadership vision proactively nurtures market focus culture	1	2	3	4	5
<b>27.</b> Our competitiveness is based on innovations that reflect market	1	2	3	4	5
realities					
<b>28.</b> Our market-centredness is built on market intelligence and swift	1	2	3	4	5
response to market needs.					
29. Our product/service innovation process and outcomes are	1	2	3	4	5
difficult to imitate					
<b>30.</b> We use customer information to effectively serve our customers	1	2	3	4	5

# SECTION F: VALUE PROPOSITION

Please indicate the extent to which you agree or disagree with the following statements regarding the Value Proposition, using a five-point Likert scale: 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree

Statement	Please		indicate		by
	tick	ing			
<b>31.</b> We co-create value together with the customer	1	2	3	4	5
<b>32.</b> Our proposed offering initiates and guides communication with	1	2	3	4	5
all stakeholders					
<b>33.</b> Market knowledge is the basis for product value offering in our	1	2	3	4	5
enterprise					
<b>34.</b> Our creative resources offers new ways of addressing customer	1	2	3	4	5
problems					

35. Our customer relationship adds value to product and service	1	2	3	4	5
offering					
36. Our unique product offering is an indication of management	1	2	3	4	5
support					

#### SECTION G: FINANCIAL PERFORMANCE

Please indicate the extent to which you agree or disagree with the following statements regarding the Financial Performance, using a five-point Likert scale: 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree

Statement	Please		indicate		by
	tick	cing			
<b>37.</b> Our enterprise's profitability is satisfactory	1	2	3	4	5
<b>38.</b> We use innovative marketing approach to reduce cost relative to competitor's cost	1	2	3	4	5
<b>39.</b> The financial success of our enterprise is guaranteed	1	2	3	4	5
<b>40.</b> Maximizing profitability is a key goal of our enterprise vision	1	2	3	4	5
<b>41.</b> We plan for the sales revenue growth of all our products	1	2	3	4	5
<b>42.</b> Managers are looking forward to expand the enterprise	1	2	3	4	5
<b>43.</b> Managers in the enterprise are looking for innovative ways of	1	2	3	4	5
conducting business					

#### SECTION H: CUSTOMER PERFORMANCE

Please indicate the extent to which you agree or disagree with the following statements regarding the Customer Performance, using a five-point Likert scale: 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree

Statement	Please		e indicate		by
	ticking				
44. Our enterprise has experienced a steady increase in customer	1	2	3	4	5
retention within the last two years					
<b>45.</b> We have experienced a steady increase of new customer within	1	2	3	4	5
the last two years					
<b>46.</b> Sales to new customers has increased within the last two years	1	2	3	4	5

<b>47.</b> Sales to current customers has increased within the last two years	1	2	3	4	5
48. Our enterprise has experienced a decrease in the number of	1	2	3	4	5
customers who left the enterprise within the last two years					
49. We are prepared to be unconventional rather than rely on	1	2	3	4	5
traditional methods of competing					
<b>50.</b> We use customer measures as leading indicators to drive current	1	2	3	4	5
and future financial performance					

#### SECTION I: INTERNAL BUSINESS PROCESSES PERFORMANCE

Please indicate the extent to which you agree or disagree with the following statements regarding the Internal Business Processes Performance, using a five-point Likert scale: 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree

Statement	Please		indicate		by
	tick	ing			
51. Our customer management process generates growth with	1	2	3	4	5
customers					
<b>52.</b> Our internal procedures and processes helps to produce and deliver	1	2	3	4	5
the value proposition for customers					
<b>53.</b> We use customer performance measurement system to improve	1	2	3	4	5
our marketing and sales processes					
54. Our enterprise procedures contributes significantly to reduced	1	2	3	4	5
production cost					
<b>55.</b> We are resourced with technology for new processes	1	2	3	4	5
56. Our enterprise is resourced with technology for new product	1	2	3	4	5
development					
<b>57.</b> The duration of our production is short	1	2	3	4	5
<b>58.</b> We have lower defective product rate	1	2	3	4	5
<b>59.</b> We have higher rates of on-time delivery of our products	1	2	3	4	5
# SECTION J: LEARNING AND GROWTH PERFORMANCE

