

UNIVERSITY OF GHANA

**SOCIAL CAPITAL AND SMALL AND MEDIUM-SIZED
ENTERPRISES PERFORMANCE IN GHANA: THE
MODERATING ROLE OF EMOTIONAL
INTELLIGENCE**

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DECLARATION

I certify that this thesis, which I now submit for examination for the award of Doctor of Philosophy Marketing Degree, is my own work produced from research undertaken under supervision and has not been presented by anyone for any academic award in this or any other university. All references used in the work have been fully acknowledged.

This thesis has been prepared according to the regulations for postgraduate study by the University.

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CERTIFICATION

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DEDICATION

This thesis is dedicated to my parents and siblings, and to all dear ones who supported me through thick and thin to finish this work. I say God richly bless you.

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LIST OF ABBREVIATIONS

Ghana Statistical Service	GSS
Small and Medium Sized Enterprises	SME'S
Resource Based View	RBV
Social Capital	SC
Emotional Intelligence	EI
National Board for Small Scale Industries	NBSSI
Ghana Statistical Service	GSS
Social Capital Theory	SCT
Dynamic Capabilities Approach	DCA
Return on Capital Employed	ROCE
Return on Investment	ROI
Return on Sales	ROS
Return on assets	ROA
Performance Measurement	PM
Balanced Scorecard	BSC
Ghana Enterprise Development Commission	GEDC
National Entrepreneurship and Innovation Plan	NEIP
Dependent variable	DV
Independent variable	IV
Moderating variable	MV
Confounding variables	CV
University of Ghana Business School	UGBS

ABSTRACT

Major problems faced by Small and medium sized enterprises (SMEs) all over the world is limited access to business funds, accounting records, human resource management and managing their SMEs productively. Part of the solution to address the aforementioned challenges is inherent in social capital. Social capital provides opportunities for entrepreneurs to use mutual relationships to access financial and other forms of capital without having to provide collateral securities. Despite the numerous benefits associated with mobilising social ties, studies at the firm level and its effect on small business outcomes have not increased as would have been desired. Previous researches have delved into the usage of social relationships in organizations, but less attention has been paid to its effect on SMEs.

Limited extant studies on the moderating role of emotional intelligence on the relationship between social capital and firm performance necessitated this study. The main purpose of this research was to examine the extent to which Emotional Intelligence (EI) moderates the relationship between social capital and SMEs performance. More specifically, the research draws on the resource-based view, emotional intelligence and the social capital theory, to examine the social network relationships that can be harnessed to improve SMEs performance.

Through extensive literature review, a conceptual framework and empirical results from 717 SMEs, the study employs a confirmatory factor analyses along with hierarchical linear regression to evaluate a proposed model for understanding the relationships among the constructs, as well as examining the moderating effects.

The results revealed that social capital has a positive and significant relationship with emotional intelligence. Moreover, the study also showed that emotional intelligence has a positive and significant relationship with SME performance.

Lastly, the study found that emotional intelligence enhances the relationship between social capital and SME performance. SME owner/managers are advised to enact policies that encourage the establishment of meaningful social networks and also help employees understand their emotions while creating social capital, as both would help improve the performance of their firms. The theoretical and practical implications of the results are also discussed in the thesis.

CHAPTER ONE

INTRODUCTION

1.0 CHAPTER OVERVIEW

The chapter provides an introduction to the study. It gives the background of the thesis and discusses the research problems and gaps, leading to specific research objectives and questions. Following the chapter overview, section one presents the research background to the study, and sections two and three specifies the statement of the problems and gaps respectively. This is then followed by the next section which identifies the research objectives and questions. The subsequent sections then look at the theoretical foundations, significance, scope, definition of key terms, and finally the synopsis of chapters.

1.1 BACKGROUND TO THE STUDY

The unpredictable nature of the economic environment evidenced by acts of disruptiveness and a rapidly quick and vast array of changes encountered by firms have compelled small businesses to look for aggressive master plans that will guarantee their achievements and long term survival in the marketplace. The business environment within which organizations operate is very aggressive and complicated; consequently leading businesses to generate master plans for survival and growth. Small and medium-sized enterprises (SMEs) have various sources of funding. However, a major problem faced by SMEs all over the world is limited access to business funds (Johansen, & Clausen 2011; OECD, 2004). Similarly, most entrepreneurs struggle with managing their SMEs productively (Johansen, & Clausen 2011; Glaeser, Laibson & Sacerdote, 2002; OECD, 2004), with accounting and human resource management problems being the most prevalent (Johansen, & Clausen 2011; OECD, 2004). The poor growth situations of some SMEs across the world are attributable to these problems (Johansen, & Clausen 2011; OECD, 2004). According to Perreault et al. (2007), a remedy to

the funding and management difficulties of SMEs is using social capital to reach needed finance, markets and information. Thus organization's inclusion in social ties can be a means of ambitious urge. In this regard, the efficacy of social capital (SC) is proven and is driven by the fact that it is easier to access relative to other forms of capital among SMEs (Fatoki 2011; Roxas, 2008; Hjerppe, 2003).

Social capital is the anticipated mutual and commercial economic gains obtained from an advantageous manner and collaboration amongst individuals and groups (Cheng-Nam, Lun-Chung, Wei-Ming, Kai-Ti, 2007; Westlund & Adam, 2010). Lin (2001a) defines SC "*as resources that are embedded in, can be accessed by or utilized through the relationships in the network*". While SC (embedded resources) is dependent on social networks, they are not identical or replaceable words. Networks create the required environment for entrance to and the mobilisation of tacit assets which are accessed through relationships.

SC provides economic opportunities driven by the special treatments received from individuals and groups in a social context (Adlešič and Slavec, 2012). Social capital is originally a sociology subject that provides conceptions about leveraging economic advantages from individuals and groups (constitutes the social cohort of people), in this case entrepreneurs or business managers (Chirasha, n.d.; Cheng-Nam et al. 2007). From a marketing perspective, social capitals need to be well managed in view of relations if they should impact business or entrepreneurial progress (Bosma, Van Praag, Thurik, & de Wit, 2002; Adlešič and Slavec, 2012).

In this study, SMEs performance depends on entrepreneurs' access to finance, markets and information (Fornoni, Arribas and Vila, 2012; Glaeser, Laibson and Sacerdote, 2002). Access to these three resources by the entrepreneur is facilitated by specific dimensions of social capital. Marketers tend to focus more on access to markets and information to promote marketing effectiveness towards maximum performance (Du, Guariglia & Newman, 2015).

To marketers, access to finance, markets and information takes place in the face of a good relationship driven by trust, loyalty and reliability (Bosma, et al. 2002; Adlešič and Slavec, 2012). Invariably, businesses see social capital as a resource that can be well managed in view of relationship marketing (Bosma, et al. 2002), where good relationships with individuals and groups can be used to improve access to the market and information needed to enhance market performance (Felicio, Couto & Caiado, 2009.; Cheng-Nam et al. 2007).

Empirical studies have shown that social capital positively influence business performance among SMEs (Adlešič and Slavec, 2012; Bosma et al. 2002; Cheng-Nam et al. 2007). In the study of Bosma et al. (2002), social capital is found to predict financial performance of small businesses with a variance of 67.3%. In Cheng-Nam's (2007) research, social capital predicts firm outcomes with regards to the profit or loss derived from investments (ROI) with a variance of 82.4%. Other studies like those of Džunić (2010), Fornoni et al. (2012) and Perreault, Brenner, Menzies, Filion, & Ramangalahy (2007) perceive the favourable gains to social capital on some aspects of performance of small businesses.

However, the impact of SC on business performance may be observed in the emotional intelligence (EI) of entrepreneurs and their employees (Khalili, 2011; McLaughlin, 2012; and Singh, 2010). It is argued that since SC is dependent on relationships in the social networks, it may enhance the performance of SMEs if the entrepreneur's/owner/managers are emotionally intelligent (EI). Thus, without the effect of EI, the effect of social capital on business performance could be reduced or be rendered insignificant. Research has shown that EI directly impacts firm performance of businesses (Danquah and Wireko, 2014; Singh, 2010).

Emotional intelligence (EI) is defined as the ability to identify, assess and control the emotions of oneself, of others and of groups (Harms & Credé, 2010). It was first defined by

Mayer & Salovey (1997) as “the ability to monitor one’s own and others’ feelings and emotions, to discriminate among them and to use this information to guide one’s thinking and actions” (p. 18). This definition was later modified by Mayer et al. (2001) to “the ability to perceive emotion, integrate emotion to facilitate thought, understand emotions and to regulate emotions towards personal growth” (p. 233). Other modern definitions and concepts of emotional intelligence are influenced by the above definitions and the works of Goleman (1996).

To Maamari & Majdalani (2017), Khalili (2011), McLaughlin (2012) and Singh (2010), the capability to recognise, evaluate and sway your feelings and that of other people and communities can affect social ties and has positive influence on businesses performance. This agrees with the argument that EI is the fuel to the growth of mutual relationships and the harmony of people in a social setting (Danquah & Wireko, 2014; Mayer et al. 2001). Khalili (2011) posits that social capital’s impact on performance of businesses is insignificant without the entrepreneur and employees demonstrating emotional intelligence in relating to social contacts. If EI is fundamental to the maximum performance of SMEs (Khalili, 2011; McLaughlin, 2012; Singh, 2010) then it can be argued that it can help enhance the effect of social network resources on SMEs performance.

It is evident that Perreault et al.’s (2007) recognition of social capital as a remedy to the funding and management difficulties of SMEs is supported by empirical studies. It is believed that the owner/manager’s intelligence in managing people’s feelings is vital for increasing the achievements of SME businesses through social capital. Meanwhile, more empirical researches are necessary to confirm the real effect of social relationships on firm outcomes, as well as the moderating influence of emotional intelligence on this relationship (McLaughlin, 2012; Singh, 2010). Currently, the amount of existing studies obtainable in this

area is small (Khalili, 2011; McLaughlin, 2012; Singh, 2010), especially from a Ghanaian perspective (Danquah & Wireko, 2014).

The need for SME entrepreneurs to leverage social capital is argued by Perreault et al. (2007) on the basis of the outstanding potential of the SMEs sector globally. Adjei (2012) posits that the SMEs sector in Ghana makes the highest contribution to GDP. In the year 2013, the sector alone contributes about 45% of the annual GDP (Sekyi, Nkegbe & Kuunib, 2014). Moreover, the sector provides the highest level of employment in Ghana, with about 90% of Ghana's employment provided by it (Sekyi et al., 2014; Adjei, 2012). This means that the SMEs sector is the backbone of Ghana's economy. Even in the face of its outstanding contributions to the economy, it is argued that the SMEs sector is yet to realise its full potential (Agyapong, 2010; Adjei, 2012).

According to Perreault et al. (2007), one of the main factors limiting the realisation of the full potential of the SMEs sector is lack of funding (Zolin & Schlosser 2013; Perreault et al., 2007; Agyapong, 2010; Adjei, 2012). Moreover, banks and other non-bank financial institutions provide limited access to financial resources to SMEs owing to their limited financial capacity and the inability of SMEs to satisfy lending criteria. A primary remedy to the problem is SMEs access to social capital (Perreault et al., 2007). Social capital provides opportunities for entrepreneurs to use mutual relationships to access financial and other forms of capital without having to exhibit collateral securities (Khalili, 2011; McLaughlin, 2012; Singh, 2010). With access to social capital, SMEs would be able to maximise their potential (Perreault et al., 2007; McLaughlin, 2012; Singh, 2010). But this logically requires that entrepreneurs acquire adequate knowledge on social capital, its effect on their businesses and how to leverage it.

Irrespective of the numerous benefits associated with mobilising social ties, studies at the firm level and its effect on small business outcomes have not increased as would have been

desired (Franco, Haase & Pereira, 2016). Past researches have delved into the usage of social relationships in organizations, but quite a number have over looked its effect on SMEs (Franco et al., 2016). There are evidences that has shown that social network resources has brought benefits to business's customer-oriented processes, which in turn causes an impact on a firm's sales performance (Rodriguez *et al.*, 2014).

Also, although past social capital researchers have delved into the usage of social relationships and its effect on organizations, only a few have looked at the role of emotional intelligence in enhancing this social relations on performance in SMEs (Brooks & Nafukho, 2006). It has therefore become fundamental to study the effect of emotional intelligence on social networks in stimulating SME performance. It is observed that this knowledge is not readily and sufficiently available in a Ghanaian context. In view of these issues, this research seeks to expand on academic and public knowledge on the subject from a Ghanaian perspective.

