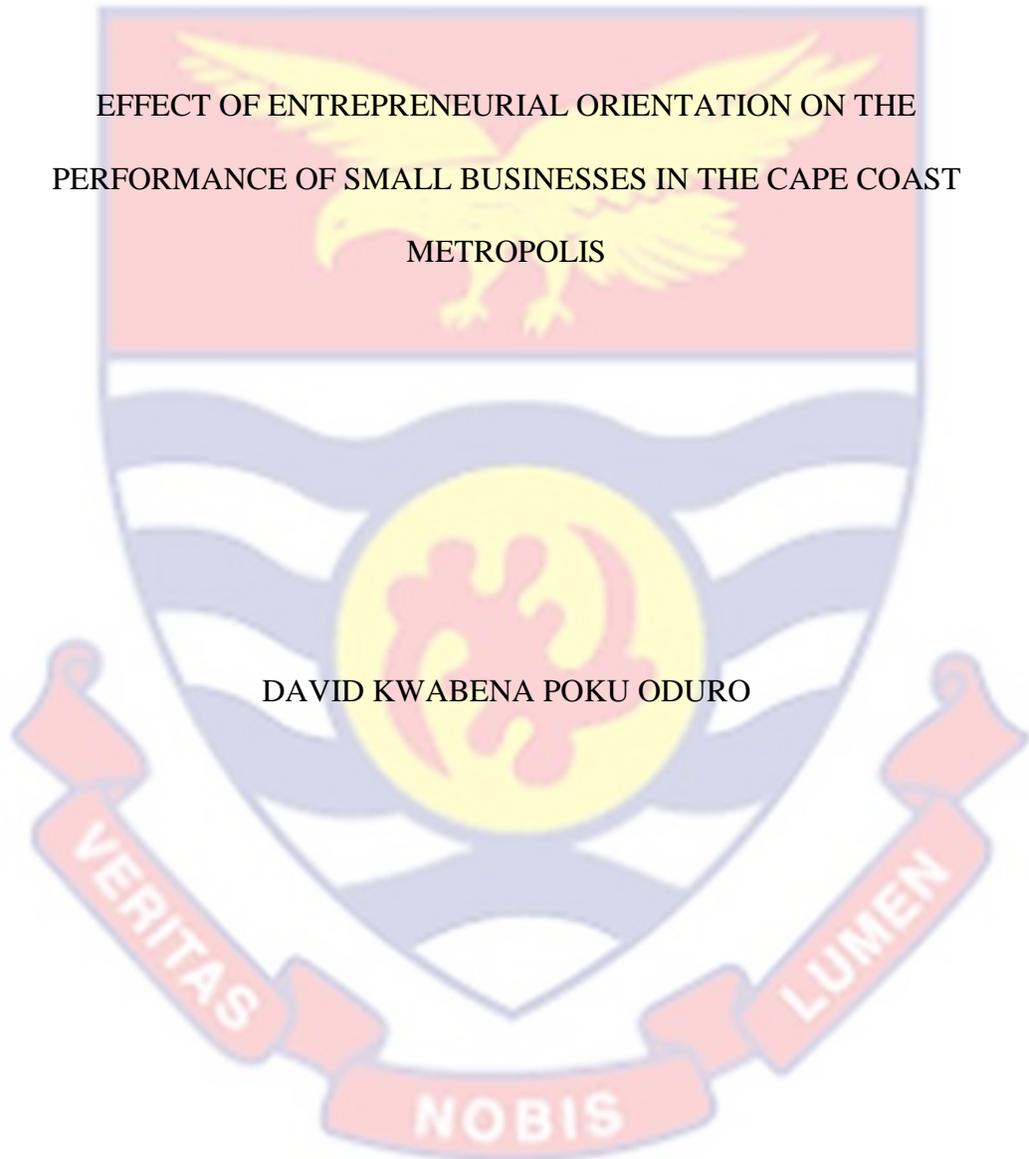


UNIVERSITY OF CAPE COAST

EFFECT OF ENTREPRENEURIAL ORIENTATION ON THE
PERFORMANCE OF SMALL BUSINESSES IN THE CAPE COAST
METROPOLIS

DAVID KWABENA POKU ODURO



2022

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METROPOLIS

BY
DAVID KWABENA POKU ODURO

Dissertation submitted to the Centre for Entrepreneurship and Small Enterprise
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University of Cape Coast in partial fulfilment of the requirements for the award of
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Development

FEBRUARY 2022

DECLARATION

Candidate's Declaration

I therefore declare that this dissertation is the result of my own independent work and that no portion of it was submitted for another degree to this university or elsewhere.

Candidate's SignatureDate

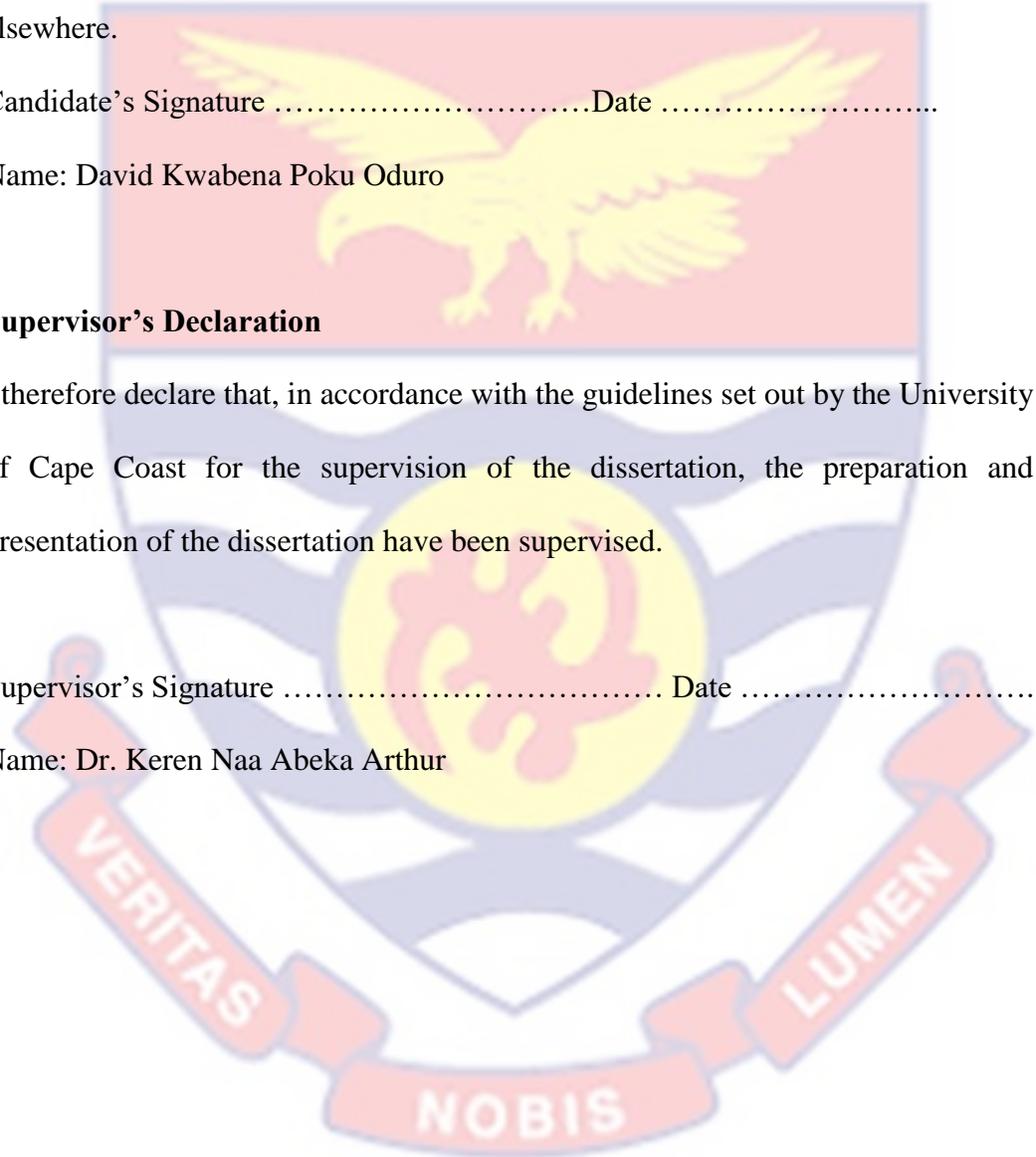
Name: David Kwabena Poku Oduro

Supervisor's Declaration

I therefore declare that, in accordance with the guidelines set out by the University of Cape Coast for the supervision of the dissertation, the preparation and presentation of the dissertation have been supervised.

Supervisor's Signature Date

Name: Dr. Keren Naa Abeka Arthur



ABSTRACT

The study looked at the impact of creativity, pro-activeness and risk-taking on performance of small business in Cape Coast Metropolis. The study discussed the theory of firm development, resource-based theory, the principle of entrepreneurship orientation and small business performance evaluation as part of the theoretical and conceptual analysis. The thesis adopted the descriptive design discussed in a quantitative analysis. In all, 132 small businesses in the Cape Coast Metropolis were included in the study and the research employed a questionnaire to elicit the required data for the study. The study employed frequency tables and regression analysis to examine the level of entrepreneurial orientation between small businesses in Cape Coast Metropolis. The finding indicates that risk taking has an effect of the performance (profit growth) potential of sampled small businesses. The study found a significant relationship between age of business and firm performance. This finding indicates that the age of the sampled small businesses, whether young or old, has an effect on the performance of the business. The significant findings may be attributed to the fact that the more you stay in business the more you get experience to run the business effectively. Based on the results, it is recommended that managers of small businesses or entrepreneurs in Cape Coast Metropolis must be enrolled in effective entrepreneurial orientation programmes to equip them with entrepreneurial knowledge, which will go a long way in helping them run their small businesses and other businesses effectively.