Please indicate the extent to which you agree or disagree with the following statements regarding the Learning and Growth Performance, using a five-point Likert scale: 1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree

Statement	Ple	ase	indi	icate	by
	tick	cing			
<b>60.</b> We have adequately skilled and motivated employees	1	2	3	4	5
<b>61.</b> We have quality information systems, databases and networks to	1	2	3	4	5
support the work of our employees.					
62. Our enterprise has the right organisational culture, leadership	1	2	3	4	5
and teamwork to achieve its objectives					
63. We provide regular learning opportunities for our employee		2	3	4	5
through various capacity building programmes					
64. Our enterprise has witnessed a steady decline in employee		2	3	4	5
turnover within the past two years					
65. Employee satisfaction and development is one of our topmost		2	3	4	5
priority					
<b>66.</b> We take employee suggestions and implementation seriously		2	3	4	5
<b>67.</b> We actively gather information about new products		2	3	4	5
<b>68.</b> Our enterprise actively gather information about their customers		2	3	4	5

## **SECTION K: DEMOGRAPHICS**

Please mark (X) <u>one</u> option only.

## **QUESTION 69**

Please indicate your age:

18 - 30	1
31 - 40	2
41 - 50	3
51 - 60	4

# **QUESTION 70**

Please indicate your gender

Male	1
Female	2

## **QUESTION 71**

Please indicate your level of education, by selecting the most appropriate option.

Never completed Grade 1	1
Non-Formal Education	2
Completed Grade 12	3
Diploma	4
Degree	5
Postgraduate qualification	6
Other: please specify	7

# **QUESTION 72**

Please indicate the ownership structure of your enterprise/company

Sole	1
proprietorship	
Partnership	2
Limited	3
Liability	

## **QUESTION 73**

Please indicate how long the enterprise has been in operation.

2years	1
2 to 3years	2
3 to 5 years	3
Above 5years	4

# **QUESTION 74**

Please indicate your current position in your enterprise/company

Owner	1	
Manager		
General	2	
Manager		
Non-	3	
Managerial		

# **QUESTION 75**

Please indicate the size of your enterprise/company in terms of number employees

1 – 4 (Small)	1
4 – 8 (Small)	2
9 – 50	3
(Medium)	
50 -100	4
(Medium)	

Thank you for taking time to complete this questionnaire.

#### **APPENDIX B**

## Factor 1: MARKETING MIX VARIABLES (Independent Variable)

ITEMS	REPRESENTATION
MV 1	Our enterprise is an initiator of product development
MV 2	We respond to market requirement by altering our marketing mix
MV 3	Developing quality and performing products is important to our enterprise
MV 4	We practice Value-based pricing to give the enterprise competitive advantage.
MV 5	The current channel used by the enterprise helps to effectively promote, sell and
	distribute products and services to final consumers.
MV 6	Promotion methods used by our enterprise helps to build favourable image in the
	minds of the consumer.

## Factor 2: MARKETING MODIFICATION (Independent Variable)

ITEMS	REPRESENTATION
MM 7	Our proactive marketing management approach enable the enterprise to introduce
	new products/services to meet customer's latent needs.
MM 8	Customer-oriented activities are encouraged by our enterprise
MM 9	Our competition-oriented approach enables us to generate competitor intelligence
	and respond to significant competitor activities.
MM 10	Our enterprise's innovation-oriented activities have influenced the creation of
	innovative market offerings.
MM 11	We involve customers in our innovation process.
MM 12	Our market shaping focuses on product and service aspects that create customer
	value

# Factor 3: INTEGRATED MARKETING (Independent Variable)

ITEMS	REPRESENTATION
IM 13	Our marketing integration approach creates experiences for customers to interact
	with our enterprise.
IM 14	We use target marketing to help us optimize customer response and minimize
	wasted effort.

IM 15	We encourage the culture of consumer insight through thorough understanding of
	our customer's needs.
IM 16	Communication with our customers is based on the identification of contact points
	consumers have with our brands.
IM 17	We use marketing orientation approach to manage our enterprise.
IM 18	We create value inside the enterprise through corporation among all functional
	areas.