1.2 STATEMENT OF THE PROBLEM

SMEs are faced with a series of financial and managerial problems (Keskin, 2006), a situation that is believed to hinder their maximum productivity. SMEs in Ghana are yet to realise their maximum potential to economic development (Akorsu & Agyapong, 2012) as a result of their limited or poor access to information, finance and markets (Akorsu & Agyapong, 2012; OECD, 2004). Meanwhile, access to the three resources of finance, information and markets by SMEs can be gained from the use of the social capital of owner/managers network resources and the emotional intelligence of entrepreneurs and their employees (Theodorakopoulos, Kakabadse, & McGowan, 2014; Adlešič and Slavec, 2012; Bosma et al. 2002; Cheng-Nam et al. 2007). The resource based theory espouses that firms with resources are able to perform better than firms that do not. Social capital which is an intangible resource can be used by SMEs to collaborate with competitor SMEs to acquire and

allocate supportive resources and potentials (Akwaah 2008). The importance of social relations for small and medium sized enterprises (SMEs) has been recognized by numerous researchers, given the fact that SME's need to obtain entry to other enterprises assets.

Evidence from a number of studies suggests that personality characteristics, emotional intelligence, creative abilities, as well as social networking and communication activities, can all affect the entrepreneurial outcomes of SMEs (Peter, Zaefarian, Tavani, Neghabi and Zaefarian, 2014). Unfortunately, entrepreneurs or managers of SMEs in Ghana seem not to be aware of social capital and emotional intelligence and how they can be mobilised in their social contacts and associations to enhance their performance. It has been argued that research is a credible avenue for equipping SME managers and entrepreneurs with the concepts of social capital and emotional intelligence and how they impact business's performance (Murphy, Abdulai, Anwar, & Thomas 2018; Akorsu & Agyapong, 2012; Keskin, 2006). In Ghana, the involvement of SMEs to commercial expansion is relatively large. Moreover, the SMEs sector is one of the major sources of employment. Currently, the extant literature in this area seems to be scanty (Khalili, 2011; McLaughlin, 2012; Singh, 2010), especially from a Ghanaian perspective (Akwaah, 2008; Danquah & Wireko, 2014). The research, therefore seeks to assess the effect of the individual owner/manager's social network resources on the performance of SMEs through the mobilisation of emotional intelligence.

1.3 RESEARCH GAPS

1.3.1 Gaps in Issues and Context

Generally, one important objective of social capital research is to provide evidences about how social contacts can be savoured, especially in profitable ventures or businesses (Bosma *et al.*, 2002). According to Hjerppe (2003), social capital studies are expected to assess

SMEs' knowledge, practice and experience with social networks on the basis of making the most of relationships. Moreover, emphasis has been placed on the need to verify the impact of access to social capital and business performance (Jha, A. 2019; Shaibu, 2012; Putnam, 2001). Obviously therefore, the bulk of social capital studies should be able to provide evidences and identify issues pertaining to the aforementioned areas. However, a review shows that the body of studies on social capital, for that matter the knowledge provided by them, is infiltrated with a lack of completeness in the way issues and evidence were presented.

As seen in most articles reviewed, social capital researchers are yet to produce enough noteworthy proofs on SMEs' know-what in the subject. Invariably, an insignificant number of studies have been conducted to assess people's knowledge of social capital. Even so, all studies assessing SMEs' (i.e. entrepreneurs and employees) knowledge about social capital could not provide a distinction between "awareness" and "knowledge". In their study, Zuwarimwe & Kirsten (2007) acknowledged that the meanings of these two words are different in the context of knowledge assessment in social capital research. As a result, they recommended that researchers assess SMEs' awareness and knowledge of social capital in different dimensions that harmonise the meanings of the two words. Evidently, knowledge assessment in social capital research has not touched on this recommendation of Zuwarimwe & Kirsten (2007).

Similarly, studies assessing SMEs' practice and experience with social capital are as insignificant as those assessing knowledge. This situation poses a huge gap in social capital research because studies assessing impact largely outnumber those assessing SMEs' practice and experience with social capital. According to Westlund (2003), such a misbalance forms the basis of the malfunctioning of some arms of social capital research in terms of contribution to knowledge and academic debate on the subject.

The depth of coverage on the assessment of the impact of social capital research is considerable. However, there is a missing link between assessment of practice/experience and assessment of impact. This is because practice and experience have a link to impact (Tendai, 2013); therefore social capital studies assessing impact cannot ignore an assessment of practice/experience, just as studies assessing practice/experience cannot relegate impact assessment to the background. Surprisingly, very few studies assess impact and practice/experience.

Another, major issue in social capital studies is the fact that the effect of emotional intelligence is not examined by most social capital studies in accessing and savouring social networks. The study of Brooks & Nafuko (2006) is one of the very few studies that examined the effect of emotional intelligence on access of social networks and its effect on the financial increase in SMEs. Social capital must be looked at on the basis of relationships. The capital from these social relations can be gained only if individuals have internalised relationships. It should therefore be seen as an asset of relationships (Field 2008, p161).

Danquah & Wireko (2014) argue that emotional intelligence is a tool for making and nurturing relationships; hence studies based on relationships must incorporate emotional intelligence. It is therefore evident that future social capital researchers need to recognise and incorporate the role of emotional intelligence in social capital research. The present research argues that in an increasingly aggressive and financially vulnerable era, SMEs would have to follow commercial master plans that would issue them with long term survival benefits and supplement their worth. The main argument is that social capital though embedded in social relations is yet to be assessed from the perspective of emotional intelligence and how it affects novelty, creativity, social network resources and eventually the performance outcomes and aggressiveness of SMEs.

Contextually, most empirical studies (Kayanula and Quartey, 2000; Mensah, 2004; Abor, 2005; Ghana Banking Survey, 2013) on SMEs in Ghana have focused so much attention on accessing financial resources. Previously protected from international competition, a majority of SMEs are embattling with massive outside rivalry and the need to increase their customer base (Abor and Quartey, 2010). Green, Kimuyu, Manos, & Murinde, (2007) posits that requirements such as identifying a product and a market, acquiring any necessary property rights or licenses, and keeping proper records are all in some sense more fundamental to running a small enterprise than is finance. Akwaah (2008) posits that social capital (Social Networks) of SMEs in Ghana can give them certain competitive advantages such as reduction of their transaction cost of market exchange through information and opportunities. Only few researches Akwaah, (2008) has looked at the costs and benefits social capital adds to SMEs performance in Ghana.

1.3.2 Gaps in Theoretical/Conceptual Approaches

Firstly, the conceptual approaches adopted on some social capital studies (Mohmed & Rahman, 2010) are not in harmony with the kind of methodology used. Some studies employed hypothetical models and conceptual frameworks, but they failed to employ data and analysis that address them. Moreover, the research findings of some studies diverge from the conceptual approach adopted. For instance, findings in some studies are not in harmony with the theories and models employed. As a result, the relevance of findings of these studies are not driven by the model(s) or theories adopted in them. Hence, issues and evidence provided by them have no conceptual backing. Secondly, in many of the papers reviewed (Roxas, 2008), it is not made clear the kind of conceptual approach adopted. Moreover, these studies are unable to create a conceptual identity (whether a model, theory and concept is used) that forms a basis of findings. As a result, it is quite difficult to assess the basis of the findings in these studies.

On the basis of conceptual gaps identified in this review, the body of social researches available make little valid claim to existing theories, models and previous research work. As a result, there is a weak platform on which the credibility of research findings can be verified. A major gap in social capital studies is the fact that the effect of emotional intelligence is not examined by most social capital studies in accessing and savouring social networks. The study of Kit & Nafuko (2006) is one of the very few studies that examined the effect of emotional intelligence on access of social capital and its impact on the financial growth of SMEs. Danquah & Wireko (2014) argue that emotional intelligence is a tool for making and nurturing relationships; hence studies based on relationships must incorporate emotional intelligence. It is therefore evident that social capital researchers need to investigate the effect of emotional intelligence on the impact of social capital on business performance by incorporating the concept of emotional intelligence.

1.3.3 Gaps in Methodological Approaches

Methodological barriers in research are threats to research validity and credibility. According to Odra (2010), this is because research findings are outcomes of research methods such as choice of research technique, population, sample size, and data analysis tools employed and used. In this review, therefore, detailed attention is given to methodological issues associated with social capital researches, leading to an identification of some gaps in the methodological approaches adopted in them.

Generally, articles reviewed portray much weakness in terms of linkages between research methods. Research techniques employed in most social capital studies do not show much relevance from the viewpoint of conceptual approaches and the data analysis tool adopted. In a number of instances where quantitative research techniques were employed, rigorous measures were not taken to back these techniques to ensure that they led to reliable and valid findings. In many social capital studies (Oxoby, 2009; Mohamed & Raman, 2010), researchers

intended to use representative samples on which findings could be generalised. Yet, these studies come with no measures of validity and reliability. However, reliability and validity measures are relevant to the credibility of quantitative studies (Morse, 2002).

It is found that many of the studies reviewed do not accompany descriptions of sampling processes. These studies merely acknowledge the type of sampling procedures used without giving details as to how samples were reached. This gap is a reflection of a major weakness in some social capital studies because an omission of detailed descriptions of sampling processes conceals basic information needed to diagnose the appropriateness of the sample and sampling procedure employed. According to Ogra (2010), descriptions of sampling processes buttress the rationale for the choice of sample and sampling procedure.

1.4 RESEARCH OBJECTIVES

The main aim of this research is to shed light on the entrepreneur's social networks that influence SME performance by examining the interaction effect of emotional intelligence

The objectives of the study include:

1. To identify the sources of social capital available to SMEs in Ghana
2. To assess the effect of social capital on the performance of small and medium-size enterprises in Ghana
3. To examine the effect of emotional intelligence on SMEs performance
4. To analyse the moderating role of emotional intelligence on the effect of social capital on the performance of SMEs

1.5 RESEARCH QUESTIONS

Accordingly, some research questions posed by this study in an attempt to find answers to achieve the objectives are outlined as follows:

1. What the nature of social capital available to SMEs in Ghana
2. What is the effect of social capital on the performance of small and medium-size enterprises in Ghana
3. What impact does emotional intelligence have on SMEs performance
4. What is the interaction effect of emotional intelligence on social capital's influence on the performance of SMEs

1.6 THEORETICAL FOUNDATIONS

1.6.1 Social Capital Theory

Social capital is defined as “resources embedded in one’s social networks, resources that can be accessed or mobilized through ties in the networks” (Lin 2001a: Chapter 2). These networks may enable an individual to appropriate or seize another person’s wealth, power or reputation. These social resources can then generate a return for the actor. The perception that social capital is network-based is accepted by most researchers who have contributed to the debate (The Handbook of Social Capital, 2008). This is because social networks are not social capital but social capital can only be gained from access to the resources inherent in the social relationships. Social capital thus defined helps in identifying the sources of social capital and the benefits to it.

1.6.2 Emotional Intelligence

One of the earliest EI theories developed is that of Salovey & Mayer (1989). This theory describes emotional intelligence as a skill of four dimensions, which are: (i) understanding the emotions, strengths, weaknesses, needs and motivations of self, and making use of this

understanding in relating with people in daily activities; (ii) the ability to reflect on past and current issues and conditions, the capacity to adapt to changes and situations, and saying no to impulsive urges in one's dealings with others on daily basis; (iii) the ability to achieve when conditions are not favorable, being passionate over profession and work, and enjoying challenges and outcomes; and (iv) the ability to move people to a direction desired by the individual. This includes the ability to influence decisions, thoughts and emotions in an expected way.

Emotional intelligence has been identified as a vital factor in long term work achievements, firm efficiency and benefits (Diggins, 2004; Sy et al., 2006). Emotionally intelligent managers can enhance employees' ability to act proactively which is in contradiction to basic intelligence, where emotional intelligence can be improved by enhanced through education and growth (Piperopoulos, 2010).