KEYWORDS

Entrepreneurial Orientation

Organisational Performance

Small Businesses

Cape Coast Metropolis



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DEDICATION

To my family



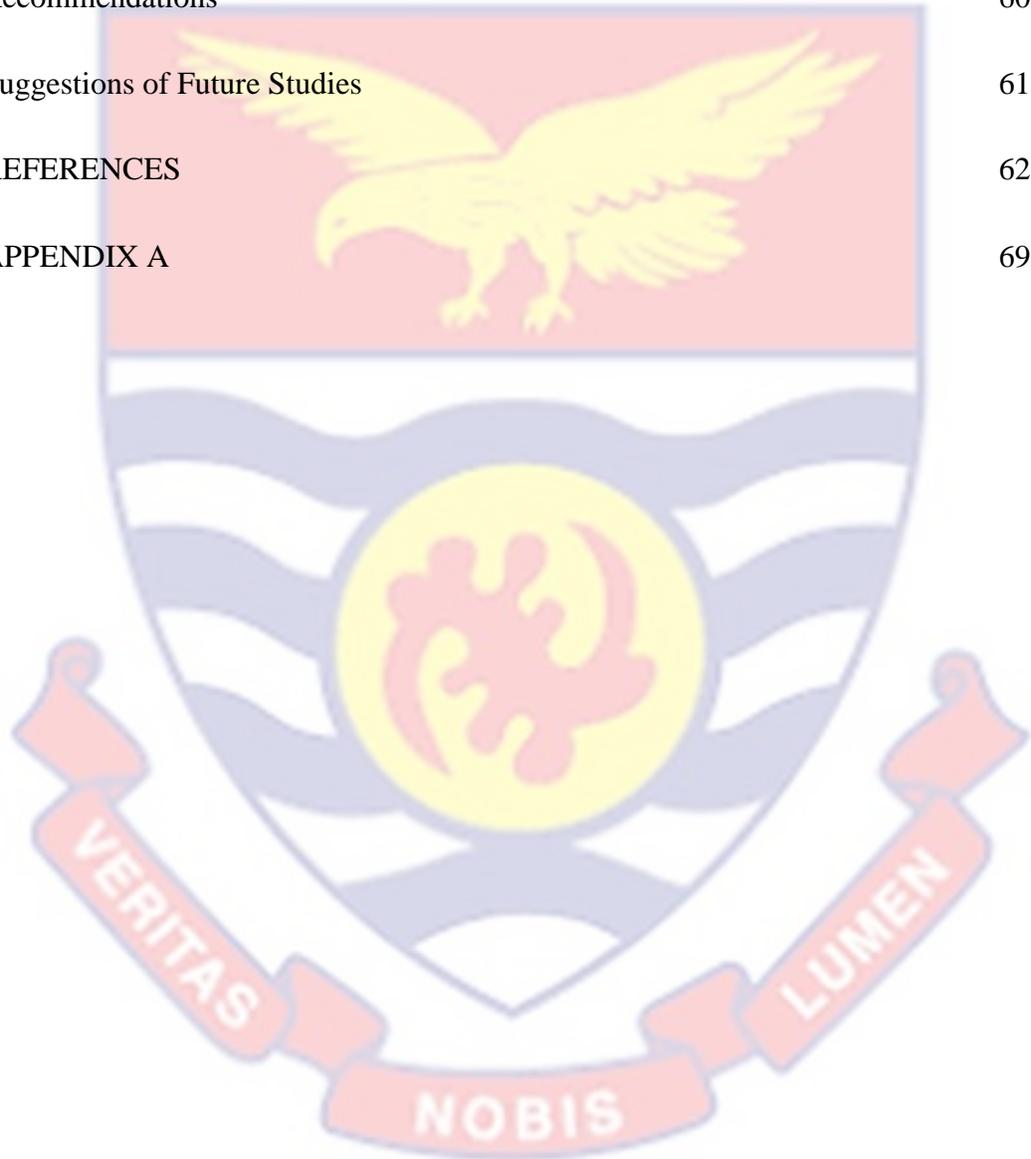
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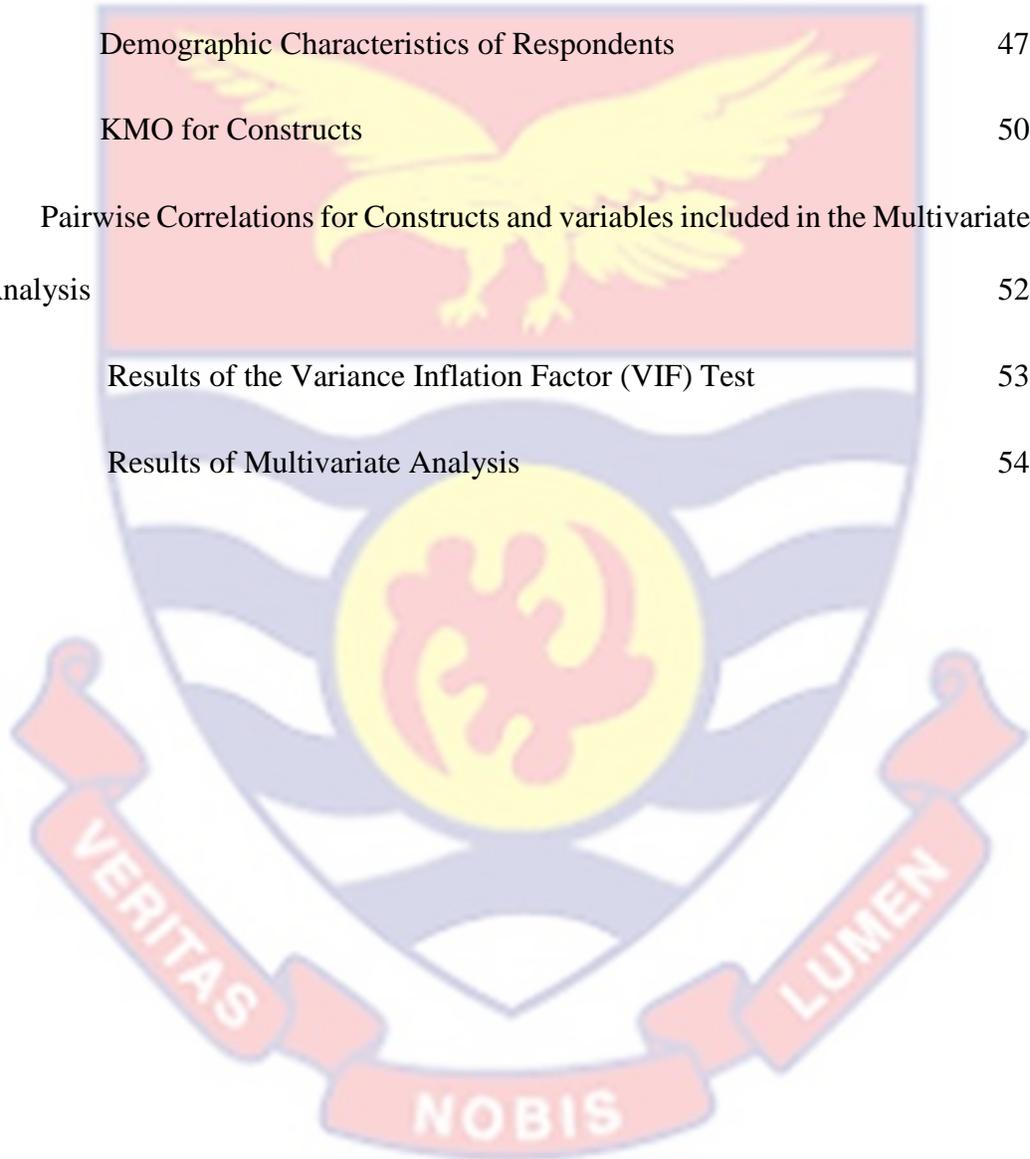
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LIST OF ACRONYMS

ACCFIN	Access to Finance
AGEFM	Age of Firm in years
CRV	Firm's Level of Creativity
EO	Entrepreneurial Orientation
GSS	Ghana Statistical Service
NUMEMPLY	Number of Employees in the company
PFM	Growth in Profit
PRO	Proactiveness
ROS	Return on Stocks
RSK	Risk Taking level of firm
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences
ROA	Return on Assets
ANOVA	Analysis of Variance

CHAPTER ONE

INTRODUCTION

This study aimed to identify the effect of entrepreneurial orientation on organizational performance of small businesses in Cape Coast Metropolis. Small businesses in Cape Coast Metropolis, Ghana was selected for this study. The contribution of small businesses on the economy and the private sector cannot be taken lightly because they provide employment to citizens and revenue to the government/state at large. However, small businesses over the years as an organisation underperform in terms of meeting their obligation to expand or continue in business in Ghana. One of the reasons accounting to this drawback is inadequate entrepreneurial orientation among managers of small businesses. It is from this assertion this study draws motivation to identify the the effect of entrepreneurial orientation on organizational performance of small businesses in Cape Coast Metropolis.

Background to the Study

For businesses in a variety of industries, the period of globalization has been a source of stress. Foreign goods and services can now easily flow into domestic industries as a result of globalization. Furthermore, domestic industries receive not only goods and services, but also human resources and other capital. Companies, particularly Small and Medium Enterprises (SMEs), are forced to compete in extremely tight markets as a result of globalization. SMEs in Ghana compete not just with Ghanaian-owned SMEs, but also with foreign-owned SMEs operating in the country. SMEs must also have a competitive advantage. Many researches have

been conducted to determine what competitive advantages businesses should have (Nuryakin & Retnawati, 2017). Having a large market share in comparison to competitors might be a competitive advantage. Entrepreneurial orientation, which includes creative products or services, price, cost, image, or transportation, can also provide a competitive advantage (Morgan, 2012). If a business has a competitive advantage, it will have an impact on both market and financial success (Nuryakin & Retnawati, 2016).

Companies with Entrepreneurial Orientation (EO) are defined as those engaged in technological innovation, risk-taking works, and proactively pursuit opportunities (Miller & Friesen, 2012). Entrepreneurial Orientation refers to processes, practices, and decision-making activities leading to new entries (Lumpkin & Dess, 2006). Entrepreneurial Orientation is a level of corporate phenomenon demonstrating processes, practices and decision-making activities that will lead the company to become a leader in new entry business. From a behavioural perspective, Covin and Slevin (2009) showed the conceptual model of Entrepreneurial Orientation based on entrepreneurial activity including innovative, proactive and risk-taking.

Business-oriented organizations will enhance Entrepreneurial Orientation behaviour in innovative forms, to be available in risk-taking work and always striving to produce new products through proactive behaviour to capture market opportunities (Covin & Slevin, 2009; Wiklund & Shepherd, 2005). Based on the above explanation, we can illustrate that firms must be consistently innovative, proactive and risk-taking to be labelled as "entrepreneurial".

Entrepreneurial orientation, described as the willingness of a business to innovate, take chances, and proactively seek market opportunities, has recently been recognized as one of the most significant rewards for the success of a company. Studies have found that higher growth and success correlate with the entrepreneurial orientation of a business (Amarteifio & Agbeblewu, 2020). Growth and success can also be related to the company's creative, pro-active and risk-taking behaviour, which refers to the entrepreneurial orientation component, especially the growth and sustainability of Small Medium Enterprises (Stam & Elfring, 2008).

Financial indicators and non-financial indicators are the two primary kinds of performance indicators. Financial indicators, also known as objective indicators, are used to assess the state of a business. These metrics include benefits, growth, profit margins, cash flow, and return on assets. Non-monetary or subjective performance measurements, on the other hand, frequently represent management or worker assessments of the firm's state. Customer satisfaction (Vij, & Bedi, 2016), employee participation (Moriarty, 2010), and increased self-sufficiency are some of the signs (Dzei, 2008). Although this method of evaluating performance has a lot of advantages, it also has a number of disadvantages.

Small and medium enterprises are the largest industry in Africa, accounting for almost 90 percent of all companies in rural and urban areas (Agyapong & Attram, 2019). Small and Medium Enterprises are a big avenue for people to work and accelerate the growth of countries by encouraging community entrepreneurship and business skills (Maziriri & Chivandi, 2020). Small and Medium Enterprises are also seen as very critical determinants for achieving national development goals,

such as reducing poverty and sub-regional economic growth (Veronica, Shlomo, Antonio & Victor, 2020). For example, in South Africa, SMEs account for approximately 46 percent of total economic activity and 84 percent of private employment. It is also reported that SMEs are considered to be around 80 percent of the formal business sector and 95 percent of the overall business sector (Volkery & Jacob, 2018).

According to Kiyabo, and Isaga (2020), entrepreneurial orientation is a form of intangible means that can help a firm have competitive advantage since it leads to new products for customers, guaranteeing that firms continuously pursue new chances which allow businesses to make first-mover rewards (Rauch, Wiklund, Lumpkin & Frese, 2009). However, if SMEs are being innovative, they can stay and thereby increase growth. Again, by being proactive, SMEs can create first-mover advantage and consequently gain competitive advantage over their competitors. EO lets businesses collect and use information from multiple sources about future and current consumers, create a strategic strategy based on this data, and execute the plan in anticipation of new and unstated business developments ahead of their competition (Keh & Slevin, 2017).

Statement of the Problem

Chokesikarin (2014), Lee and Chu (2017), and Sun and Kim (2013) have all looked at the direct link between entrepreneurial orientation and business performance. Xie, Jia, Meng, and Li (2017) and Eren, Eren, Ayas, and Hacioglu (2013) found evidence of the mediating effect of customer satisfaction between firm performance and other variables other than entrepreneurial orientation, while

Zehir, Gurol, Karaboga, and Kole (2016) look at entrepreneurial orientation as a mediator variable between strategic human resource management and business performance. Cui, Fan, Guo, and Fan (2018) discovered that characteristics including dynamic capabilities of absorptive capacity (ACAP) and boundary spanning mediate the favorable effect of entrepreneurial attitude on business performance. Zehir, Can, and Karaboga (2015) investigated the mediating effect of both differentiation strategy and innovation performance on the relationship between entrepreneurial approach and business performance in a similar way.

Kurtulmuş and Warner (2015), on the other hand, identified a vacuum in previous research by looking at the relationship between entrepreneurial orientation and the performance of small businesses (SMEs) in a developing country and discovering that it is ineffective. As a result, the research raises concerns regarding the nature of the link between entrepreneurial orientation and performance. Previous study has demonstrated that SMEs' ability to provide superior customer value and seek entrepreneurial opportunities influences their success (Buli, 2017), however in order to do so, SMEs must employ an integrated approach to entrepreneurial orientation.

Choi and Williams (2016) discovered that the association between entrepreneurial orientation and company performance on SMEs is mediated by market activity. Baker and Sinkula (2009) found that entrepreneurial and market orientation complement each other in small enterprises, resulting in improved financial performance. The constructs of market orientation and market action were used in all of the research to account for various aspects of customer satisfaction.

The researcher determined the direct and indirect effects of entrepreneurial orientation on business performance through this study, which intend to provide empirical data in the context of SMEs in Ghana, a developing country. Studies by Yousif (2019), Kaizzer (2018) and Bossman (2017) identified a strong relation between entrepreneurial orientation and organisational performance. These studies raised concerned for further studies in different environments with the introduction of control variables. However, because entrepreneurial orientation improve overtime, there is the need to examine if future improvements in entrepreneurial orientation still have effect on organisational performance in different jurisdiction with the introduction of control variables.