# Factor 4: CUSTOMER FOCUS (Independent Variable)

ITEMS	REPRESENTATION
CF 19	Our focus on customers enable us to respond to rapid changing customer
	preference and needs.
CF 20	Our customer orientation practices help us to understand out target market's
	current needs.
CF 21	We encourage risk-taking through the exploitation of opportunities in uncertain
	markets.
CF 22	Customer satisfaction is a marketing policy in our enterprise.
CF 23	Perceived value of our products has led to high customer loyalty.
CF 24	We take our customer expectations into consideration when aiming to satisfy
	their needs.

# Factor 5: MARKET FOCUS (Independent Variable)

ITEMS	REPRESENTATION
MF 25	We consistently monitor rapidly changing customer needs and wants.
MF 26	Our leadership vision proactively nurtures market focus culture.
MF 27	Our competitiveness is based on innovations that reflect market realities.
MF 28	Our market-centredness is built on market intelligence and swift response to
	market needs.
MF 29	Our product/service innovation process and outcomes are difficult to imitate.
MF 30	We use customer information to effectively serve our customers.

# Factor 6: VALUE PROPOSITION (Independent Variable)

ITEMS	REPRESENTATION
VP 31	We co-create value together with the customer.
VP 32	Our proposed offering initiates and guides communication with all stakeholders.
VP 33	Market knowledge is the basis for product value offering in our enterprise.
VP 34	Our creative resources offer new ways of addressing customer problems.
VP 35	Our customer relationship adds value to product and service offering.
VP 36	Our unique product offering is an indication of management support.

# Factor 1: FINANCIAL PERFORMANCE (Dependent Variable).

ITEMS	REPRESENTATION
FP 37	Our enterprise's profitability is satisfactory.
FP 38	We use innovative marketing approach to reduce cost relative to competitor's cost.
FP 39	The financial success of our enterprise is guaranteed.
FP 40	Maximizing profitability is a key goal of our enterprise vision.
FP 41	We plan for the sales revenue growth of all our products.
FP 42	Managers are looking forward to expand the enterprise.
FP 43	Managers in the enterprise are looking for innovative ways of conducting
	business.

# Factor 2: CUSTOMER PERFORMANCE (Dependent Variable)

ITEMS	REPRESENTATION
CP 44	Our enterprise has experienced a steady increase in customer retention within the
	last two years.
CP 45	We have experienced a steady increase of new customer within the last two years.
CP 46	Sales to new customers has increased within the last two years.
CP 47	Sales to current customers has increased within the last two years.
CP 48	Our enterprise has experienced a decrease in the number of customers who left the
	enterprise within the last two years.
CP 49	We are prepared to be unconventional rather than rely on traditional methods of
	competing.

CP 50	We use customer measures as leading indicators to drive current and future
	financial performance.

# Factor 3: INTERNAL BUSINESS PROCESS PERFORMANCE (Dependent Variable).

ITEMS	REPRESENTATION
IBPP 51	Our customer management process generates growth with customers.
IBPP 52	Our internal procedures and processes help to produce and deliver the value
	proposition for customers.
IBPP 53	We use customer performance measurement system to improve our marketing
	and sales processes.
IBPP 54	Our enterprise procedures contribute significantly to reduced production cost.
IBPP 55	We are resourced with technology for new processes.
IBPP 56	Our enterprise is resourced with technology for new product development.
IBPP 57	The duration of our production is short.
IBPP 58	We have lower defective product rate.
IBPP 59	We have higher rates of on-time delivery of our products.

Factor 4: LEARNING AND GROWTH PERFORMANCE (Dependent Variable)

ITEMS	REPRESENTATION
LGP 60	We have adequately skilled and motivated employees.
LGP 61	We have quality information systems, databases and networks to support the work of our employees.
LGP 62	Our enterprise has the right organisational culture, leadership and teamwork to achieve its objectives.
LGP 63	We provide regular learning opportunities for our employee through various capacity building programmes.
LGP 64	Our enterprise has witnessed a steady decline in employee turnover within the past two years.
LGP 65	Employee satisfaction and development is one of our topmost priority.
LGP 66	We take employee suggestions and implementation seriously.
LGP 67	We actively gather information about new products.
LGP 68	Our enterprise actively gathers information about their customers.