1.7 SIGNIFICANCE OF THE STUDY

In Ghana, the offerings of SMEs to economic growth are relatively large. Moreover, the SMEs sector is one of the major sources of employment. According to Akorsu & Agyapong (2012), the non-formal sector in Ghana contributes a lot to its economic activities. Significantly in the area of employment, it offers up to about 70% of the total labour pool Akorsu & Agyapong (2012). Aside creating large volumes of jobs these small businesses also contribute immensely to national revenue as well as ameliorate the national income (Keskin, 2006; Abor & Quartey, 2010). Kayanula & Quartey (2000) and Aryeetey (2001) found among others that SMEs are sources of employment generation, help conserve foreign exchange, increase exports through the non-traditional commodities exports as well as contributes to economic growth and development through innovation and creativity. These businesses are also considered by Sekyi et al. (2010) as providing about 85% of employment in the manufacturing sector and are believed to contribute about 75% to Ghana's GDP and

also account for 92% of businesses. More impressively, the maximum potential of the SMEs sector of Ghana to economic growth is yet to be realised (Akorsu & Agyapong, 2012; Abor & Quartey, 2010). Similarly, Keskin (2006) indicated that the SMEs sector can be made to contribute far better to the economic growth of Ghana. One of the major recommendations for identifying strategies and measures for maximising the growth of the SMEs sector and its contribution to economic growth is research (Akorsu & Agyapong, 2012; Keskin, 2006). Akorsu & Agyapong (2012) and Perreault et al. (2007) are of the view that ample research works on the SMEs sector in Ghana would provide a basis for maximising the contribution of SMEs to economic growth.

The study further contributes to the body of researches available on non-financial performance-driven measures of SMEs in Ghana. Precisely, the study establishes practical evidence to the relevance of social capital and emotional intelligence to SMEs' performance. The study provides practical guidelines to using social contacts, associations and EI in maximising the performance of businesses as a basis for maximising the contribution of SMEs to economic development in Ghana. Consequently, it is hoped that the findings will provide strategies to better access information, finance and markets by SMEs through effective use of social capital and the entrepreneurs' emotional intelligence and that of their employees. Most importantly, this study shall contribute to future research work in the area. Also it contributes to the number of researches on social capital from the perspective of the social capital theory by considering the social networks of the individual owner manager. Finally, it contributes to areas of policy initiatives and interventions by government in harnessing SMEs potentials. In effect policy interventions need not only be on how SME's can access financial resources but also how other intangible resources like social capital and emotional intelligence can be used for business gain.

1.8 SCOPE OF THE STUDY

The Ghana Statistical Service (GSS) defines firms with less than 10 employees as small-scale enterprises and those with 10 employees and above as medium and large- size enterprises (Kayanula & Quartey, 2000). The National Board of Small Scale Industries (NBSSI) however, uses both the number of employees and the fixed asset criteria and considers an enterprise with not more than 9 employees and plant and machinery (excluding land, building, vehicles) not exceeding 100 Thousand Ghana cedis as small scale (Kayanula & Quartey, 2000). According to Mensah (2004) Small enterprises employ between 6 and 29 employees with fixed assets of \$100 Thousand with Medium enterprises employing between 30 and 99 employees with fixed assets of up to \$1 Million. This study is therefore limited to Mensah's definition. The study was carried out mainly among SME's in the services sector and data was gathered from owner-managers. The study was conducted in Accra because it has one of the highest populations of SMEs in Ghana (Mahmoud, 2011).

1.9 DEFINITION OF KEY TERMS

Social capital: Refers to the innate values of return gained from the relationships with individuals and groups and in this study the accessed (sources) social capital.

Emotional intelligence: refers to the skill of skimming one's emotions and that of others in a relationship to generate positive work environmental outcomes.

SME Performance: Refers to firms' outcomes from a subjective perspective.

Market Share Growth: Refer to the increase in customer base as compared to that of the competition.

Sale Turnovers: The amount of sales generated within a period.

Owners / Managers / Entrepreneurs: Refers to individuals in leadership positions who are responsible for running the Small and Medium-sized enterprises.

1.10 ORGANIZATION OF CHAPTERS AND STRUCTURE OF THESIS

The study is divided into two main parts. Part I discusses the research problem as well as the theoretical grounds of this research. This is further divided into five chapters and have been arranged to conform to the main ideas in a logical flow of the dissertation. Part II is divided into three chapters and primarily forms the empirical findings, as well as the implications of the research for academia, as well as management and policy institutions.

After this introductory chapter (1), the remaining part of this research is structured as follows. Chapter 2 looks at a review of literature on social capital, with a special focus on the SME perspectives as well as the theoretical review. This is done to examine the current state of literature as well as identify existing gaps in order to position this research. The second section of the Chapter also explores the theoretical platforms by examining the various theories underpinning this research. Discussions on SME's performance from the social capital theory and emotional intelligence concept. Following from this, Chapter 3 examines various frameworks, which have been employed in studying SMEs performance.

Chapter 4 subsequently integrates the key issues from the review of literature, theoretical positions as well as examination of SMEs performance measurements into building a conceptual model for the current study along with proposing a set of testable hypotheses.

Chapter 5 concludes Part I of this dissertation by looking at the context within which the study is being conducted and explores the SMEs sector in Ghana. It discusses the methodological considerations related to this research by examining the research design, and the empirical data collection approach employed in this study.

Part II of this study starts with Chapter 6, which describe the data presentation and analysis procedures that set the tone for discussing the empirical findings. In Chapter 7, a comprehensive discussion of findings is carried out based on the various propositions made with the conceptual framework. These are rigorously evaluated in line with the objectives of

the study. The final Chapter (8) concentrates on the study conclusions, and discusses the implications of the study for various stakeholders, as well as provides directions for future research. The synopsis of the study has been illustrated in **figure 1-1** chapter disposition diagram.

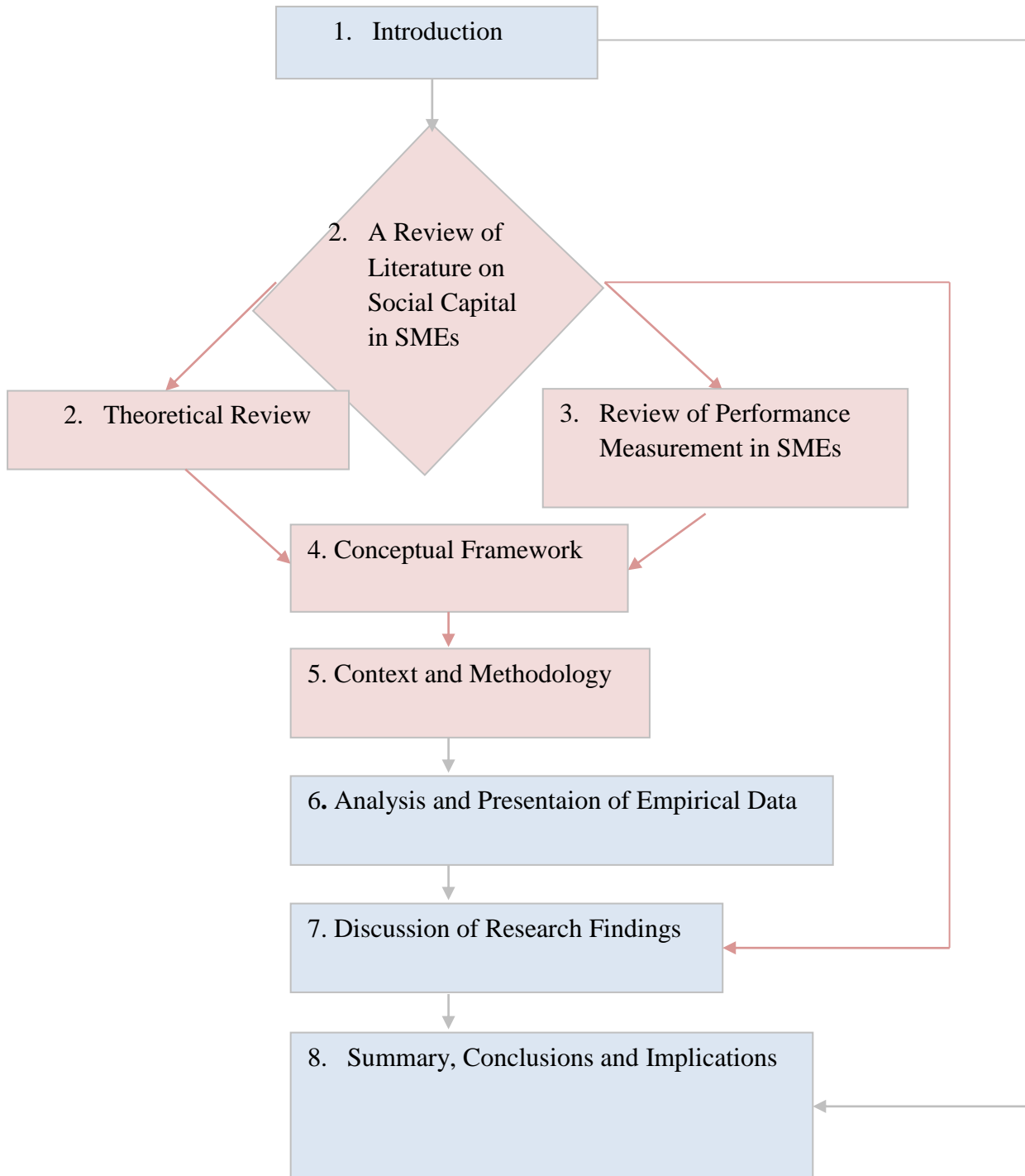


Figure 1.1 Chapter Dispositions

CHAPTER TWO

REVIEW OF LITERATURE

2.0 CHAPTER OVERVIEW

The first chapter gives a background of this research by outlining the problem statement, existing gaps, objectives as well as significance of the study. Considering the outstanding contribution of the SMEs sector to GDP growth in most countries (Agyei, 2012: 67), especially developing countries (Abor & Quartey, 2010; Agyei, 2012: 67), this review seeks to throw adequate light on the body of knowledge provided by researches based on the interaction between social capital and EI in terms of their impact on SME performance. This review reveals the strengths and weaknesses in those studies and provides guidelines and suggestions for future research work in this area. In harmony with the recommendation of Brooks & Nafukho (2006), the review provides a basis for making uniform the distribution of studies in this area across the world's geographical areas by illuminating areas where related studies are lacking. Generally, researches on this subject are inadequate in view of the need for SMEs to maximise their financial growth and impact on economic development. Therefore, this review provides a framework of previous studies that encourages researchers to conduct more studies in this area. It is the objective of this chapter to provide a roadmap for improving knowledge and academic debate on the relevance of social capital and EI in growing SMEs. With emphasis placed on developing countries, this review gives direction to future research work focused on developing countries where the impact of SMEs is most needed as well as expound the theoretical basis of the relevance of social capital, resources based view, and emotional intelligence to business performance in the SMEs sector in Ghana.

2.1 EMPIRICAL REVIEW OF LITERATURE – SOCIAL CAPITAL IN SMES

Social capital is relevant to the financial growth of small and medium-sized enterprises (SMEs) as much as human capital is (Fornoni, Arribas & Vila, 2012). Moreover, SMEs' access to needed financial resources, sales and suitable business strategy is driven by access to social capital and its appropriate usage (Fornoni et al. 2012; Adlešič & Slavec, 2012). Empirical studies have shown that SMEs' SME performance is enhanced when they have access to adequate social capital and make good use of it (Fornoni et al. 2012; Adlešič & Slavec, 2012). This empirical evidence is twin to the significant positive impact of access to social capital and its use on the SME performance of small and medium-sized enterprises in both developed and developing country contexts (Bosma et al. 2002; Adlešič & Slavec, 2012). Nonetheless, the significant relationship between social capital and the financial growth of SMEs is practically driven by two criteria, namely access to social capital (Bosma *et al.* 2002) and the entrepreneur's ability to make good use of it (Bosma, 2002; Džunić, 2010).

Research has also shown that the emotional intelligence (EI) of the entrepreneur and his employees is basically needed to access and use social capital towards expected SME performance (Goyal & Akhilesh, 2007; Brooks & Nafukho, 2006). Invariably, emotional intelligence is relevant both in accessing and productively using social capital by entrepreneurs. In view of its relevance in growing SMEs, emotional intelligence could be a distinctive business capital that ought to be well managed in the light of the bundle of other resources available to the SME. As an important business resource, therefore, entrepreneurs and their employees must have a high top-of-the-mind awareness of EI (Brooks & Nafukho, 2006). They are also expected to acquire and demonstrate it in managing relationships and other business activities to generate and savour social capital towards expected SME performance (Danquah & Wireko, 2014; Brooks & Nafukho, 2006).