As a result, the purpose of this research is to investigate and evaluate managers of small businesses in Cape Coast Metropolis' entrepreneurial orientation in order to see if improvement in entrepreneurial orientation still has any effect on small businesses' performance and to answer the question "To what extent have entrepreneurial orientation boosted organisational performance in Ghana (Small Business in Cape Coast Metropolis)?"

Purpose of the Study

The aim of this research was to measure the effect of entrepreneurial orientation on the performance of small businesses in Cape Coast Metropolis.

Research Objectives

1. Evaluate the effects of innovation on the performance of small businesses in Cape Coast Metropolis.

2. Assess the effects of risk-taking on the performance of small businesses in Cape Coast Metropolis.
3. Determine the effects of pro-activity on the performance of small businesses in Cape Coast Metropolis.

Research Hypothesis

H¹: There is no influence of innovation on the performance of small businesses in Cape Coast Metropolis.

H²: There is no influence of risk-taking on the performance of small businesses in Cape Coast Metropolis.

H³: Pro-activity do not have any influence on the performance of small businesses in Cape Coast Metropolis.

Significance of the Study

From both theoretical and practical perspectives, this research is important. Initially, however, most academicians and researchers have dug deeper into the orientation and performance of entrepreneurship. The researcher accessed relevant literature on entrepreneurial orientation and performance which was skewed in favor of entrepreneurs in the Cape Coast Metropolis. It would therefore also help bridge the gap in empirical literature, particularly in the context of SMEs, apart from the results of this study contributing to general knowledge on entrepreneurial orientation and success. Similarly, a comparison of results from similar studies as well as other studies from developing countries may encourage the outcome of this research.

Delimitation of the Study

Barbershops, carpenters, and plumbers are among the craft SMEs that operate in the Cape Coast Metropolis. Furthermore, the research focused on only three dimensions of entrepreneurial orientation: innovation, risk-taking, and proactivity. The study investigates the degree of entrepreneurial orientation among barbershops, as well as the impact of many factors on their success.

Limitations of the Study

Research limits are often those elements of methodology or design that have an impact on or influence how the research's findings should be interpreted. These limitations on generalizability, applicability to practise, and/or effectiveness of findings are the outcome of the researcher's initial decision to design the study in this manner. The technique used to verify internal and external validity is also included. The limitations of the study design that were encountered is listed in the next paragraph.

The methodology limitation to this study was the convenience sampling technique. The only issue with convenience sampling is that it heavily relies on the investigator's judgement rather than objective standards (Bless, Higson-Smith & Sithole, 2013). Participants who were only closer and willing to fill the questionnaires were carefully chosen from a variety of backgrounds who could provide data for the study as part of the sample selection process. For instance, barbers, hairdressers and fashion designers were used to choose the owners, personnel, and managers of small businesses in the metropolis.

Definition of Keywords

Entrepreneurial Orientation

Entrepreneurial orientation (EO) is a key concept when executives are crafting strategies in the hopes of doing something new and exploiting opportunities that other organizations cannot exploit (Doetsch & Lindberg, 2013). According to Maloney (2014), entrepreneurial orientation refers to the processes, practices, and decision-making styles of organizations that act entrepreneurially.

Firm Performance

Firm performance is an economic category that reflects the ability of firms in using human resources and material resources to achieve the targets of the firm (Le, 2015). Firm performance is also to consider the efficiency of using business means during the production and consumption process.

Small Businesses

Small business is defined by ISO (2015) as a privately owned corporation, partnership, or sole proprietorship that has fewer employees and less annual revenue than a corporation or regular-sized business. The definition of "small" in terms of being able to apply for government support and qualify for preferential tax policy varies by country and industry. The U.S. Small Business Administration (2018) defines a small business according to a set of standards based on specific industries.

Organisation of the Study

This study is divided into five components. The study of the backdrop, statement of the problem, aims of the investigation, hypothesis, as well as the significance and scope of the study are all covered in section one, which is the

introduction chapter. The idea of entrepreneurial orientation is introduced in Chapter Two, followed by a survey of relevant theoretical and empirical literature. In chapter three, the approach used to conduct the analysis is described. The study's conclusions and debates are described in Chapter Four, along with references to related research. The final chapter includes the review, conclusions, and recommendations based on the study findings.



CHAPTER TWO

LITERATURE REVIEW

Introduction

The theoretical, empirical, and conceptual review of literature relevant to the research was presented in this section. The study examined the theory of company growth, resource-based theory, the concept of entrepreneurial orientation (EO), and business revenue measurement as part of the theoretical and conceptual assessment. An empirical review of publications on entrepreneurial orientation (EO) and performance was also included in this chapter. A chapter summary was included in Chapter Two.

Theoretical Review

A theory in its simplest form is defined as an explanation, and an answer to the question why (Sutton & Staw, 1995), regardless of how this explanation is structured and communicated. According to Bacharach (1989) “a theory is a statement of relations among concepts within a set of boundary assumptions and constraints. It is no more than a linguistic device used to organize a complex empirical world”. As such, the underlying purpose of a theory is to organize and communicate knowledge about a particular phenomenon.

The primary goal of a theory can be seen as answering the questions how, when, and why unlike the goal of a description, which is to answer the question of what. All theories are limited by their bounding assumptions (Dubin, 1978), implying that one theory cannot explain everything. This is a good reason for reviewing which present a particular view of the world depending on from which

position or through which lens the world is looked upon. This study therefore utilizes the resource-based theory and the theory of firm growth to explain and relate the key variables of the study. The resource-based theory looked at the intangible resources that is, the entrepreneurial orientation which is possessed by managers of small business in running their day-to-day business activities. Whereas, the theory of firm growth looks at the performance of small businesses which was skewed in the direction of firm growth.

Resource based Theory

The resource-based paradigm, as described by Barney (1991) in his paper "Business Resources and Sustained Competitive Advantage," sees strategic resources as critical to outstanding firm performance. Strategic resources, in other words, are the most important determinants of corporate performance. Four metrics are provided by the theory to distinguish strategic resources from ordinary resources. The first is worth. The ability to create or use opportunity or limit threat is referred to as value. An in-house production method that provides product standards at a lower cost than competitors, and a strong brand that supports premium pricing are just a few examples. The rarity metric is the second factor to consider.

According to Barney, rarity refers to the uniqueness of a company's resources (2001). The resource should be difficult to duplicate, according to the third metric. The last metric is long-term viability. How long will the resource be able to sustain high performance? The approach divides resources into two categories: tangible and intangible resources. As the name implies, tangible

resources are things that can be seen, touched, and measured. Intangible resources, on the other hand, are impossible to see, hold, or measure. The company may own the resources directly or obtain them from a third party (Platts & Bourne, 2003). Several empirical studies have looked at how resources affect corporate performance over the years (Kiyabo, & Isaga, 2020; Omer & Shu, 2016; Keh & Na, 2007; Platts & Bourne, 2003).

However, in this study, the author expanded the definition of business resources to include entrepreneurial orientation in this study. Entrepreneurial orientation, according to Kiyabo and Isaga (2020), is a sort of intangible capital that can assist a firm gain a competitive advantage because it leads to new entrants. The study was underpinned by the resource-based theory, which endeavours managers who are agents on behalf of a company to use appropriate resources like effective entrepreneurial orientation when managing a company. Thus, the resource-based theory helps highlight the interrelationship between a company, its managers and the resources they adopt on behalf of their stakeholders to manage the firm. These practices go a long way to impact organisational performance.

Theory of Firm Growth

Edith Penrose's 1959 theory of firm growth paved the way for the Firm's Resource Based Approach, which is the dominant view in today's tactical management research. Firm growth or performance, according to Penrose (1959), is a dynamic process resulting from the interplay between management and the business's own or accessible resources. According to Penrose (1959), a firm is "a combination of physical and human resources" (productive). It is "an administrative

planning unit whose activities are interconnected and whose actions are directed by policies that are formulated in light of their impact on the entire organization."

Penrose (1959) also distinguished two sorts of assets: physical and human resources. Physical assets are bundles of assertions that may be seen and used to provide future services. Consider the scale of a company. Human capital, on the other hand, refers to the skills and knowledge of managers. She highlighted 'enterprising managers' as part of the human resources necessary for a company's continuing success. The size of a firm is restricted by the amount to which its increasing limitations can continue to be reached by administrative efficiency, while the growth rate of a company is limited by the increase of knowledge within it. The study was underpinned by the firm growth theory, which endeavours managers who are agents on behalf of a company to have human resource skills like effective entrepreneurial orientation when managing a company. Thus, the firm growth theory helps highlight the interrelationship between a company, its managers and the resources they adopt on behalf of their stakeholders to manage the firm. These practices go a long way to impact organisational performance.

Small Enterprises in Ghana

Small, medium, and large-scale business classification criteria differ from country to country, author to author, and institution to institution. Firms are classified in certain nations based on the total number of employees, whereas in others, the monetary worth of total fixed assets is used. The Ghana Statistical Service and the Ghana Enterprise Agency both have definitions that are widely used in empirical research in Ghana.

According to the Ghana Statistical Service (GSS) (2021), businesses with fewer than ten employees are classified as small, whereas businesses with ten or more employees are classified as medium and large-scale organizations. The Ghana Enterprises Agency (GEA), on the other hand, offers an alternative definition for SMEs (NBSSI). Companies with fewer than 9 (nine) employees and machinery and equipment with fewer than 10 million Ghanaian employees are classed as SMEs (GEA, 2021). Regardless of the paradigm used, there is no doubt that SMEs play an important role in Ghana's economy. According to the most recent numbers from the Ghana statistical office, SMEs account for over half of all businesses in Ghana (GSS, 2021).

These businesses operate in all sectors of the economy, from manufacturing to service, and provide employment for Ghana's young people in both urban and rural locations. The majority of SMEs in metropolitan areas are in retail, with registered offices, while some operate in open spaces and temporary wooden buildings. The majority of SMEs in rural areas are involved in manufacturing. According to Alliance for Action (2010), the majority of SMEs in Ghana are controlled by people with little educational attainment, and the labour force of these businesses is made up of family members and apprentices who work for no or low compensation. Other particular attribute of SMEs in Ghana is their affinity with women. Most of the SMEs in Ghana are owned by females (Alliance for Action, 2016).

Despite their critical importance to the country, SMEs in Ghana confront a number of obstacles that impede their growth. Access to capital is one of the issues

that SMEs in Ghana face. The majority of SMEs are small informal firms that are unable to meet the official bank's collateral criteria (Binks et al., 1992). Due to a lack of other options, SMEs are obliged to take loans from informal institutions at exorbitant interest rates.

Lack of proper managerial ability was highlighted as the second major difficulty affecting SMEs in research by Abor and Quartey (2010) that explored the restrictions encountered by SMEs in Ghana. Most of SMEs are controlled and operated by persons with limited managerial and educational skills. This has an impact on their capacity to run the business effectively. There is also the issue of limited access to overseas markets to consider. Most SMEs in Africa, like most SMEs in other developing countries, produce/output that does not fulfil the rigorous requirements of developed countries, limiting their access to developed country markets (Abor, & Quartey, 2010).

Conceptual Review

Concept of Entrepreneurial Orientation

Several authors have opined on what characterizes entrepreneurial attitude over the years. Although Miller's piece on entrepreneurial orientation predates his writings on the subject, he is widely credited with establishing the groundwork for entrepreneurial orientation (Linton, 2016). In his widely cited article titled "The correlates of entrepreneurship in three types of firms," he defined an entrepreneurial company as one that participates in product market innovation, undertakes rather risky projects, and is the first to come up with 'proactive' inventions, beating rivals to the punch. Entrepreneurial orientation, according to Miller, can be split into three

categories: invention, risk-taking, and proactivity. Miller's thinking is flawed in that he cannot understand EO as a continuum rather than a binary value.

EO was also imagined as a scale alternating from conformist to entrepreneurial, and a nine-item scale was devised to quantify it, based on Miller's work. Miller's varied dimensions are captured in the objects. Fresh admission, according to them, is the act of introducing new ideas, whereas entrepreneurial orientation (EO) refers to the methods that a fresh admission goes through. They enlarged the aspects of entrepreneurial orientation to include autonomy and competitiveness, in addition to separating EO from entrepreneurship.

Dimensions of Entrepreneurial Orientation

Entrepreneurial orientation is widely recognized as a multidimensional notion, as stated in the preceding paragraphs. Several authors have written extensively about the various aspects of EO over the years. The next paragraphs go over the various levels of entrepreneurial orientation in depth.