#### **APPENDIX C**



Eastern Regional Secretariat Post Office Box 854, Koforidua Ghana +233 (0) 243 178 475 nbssikoforidua@gmail.com www.nbssi.gov.gh/contact/

Ref: NBSSI/ PL/7/08

7th August, 2019

Kwabena Abrokwah-Larbi P. O. Box 1025 Teshie-Nungua Estate Accra

Dear Sir,

#### RE: APPROVAL TO USE LIST OF FOOD PROCESSING SMEs REGISTERED WITH THE NATIONAL BOARD FOR SMALL SCALE INDUSTRIES (NBSSI) IN THE EASTERN REGION OF GHANA AS TARGET POPULATION FOR YOUR Ph.D. RESEARCH

With reference to your application dated 2<sup>nd</sup> August 2019, regarding the above subject, I am pleased to let you know that approval has been granted to you, to conduct research study titled:

# "The Impact of Innovative Marketing on the Performance of Ghanaian Food Processing Small and Medium Enterprises' (SMEs)".

This approval allows you to access our list of registered food and agro processing SMEs in the Eastern Region of Ghana as well as interviewing relevant stakeholders who would be able to assist you get information on your research topic.

I wish you success with your research.

Yours Faithfully,

0.0

Isaac Nimako (Mr.) Regional Manager – Eastern Region National Board for Small Scale Industries (NBSSI) Koforidua, Ghana

#### **APPENDIX D**



# UNISA DEPARTMENT OF MARKETING AND RETAIL MANAGEMENT ETHICS REVIEW COMMITTEE

Date 2 December 2019

Dear Mr Kwabena Abrokwah-Larbi

Decision: Ethics Approval from 2019 - 2022 NHREC Registration # : (if applicable)

ERC Reference # : 2019\_MRM\_012

Name: Mr Kwabena Abrokwah-Larbi

Student #: 61001309

Staff #: N/A

Researcher(s): Mr K Abrokwah-Larbi, +233 (0)244449785, 61001309@mylife.unisa.ac.za

Supervisors(s): Prof L van Scheers, 0823231365, vscheml@unisa.ac.za Prof R Chinomona, rchinos@hotmail.com

#### Working title of research:

The Impact of Innovative Marketing on the Performance of Ghanaian Food Processing SMEs

#### Qualification: Postgraduate degree

Thank you for the application for research ethics clearance by the Unisa Department of Marketing and Retail Management Ethics Review Committee for the above mentioned research. Ethics approval is granted for 3 years.

The **low risk application** was **reviewed** by the Department of Marketing and Retail Management Ethics Review Committee on 29 November 2019 in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment.

The proposed research may now commence with the provisions that:

 The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.



- 2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the Department of Marketing and Retail Management Research Ethics Committee.
- 3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
- 4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
- 5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
- Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data require additional ethics clearance.
- 7. Minor changes suggested by the committee be amended on the Form 1.

#### Note:

The reference number **2019\_MRM\_012** should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.

Yours sincerely,

Sía

Ethics member for the Department of Marketing and Retail Management ERC E-mail: jwiid@unisa.ac.za Tel: (012) 429-2381

Executive Dean: College of Economic and Management Sciences E-mail: mogalmt@unisa.ac.za Tel: (012) 429-4805



## **APPENDIX E**

8 Nahoon Valley Place Nahoon Valley East London 5241 26 September 2020

# TO WHOM IT MAY CONCERN

I hereby confirm that I have proofread and edited the following thesis – excluding the reference list and appendices - using the Windows 'Tracking' system to reflect my comments and suggested corrections for the student to action:

The impact of innovative marketing on the performance of Ghanaian food processing small and medium enterprises (SMEs) by KWABENA ABROKWAH-LARBI, submitted in accordance with the requirements for the degree of Doctor of Philosophy in the subject of Marketing at the UNIVERSITY OF SOUTH AFRICA.

In addition to the suggested changes I have made, there are still some sentence construction and formatting issues the student needs to address before submitting the thesis for examination. I will not have oversight of these changes.

BriCartson

Brian Carlson (B.A., M.Ed.) Professional Editor

Email: <u>bcarlson521@gmail.com</u>

Cell: 0834596647

**Disclaimer:** Although I have made comments and suggested corrections, the responsibility for the quality of the final document lies with the **student** in the first instance and not with myself as the editor.