To a large extent, social capital cannot be accessed and leveraged among SMEs without a demonstration of EI by their employees (Fornoni et al. 2012; Adlešič & Slavec, 2012). Unfortunately, many social capital researchers either ignore EI in their studies or relegate it to a background that does not reveal its impact on social capital and business performance. Moreover, researches (Brooks & Muiya Nafukho, 2006; Goyal & Akhilesh, 2007). on the interaction between social capital and EI in terms of impact on SME performance are few and inadequate. Logically, researches on this subject will better contribute to academic debate and knowledge about the relevance of EI and social capital in growing SMEs when they are carried out with appropriate research methods and philosophies. To achieve the same effect, these researches are also expected to transcend all geographical barriers without excessive methodological, conceptual, theoretical and socio-cultural weakness in them.

This review seeks to address these concerns by evaluating the current state and level of knowledge provided by researches on the interaction between social capital and EI in terms of their impact on SME performance.

2.1.2 Framing Social Capital Research

Social capital research ought to largely take into account matters that are relevant to the establishment and management of good relationships between people. This is because access to social capital and its management take place in the light of the entrepreneur's relationship with the rest of society (Džunić, 2010). By principle, social capital is a source of idea, funding, purchase or recommendation when it is developed and managed in a mutual and cordial relational atmosphere with friends, relatives, customers and others (Fornoni et al. 2012). In this respect, it is argued that the personality of the entrepreneur should be able to accommodate and square with the social lives of friends, relatives, customers and others, basically to drive the course of his or her business's growth. Broadly, social capital research is conducted from two viewpoints: a) access to social capital; and b) management of social

capital. To Fornoni et al. (2012), access to social capital is the ready availability of human contacts and their willingness to support the entrepreneur's business in any way possible. Similarly, Glaeser et al. (2002) see access to social capital as the ability of the entrepreneur to convince a friend, relative or an acquaintance to support any part of his business. By closely observing the definitions of Fornoni et al. (2012) and Glaeser et al. (2002), access to social capital is central to winning the conviction of people to support the entrepreneur's business by virtue of finance, sales or expansion.

Management of social capital, on the other hand, is the ability of the entrepreneur to sustain the conviction and willingness of relatives, friends and other acquaintances to provide an idea, funding, purchase or recommendation to the support of the growth of the entrepreneur's business (Fornoni *et al.* 2012). Interestingly, access to social capital and its management both take place in the light of the entrepreneur's relationship with relatives, friends and other acquaintances. In view of this, social capital research is considered appropriate when it takes into account:

- 1) Social;
- 2) Cultural;
- 3) Economic; and
- 4) Relational elements of accessing and managing human contacts.

From the perspective of the social element of social capital research, the society is seen as a broad asset to the entrepreneur. Thus, everybody in the social environment is potentially part of the entrepreneur's social capital. Though relatives, friends and acquaintances are more easily converted by the entrepreneur into social capital, people who fall outside these classes are also potential social capital. As a result, social capital research must classify all social classes that could form an entrepreneur's social capital and create a distinction in the level of effort needed to access and manage each class.

The main classification available includes relatives (nuclear and extended), friends, fellow entrepreneurs, customers, acquaintances and other people the entrepreneur comes in contact with on a daily basis. With respect to the level of effort needed to access and manage social capital in each classification, it is argued that the precursor is the depth of ones understanding of the potential and relevance of the entrepreneur's business. For instance, a potential social capital would ask: *Is this person's business worth my support based on its profitability?* On the contrary, Fornoni *et al.* (2012) is of the view that people who are related to the entrepreneur by blood could more easily be converted into social capital than people not related to them by blood, depending on the cultural setting and economic situation in which relatives find them.

With regard to the cultural element of framing social capital research, access to social capital and its management by the entrepreneur is driven by the nature of the culture constituting the social environment in which the entrepreneur and his potential social capital dwell. According to Surin & Wahab (2013), culture may limit or hinder the conversion of married women into social capital. Surin & Wahab (2013) further argue that people's religious beliefs often influence their engagement in relationships, especially business-oriented relationships. This argument is in harmony with the viewpoint that a Ghanaian entrepreneur would find it easier to convert Ghanaians into social capital than non-Ghanaians. Obviously, the cultural dimension of framing social capital research is delicate and important. Even so, this dimension feeds on the economic element of framing social capital research.

In every society, people's class of friends, acquaintances and sometimes relatives is determined by what economic classes they find themselves. As a result, the entrepreneur's ability to make and manage social capital has a bearing on his economic status and that of the people he may wish to convert into social capital. Generally, an entrepreneur who needs funding or financial support is likely to gear his interest towards converting: a) people with

strong economic backgrounds; and b) people in relationship with people with strong economic backgrounds into social capital. Though the entrepreneur's ability to convert these categories of people into social capital may depend on the economic class to which he belongs, his relationship with them is seen to be the strongest source of influence on them.

As mentioned earlier, access to social capital and its management primarily takes place in the light of the entrepreneur's relationship with others. A critical question worth answering is: *What sources of network relationships are right for accessing and mobilising social capital?* Fornoni *et al.* (2012) posit that such a relationship is expected to be receptive, cordial, convincing and emotion-sensitive. Relationships can be convincing when they are developed in a good communication interface that exists between the entrepreneur and his social contacts. On the other hand, a receptive, cordial and emotion-sensitive relationship is the one that satisfies a person's emotional needs. In essence, the entrepreneur would be able to access and manage social capital when his relationship with people is receptive, cordial, convincing and emotion-sensitive. In view of this, social capital research is considered incomplete without considering the role played by emotional intelligence in building sustainable relationships.

Emotional intelligence (EI) is considered to be the catalyst to fruitful relationships. Consequently, the entrepreneur's need of emotional intelligence in accessing and managing social capital cannot be underestimated. In framing social capital research, therefore, it is relevant to account for the contribution of emotional intelligence to the relationship between the entrepreneur and his social capital. Even so, there is the need to find out whether the entrepreneur and his employees have emotional intelligence and whether or not they demonstrate its use in the course of managing the business. Without this consideration, it is likely that the impact of social capital on the SME performance and growth of the business will be overestimated, considering the fact that EI is a large source of impact on the influence

of social capital on business growth, unless the entrepreneur and his team do not have EI or do not demonstrate it in dealing with human contacts such as customers, relatives, friends and acquaintances.

2.1.3 The Difference between SMEs and Large Businesses

SMEs are “a heterogeneous group of business, ranging from a single artisan working at home and producing handicrafts to sophisticated software-producing firms selling in specialised global niches” (Fischer and Reuber 2005, p. 131). An earlier study (Wiltshire Committee 1971) defined a small business “as one in which one or two persons make all the critical management decisions (e.g. accounting, purchasing, processing or servicing, marketing)”. However, a more accepted definition by The NBSSI (1998) provided an operational definition of SME to include the following: “Small business is any business that employs up to 29 people. And small business is divided into: the micro and small and medium enterprises. The micro enterprises employ up to 5 employees with fixed assets (excluding land and building) not exceeding the value of \$10,000; small enterprises are those employing between 6 and 29 employees or having fixed assets excluding land and building not exceeding \$100,000 and; a medium enterprises employ between 30 and 99 employees with fixed assets of up to GH\$1m”. This study focused on the NBSSI definition since it is being conducted within the context of Ghanaian SMEs. In consideration of qualitative issues as operations and organisational structure, there are hardly any notable distinctions among SMEs all over the world (Rahim 2017) and this call for the appraisal of the research findings with regards to existing literature.

In considering the distinct types sizes of business organizations, Westhead and Storey (1996, p. 18) noted that SMEs are not similar to larger firms, and therefore, “theories relating to SMEs must consider the motivations, constraints and uncertainties facing smaller firms and

recognise that these differ from those facing large firms''. Thus, in accordance, we bring to the fore those SME characteristics that could possibly affect their performance.

2.1.3.1 Characteristics of SMEs

SMEs are mostly seen to share common characteristics such as short-term management outlook as well as the challenge of properly trained staff (Welsh and White 1981). These characteristics together called as resource scarcity, most times limit the business firm's capability to focus on important benefits (Jenkins 2006; Tilly 2000). The working span of these SMEs is also affected by other constraints such as organisational formulations (Miller and Besser 2000; Tetteh and Burn 2001), the lack of specialised knowledge (Barry and Milner 2002), capital resources to manage practical requirements (Gaskill et al. 1993; Raymond 2001).

SMEs can also be distinguished from big firms by their organizational procedures and management style. Another notable difference is that SME's are driven by a smaller management team which is strongly motivated by the owner. They also have little control over their business environment and are characterized by a strong will to remain independent (Dodd et al. 2002). However because the owners are personally involved in the day-to-day running of the business their vision does not exceed the operational issues concerning the business (Tilley 2000). Another feature is that because they operate flatter organizational structures, they are relatively simple, flexible and have highly centralised chain of command relative to bigger firms. The flatter structure also gives them the advantages of making quicker and perceptively responsive decisions in the business environment (Sen and Cowley, 2013). The effectiveness of decisions in such small and smaller firms is to a large extent dependent on the personal attributes and intuitions of the owner/manager rather than long term vision and rationality of the entrepreneur. This explains why SMEs are broadly accused

of being ‘strategically myopic’ (Mazzarol 2004). Thus it can be said that the performance of a small enterprise is mainly dependent on owner/managers characteristics.

Another important feature that distinguishes SMEs from large-scale businesses is power and perceptibility. Perceptibility is an important attribute in shaping business conduct. Smaller firms however have lower bargaining skills and political influence to minimize risks in the market. It is also argued that because SMEs tend to deal with a smaller customer base, they are highly visible and their activities also come under the constant view of the public (Sen et al., 2013).

2.1.4 Mapping Social Capital Research: Issues and Evidences

This review embraced a classification according to the temporal lifecycle model that comes with a framework of design considerations in social capital research (*See Figure 2.1*). In the context of the temporal lifecycle model, it was additionally indicated whether the evidence revealed in reviewed articles were based on primary or secondary data or whether no application of data was noticeable. *Figure 2.1* shows the mapping of articles reviewed according to the temporal lifecycle model, with the level of analysis adopted indicated.

	Studies assessing practitioners' knowledge	Studies assessing training	Studies assessing adoption and practice	Studies assessing impact
Studies conducted at the small business level	1,8,90	41, 53, 88 44	3 23 27	56 78 80 32 33 34
Studies conducted at the medium-size business level		5 6 11 26	2 22 48	36 37 38 39
Studies conducted at the large-scale business level	19 83	16 9, 23, 36	47 73 77 87	40 12 84

Figure 2.1: Mapping of Articles Reviewed According to a Temporal Lifecycle Model and Level of Analysis

Bold: Analysis of data collected from primary sources (64 articles)

Normal: Analysis of data collected from secondary data (20 articles)

Italic: No data collected or analysed (6 articles)

See APPENDIX *Table A3* for reference to article number

A large proportion of the studies focused on the impact of social capital on organisational SME performance. This classification overlaps into training and transcends studies conducted at the small business, medium-sized business and large-scale business levels. The least number of studies assessed the consciousness of the entrepreneur to the adoption of social capital. Moreover, only one research (Singh, 2010) studied the subject of social capital in the

context of emotional intelligence and SME performance; but it does not transcend large businesses owing to the complexity of social capital management at this level (Singh, 2010; Surin & Wahab, 2013). Generally, there is a heavier pile of studies around the assessment of impact and adoption/practice at the small and medium-sized business levels (See Figure 2.1).

At this point, it is necessary to identify and discuss the fundamental issues in the clusters of studies in the temporal lifecycle model. This discussion will not discriminate against the type of data and design reported.

2.1.4.1 SMEs' Knowledge

Knowledge about social capital is critical to its adoption and practice (Yokakul et al. 2013; Sutton, 2006), where adoption and practice form the basis for training and assessing impact. Invariably, there is no need to train people in the use of social capital or measure its impact when there is no room to adopt and practise it. As a result, assessing employees' and entrepreneurs' knowledge about social capital is fundamental to social capital research (Yokakul *et al.* 2013). However, the bulk of studies assessing knowledge (or awareness) on social capital are very few. Moreover, available studies indicate a very low level of practitioner knowledge about social capital. In fact, a majority of studies made evident entrepreneurs' total ignorance about social capital (e.g. Zuwarimwe & Kirsten 2007), especially in a developing country context.