- **Innovation:** Innovation was first emphasized by Schumpeter (1942) and widely acknowledged as a key aspect of EO. It refers to a company's proclivity for new ideas, testing, and innovative thinking that might result in new goods and inventions or encourage new concepts. Modernization can take several forms; with perhaps the most noted being technological innovation.
- **Risk-Taking:** Another aspect of entrepreneurial orientation that has received a lot of empirical attention is risk-taking. Risk defies one universal understanding and varies by industry or sector of interest. "EO" is defined as

the degree to which managers are willing to make significant and hazardous commitments. As a result, individuals who have a reasonable risk of costly failure are favored (Miller, 1987). Early on in the formation of the notion of EO, it was mistakenly associated with entrepreneurship, and risk was typically evaluated on a personal basis. However, as authors such as Lumber have distinguished between EO and entrepreneurship, risk is continually being investigated at the firm level. Indeed, Lumber argues that every enterprise in the world face some level of danger, however the levels of danger entrancing vary from low risks such as putting cash at the bank, buying T-Bills, refilling the tables to high risks (e.g., investing heavily in a new untested technology, bringing new products into the markets). An area of contention is how to adequately measure risk. Brockhaus, for example used risk propensity to measure risk. However, according to Kwame such definition and operationalization obscures related concepts such as risk propensity, risk preference and risk behavior.

- **Proactiveness:** The Webster dictionary defines proactiveness as “acting in anticipation of future problems, needs and changes”. According to Parker and Montgomey (1988), the importance of proactiveness aspect of entrepreneurial orientation cannot be overemphasized as it ensures capitalization of market opportunities. In other words, firms that have proactive in pursuing new opportunities and markets can apprehend unusual great profit and get a head start in launching brand acknowledgement.

Demographic Characteristics used as Control Variables in the Study

The demographic characteristics of people and businesses also shape their behaviors towards entrepreneurship. Man, Lau, and Chan (2018) asserted that the demographic characteristics of an entrepreneur or a firm were often identified as the most influential factors that relate to the performance and success of an enterprise. Many studies have highlighted the role of demographic characteristics such as age, religion, gender, experience, background, firm size, firm age, number of employees and education of entrepreneurs towards their entrepreneurial behaviors and firm's performance (Welmilla et al., 2011; Ahmad, 2017). This study considered how these characteristics of the entrepreneurs and firms related to performance of small enterprises.

Age of the Firm

Age has been used traditionally, as one of the important variables in contemporary social science research to categorize individuals/firms and explain differences among them (Aapola, 2002). Age is a time of life and particular power or qualification arises as the age increases. The skills of firms might improve with the age (Welmilla et al., 2011), because they learn to manage time effectively (Korpunen & Nápravníková., 2008). Although Bangladesh, Chowdhury, Alam and Arif (2013) found that the ages of firms were negatively correlated to business success, other studies counter this and conclude that “a firm's age has been considered as a key demographic characteristic in understanding its entrepreneurial intentions” (Reynolds, 2017).

The literature has highlighted different views of researchers regarding age and its impact on business success and entrepreneurship. For instance, Rose (2017) has related the age of firms positively to the success of business while Bossman (2018) has related it positively with knowledge rather than the success of business. According to Bossman (2018), age is positively related with knowledge and that knowledge makes the business successful (Rose, 2017; Bossman, 2018). Reynolds, Hay, Bygrave, Camp and Autio (2019) established that firms in the age group of 15 to 25 years were the most entrepreneurially active. Well established entrepreneurs have a higher growth ambition, and that growth ambition drives the performance of the business.

Also, well established entrepreneurs are energetic, determined and willing to test their abilities, hence they possess greater growth goals compared to upcoming businesses and entrepreneurs. According to Rwigema and Venter (2018), for enterprises in their early stages, the entrepreneur may have limited abilities and skills because the period before the age of 22 years is given to training, education and work experience. Whereas enterprises with more years of operations may have managers with enough experience in running and managing the firm compared to the upcoming ones (Ucbasaran, Wright, & Westhead, 2018).

Firm Size

A lot of scholars have defined variables that make up firm size. Interestingly, Forbes Global (2017) used four measures (assets, sales, profits, and market cap) to rank all the large companies in the world, while Fortune 500 used just two measures (sales and profits). Both employed both sales and profits, but

profits seldom appear as a proxy for firm size in most academic research. Every firm size measure exhibit advantage and disadvantage, and no measure can capture all the characteristics of "firm size". Total assets, in general, measure total firm resources; market capitalization considers firm growth opportunities and equity market condition; and total sales, which is not forward-looking, measures product market competition.

In addition, researchers like Meyers (2019) and Uche (2018) used the number of employees, total profits, and net assets when the main measures were not available or irrelevant (e.g., market cap for private firms and total sales for start-up firms). Moreover, Hart and Oulton (2019) argue that net assets can be negative but sales are always positive. They also point out that the number of employees does not include the number of part-timers, but nowadays, part-timers play an important role. Because every measure has pros and cons, Hart and Oulton (2019) suggest that, in practice, choosing which measure to use depends on data availability.

In addition, we think the choice of firm size measures also depends on the purpose of the specific study. For example, Prowse (2019) applies different firm size measures as the purpose of the research changes from the ownership of equity to the ownership of assets. However, in this study, the researcher used number of employees as a measure of firm size.

Education level of Owner Manager

Education and the requisite skills are needed to operate micro and small enterprises. Operating a licensed chemical shop is a highly specialized endeavour,

and requires an amount of education on the part of the owner or manager to achieve success in the operations. Studies conducted by Meng and Liang (1996) showed that after entering the entrepreneurial world, persons with higher education levels were found to be more successful. This was confirmed by Simpson et al. (2004). This was largely because higher education provided them with knowledge and modern professional expertise. They therefore became more aware of the reality of the business world and were thus in a position to use their learning capability to manage business.

Islam, Khan, Obaidullah and Alam (2011) demonstrated that persons with higher educational levels were more successful in their businesses. Also, a research work on street entrepreneurship done by Thapa, Thulaseedharan, Goswami, and Joshi (2008) revealed that the level of education of entrepreneurs had moderate positive relationship with profit from the business. Again, Unger et al. (2011) also found an entrepreneur's educational level to be significantly associated with entrepreneurship performance. Subsequently, other studies have found that education does not matter in explaining the growth of SMEs (Alvarez & Crespi, 2003; Silva & Santos, 2012; Blackburn, Hart, & Wainwright, 2013).

By the look of things, it can be argued that whether or not education is significant depends on the type of education entrepreneurs enjoyed as well as the type of industry the business belongs to (Barringer & Jones, 2004; Dimov & Shepherd, 2005). Supported in most of the literature, it can be argued that the entrepreneur's educational background can include several types and means of

education and therefore, license chemical dealers have to gain a level of specialized education since their field of operation is unique.

Small Enterprise Performance

An analysis of the empirical literature reveals that there is no single standard approach to measuring performance. The wide range of techniques to measuring performance reflects the concept's vast scope. Firm performance refers to how well a company's monetary and non-monetary goals are met through the application of tactics, marketing, and strategy. The difficulty in getting firm-level data contributes to the various techniques of measuring performance. One firm is unwilling to offer data on their financial enterprises voluntarily, while others, particularly SMEs, are known for having inadequate data records.

Financial indicators and non-financial indicators are the two primary kinds of performance indicators. Financial indicators, also known as objective indicators, are used to assess the state of a business. These metrics include benefits, growth, profit margins, cash flow, and return on assets. Non-monetary or subjective performance measurements, on the other hand, frequently represent management or worker assessments of the firm's state. Customer satisfaction (Vij, & Bedi, 2016), employee participation (Moriarty, 2010), and increased self-sufficiency are some of the signs (Dzei, 2008). Although this method of evaluating performance has a lot of advantages, it also has a number of disadvantages. In this study, the researcher used the financial indicators of firm performance to measure the performance of small enterprises in the Metropolis. Profit growth is the financial indicator used by the researcher in this study.

Empirical Review

This section covers the empirical section of the study. Back in 1986, observational research investigated the impact of EO on success dates. Molina-Azorín, Claver-Cortés, Pereira-Moliner and Tarí (2009) have investigated the determinants of entrepreneurship and its effect on the financial results of US firms. The sample frame for the study was the Fortune 500 list. In all, 59 US companies covering 5 industries (i.e., 16 electronic producing companies, 11 food producing companies, 14 companies in the chemical industries, and 7 paper producing companies) were selected from the list. The research used ROI and the net-income-to-sales ratio as financial performance benchmarks. In three dimensions, entrepreneurial orientation was calculated. The study revealed the multidimensional existence of EO and its effect on the relationship between company efficiency.

Employing a larger sample size data from 111 manufacturing firms, McKenny, Short, Ketchen, Payne and Moss (2018) also examined the strategic configurations and performance stages of conformist and entrepreneurial businesses. Similar to Zahra et al., (2018) study, this study adopted a cross sectional design. Due to the unavailability of public financial statements of the sampled small firms, the study adopted subjective self-reported measures of financial performance. The study used varied estimation techniques including discriminant analysis, and t-tests to achieve its objectives. Entrepreneurial orientation (captured in the study as strategic posture) was measured using a 9-item scale. The items consisted of questions that assessed a business's propensity concerning goods innovation, proactiveness and risk-taking. A cumulative mean rating from these

questions was applied to decide the level of business orientation. Per the findings of the study, entrepreneurial firms have different strategic behaviour from conservative firms. Further to this, entrepreneurial firms outperformed conservative firms in terms of growth, financial and operational performance.

Building on his earlier work, Lumpkin and Dess (2001) examined whether environmental factors restrained the connection between entrepreneurial orientation and business revenue. Similar to earlier works, the design was cross-sectional in nature and mainly covered firms. However, unlike the work of Wang (2008), the study only concentrated on businesses in the industrial division. The findings indicated that hostile environmental factors restrained the connection between entrepreneurial orientation and business revenue.

Li, Huang and Tsai (2009) examined the longitudinal effect of entrepreneurial orientation on company performance, contrary to the earlier cross-sectional study by Zahra (2008), which focused on the short-term implications of entrepreneurial behaviour. In addition, the study also analysed the effect on the relationship between entrepreneurial orientation and firm performance of contextual factors. In doing so, the study used annual primary and secondary data covering a period of 7 years. The sample consisted of 24 medium-sized manufacturing companies representing 14 segments of the industry, 39 chemical companies and 59 Fortune 500 companies. Performance of the firms was assessed using return on stocks (ROS) and return on assets (ROA). The study results show that entrepreneurial orientation has a modest impact on company performance in the short term and increases over time. The outcome of the research also revealed

that entrepreneurial orientation among companies operating in hostile business settings seems to be a particularly effective strategic practice.

Deutscher, Zapkau, Schwens, Baum and Kabst (2016) examined the predictive power of both the contingency and configurational approaches in explaining the EO-performance connection. Longitudinal data, spanning a period of 5 years was sourced from 32 US companies was used for the study. The results indicated that configurational approach has greater predictive power than contingency approaches. Walter, Auer and Ritter (2006) also analysed the sustainability of the EO-performance connection. Akin to the research by Lumpkin and Dess, the study used longitudinal data spanning a period of 3 years covering a total of 132 small Swedish firms. Performance was measured using 7 item response scale; 3 financial and 4 growth measures. The results backed an optimistic EO-performance connection with availability to credit having the biggest effect. In 2001, Barrett, Reardon and Webb (2001) also examined whether market mix moderate the relationship EO-performance relationship. In all, 142 firms were used for the study. Firm's performance was measured by two judgmental questions. The results indicate that marketing mix factors restrained the connection among EO and business revenue for large firms.

Goosen et al (2002) also analysed the connection among entrepreneurial orientation and revenue of firms in South Africa. However, by employing a cross-sectional design, the research suffered similar boundaries with the studies of that also employed same research design. Some few experiments have explored how success is influenced by different aspects of entrepreneurial intention. For instance,

Keisen and Davis (2010) in a conceptual paper examined how the various sub-magnitudes of entrepreneurial orientation affect revenue of firms. The research further explored whether organizational structure moderate the relationship. Wales et al., (2013) also examined the moderating role of capabilities. The study used a total of 258 Swedish firms. The results suggest that EO returns to success are dictated by communication technologies and network capabilities.

In the quest to add more understanding to literature, Rezaei and Ortt (2018) also examined how the three magnitudes of EO (innovation, proactiveness, risk-taking) affect the practical performance of businesses. The study focused on high tech small-to-medium-scale firms and collected cross-sectional data from a total of 279 firms. To estimate the target, the study used structural equation modelling. The results of the study showed that EO dimensions are related to the output of company functions in various ways.