Studies which assessed knowledge could be placed in three broad portfolios. The first one assessed knowledge of entrepreneurs or management executives and their subordinates *directly at the level of primary data*. The other portfolio assessed knowledge of entrepreneurs or management executives and their subordinates *indirectly* at the level of secondary data or meta-analysis, which in this review is classified as part of secondary data assessment. The third portfolio assessed knowledge of only entrepreneurs or management executives at the

levels of primary and secondary data assessment. A number of articles in each of these portfolios conducted the assessment in the face of emotional intelligence (EI).

2.1.4.2 Adoption and Practice

The number of studies conducted on social capital adoption and practice are relatively considerable in view of training and knowledge assessments. This is because many researchers seem to be more interested in seeing outcomes (impacts) of social capital incorporation in business management rather than the effects of creating awareness on it and imparting its skill and knowledge to potential practitioners.

When assessing the adoption and practice of social capital, the studies took account of routine measures that form a basis of *acquiring, managing and monitoring* the use of social capital in business, both at the *small, medium and large-scale business* management levels. However, studies on large-scale businesses tend to follow the routine more closely, providing modalities for acquiring, managing and monitoring the use of social capital. On the other hand, some studies which assessed the adoption and practice of social capital, only took account of the mere consciousness of the entrepreneur or management in the use of social capital without considering any routine set of measures that affected the involvement of other employees of the business.

Adoption and practice assessment largely embraced qualitative primary data, where the opinions of entrepreneurs and managements were explored. This arm of mapping social capital research did not include measurement of the impact of adoption and practices, which is tantamount to impact assessment. As a result, the bulk of studies in this level of assessment were descriptive and qualitative. The portfolio of studies on this indicated that most entrepreneurs and businesses do not adopt and use social capital consciously. But studies conducted in developed country contexts revealed a higher level of conscious adoption and

use of social capital. In essence, developing countries do not recognise the need to adopt and use social capital in business management. This could be as a result of the poor level of people's knowledge about social capital, especially from a developing country perspective.

2.1.4.3 Training Assessment

Because people can learn how to acquire social capital (Cheng-Nam et al. 2007), training is considered as one of the facilitators of its impact on businesses and people. In view of this, Fornoni et al. (2012) made the submission that social capital researches would need to touch on the relevance of training. Nonetheless, aside knowledge assessment, training assessment was the most deprived area in social capital research.

Training assessment was done at the level of quasi-experimental design with total primary data application. In this regard, experimental and control groups were used as a basis of finding out whether training would enhance people's ability to acquire and manage social capital. Training assessment was also done using evidences extracted from secondary data and meta-analysis. However, studies based on secondary data and meta-analysis are weak with respect to the depth of explanation given on data validity and reliability. Additionally, only one study (Cheng-Nam *et al.* 2007) could identify training approaches suitable to social capital acquisition and management. The other studies limited their assessment to the impact of training. Even so, an assessment of the impact of training was limited to quasi-experimental designs which were conducted within potentially short periods. Meanwhile, results of quasi-experimental designs could be influenced by time (Cheng-Nam *et al.* 2007); so experiments should have employed more elaborate durations that were sufficient to trigger the effect of training on subjects.

A cursory look at studies on training assessment indicates that the majority of businesses and entrepreneurs do not use training as a means of equipping themselves and their employees with social capital acquisition and management skills. Possibly, this is attributable to the poor

knowledge of entrepreneurs and managements about social capital and its relevance, especially in a developing country context.

2.1.4.4 Assessment of Impact

There is a huge gap in the bulk of studies conducted on social capital, regardless of whether emotional intelligence was brought into the picture or not. This gap is a reflection of the discovery that most studies assessed *impact* when the basic steps to this assessment were not taken. Practically, assessment of knowledge, adoption/practice and training were omitted from the majority of studies. Many studies (Perreault et al. 2007; Hjerppe, 2003) were conducted to assess impact without endeavouring to assess knowledge, adoption/practice and training.

The assessment of impact was done at three distinctive levels. First, impact assessment entailed the examination of social capital access and its relationship with access to finance. At this level, two sub-classifications are evident: a) studies which took account of emotional intelligence as a moderating variable; and b) studies which were blind to the moderating role of emotional intelligence. Moreover, most of the studies at this level dwelt on small and medium-sized businesses, with a very few focused on large-scale businesses. Another level of impact assessment is the examination of the relationship between social capital access and the quality of service delivery. This level shares in the two sub-classifications of the first level. However, studies at this level dwelt only on service providers in the small and medium-sized enterprises sector. Relative to the first, this second level largely embraces emotional intelligence as a moderating variable.

The third level of impact assessment is based on studies that examined *the relationship between social capital and organisational performance*. This level employs the sub-classifications of the first and second levels but involves a higher number of impact

assessments on medium and large-scale businesses with or without emotional intelligence serving as a covariate. Though it is quite commendable, the depth to which the impact of social capital has been assessed, this assessment finds little support from knowledge, adoption/practice and training assessment.

Virtually all studies based on impact assessment (such as Cheng-Nam et al. 2012; Danquah & Wireko, 2014) revealed that social capital access positively relates to access to finance and SME performance. Emotional intelligence has been found to empower the influence of social capital on access to finance, business performance and quality of services delivered.

2.1.5 Gaps in Issues and Evidence

One important objective of social capital research is to provide evidence about how social contacts can be savoured, especially in profitable ventures or businesses (Bosma et al., 2002). According to Hjerppe (2003), social capital studies are expected to assess SMEs' knowledge, practice and experience with social networks on the basis of making the most of relationships. Moreover, emphasis has been placed on the need to verify the impact of access to social capital and business performance (Shaibu, 2012; Putnam, n.d.). Obviously therefore, the bulk of social capital studies should be able to provide evidences and identify issues pertaining to the aforementioned areas. However, this review shows that the body of studies on social capital, for that matter the knowledge provided by them, is infiltrated with a lack of completeness in the way issues and evidences were presented.

As seen in most articles reviewed, social capital researchers have not been able to provide much significant evidence about SMEs' knowledge in the subject. Invariably, an insignificant number of studies have been conducted to assess people's knowledge of social capital. Commendably, Zuwarimwe & Kirsten (2007), Yli-Renko et al. (2000), Westlund (2003) and a few other researchers could work on this area of the subject. Even so, all studies assessing

SMEs' (i.e. entrepreneurs and employees) knowledge about social capital could not provide a distinction between "awareness" and "knowledge". In their study, Zuwarimwe & Kirsten (2007) acknowledged that the meanings of these two words are different in the context of knowledge assessment in social capital research. As a result, they recommended that researchers assess SMEs' awareness and knowledge of social capital in different dimensions that harmonise with the meanings of the two words. Evidently, knowledge assessment in social capital research has not touched on this recommendation of Zuwarimwe & Kirsten (2007).

Similarly, studies assessing SMEs' practice and experience with social capital are as insignificant as those assessing knowledge. This situation poses a huge gap in social capital research because studies assessing impact largely outnumber those assessing SMEs' practice and experience with social capital. According to Westlund (2003), such a misbalance forms the basis of the malfunctioning of some arms of social capital research in terms of contribution to knowledge and academic debate on the subject.

The depth of coverage on the assessment of the impact of social capital research is considerable. However, there is a missing link between assessment of practice/experience and assessment of impact. This is because practice and experience have a link to impact (Tendai, 2013); therefore social capital studies assessing impact cannot ignore an assessment of practice/experience, just as studies assessing practice/experience cannot relegate impact assessment to the background. Surprisingly, very few studies assess impact and practice/experience. Similarly, few studies assess knowledge and practice/experience, when these two areas are naturally linked in the context of social capital research (Westlund, 2003; Zuwarimwe & Kirsten, 2007). It is therefore obvious that evidences and issues provided by researchers around social capital research are not presented based on the natural link between knowledge, experience/practice and impact assessments.

A major gap in social capital studies is the fact that the effect of emotional intelligence is not examined by most social capital studies in accessing and savouring social networks. The study of Kit & Nafuko (2006) is one of the very few studies that examined the effect of emotional intelligence on access of social capital and its impact on the financial growth of SMEs. Danquah & Wireko (2014) argue that emotional intelligence is a tool for making and nurturing relationships; hence studies based on relationships must incorporate emotional intelligence. *With reference to Appendix 3, only 3 studies involve emotional intelligence. This is demonstrated in Figure 2.2. It is therefore* evident that future social capital researchers need to recognise and incorporate the role of emotional intelligence in social capital research.

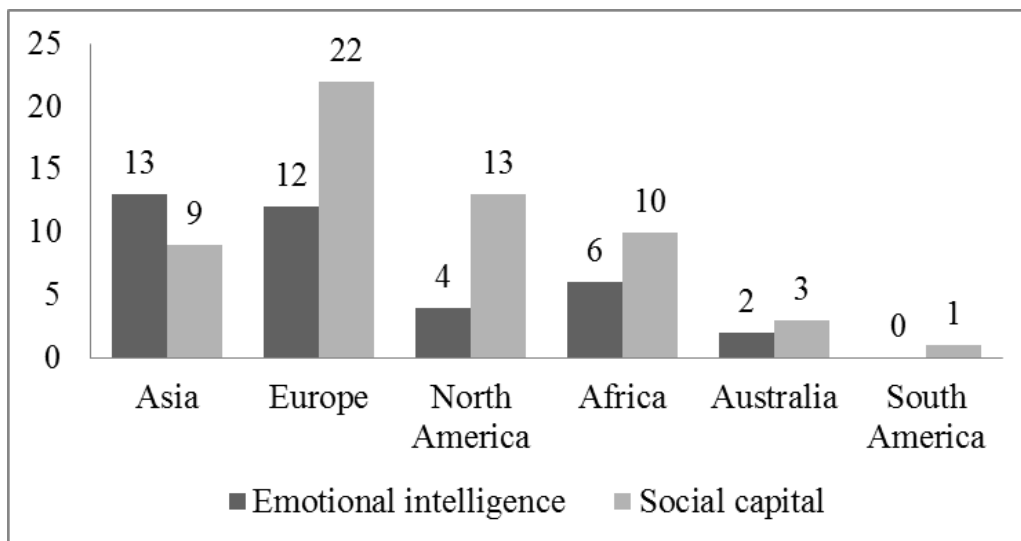


Figure 2.2: Social Capital Studies by Geographical Spread: With Elements of EI

In Figure 2.2 Europe, North America and Africa, the number of studies based only on social capital exceeds the number of studies based on a combination of social capital and emotional intelligence.

2.1.6 Gaps in Conceptual Approach

Firstly, the conceptual approaches adopted on some social capital studies (Mohmed & Rahman, 2010) are not in harmony with the kind of methodology used. Some studies employed hypothetical models and conceptual frameworks, but they failed to employ data and analysis that address them. Moreover, the research findings of some studies diverge from the conceptual approach adopted. For instance, findings in some studies are not in harmony with the theories and models employed. As a result, the relevance of findings of these studies are not driven by the model(s) or theories adopted in them. Hence, issues and evidences provided by them have no conceptual backing. Secondly, in many of the reviews reviewed (Roxas, 2008), it is not made clear the kind of conceptual approach adopted. Moreover, these studies are unable to create a conceptual identity (i.e. whether a model, theory and concept is used) that forms a basis of findings. As a result, it is quite difficult to assess the basis of the findings in these studies.

On the basis of conceptual gaps identified in this review, the body of social researches available makes little valid claim to existing theories, models and previous research work. As a result, there is a weak platform on which the credibility of research findings can be verified.

2.1.7 Gaps in the Methodological Approach

Methodological barriers in research are threats to research validity and credibility. According to Odra (2010), this is because research findings are outcomes of research methods such as choice of research technique, population, sample size, and data analysis tools employed and used. In this review, therefore, detailed attention is given to methodological issues associated with social capital researches, leading to an identification of some gaps in the methodological approaches adopted in them.

Generally, articles reviewed portray much weakness in terms of linkages between research methods. Research techniques employed in most social capital studies do not show much relevance from the viewpoint of conceptual approaches and the data analysis tool adopted. In a number of instances where quantitative research techniques were employed, rigorous measures were not taken to back these techniques to ensure that they led to reliable and valid findings. In many social capital studies (e.g. Oxoby, 2009; Mohamed & Raman, 2010), researchers intended to use representative samples on which findings could be generalised. Yet, these studies come with no measures of validity and reliability. However, reliability and validity measures are relevant to the credibility of quantitative studies (Morse, 2002).

It is found that many of the studies reviewed do not accompany descriptions of sampling processes. These studies merely acknowledge the type of sampling procedures used without giving details as to how samples were reached. This gap is a reflection of a major weakness in some social capital studies because an omission of detailed descriptions of sampling processes conceals basic information needed to diagnose the appropriateness of the sample and sampling procedure employed. According to Ocran (2010), a description of sampling processes buttresses the rationale for the choice of sample and sampling procedure.

Another serious problem associated with the methodological approaches adopted in social capital researches is the fact that statistical tools used in quantitative studies are not applied in view of satisfied assumptions. For instance, the use of parametric statistical tools such as Analysis of Variance, student's t-test and the like, using continuous data, requires that the normality assumption is satisfied (Rice, 1995). Satisfying this assumption is the basis of making valid conclusions in a quantitative study. The use of ordinary least squares regression for time series data also requires that the *independence of errors* assumption is satisfied (Rice, 1995; Sawilowsky, 2005). However, most quantitative social capital studies are blind to these assumptions.

2.2 THEORETICAL REVIEW

The concept of social capital, though relatively new in the marketing literature, is often said to be an important subject owing to its multidisciplinary nature. In fact, social capital has been mentioned in many disciplines (e.g. health, social sciences and business) in extant literature. For this reason, explanation and assessment of social capital and its relationship with other variables in a particular field needs to be contextual and must be linked to sound theoretical arguments. In this section therefore, the goal was to expound the theoretical basis of the relevance of social capital, resources, and emotional intelligence to business performance in the SMEs sector in Ghana. Thus, this section focuses on the integration of related theories to formulate the theoretical framework of the study.

2.2.1 BACKGROUND OF THE REVIEW

2.2.1.1 The Difference between SMEs and Large Businesses

SMEs are “a heterogeneous group of business, ranging from a single artisan working at home and producing handicrafts to sophisticated software-producing firms selling in specialised global niches” (Fischer and Reuber 2005, p. 131). An earlier study (Wiltshire Committee 1971) defined small business “as one in which one or two persons make all the critical management decisions (e.g. accounting, purchasing, processing or servicing, marketing)”. However, a more accepted definition by The NBSSI (1998) provided an operational definition of SME to include the following: “Small business is any business that employs up to 29 people. And small business is divided into: the micro and small and medium enterprises. The micro enterprises employ up to 5 employees with fixed assets (excluding land and building) not exceeding the value of \$10,000; small enterprises are those employing between 6 and 29 employees or having fixed assets excluding land and building not exceeding \$100,000 and; a medium enterprises employ between 30 and 99 employees with fixed assets of up to GH\$1m”. This study focused on the NBSSI definition since it is

being conducted within the context of Ghanaian SMEs. In consideration of qualitative issues as operations and organisational structure, there are hardly any notable distinctions among SMEs all over the world (Rahim 2017) and this call for the appraisal of the research findings with regards to existing literature.

In considering the distinct types of business organizations, Smallbone & Welter (2001); Westhead and Storey (1996, p. 18) noted that SMEs are not similar to larger firms, and therefore, “theories relating to SMEs must consider the motivations, constraints and uncertainties facing smaller firms and recognise that these differ from those facing large firms”. Thus, in accordance, we bring to the fore those SME characteristics that could possibly affect their performance.

2.2.1.2 Characteristics of SMEs

SMEs are mostly seen to share common characteristics such as short-term management outlook as well as the challenge of properly trained staff (Welsh and White 1981). These characteristics together called as resource scarcity, most times limit the business firm’s capability to focus on important benefits (Jenkins 2006; Tilly 2000). The working span of these SMEs is also affected by other constraints such as organisational formulations (Miller and Besser 2000; Tetteh and Burn 2001), the lack of specialised knowledge (Barry and Milner 2002), capital resources to manage practical requirements (Gaskill et al. 1993; Raymond 2001).

SMEs can also be distinguished from big firms by their organizational procedures and management style. Another notable difference is that SME’s are driven by a smaller management team which is strongly motivated by the owner. They also have little control over their business environment and are characterized by a strong will to remain independent (Dodd et al. 2002). However because the owners are personally involved in the day-to-day

running of the business their vision does not exceed the operational issues concerning the business (Tilley 2000). Another feature is that because they operate flatter organizational structures, they are relatively simple, flexible and have highly centralised chain of command relative to bigger firms. The flatter structure also gives them the advantages of making quicker and perceptively responsive decisions in the business environment (Sen and Cowley, 2013). The effectiveness of decisions in such small and smaller firms is to a large extent dependent on the personal attributes and intuitions of the owner/manager rather than long term vision and rationality of the entrepreneur. This explains why SMEs are broadly accused of being 'strategically myopic' (Mazzarol 2004). Thus it can be said that the performance of a small enterprise is mainly dependent on owner/managers characteristics.

Another important feature that distinguishes SMEs from large-scale businesses is power and perceptibility. Perceptibility is an important attribute in shaping business conduct. Smaller firms however have lower bargaining skills and political influence to minimize risks in the market. It is also argued that because SMEs tend to deal with a smaller customer base, they are highly visible and their activities also come under the constant view of the public (Sen et al., 2013).

2.2.1.3 The Social Capital of SMEs

In order for small businesses to succeed, there is the need for small business entrepreneurs to develop resources and capabilities that can provide long-term competitive advantage (Barney 1991; Nahapiet and Ghoshal 1998). It has been noted that it is the reciprocity of mutual responsibilities that enables firms to create competitive advantage and the potential to manage social governance (Larson, 1992).

To overcome the drawbacks that are often not experienced by the bigger organisations, smaller firms need to focus on the social capital embedded in their network ties (Fuller and

Tian 2006; Spence et al. 2003). Some researchers see social capital as relevant for enhancing intellectual capital development (Nahapiet and Ghoshal, 1998). For others it's an organizational advantage that can be earned from business relationships (Ghoshal and Moran, 1996).

The effective functioning of SMEs can be gained from their access to information and resources from their network relationship. To make up for their relative weakness as compared to larger firms, social relations of the owner/managers or entrepreneurs can help SMEs survive competition in the market. This will help reduce their weaknesses such as smaller size, lower economies of scale and lower security (Sen et al., 2013). Social capital is the resources that help provide shared representations, interpretations and systems of meanings among parties. The common ground created through a unified purpose encourages future cooperation and information exchange, thereby resulting in trusting relationships between the members. Some of the positive outcomes that firms gain through formal associations, relationships within the firm and across different sectors, volunteerism and love are images of boldness, benevolence and good citizenship (Sen et al. 2013).

In the case of SMEs, whose owner-managers come from different backgrounds, have unique characteristics and varying motives, it also implies that they bring diversity to the SMEs sector (Sen et al., 2013).

2.2.1.4 The Social Capital Theory (SCT)

Putnam's (1993) SCT defines social capital as resources inherent in social relations that facilitate collective action towards desired level of productivity. In this context, "productivity" is a measure of personal development in the form of career success, entrepreneurial development, or business growth. An important attribute of the SCT is the fact that it recognizes some basic resources, which are trust, norms, and a network of

individuals representing one or more groups. The first resource, the network or group of individuals, is the human embodiment of social capital, without which exchanges between individuals and subgroups cannot take place.

Trust is contextually defined as “a moral belief in the ability of individuals that make up the entire network of associations” (Adlešič & Slavec, 2012, p. 204). Moreover, trust is a virtue that facilitates changes of resources between individuals and subgroups in the network. Thus trust motivates the giver (who is in the group) to offer a resource to an individual in the group. Social capital theory argues that the strength of social capital ties is based on trust. Norms, on the other hand, are the statutes and acceptable ways of doing things in the network and shape the activity, conduct and behavior of individuals in the network (Putnam, 1993). Additionally, a norm in the context of the SCT is associated with reciprocity, which encourages bargaining, compromise, and pluralistic politics within groups.

A social relation exists in a network of people sharing some moral and professional principles in common. The SCT contends that this relationship, once cordial and healthy in nature, could be a source of support to individual members from a business perspective. To explain, a professional association could be a source of social capital that provides access to funds, advice and recommendations to a member who wants to start up a business or improve the financial base of an existing business. According to Putnam (1995) nevertheless, social capital is only beneficial to individuals when some conditions are met. The first of these conditions is an adequate level of education, confidence in political institutions and satisfaction with government and political engagement. The SCT also recognizes mentoring and job networking as other necessary conditions.

Another school of the SCT is the fact that social capital is scarce and has been declining in recent years, at least in the United States. This situation contrasts the high prevalence of

technological platforms for developing and promoting social networks in the United States and other countries in recent years (Putnam, 1995; Megyesi, Kelemen & Schermer, 2010). Invariably, the proliferation of social networks and sites makes a negative correlation with the growth of social capital. This situation could be blamed on factors such as culture and variation in culture and the fact that information technology is not recognized in many countries, especially developing African countries, as a tool for nurturing and harnessing social capital. This notwithstanding, the SCT stresses the strong relevance of social capital to contemporary businesses and their markets.

The SCT is however flawed for not recognizing social relations developed outside voluntary groups (Mohmed & Rahman, 2010). Meanwhile, many social relationships are developed outside voluntary and professional groups. For instance, a business person may not belong to any voluntary or organized social group, but he or she could have a large number of friends and relations with whom relationships could be developed and leveraged. By failing to recognize relationship developed with such individuals, the SCT limits the scope of social landscape where social capital can be obtained. Given the seriousness of this weakness of the theory, some researchers (Perreault et al., 2007; Mohmed & Rahman, 2010) suggest that studies based on the SCT should incorporate relationships held with individuals in assessing social relationship and social capital if necessary.

Within the framework of the SCT, Putnam (1993) enumerates some hypotheses that communicate the nexus between social capital and several personal and business development variables. In the next subsection, these hypotheses are identified and defined.

2.2.1.5 Relevant hypothetical facets of the SCT

The SCT largely embodies ten hypotheses that explain the relationship between various pairs of variables. This study focuses on those of these hypotheses relevant to the current study.

The first of these hypotheses states that the more the level of engagement in voluntary associations or unions, the greater the social capital available to the individual (Putnam, 1994). In other words, the amount of social capital available to a person increases with the number of unions or associations he or she belongs to. This argument is only hypothetical because this relationship may not exist depending on the culture, attitudes and demographics (e.g. education) relating to members in the union. Of course, someone may belong to a dozen of unions but may not have the behavioral qualification to earn support from other members. In contrast, a person belonging to only one group could earn the necessary support from group members if he or she is trustworthy.

The second hypotheses posed by Putnam (1993) is that the larger the network size, the greater the social capital. By implication, the amount of social capital available to an individual increases as the size of the associations to which he or she belongs increases. This stance is also refutable on the basis of cultural variations within and across groups, as well as attitudes and demographics relating to members in the union.

The third hypothesis was formulated in an organizational context. This hypothesis asserts that the more the mentoring and mutual support in an organization, the greater its social capital (Putnam, 1995). It thus suggests that social capital increases with mentoring and mutual support. The relationship expressed by this hypothesis is rooted in mentoring, which is a gradual process of developing and strengthening ties between people. With effective mentoring, a person can develop healthy ties that serve as the foundation for mutual support and access to social capital. Impressively, this prediction has been confirmed in several studies (Perreault et al., 2007; Mohamed & Rahman, 2010; Megyesi et al., 2010).

Another relevant hypothesis of the SCT asserts that the greater the social capital, the more prevalent the norm of reciprocity, which has to do with bargaining, compromise and

pluralism. This hypothesis recognizes reciprocity as a criterion for acquiring social capital in a business setting or context. Moreover, ties in a group cannot lead to access to social capital if members do not share in the idea and principle of reciprocity. As argued by Megyesi et al., (2010) however, a lack of understanding of the principle of reciprocity by individuals and entrepreneurs may render this hypothesis a mere speculation.

Putnam (1993) also hypothesizes within the framework of the SCT that the greater the social capital, the easier to mobilize support for problem solutions. This statement is based on the assumption that every social capital represents a significant amount of support that can be leveraged by the individual or group. Moreover, this hypothesis has been confirmed in research (Perreault et al., 2007; Mohamed & Rahman, 2010; Megyesi et al., 2010), though few studies refute this hypotheses from varying methodological perspectives (Mohamed & Rahman, 2010).