A few studies have also focused on the African continent. For instance, Okangi (2019) estimated the impact of entrepreneurial orientation on productivity progress of production businesses in Tanzania. The Contractors Registration Board of Tanzania database was used as the sample frame from which a total of 338 firms spanning six regions was selected using the systematic sampling technique. Systematic sampling method was used in selecting 132 construction firms covering 6 regions. In order to account for any confounding effect in our model, the study in addition to the focus variables included a number of control variables (including employees, firm size, and location) in the research. The study findings show that

creativity and risk-taking have a positive impact on profitability growth for local firms in Tanzania, while proactivity has a substantial negative effect.

Similarly, Ngeek and Zyl (2017) also examined the impact of entrepreneurial orientation and its dimensional variables on business growth among SMEs in South Africa. Firm growth was captured by three variables, namely; employment, sales, and asset growth). A two-stage sampling technique was used in arriving at the final sample for the research. The first phase entails the use of the technique of stratified sampling to select three study locations. Subsequently, the snowball sampling technique was used in identifying 285 SMEs for the study. The results indicated that most SMEs had moderate entrepreneurial orientation. The findings also showed that entrepreneurial orientation had a beneficial impact on SME development (employment and sales). Often, the results established the emergence of proactive innovation, following the SME dimensions. The only variable that reported a positive impact on employment and claims growth was risk taking.

In Ghana, Boohene, Marfo-Yiadom and Yeboah (2012) also analysed the consequence of EO on accomplishment of Auto Artisans in the Cape Coast Metropolis. Using stratified sampling technique, a total of firms was identified for the study. Data was obtained via self-administered questionnaires. The findings revealed that the dimensions of entrepreneurial orientation have a significant and optimistic personal and composite impact on performance.

The effects of individual EO dimensions were found to vary independently with firm growth, according to Hughes and Morgan (2007) and Rauch et al. (2009). In those studies, the dimensions of pro-activity and innovation were found to be

positively related to the performance and growth of the company, while the risk-taking dimension was negatively related to the performance and growth of companies. Another contradictory finding on the effects of EO on business growth is from a study by Naldi et al. (2007) in which a negative relationship with business growth was shown by the risk-taking variable.

Other studies have also examined the moderating effect of other variables such as managerial power, commitment to long term objective, contextual factors, and other key institutional variables. For instance, Davis, Bell, Payne and Kreser (2010) examined the curbing consequence of executive supremacy on the relationship among entrepreneurial power and business accomplishment. The sample population for the research contained of present and previous executive and expert MBA students. In his research, the primary variables and concepts considered include: (1) entrepreneurial orientation, (2) bragging rights power, (3) systemic power, (4) formal authority, (5) company performance (measured using net profit). Using previous works which examined these variables, the prestige, structural and expert power constructs were developed. Prestige and expert power appear to have a positive impact on company performance, according to the results of the study.

Similarly, Zahra and Covin (1995) also explored the influence of contextual factors on the relationship between entrepreneurial factors and firm output. The study employed three constructs considered in all, 69 US manufacturing firms, 50 chemicals companies, 59 Fortune 500 corporations' Annual secondary data covering a period of 7 years was used for the study. The use of longitudinal data

firm performance was assessed using return on stocks (ROS) and return on asset (ROA). The findings indicate that corporate entrepreneurship has modest impact above the first rare years, but rises over time. Lumpkin and Dess (1996) examined the predictive power of both the contingency and configuration approaches in explaining the EO-performance relationship. Longitudinal data, spanning a period of 5 years was sourced from 32 US companies was used for the study. The results indicated that configuration approach has better prognostic supremacy than likelihood methodologies.

In like manner, Simon, Stanchel and Covin (2011) also examined whether commitment to long-term objective moderates the connection among entrepreneurial orientation and business accomplishment. The research focused on small, high-technology businesses. In all, the research used a sample 126 firms selected through simple random sampling. The survey suggests that adherence to targets was correlated with a higher increase in sales growth of firms with a high entrepreneurial orientation relative to those with a low EO. Some of the boundaries of the research comprise the inability to specify the sampling procedure and also the use of cross-sectional data, which is able to analysis only the short-term effects.

Zehir, Can and Karaboga (2015) also explored the role of differentiation strategy and innovation efficiency. The survey was carried out in 2014 on 991 middle and senior managers of 331 medium and large-scale manufacturing companies in Turkey. In line with previous empirical literature, entrepreneurial orientation was measured under 5 dimensions, namely, proactiveness, competitive aggressiveness, innovation, risk propensity, and autonomy. The results of the study

showed that the relationship between EO and firm performance is influenced by both differentiation strategy and innovation performance. Moreover, the findings suggest that the relationship between EO and innovation success is mediated by the differentiation strategy.

Keh, Nguyen, and Ngi (2007) also examined among other objectives, whether marketing information mediate the connection among marketing information and business accomplishment. Cross-sectional data of Singaporean firms were used for the research. The findings show that the use of marketing mix decisions partly facilitates the link among entrepreneurial orientation and corporate results. The findings also show that entrepreneurial orientation plays an important role in the collection and use of consumer knowledge for marketing information.

A few studies have also given different conceptualizations of EO. For instance, Freiling and Schelhowe (2020) broadened the concept of EO to include an exploitative dimension. According to them, innovation, proactiveness and risk-taking only capture the explorative aspect of EO. The study therefore argues for a broader definition of EO to include exploitative activities. Consequently, the study explores the effect of both explorative and exploitative magnitudes of entrepreneurial orientation on business accomplishment.

Explorative activities were measured by proactiveness and risk-taking, whereas exploitative activities was dignified with two constructs, namely; internal coordination and arbitrage function. All German manufacturing companies with a turnover of between EUR 50 million and EUR 3 billion were part of the sample system for the report. Out of the total 3997 firms identified in the sample frame,

346 manufacturing firms representing a response rate of 8.7 answered the questionnaire. Using structural equation modelling, the causal effect between all latent variables in the model and the dependent variable was explored. The results of the structure model show that all aspects of the construction of entrepreneurship have a positive effect on the success of the business. The findings also revealed that as an aggregate construct, entrepreneurial orientation has a clear and positive impact on.

Conceptual Framework

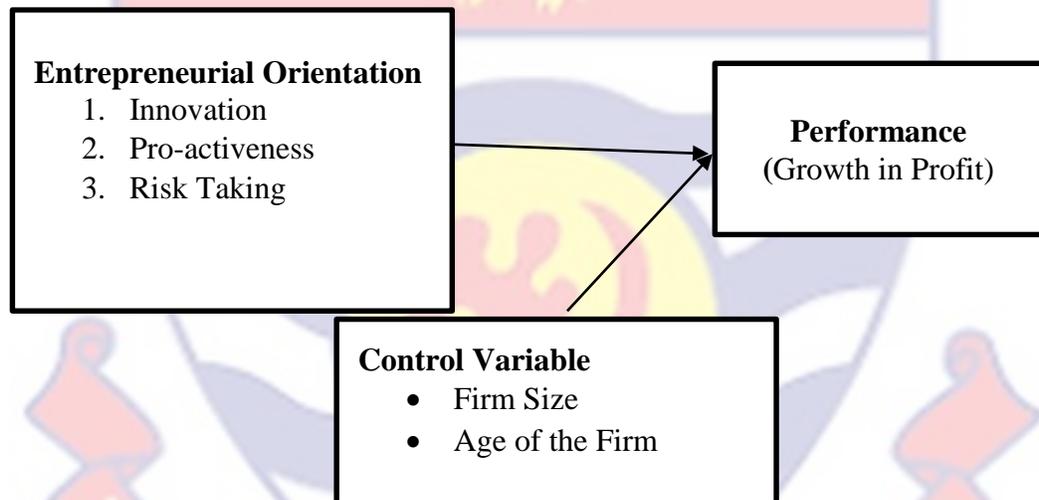


Figure 1: Conceptual Framework

Source: Adapted from Swierczek and Ha (2003)

The conceptual model of Swierczek and Ha (2003) was adopted by this analysis. There are three parts to the model. The first part offers the independent variable, which is, the entrepreneurial orientation measurements made up of creativity, risk-taking, proactivity, autonomy and competitive aggressiveness. Whereas the second section of the model offers the control variables used in this

study. Adding control variables to our model is crucial, as it will help correct for any confounding effect that may be inherent in the model. The control variable was made up of firm age, firm size and number of employees. The third component of the model is the small enterprise performance indicators (i.e., profit growth) which makes up the dependent variable. The framework shows how the variables of entrepreneurial orientation directly affect the variables of small enterprises' performance as the arrow from the independent variable box moves directly to the dependent variable box. In addition, how the control variables have an effect on the performance of small enterprises were shown by the framework.

Chapter Summary

This section offered the literature review of this research. This study's literature review was structured under four headings, namely theoretical review, conceptual review, empirical review, and conceptual framework. Theoretical review explained the theoretical foundation of this study. This included Penrose's theory of firm development, and the resource-based theory. The conceptual review defined and explained the various used in the context of this study. This chapter reviewed literature on entrepreneurial orientation and firm accomplishment. It also presents an overview of the economy of Ghana, the SME sector, theories, and conceptual issues. The chapter further delineate the proxies chosen in respect of the dependent, independent and control variables. The chapter finally presented and discussed the conceptual framework, which explains how the various variables used in this study are linked.

CHAPTER THREE

RESEARCH METHODS

Introduction

This section shows the approach used in the research. Explicitly, it stretches a comprehensive explanation of the study design and method, sampling technique, model description, definition and measurement of variables used in the model, and finally, the estimation techniques employed for the data processing and analysis.

Research Approach

In the conduct of scientific research, one of the critical components to consider is the research approach. This research adopts the approach of quantitative research. According to Bell and Bryman (2007), comparative research involves collecting absolute data, such as numerical data, in order to be examined as unbiased as possible (Mason & Bramble, 1997). Quantitative research eliminates the investigator's bias, thus ensuring that assumptions can be made in relation to the study's conclusions. In addition, because of the way information is collected and analysed, quantitative analysis will be used. Almost all the data that will be used in this study are quantitative hence, the quantitative method is employed.

Research Design

The research philosophy underpinning this study is positivism philosophy. The positivists hold the view that authenticity is steady and can be detected, described and measured objectively without prying with the spectacles being premeditated (Saunders, Lewis & Thornhill, 2016). In doing so, the positivist school rules out the fact that knowledge and theories can be developed from multiple sources, including personal experiences and beliefs (Rubin & Rubin,

2012). Instead of focusing on these philosophies, with pragmatism, investigators highlighted the study problem and use all tactics available to comprehend the problematic (Creswell & Creswell, 2018). Pragmatists argue for the use of quantitative techniques in studying a phenomenon instead of adhering to just one way (Creswell, 2009; Moon & Blackman, 2014).

A study design agreeing to Plonsky (2017), is the general approach that the researcher uses to answer and elicit responses to the study's research questions. The success of any study would depend on the type of research design adopted, so it is exactly vital to determine the type of data, the method of collection of data and the type of sampling to be used in a study. In an attempt to estimate these sizes in the general population, the researchers adopted an explanatory research design to discuss the consequence of entrepreneurial orientation on performance of SMEs. According to Leedy and Ormrod (2010), the decision to use explanatory research design can rely on the way explanatory research design establishes the relationship between two or more variables. That is, a researcher is able to identify certain aspects of the population with an explanatory research design by using the sample of respondents inquired to partake in the research.

Study Area

The research was performed in the Central Region of Ghana's Cape Coast Metropolis. The populace is about 169,894, which makes up 7.7 percent of the total population of the city, according to the 2021 population and housing census (GSS, 2021). Not only is Cape Coast Metro numbered among the few (six) Metropolis in Ghana but is also the only Metropolis in Cape Coast. The dominant form of

employment within the region is the service industry. It employs over 35 percent of the total population (Ghana Job Statistics, 2021). This is followed by the craft and trade industry which also employs over 13 percent of the total work force in the district.

Population

A study population has been described as “including all elements within the reach of this survey and from which the study selects a representative sample (Cooper & Schindler, 2011; Dadi-Klutse, 2016; Kazerooni, 2001). In terms of some combination of geography and demography, a research population is sometimes specified (Babin & Anderson, 2010; Kumar, 2008; Saunders et al, 2007). The population is the community of individuals, activities, or things of interest for which the researcher wants to draw inferences, according to Sekaran and Bougie (2016). The study population consists of all SMEs registered under the Ghana Enterprises Agency and some other known SMEs yet to gain formal registration with the Ghana Enterprises Agency: barbing and hair salons, carpentry, plumbing, artisan etc. in the Cape Coast metropolis. The total number of SMEs with the Ghana Enterprises Agency in Cape Coast metropolis was 200 (GEA, 2021). This population was chosen because the researcher believes that most of these firms are in the informal area, which constitute a major part of the Ghanaian economy.

Sample and Sampling Procedure

According to Merriam et al., (2009), the method used in selecting a sample for a study is known as the sampling procedure. On behalf of this research, the researcher adopted a non-probability sampling method known as the convenience

sampling technique. Convenience sampling technique is a sampling procedure where researchers use the subjects that are nearest and available to participate in the study, hence, proprietors and directors of SMEs that were willing to be interviewed were contacted for the study. Again, this technique was used in the study because of time and cost involved in reaching these SMEs since no accurate number was given by the Ghana Enterprises Agency. However, the study included a reasonable stratum to reflect even participation of the various craft SMEs in the metropolis. In all, the analysis included 132 SMEs in the Cape Coast Metropolis.

$$n = \frac{N}{1+N(e)^2}$$

Where:

n = sample size

N = Population size

e = Allowable errors

Therefore:

$$N = 200$$

$$1 + 200 (0.05)^2 = 1 + 200 (0.0025) = 1 + 0.5$$

$$= 1.5$$

$$n = \frac{200}{1.5} = 132.3333333333$$

Data Collection Instrument

Information was gathered using primary data collection methodologies. Primary data was gathered through structured survey. The researcher used an official questionnaire. The questionnaire was the primary data collection technique.

The decision to use a questionnaire for this study was made because it can be used to collect both qualitative and quantitative data from respondents, and it can be self-administered or delivered in an interview format. The questionnaire featured both open-ended and closed-ended questions because it was a standardized series of questions for acquiring sensitive information from respondents.

The questionnaire was divided into four major sections. The sections were labelled from A to D. Section A looked at the demographic information of respondents, Section B captured the identification of the firm. Section C looked at entrepreneurial orientation variables used in the study. This section was divided into three phases where phase I captured innovation, phase II captured risk taking and phase III captured proactiveness. Lastly, Section D looked at the variables that make up small enterprises' performance. A five Likert scale measurement was used for this study. With 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

Data Collection Procedure

The questionnaires were taken to the offices of the various small enterprises in the Cape Coast Metropolis. The study's intent was clarified to the respondents. Through the use of a self-administered questionnaire to ensure a high response rate, the study's data was collected. There were the same set of questions for all the respondents. In order to fix possible errors and to sort out misconceptions and misunderstandings to ensure the research's credibility, the researcher picked up the filled questionnaires personally. The entire duration for the administration and collection of questionnaires was 14 days. Returned questionnaires were edited in

order to arrange information in a way that was suitable and used to perform the necessary analysis.

Reliability and Validity

When evaluating the quality of a research instrument, reliability and validity are two important factors to consider. According to, the degree to which a measuring instrument gives reliable, consistent results is defined as reliability, whereas validity examines the amount to which an instrument measures what it was intended to measure. To that goal, the researcher conducted a thorough empirical assessment of the questionnaire's many constructs. The Cronbach's alpha coefficient and the Reliability composite index were also calculated to determine the measuring instrument's validity. The Cronbach's alpha coefficient test requires that the coefficient be at least 0.7.

Reliability Test

The questionnaire's internal consistency was tested using a reliability test. An internally consistent study questionnaire was defined as having a Cronbach's Alpha co-efficient of 0.7 or above. The results of the reliability test were shown in the Table 1.

Table 1: Reliability Test

	Cronbach's Alpha	Standardized Items	N of Items
Identification of Firm	0.785	0.790	4
Innovation	0.761	0.773	6
Risk Taking	0.790	0.803	6
Pro-activeness	0.745	0.736	5

Firm Performance	0.741	0.752	1
Overall	0.786	0.793	22

Source: Field survey, (2022)

The overall Cronbach's Alpha co-efficient for the reliability findings was 0.786. Cronbach's Alpha co-efficients of 0.785, 0.761, 0.790, 0.745 and 0.741 were found for all the variables, respectively. All of the variables had co-efficients greater than 0.7, indicating that the study questionnaire was internally consistent and thus reliable in achieving the research topic.

Data Processing and Analysis

Data collected from the field were processed prior to analysis, data were reviewed and incorrect data were corrected in order to ensure successful processing and analysis of data. The statistical Package for Social Sciences (SPSS) version 24 was utilized in data coding, entry, and cleaning which lasted for 14 days after which the researcher continues with the other data management activities in order to ensure that the variables to be used both dependent and independent are well captured and entered correctly.

Data analysis ensures that data elicited over the study period was interpreted sequentially to achieve the study objectives. The study ensured high retrieval rate and data cleaning before proceeding to actual analysis. The study made time to check for precision of responses to the questionnaire items. It was used as a means of screening data to elicit results from the field to identify missing values and outliers.

The estimation techniques that are used in this study are the frequencies, percentages, principal component analysis, Kaiser-Meyer-Olkin (KMO) test, and the pairwise correlation analysis. The study employed frequency and percentage tables to analyze the demographic statistics of the respondents. The Kaiser-Meyer-Olkin (KMO) test was performed to determine the sample's suitability with the calculation been done using variance. Pairwise correlation and multivariate analysis were used in scrutinizing the outcome of the various constructs of entrepreneurial orientation on performance. The SPSS statistical software was used to process the data (Version 24.0). This software was chosen because, thanks to its emphasis on analysing statistical data, SPSS is an extremely powerful tool for manipulating and deciphering survey data. The data from any online survey collected using Alchemer can be exported to SPSS for detailed analysis.

Ethical Considerations

In a study by Patten and Newhart (2017), the main ethical concern that needs to be considered in any research was revealed. The key ethical issues are voluntary participation, the right to privacy, anonymity, and information security. As a result, every effort is made to ensure that the questionnaire design addresses all of these ethical concerns. In terms of voluntary participation, each responder will be allowed to participate in the data gathering exercise of his or her own free will. In addition, potential privacy concerns will be addressed by encouraging respondents to complete the questionnaires on their own, and an appropriate channel for resolving outstanding issues will be given.

Furthermore, the issue of anonymity is addressed by restricting respondents from providing specific information about themselves in the questionnaire, such as names, phone numbers, and personal addresses. Respondents must also be assured that their identities will not be revealed or used for any purpose other than this public analysis. Finally, the study will safeguard the confidentiality of information by ensuring respondents that all information provided will be kept confidential

Model Specification

Following the conceptual model adapted from Swierczek and Ha (2000), the economic model to be estimated is specified as:

$$PER=f(INN, PRO, RSK, SZFM, AGEFR, NUMBEMPL) \dots\dots\dots (1)$$

Where *PER* is the dummy variable capturing the performance of the firm,

INN represents the firm’s level of innovation

RSK is risk taking

SZFM is the size of the firm

AGEFR represents the age of the firm in years

NUMBEMPL represents the number of employees in the firm.

Based on the above function, we specify the model to be estimated as equation 2. Per the model, the variables are assumed to have a linear, non-dynamic relationship with firm performance.

$$PER = \beta_0 + \beta_1INN + \beta_2PRO + \beta_3RSK + \sum_{i=3}^n \beta_iZ + \mu \dots\dots\dots (2)$$

Where;

Z represents the natural all control variables

β denotes the regression coefficient

μ also denotes the error term

Measurement of Variables

Firm Performance

As already alluded in the theoretical and empirical review, measures of performance are usually grouped under two broad categorizes, namely; subjective measures and objective measures of performance. However, given the known difficulties in obtaining data on objective measures of performance from SMEs, subjective measures of performance were used in this study. The subjective measure of performance use in this study was adopted from Kastrati (2015). The study used growth in profit as a proxy for measuring performance.

Measuring the Various Dimensions of Entrepreneurial Orientation

Firm's level of Innovation

Innovation can be described as the affinity of a firm for new concepts, innovation, experimentation and innovative procedures that may lead to new goods and new ideas being developed or funded. Measurement of innovation among SMEs has taken varied approaches, which includes a firm's total spending on research and development (R&D), the total number of patent rights secured by the firm (Hall et al., 2005), and resource intangibility (Campbell et al., 2012). Other studies such as Calantone et al., (2002). Other researches have used subjective measures of innovation (Boahene, Yiadom, & Yeboah 2012; Hughes et al., 2006; Calantone et al., 2002).

Four questions were used to assess the amount of innovation across businesses in this study. These questions were adapted from Hughes et al., (2006)

and Calantone et al., (2002) research and modified to fit the study. All factors were calculated on a Likert-type scale, and the study's presumption is that creativity has a beneficial impact on company success. A Likert scale has an ordinal distribution, theoretically speaking. However, treating a Likert scale as though the data were distributed on an interval scale is standard practice in academic research. Hence, it is a constant variable. This means that it is possible to apply most statistical techniques (Jamieson, 2004).

Pro-activeness of the Firm

Another dimension of EO hypothesized in most literature to influence performance is pro-activeness. Thus far, the findings on pro-activeness and firm performance are mixed. Similar to Kraus, Rigtering, Hughes, and Hosman, (2012), questions used in measuring this dimension were founded from the empirical works of Calantone et al., (2002). Some of the questions asked include “We always try to take the initiative in every situation (e.g., against competitors, in projects and when working with others)”, “My organization initiates action to which competitors respond”, “Staff in my organization are encouraged to proactively monitor changes in the environment”. All factors were calculated on a Likert-type scale, and the study's presumption is that creativity has a beneficial impact on company success.

Risk Taking (RSKTAK)

Questions to assess the risk-taking magnitudes of EO were adopted from and modified to suit local environmental context of SMEs. Some of the questions asked to assess the risk-taking appetite of SMEs include “whether individuals are encouraged to take risk take calculated risk”, and “Whether the business

emphasizes exploration and experimentation of opportunities”. “My firm has a number of strategies that help us to manage and reduce risks”. The a-priori expectation is that firms that are risk lovers will have better performance.

Deriving the Various Constructs

On these questions, the Principal Component Analysis (PCA) is then performed to analyse which questions best capture the different indicators. PCA is a technique for variable reduction. It is used when we get data from a wide range of variables (questions) and think that the variables are redundant (questions). Redundancy implies that any of the variables may be associated with one another since the same construct is evaluated.

For each subject or predictor, scores can be determined while conducting a PCA. The scores obtained from the questions will then be optimally weighted and summarized to determine the scores on a given element or variable. Four steps were taken to complete the PCA: In the first step, the extraction of the components to be used for interpretation was concerned; in the second step, the number of meaningful components (questions) to be retained for interpretation was calculated using four parameters, namely the eigen value-one criterion, the screen test, the percentage of variance provided for and the criterion of usability. Rotation to a final solution was involved in the third step, while step four had to do with understanding the rotated solution. The PCA findings were summarized in table form in step five factor score or factor-based scores and finally in step six to provide the composite values for each predictor of the indicators.

Table 2: List of Variables and Expected Signs

<i>Variables</i>	<i>Measurement</i>	<i>Expected Sign</i>
PFM	Growth in Profit	N/A
INN	Firm's Level of Innovation	+
PRO	Proactiveness	+
RSK	Risk Taking level of firm	+
AGEFM	Age of Firm in years	+/-
NUMEMPLY	Number of Employees in the company	+/-
ACCFIN	Access to Finance	+

Source: Field survey, (2022)

Chapter Summary

This section developed and offered the various methods used in the collection and data analysis. The chapter, therefore, discussed key elements of research methods concerning approach, design, population, sampling technique, data gathering mechanism, among others used in the research. The method of convenience sampling was used in the collection of the study sample. This was followed by the measurement of variable and data description.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This section shows and discusses the outcomes of the analysis. Beginning with the descriptive statistical outcomes, the chapter presents and discusses further, the results of the correlation analysis and the covariance inflation test (VIF), with emphasis on explaining the degree to which variables are associated with one another. The OLS regression estimation is carried out to explain the connection between entrepreneurial orientation and the accomplishment of SMEs in Cape Coast Metropolis. The chapter ends with the summary.

Descriptive Statistics

In this chapter, we present the results of descriptive statistics on managers of barbering salons in the Cape Coast metropolis. Specifically, the section presents the results on the respondents' age distribution, manager position, education level and the number of decades that the business has worked.

Table 3: Demographic Characteristics of Respondents

Variables	Frequency	Percent
Age of Respondents		
Less than 20 years	12	9.1
20-29 years	92	69.7
30-39 years	28	21.2
Others	-	-
Total	132	100

Manager's Position		
Owner	98	73.97
Others	34	26.03
Total	132	100

Educational Level of Respondents		
No Education	18	13.6
Primary Education	33	25
Junior High School	40	30.3
Senior High School	34	25.8
Tertiary Education	7	5.3
Others	-	-
Total	132	100

Marital Status		
Married	97	73.5
Single	33	25
Divorced	2	1.5
Widowed	-	-
Total	132	100

Source: Field survey, (2022)

The age distribution of directors of sampled SMEs in the Cape Coast Metropolis was shown in Table 3. According to the findings, the bulk of the managers (69.7%, or 92/132) were between the ages of 20 and 29, while 21.2 percent (28/132) were between the ages of 30 and 39. The remaining 12 managers,

accounting for 9.1% of the total, had less than 20 years of experience. None of the managers belonged to the other age groups. According to Njage (2012), this means that all SMEs' managers are in their twenties and have more life and energy to invest in their businesses.