Last but not least, the SCT assumes that the greater the social capital, the higher the percentage of problem-solving outside the governmental sector. This hypothesis identifies social networks as alternative sources of funding, which governments are obliged to provide. Thus individuals and businesses acquire the necessary support from social networks for which they are not impelled to resort to government for any assistance. This idea is in harmony with the much-acknowledged strategy of using social contacts as the means for developing the financial and performance base of small businesses (Shin & Park, 2011).

2.2.1.6 Review of Social Capital Theory

Social capital is defined as the social networks and the mutual dependence that emerge from them as well as their worth within the business environment. According to Putnam (2000, p. 23), it has “forceful, even quantifiable effects on many aspects of our lives” and it is more than just “warm, cuddly feelings or frissons of community pride”. Most current researches

on social capital emanated from the seminal work of Coleman (1988) which was on education and also that of Putnam (1993) on civic participation and institutional performance, even though the earliest use of the term ‘social capital’ came from Hanifan (1916). However, social capital has its drawbacks. It could be detrimental to the society especially where stronger actors, who possess the informational advantage, may keep the weaker parties excluded from their network, downplay social norms, and restrict individual freedom. Similarly, there are times social networks can have negative repercussions. Thus, social capital may lead to illegalities and other social vices (Adler and Kwon 2002).

Thus the sources of social network resources are embedded in the type and content of an actor’s social relations. Its benefits or drawbacks will depend on the opportunities, power and unanimity that the network brings to the fore of a particular actor.

Three types of social relations acknowledged in the social structure are market relations, hierarchical relations and social relations (Adler et al., 2002). Thus relations in which products and services are bartered or exchanged for money; relations, in which obedience to authority is exchanged for material and spiritual security; and relations, in which favours and gifts are exchanged (Sen et al., 2013).

The few SCT-related hypotheses discussed above reflect two facts: (a) social capital originates from the associations to which people and businesses belong; (b) social capital depends on the strength of the ties between members of the association, which is dependent on the norms of reciprocity, trust and a sense of belonging.

2.2.2 A Network Theory of Social Capital

Social capital is defined as “resources embedded in one’s social networks, resources that can be accessed or mobilized through ties in the networks” (Lin 2001a: Chapter 2). These networks may enable an individual to appropriate or seize another person’s wealth, power or

reputation. These social resources can then generate a return for the actor. The perception that social capital is network-based is accepted by most researchers who have contributed to the debate (The Handbook of Social Capital, 2008). This is because social networks are not social capital but social capital can only be gained from access to the resources inherent in the social relationships.

Social capital thus defined helps in identifying the sources of social capital and the benefits to it.

Three principal sources (exogenous variables) for social capital are identified: Firstly, the structural position which is made up of an actor's position in the hierarchical structure of social stratification which most social capital network researches refer to as the "the strength-of-position proposition". Secondly network locations, which are made up of an actor's location in the networks that exhibit certain features, such as closure or openness, or bridging, as is notably referred to as "the strength-of-tie propositions". Thirdly, the purpose of action can be instrumental (for gaining wealth, power, or reputation) or expressive (for maintaining cohesion, solidarity, or well-being) The Handbook of Social Capital, (2008).

2.2.2.1 Access and Mobilization

There are two theoretical perspectives when we want to view the procedures through which social network resources are expected to generate returns. The first theoretical perspective through which social capital is expected to generate returns is called accessed social capital. This entails the pool of resources inherent in one's social relationships. The belief is that the richer or greater the resources the richer and greater the benefits. Thus, the first perspective looks at the connection between accessed SC and its expected benefits.

The second perspective looks at the usage of the social networks. It is based on the premise that the capital resources that are best utilised will result in better benefits. Thus the second perspective looks at mobilised social resources. Accessed social capital predicts the extent of

availability of such resources or the degree to which a potential supply of resources proficient in producing returns is obtainable in the social networks of the player. It is an indication of the volume of resources held. An assessment or inventory of resources in the social relations of an actor's accessible or embedded resource reflects such capacity (Lin, 2005; cf. Sen and Cowley 2013).

Mobilized social resources reflect the actual use of a specific social network and its resources in the creation or utilization in the marketplace. It requires selecting a particular actor who may have the needed resources depending on the specific objective to be achieved.

2.2.2.2 Measurements

Measuring social capital from the network view also requires looking at it from two perspectives: access and mobilization. Access to social capital has generally been measured with a name-generating methodology. This method however is laden with a number of drawbacks. First, the specific situation universe from which a specific question (e.g., work problem discussion) is drawn is usually undefined or unknown to the researcher (Buchenreider and Dufhues, 2010). Second, the number of names generated is limited, typically ranging from only three to five. Unfortunately, the names that readily come to the mind of the participants are usually those that they frequently and easily access. As such the resources generated are people with the same mind-set and information as the participant. Thus this instrument fails to recognise weak and bridging relationships that may be important resource ties (Granovetter, 1974; Lin, 1982; Burt, 1992).

To make up for the weaknesses of the name generator, the position-generating methodology was introduced (Lin and Dumin, 1986). It systematically samples a list of positions in a social hierarchy (e.g., ranked occupations in a society). The position generator methodology has been generally used in a number of studies (Flap and Boxman, 2001; Lin, Fu and Hsung,

2001). It has reflected a high degree of reliability and validity. Utilisation of resources for a specific objective is supposed to support and not replace the measurement of access to the embedded relationships. The drawback of this method is that it unavoidably focuses on specific and limited number of ties and their resources used in a particular action.

2.2.2.3 The Resource Generator

To overcome these disadvantages in the name and position generators, Snijders (1999) proposed to combine the positive aspects of the Position Generator (economy, internal validity) and Name Generator/Interpreter (detailed resource information) by a much clearer referral to specific resources, and leaving out name identification from Name Generator questions. The resulting instrument, the 'Resource Generator', asks about access to a fixed list of resources, each representing a vivid, sound sub-collection of social capital, together covering several domains of life (van Der Gaag and Snijders, 2005).

2.2.2.4 Types of Social Network Resources

Prestige and education related social capital refers to resources associated with the 'strength of weak tie proposition'(Lin, 2001a). It is made up of resources prestige persons with higher educational positions. The purposes of this type of resources are expected to generate instrumental returns. It is also perceived that some of these resources may be generated from friends and acquaintances and may also result in resources gained from strong ties (Martin and Snijders, 2005).

The second type of resource is the '**political social capital**', which refers to the more entrepreneurial and influential network resources and deals with network resources political membership, financial issues as well as government regulations (Martin and Snijders, 2005).

The third type is what is called '**skills social capital**'. It looks at the communication related resources like the ability to read journals, speak a foreign language and being able to work with a personal computer (Martin and Snijders, 2005).

A fourth type is the '**personal support social capital**', which resources from the actors network that give access to good referencing, advise about family conflicts, help in moving house as well as help in finding a holiday home for a family member (Martin and Snijders, 2005).

2.2.3 The Other Theoretical Requirements for SMEs Performance

Like large businesses or multinationals, small and medium-size enterprises require the best strategies to survive in their markets and to make the expected returns and growth. For this reason, developing and making use of an outstanding competitive strategy is a basic requirement for growth in the short and long terms. An antecedent to having a sufficiently strong competitive strategy is having the requisite resources in the right amount (Kozlenkova, Samaha & Palmatier, 2014).

The RBV is a comprehensive theory that is often credited to several writers (Wernerfelt, 1984; Rumelt, 1984; Penrose, 1959); however mention of the theory was first made by Wernerfelt (1984). It is concerned with the utilization of a bundle of valuable tangible and intangible resources at the disposal of the firm. The theory asserts that resources must be heterogeneous and less mobile if they should lead to a strong competitive advantage. When resources available to the firm are heterogeneous and less mobile, this translates into value that is neither perfectly imitable nor substitutable without huge efforts.

By implication, the RBV requires every business and enterprise, including SMEs, to engage in operation only when resources are available, without which a business has no or little competitive advantage. Penrose (1959) opined in this vein that a business should have resources to be able to develop and implement superior operational and marketing strategies beyond the capabilities of competitors, regardless of whether it is an existing business or it is

at the start-up stage. This argument brings to light the Dynamic Capabilities Approach (DCA).

Within the framework of the DCA, dynamic capabilities constitute the capability of an organization to purposefully develop and adapt an organization's resource base (Teece, Pisano & Shuen, 1997). One of the dominant assumptions of the DCA is that the capability to use resources through their innovative adaptation takes precedence over mere availability of these resources. Availability of the resources needed by an organization is thus a precursor to the application of resources. As a consequence, the deployment of resources to achieve competitive advantage is ideally enshrined in the idea behind the DCA.

Adaptation is a landmark concept found in the DCA, which is a term used to explain the innovation associated with blending resources, whether or not they are sufficient to meet organizational strategic needs and to attain the highest level of competitive advantage. The DCA asserts that the organization must be able to blend its resources in the form of people, financial resources, technologies and logistics to achieve strides in the market. Teece et al. (1997) however observed that the DCA places emphasis on human resources or competencies, which determine the ability to both source and optimally use resources (i.e. funds, technologies and logistics).

Drawing from the discussion above, the RBV and DCA dictate the need for SMEs to have access to requisite resources and to be able to utilize these resources to engender superior competitive advantage and business agility. These two theories are interwoven with the SCT which principally argues that support can be elicited from social networks and associations. “Support” in this context basically represents financial support, which facilitates access to other resources recognized by the DCA (e.g. people, technologies, logistics). By implication,

the RBV and DCA argue the need for social capital deployment in organizations, precisely SMEs.

2.2.4 Concept of Emotional Intelligence

Emotions play an important function in people's preparedness to be creative and innovative and also the depth of the emotional atmosphere of a firm could enhance efficiency and innovativeness (Park 2005).

Emotional intelligence has been identified as a vital factor in long term work achievements, firm efficiency and benefits (Diggins, 2004; Sy et al., 2006). Emotionally intelligent managers can enhance employees' ability to act proactively which is in contradiction to basic intelligence, where emotional intelligence can be improved or enhanced through education and growth (Piperopoulos, 2010).

It can be argued that in very challenging and economically eruptive period, small firms will have to chase core policies to enable them access long term competitive urge and supplement their worth. What is missing in the social capital research is the influence of emotional intelligence and how it affects reorganization, originality, and eventually the accomplishment and aggressiveness of the SME (Piperopoulos, 2010). However, it can be said that the basic abilities of small enterprises are the tacit resources (emotional capabilities and social relationships) of the owner manager.

One of the criticisms associated with the emotional intelligence school is the fact that its theories are numerous beyond understanding (Freshman & Rubino, 2002). The large number of theories produced on EI has resulted in several poorly validated measurement scales (Farooq & Rehman, 2011), making it difficult for researchers to identify a scale that suit their contexts (Freshman & Rubino, 2002; Farooq & Rehman, 2011). Interestingly however, these

theories communicate the same concept and understanding for which their essences resonate (Ozer et al., 2016).

One of the earliest EI theories developed is that of Salovey & Mayer (1989). This theory describes emotional intelligence as a skill of four dimensions, these are: (i) understanding the emotions, strengths, weaknesses, needs and motivations of self, and making use of this understanding in relating with people in daily activities; (ii) the ability to reflect on past and current issues and conditions, the capacity to adapt to changes and situations, and saying no to impulsive urges in one's dealings with others on daily basis; (iii) the ability to achieve targets when conditions are not favorable, being passionate over profession and work, and enjoying challenges and outcomes; and (iv) the ability to move people to a direction desired by the individual. This includes the ability to influence decisions, thoughts and emotions in an expected way.

This model of Salovey & Mayer (1989) played a monumental role in the evolution of the concept of emotional intelligence and its research work. For instance, this theory forms the formal foundation of many models and theories propounded later. The EI theory of Bar-On (1997) for example, was developed from the model of Salovey & Mayer (1989). It recognizes EI as a set of interrelated emotional and social competences that influence how effectively people understand and express themselves, understand others and relate with them and cope with the demands of daily life. Bar-On's (1997) theory asserts that EI is a cognitive skill or a form of intelligence that facilitates success in people's daily relationship development. As mentioned earlier, the idea underpinning this theory is largely consistent with that of the theory of Salovey & Mayer (1989).