Table 3 further showed the distribution of managerial positions inside the company. It is clear that more than half of SMEs (73.97 percent) are run by the firm's owner(s), whereas 34 (26.03 percent) are managed by others (employee or relatives). One probable explanation is that because the majority of SMEs are small businesses, their owners choose to manage them rather than spending the additional cost of hiring a manager. This finding is supported by research by Mbae (2015) and Uche (2017), which found that their owners due to trust concerns and the small size of the company control most SMEs in Africa.

Table 3 shows the educational attainment of SMEs in the metropolis's managers. A total number of 18 (13.6 percent) of the managers in the study's sampled SMEs lacked formal education. Furthermore, 33 (25.0 percent) of the managers have completed primary school, 40 (30.3 percent) have completed junior high school, and 34 (25.8%) have completed senior high school. Only 7 managers, or 5.3 percent of the respondents, had completed tertiary education. The majority of the respondents had received formal education and could read and write to a considerable extent, as can be observed. When it came to filling out the questionnaire, their level of education was crucial.

Table 3 shows the marital status of directors of SMEs in the Cape Coast city. A total number of 97 (73.5%) of the total number of SMEs managers who

responded to the survey were single, 33 (25%) were married, and two (1.5%) were divorced. None of the people who took part in the survey had been widowed.

Principal Component Analysis

This section discusses the results of the main component analysis. The principal component analysis is a data reduction approach that combines a number of different parameters into a small number of variables. This is accomplished by examining how the variables in distinct classes relate to one another (Pallant, 2010). The technique allows for a smaller number of Principal Components (PC) to capture a large amount of variance than the original variables. The elements that should make up firm innovation, proactivity, and risk were subjected to a factor analysis in order to analyse the association between the factors and determine whether the sample was sufficient for PCA. Only parts with an individual value greater than 1.0 were considered (Pallant, 2010). The Kaiser-Meyer-Olkin (KMO) test was performed to determine the sample's suitability. In addition, the proportion of variation explained by the components was calculated using the overall variance explained.

Table 4: KMO for Constructs

KMO for Innovation	0.7673
KMO for Risk Taking	0.8050
KMO for Pro-activeness	0.7944

Source: Field survey, (2022)

Table 4 present the correlation matrix results for INN, PRO, and RSK, respectively. The table clearly shows that all of the items that make up INN, PRO,

and RSK have some sort of relationship. All of the correlation coefficients are statistically significant and greater than 0.3, indicating reasonably high object correlations and thus a good candidate for principal component analysis. INN, PRO, and RSK scored 0.7673, 0.8050, and 0.7944 on the Sampling Adequacy KMO test, respectively. According to Pallant (2010), the score should be at least 0.6, and Field (2013) suggests that a value of 0.9 is ideal. It was therefore assumed that the sample size was correct and that the variables matched enough for the study to proceed.

Objectives of the Study

Correlation Analysis of Various Constructs used in the study

Table 5 contains the outcomes of the correlation scrutiny of the various constructs used in this study. Initial inspection of the correlation matrix supports the hypotheses that innovativeness and pro-activeness are both correlated with profit growth and sales growth. However, the risk-taking shows no correlation with the two measures of firm performance. This finding is important because it implies that the output of sampled small businesses is not significantly affected by all EO dimensions.

Table 5: Pairwise Correlations for Constructs and variables included in the Multivariate Analysis

Variables	Profit growth	Innovation	Risk-taking	Proactiveness	Business Age	Number of Workers
Profit Growth	1.000					
Innovation	0.501*	1.000				
Risk Taking	0.287	0.655*	1.000			
Pro-Activeness	0.692*	0.576*	0.679*	1.000		
Business Age	0.320*	0.473*	0.525*	0.347*	1.000	
Education Level	0.053	0.109	0.044	0.023	0.029	1.000

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Source: Field survey, (2022)

Again, apart from the dependent variable, the results also show significant association between the some of the control variables. Business age has significant correlation with firm innovation. The outcomes also display important connection among pro-activeness and risk-taking. The high correlation among the independent variables indicates that there may be a problem of multicollinearity if all the variables are included in the final model. The study further relied on variance inflation factor to test for the level of multicollinearity among the variables, since the correlation results only revealed the linear association between variables but not the existence of multicollinearity. The outcomes of the multicollinearity results are displayed in Table 6.

Table 6: Results of the Variance Inflation Factor (VIF) Test

Variable	VIF	1/VIF
Innovation	1.98	0.504215
Risk Taking	2.74	0.364732
Pro-activeness	2.07	0.482373
Number of employees	1.49	0.672885
Business years		
Less than a year	3.19	0.313466
1-3years	3.66	0.273394
4-6years	4.45	0.224853
6years+	2.94	0.339593
Mean VIF	2.82	

Source: Field survey, (2022)

None of the proposed variables for the data analysis exceed the threshold of 10 that indicates the presences of multicollinearity. The highest VIF stood at 4.45 which is far below the rule of thumb. Based on this result, all the variables can be used in the multiple linear regression model at the same time.

Results of Multivariate Analysis

Table 7 displays the outcomes from regression of the OLS model which was used to estimate the consequence of innovation, risk-taking, and pro-activeness on the performance of sampled SMEs. The p-value of the F statistics is highly significant ($p < 0.001$), which means that it is possible to reject the null hypothesis that all the parameters are zero at the minimum 0.001 stage. In order to overcome possible problems resulting from unstable sample makeup, the calculations are

based on robust variance. The explanatory power of the factors as reflected by Pseudo R² was 0.68, which indicates that the hypothesized variables are responsible for about 68% of the variations in the dependent variable (profit)

Table 7: Results of Multivariate Analysis

	Profit Growth
Innovation	0.184 (0.066) ***
Risk-Taking	-0.061 (0.098)
Pro-activeness	0.493 (0.096) ***
Age of Business (Base=Less than a year)	
1-4 years	0.320 (0.420)
5-9 years	0.161 (0.258)
10+	0.366 (0.284)
Number of Workers (Base=only manager)	
1-2 workers	0.059 (0.190)
3-5 workers	0.751 (0.296) **
_cons	0.280 (0.494)
<i>R</i> ²	0.68
<i>N</i>	73
<i>Ovtest</i>	0.632

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Source: Field survey, (2022)

Beginning with the effect of innovation, the sign of the coefficient shows that innovation has optimistic connection with the performance of sampled small enterprises and the magnitude of the coefficient of innovation designates that a component upsurge in innovation leads to a growth in the profit of sampled small enterprises of about 0.184 percent point. This finding is in line with the findings of various empirical research that looked at the impact of entrepreneurial orientation on SME success (Morgan, 2007; Rauch et al.; 2009; Boohene, Marfo-Yiadom & Yeboah, 2012).

There is a positive relationship between pro-activity and the profit growth of sampled SMEs was also found in the analysis. The outcomes show that a unit upsurge in pro-activeness results in an increase profit growth by 0.493 percent point. This finding further validates the results of Boohene, Marfo-Yiadom and Yeboah, (2012) who underscored the importance of pro-activeness to performance of sampled SMEs. An important optimistic correlation among the number of workers and the profit growth of the sampled SMEs was also found in the report. Specifically, compared with SMEs with only one employee, businesses with between 3 to 5 workers have 0.7 more increase in profit growth. Perhaps a likely reason for this result is the increase in efficiency that arises from having more workers.

Contrary to prior expectations, the coefficient of risk-taking was negative and insignificant. The finding indicates that risk taking has no effect of the profit growth potential of sampled SMEs. This unexpected finding has been uncovered by studies such as Kaya and Agca (2019) and Couthand (2017), who discovered

that entrepreneurial risk-taking behaviour had a negative relationship with business production.

Also, the study found an insignificant relationship between age of business and firm performance. This finding indicates that the age of the sampled SMEs, whether young or old, has no impact on the performance of the firm. This neutral or insignificant relationship between size and performance has been discovered by studies like Utkir (2012), Yimbina (2017), Velnampy and Niresh (2014). The insignificant findings may be attributed to the fact that persons who engage in small businesses see it as a transitional job and so most workers of small businesses do not stay in the job for a long time for the firms to gain any competitive advantage from ageing.

Chapter Summary

This section presented the discussion of the results. It began with the explanation of the features of the sampled SMEs used in the study, followed by the discussion of objectives 1 and 2 using frequencies, means and standard deviation. The chapter then followed with the presentation and discussion of the multiple regression results. However, this was preceded with the correlation analysis and the multicollinearity test.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The research summary and findings have been provided in this final section. In addition, the chapter makes some recommendations based on the findings to policymakers and SMEs management. Finally, the chapter presents request for additional research.

Summary of the Study

The research assessed the effect of entrepreneurial orientation on the performance (profit growth) of small enterprises in Cape Coast Metropolis. To achieve this overall objective, three specific objectives were formulated, the first objective was to identify the effect of innovation on the performance of sampled small enterprises in the Cape Coast Metropolis. The remaining two objectives also examined to effect of risk-taking and pro-activeness on the performance of small enterprises.

In addressing the above objectives, the research reviewed relevant theoretical and empirical literature to the research. The theoretical literature revised in the study included the theory of firm growth, and the resource-based theory. The empirical literature also included measures of performance, and various empirical; educations on the consequence of entrepreneurial orientation on business achievement. In addition, the study designed the appropriate conceptual framework, which pictured, for further understanding, the connection among entrepreneurial orientation and achievement.

The research approved the quantitative research method and using both the descriptive and correlation scheme, the study measured the extent of entrepreneurial orientation among SMEs and its effect on their performance. The study population consisted of all SMEs in the Cape Coast metropolis. In all a sample of 132 SMEs were used for the study and cross-sectional data was solicited from them using a structured questionnaire. The data was subsequently inputted and analysed using the SPSS software.

Key Findings

1. The sign of the coefficient shows that innovation has optimistic connection with the performance of sampled small enterprises and the magnitude of the coefficient of innovation designates that a component upsurge in innovation leads to a growth in the profit of sampled small enterprises of about 0.184 percent point.
2. There is a positive relationship between pro-activity and the profit growth of sampled small enterprises was also found in the analysis. The outcomes show that a unit upsurge in pro-activeness results in an increase profit growth by 0.493 percent point. This finding further validates the results of Boohene, Marfo-Yiadom and Yeboah, (2012) who underscored the importance of pro-activeness to performance of sampled small enterprises.
3. The coefficient of risk-taking was negative and insignificant. The finding indicates that risk taking has no effect of the profit growth potential of sampled small enterprises. This unexpected finding has been uncovered by studies such as Kaya and Agca (2019), and Couthand (2017), who

discovered that entrepreneurial risk-taking behaviour had a negative relationship with business production.

4. The study found an insignificant relationship between age of business and firm performance. This finding indicates that the age of the sampled small enterprises, whether young or old, has no impact on the performance of the firm. This neutral or insignificant relationship between size and performance has been discovered by studies like Utkir (2012), Yimbia (2017), Velnampy and Niresh (2014).

Conclusions

Based on the findings of the study, the researcher concluded that innovation has a positive relationship with the performance of the sampled small enterprises, and the magnitude of the coefficient of innovation demonstrates that an increase in innovation leads to an increase in profit for the sampled small enterprises of roughly 0.184 percent point. Once more, the study concludes that there is a strong positive correlation between the sampled small enterprises' proactivity and organisational performance. The data show that a unit increase in proactiveness causes a 0.493%-point increase in profit growth.

The study also concluded that there is a positive correlation between the sampled small enterprises' number of employees and profit growth. Particularly, small enterprises with between 3 and 5 employees. Because there is a 0.7 greater rise in profit growth than small enterprises with just one person. This effect may have been caused in part by the increased efficiency that comes with hiring more

people. The study further concluded that, taking risks has no impact on the sampled small enterprises' ability to raise their profits.

The study also concluded that there is an insignificant correlation between small enterprises' performance and the age of the business. This concluded that the firm's age has no impact on the performance of the company. Because most employees in small enterprises do not stay on the job for a long period, there is little chance that the companies will benefit from ageing in a competitive way. This may be the cause of the unimpressive results.

Recommendations

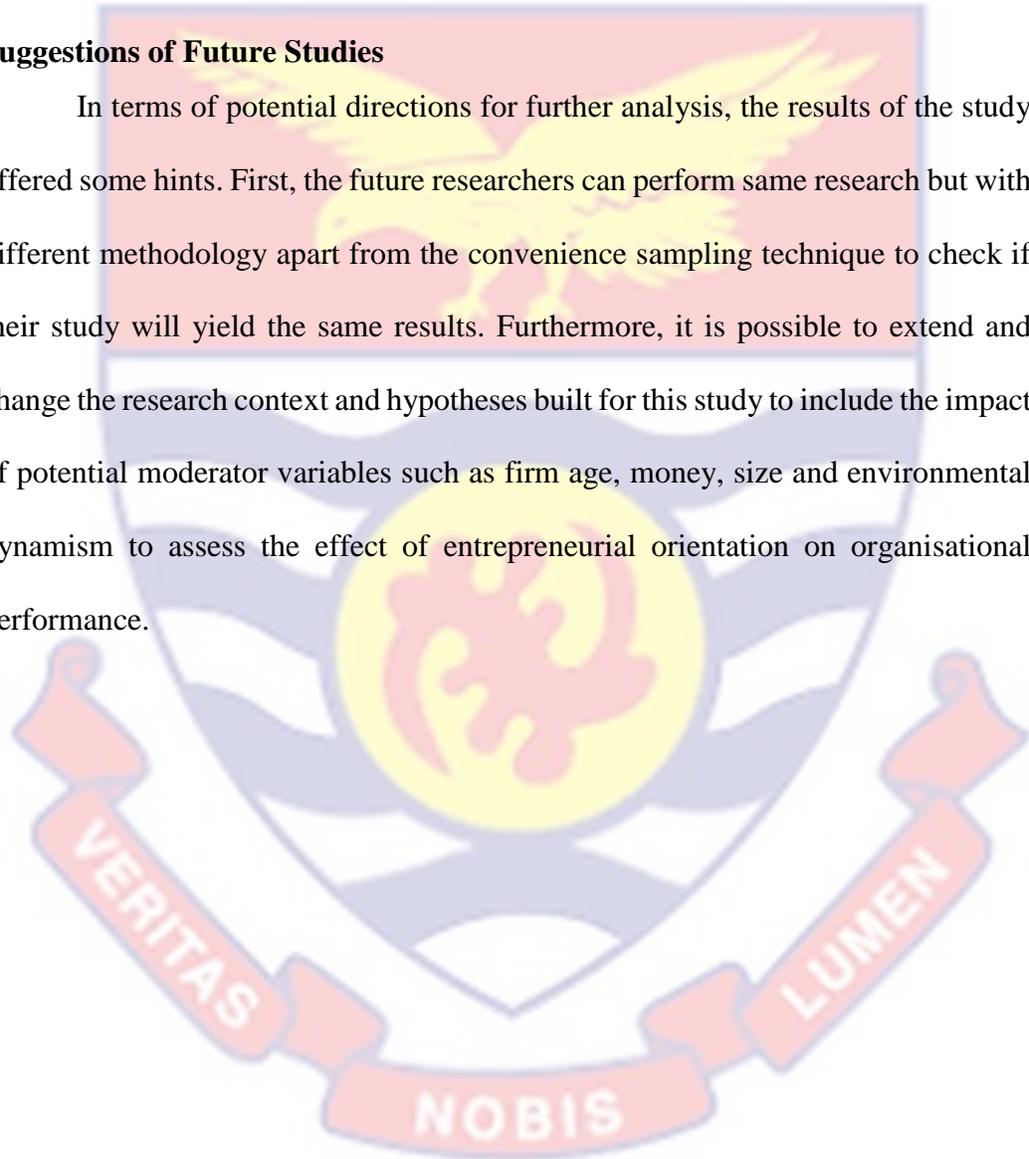
According to the findings of the study, it was recommended that managers of small enterprises or entrepreneurs in Cape Coast Metropolis participate in efficient entrepreneurial orientation programmes by NGO's or the state to give them the knowledge necessary to successfully run their small enterprises and other firms. Furthermore, rather than waiting for events to occur before responding to them, managers of small enterprises or entrepreneurs should always learn how to be proactive in their approach to situations like Covid-19, employee turnover, low profit, etc.

In order to grow small enterprises, it was recommended that managers should also have the guts to take calculated risks like investing part of the profit of the small enterprises in the business and other investment stocks. Because the higher the risk, the higher the return. The lesser the risk, the lesser the return. Last but not least, it was recommended that managers of small enterprises should use innovative policies and practices like technological tools and software in the

management of their company. Finally, it was recommended that the Ghanaian government should offer stimulus packages to small business owners and entrepreneurs to inspire them to be innovative, take reasonable risks, and engage in proactive business practises.

Suggestions of Future Studies

In terms of potential directions for further analysis, the results of the study offered some hints. First, the future researchers can perform same research but with different methodology apart from the convenience sampling technique to check if their study will yield the same results. Furthermore, it is possible to extend and change the research context and hypotheses built for this study to include the impact of potential moderator variables such as firm age, money, size and environmental dynamism to assess the effect of entrepreneurial orientation on organisational performance.



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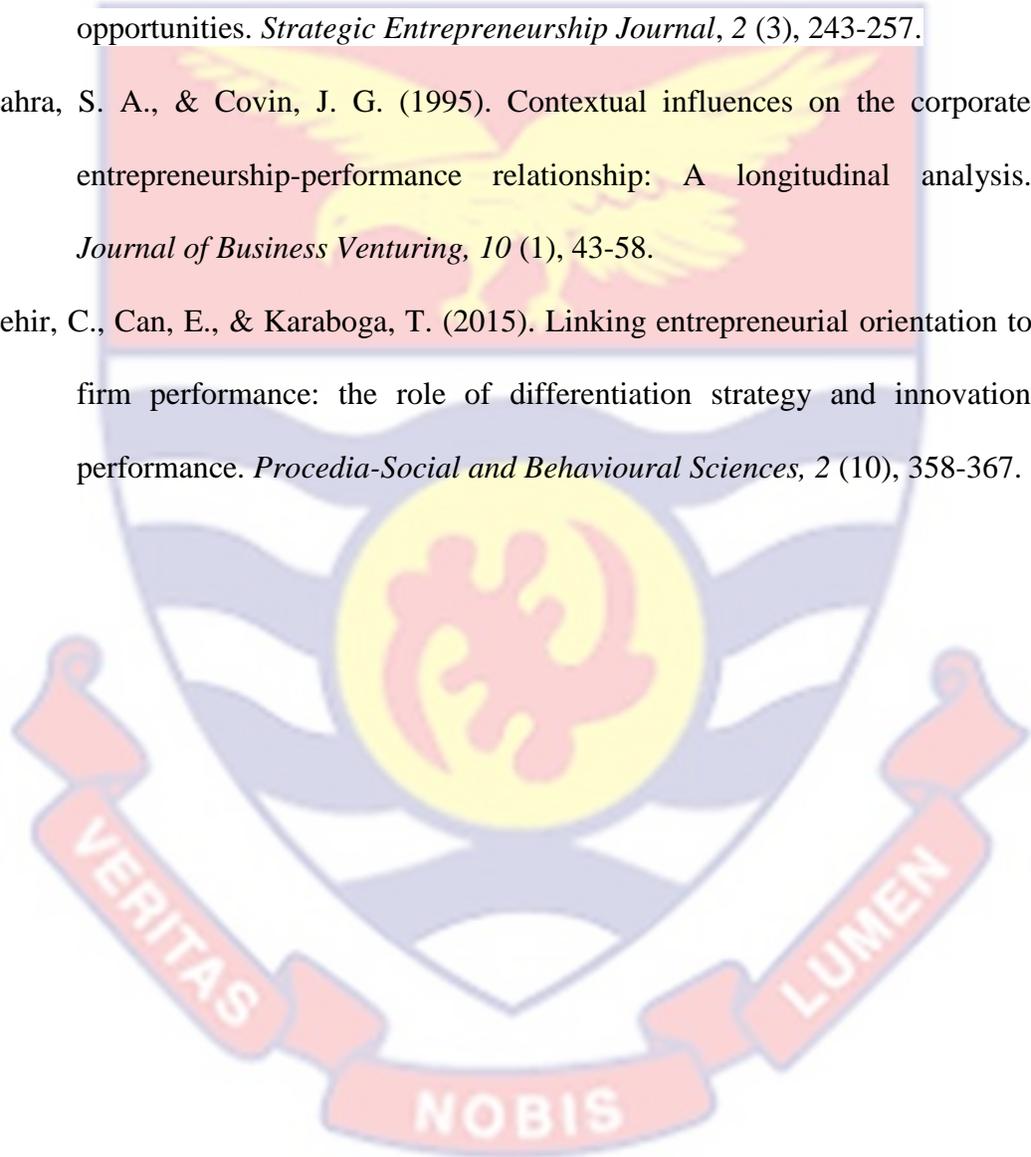
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APPENDIX A

UNIVERSITY OF CAPE COAST

COLLEGE OF HUMANITIES AND LEGAL STUDIES

SCHOOL OF BUSINESS

CENTRE FOR ENTREPRENEURSHIP AND SMALL ENTERPRISE
DEVELOPMENT

(CESED)

A SURVEY ON THE IMPACT OF THE ENTREPRENEURIAL
ORIENTATION ON THE PERFORMANCE OF SMALL AND MEDIUM
SCALE ENTERPRISES; A CASE STUDY OF CAPE COAST
METROPOLIS, CENTRAL REGION.

Hello, my name is and I am a student at the University of Cape Coast (UCC), and as part of my MBA studies, I am conducting a research on “entrepreneurial orientation and firm performance. The survey usually will take about 20 minutes to complete. The purpose of this research is purely academic and it is aimed at collecting data on the effect of entrepreneurial orientation on firm performance. Your utmost confidentiality is assured, and because of this please do not write your name or the name of your entity on the questionnaire.

Now, do you want to ask anything about the survey? Yes [] No []

Date :

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SECTION A: BACKGROUND INFORMATION OF MANAGER

A1.	Respondents ID:	
A2.	Respondents portfolio (Position) (Please tick the one that applies)	Owner [] Employee [] Relative of owner []
A3.	Educational Level of Manager (Please tick the one that applies)	No Formal Education [] Primary Education [] Junior High School [] Secondary School [] Tertiary Education []
A4.	Marital Status of Manager (Please tick the one that applies)	Married [] Single [] Cohabitation [] Divorced []

SECTION B: IDENTIFICATION OF FIRM

B1.	Name of the Firm	
B2.	Town/Community	
B3.	How many employees to you have in this enterprise	
B4.	In which year was your firm established?	

SECTION C: ENTREPRENEURIAL ORIENTATION

I. Innovation

Kindly indicate your *agreement* or *disagreement* to each of the following statements that relate to the presence of innovation in your firm, by **ticking** the appropriate number, on the scale: **1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree**

C1.	We actively introduce improvements and innovations in our business	1	2	3	4	5
C2.	Our business is creative in its methods of operation					
C3.	Our business seeks out new ways to delivering service					
C4.	My organization makes improvements to the operational processes					
C6.	The frequency of product and/ or service improvements in my organization has been higher over the last two years					

I. Risk Taking

Kindly indicate your *agreement* or *disagreement* to each of the following statements that relate to the presence of risk-taking in your firm, by **ticking** the appropriate number, on the scale: **1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree**

D1.	The term ‘risk taker’ is considered a positive attribute for people in our firm	1	2	3	4	5
D2.	People in our business are encouraged to take calculated risks with new ideas					
D3.	Our business emphasizes both exploration and experimentation for opportunities					
D4.	In my firm, if a manager takes a risk and fails, he or she is not penalized					
D5.	My firm has a number of strategies that help us to manage and reduce risks					
D6.	The term ‘risk taker’ is considered a positive attribute for people in our firm					

II. Pro-activeness

Kindly indicate your *agreement* or *disagreement* to each of the following statements that relate to the presence of innovation in your firm, by **ticking** the

appropriate number, on the scale: **1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree**

E1.	We always try to take the initiative in every situation (e.g., against competitors, in projects and when working with others)	1	2	3	4	5
E2.	We excel at identifying new opportunities					
E3.	My organization initiates action to which competitors respond					
E4.	My organization participates in strategic alliances/partnership/joint ventures with outside companies					
E5.	Staff in my organization are encouraged to proactively monitor changes in the environment					

SECTION D: FIRM PERFORMANCE

Please indicate the financial performance of your firm over the past three (3) years based on the listed financial indicators using the following 5-point scale. Where:

- 1=lowest performance (Lo)
- 2=Low performance (LP)
- 3=Average performance (AP)
- 4=High performance (Ho)
- 5=Highest performance (HP)

Indicators of financial performance		Lo	LP	AP	Ho	HP
A.	Profit growth					