Though emotional intelligence theories are numerous, academics recognize the work of Goleman (1995) to be of a far-reaching influence on academic debate. This outstanding

influence of the theory of Goleman (1995) is linked to several reasons. First, Goleman's theory of EI decomposes the four dimensions of Salovey & Mayer (1989) into five dimensions, thereby making the EI concept more comprehensive. Secondly, Goleman's theory explained EI in a more suitable field, which is leadership, and is consequently able to articulate the relevance of EI to everyday life. This point brings to mind the fact that proponents' interest to explain EI in different fields is the basis of the variety of EI theories. Of course, each of these theories is acceptable once it conveys the right understanding in its corresponding field.

In addition, the fact that later theories such as that of Goleman (1995) are more popular, elaborate and comprehensive does not mean the theory of Salovey & Mayer (1989) is not important. In fact, apart from serving as the foundation for developing many theories, Salovey & Mayer's (1989) theory is the first to be formally incorporated in the literature (Freshman & Rubino, 2002). Till date, this theory continues to play an important role in researchers' effort to assess the appropriateness of EI models for application in specific fields or disciplines.

Goleman's (1995) EI theory embodies three models. The mixed model is one of these frameworks, with the other two being the ability model and trait model. The ability model recognizes an individual's emotions of self and emotions of others as relevant sources of information that enable one to make meaning of the social setting and to steer it (Goleman, 1998). It posits that individuals' are distinct in their drive to exercise emotion-driven information, and in their power to relate psychological processing to a greater level of reasoning. The ability model has three goals: perceiving emotions; understanding emotions; and managing emotions. Thus the trait model tends to look at how the individual perceives their emotional capacity. It basically explains attitudinal temperaments and self-perceived capabilities of the individual.

Goleman (1995) postulates an EI framework of five skills and competences that ensures effective every day and leadership behavior. These skills are self-awareness, self-regulation, social skill, social awareness and self-motivation. It is believed that these skills as abilities that can be made better with time. They are therefore not inherited abilities. However it is argued that individuals are born with a basic EI that decides their capacity to acquire and enhance their psychological aptitudes.

Self-awareness, involves having enough in-depth awareness of one's emotions, capabilities, limitations, needs, and motives. This is needed to perceive the psychological and emotional state of others. Invariably, one cannot understand others emotions without an understanding of their own.

Social awareness is the ability to thoughtfully consider others' feelings when interacting or when relating with them. That is the greater the social awareness of an individual the less hasty they are in discerning others behavior. This requires abilities of empathy towards others.

The fifth dimension of the mixed model is social skill, which is the ability to get people to act in a desired direction (Asiamah, 2017). Individuals with this ability are capable of influencing others to take decisions that agree with their desired and goal.

A proper assessment of all EI theories would indicate that proponents and theorists of EI seek to explain the same idea in different contexts and disciplines. They tend to contend that emotional intelligence is a requirement for successful interpersonal relationship. In fact, Brackett et al. (2004) opined in this vein that EI is needed in everyday behavior. In other words, emotional intelligence enables people to communicate effectively and satisfactorily with others by understanding their own emotions and those of others and using this

understanding to react favorably to information and behaviors, including potentially irritating behaviors and information.

There is not a doubt that social networks in which social capital is found is made up of people from various cultural, familial and religious backgrounds. Moreover, success in these networks would depend on how well the individual understands others and cope with them. Emotional intelligence is therefore a cognitive tool necessary for savoring social groups, especially in terms of accessing social capital from them. In the next section, this assertion is better explained.

2.2.5 THE THEORETICAL MODEL

Drawing from the SCT, affiliation to professional, religious and other forms of sectorial groups is an opportunity for individuals to acquire social, emotional and financial support. Social networks, for instance, create social support by serving as avenues for mentorship, recreation, and physical activity (Megyesi et al., 2010). Research has also shown that activities of social groups are a source of emotional needs to group members, and such activities often repair psychological disorders (Putnam, 1993). From a business perspective, social groups are supportive on the basis of serving as a place for (Glenane-Antoniadis, Whitwell, Bell & Menguc, 2003): (a) exchanging business ideas, particularly in the areas of marketing, operation and sales; and (b) accessing financial resources from individuals or/and group.

In the context of the SCT, social capital involves the three forms of support identified above. However, researchers have over the years focused on the financial benefit associated with social networks and social capital. It is however argued in this study in harmony with some studies (e.g. McLaughlin, 2012; Surin & Wahab, 2013) that having access to emotional and social support is a precursor to the acquisition of financial support within a social group. To

explain, relationships and ties are developed and strengthened in social networks through activities bothering on emotional and psychological exchanges (Surin & Wahab, 2013). Putnam (1993) also observed that tangible items, including financial resources, can only be exchanged in a social group after a good relationship has been established in the process of exchanging emotional and psychological needs. Invariably, trust, a sense of reciprocity and other factors that influence social capital exchange develop only after sufficiently strong ties and relationships are developed within a social group.

The EI theories of Goleman (1995) and Bar-On (1997) recognize emotional intelligence as a psychological tool needed to develop ties and relationships. In fact, all EI theories admit that emotional intelligence is a requirement for daily relationship development in all spheres of life. This being the case, emotional intelligence could be considered a necessary tool that facilitates the development of ties between individuals within social groups. Since ties cannot be developed without trust (Baran & Davis, 2011; Glenane-Antoniadis et al., 2003), emotional intelligence is necessary for the development of trust, a sense of reciprocity and other factors that underpin social capital.

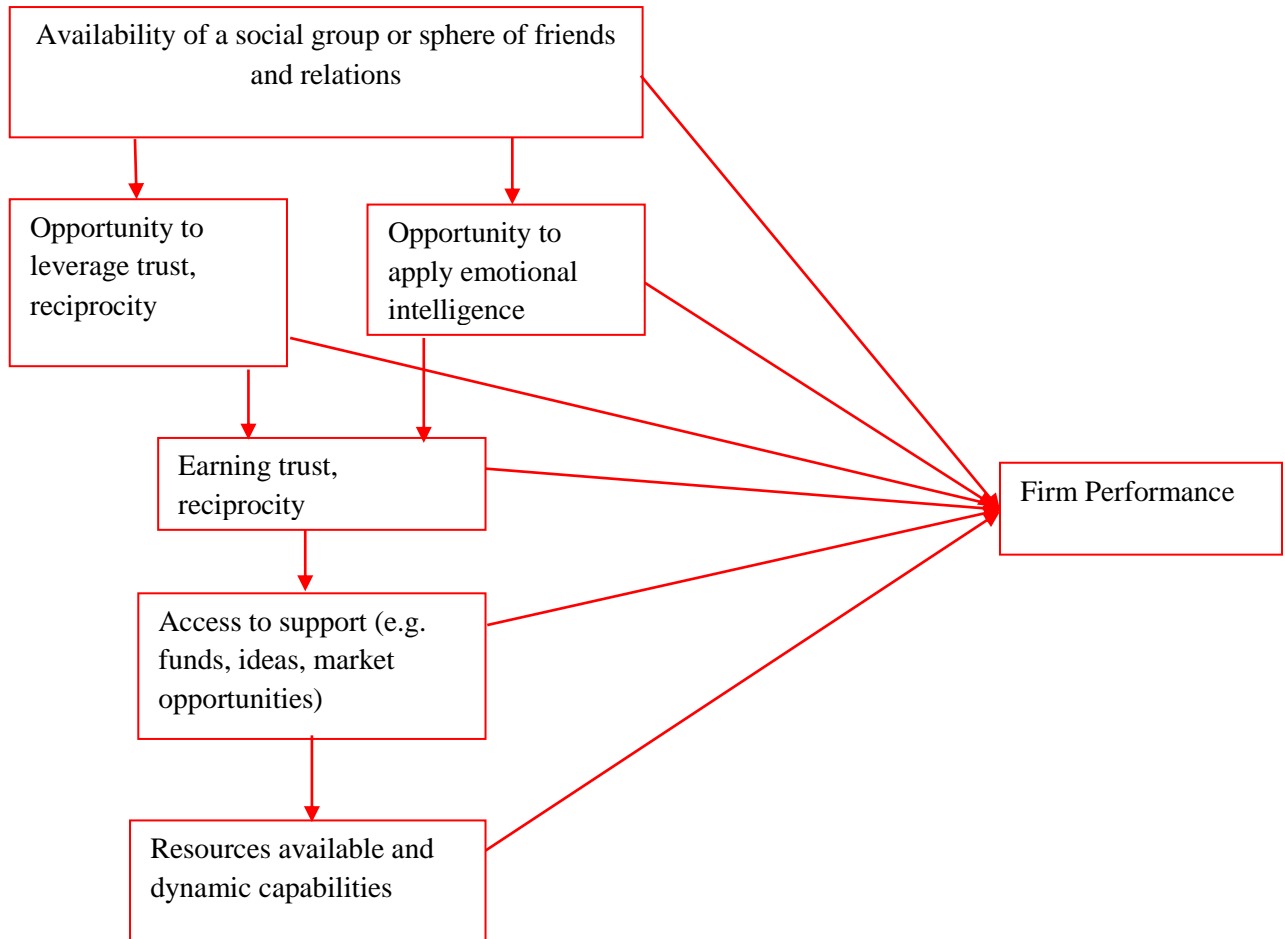


Figure 2.3 Theoretical Model – An Adaptation of the SCT, RBV, DCA and EI Theory

Owners or operators of SMEs are individuals who would often need social, emotional and financial support from social groups to advance the growth of their businesses. To acquire these needs, entrepreneurs must belong to a group or must have a social sphere of friends who are capable of serving as a source of business ideas, opportunities and funds. As seen in Figure 2.3, the individual must be able to earn the trust of individual group members, and this can be achieved by deploying emotional intelligence. By being emotionally intelligent, one can earn the trust of individuals and groups and facilitate reciprocity. Coupled with the assertion of Putnam (1993), trust can only develop by gradually building a good interpersonal relationship.

As seen in Figure 2.3, having a group or social sphere of friends and relations is a requirement for earning trust/reciprocity and emotional intelligence application. However, one can only deploy emotional intelligence and earn trust and reciprocity after having and utilizing opportunities. These opportunities would increase with increasing number of social contacts or groups. Reciprocity and trust are key factors that would influence whether or not the individual obtains support from these contacts and groups, yet these factors are driven by emotional intelligence. So access to resources and its impact on performance stem from availability of a group and being able to apply emotional intelligence.

2.2.6 SUMMARY OF THE CHAPTER

This chapter has carried out a review of the study the body of social capital researches available must be built to address the impact of social capital on the performance of businesses in view of the limited number of studies currently addressing this issue. Since few studies are focused on the impact of social capital on SMEs performance of businesses, more future researches are needed on this subject. Aside gearing impact assessments to finding out the impact of social capital on financial performance, there is the need for emotional intelligence to be considered in terms of mediation and moderation. Kit & Nafukho (2006) made the submission that controlling emotional intelligence in the relationship between social capital and organisations' performance is basically relevant because emotional intelligence is a tool for building and savouring relationships with social networks and contacts.

Social capital emanates from relationships developed in voluntary associations and other forms of social groups. However, modern adaptations of the SCT indicate that relationships with individuals outside voluntary and organized groups could be a source of social capital. Moreover, emotional intelligence is a psychological tool of the individual that could be used to influence behavioral factors (e.g. empathy, trust, a sense of reciprocity) that influence

whether or not one would obtain support in a group or from individuals in his social sphere of friends and relations.

The need for social capital is dictated by SCT. Every entrepreneur needs resources before and during the operation of a business. The resources are identified to be funds, people, technologies and intangibles assets (e.g. patents). The availability of the right competencies is a requirement for utilizing these resources. Needless to say, social capital could be a source of these resources. Yet, emotional intelligence plays a critical role in enabling the entrepreneur to source these resources by developing good relationship with groups and individuals. Emotional intelligence would also enable the entrepreneur to effectively tap into resources by outworking cordial and professional relationships with his workers, who play a basic role towards the utility of resources available. Emotional intelligence may consequently moderate the impact social capital is expected to make on both the availability of intangible resources and business performance.

As mentioned earlier, social capital is a multidisciplinary concept. Academics have therefore discussed or examined social capital in various fields such as health, business and social science. From a business point of view, emphasis has been placed on a description of social capital and its relevance to business performance by researchers and academics. In the next chapter therefore, empirical literature is reviewed on SMEs performance measurement.

CHAPTER THREE

PERFORMANCE MEASUREMENT

3.0 CHAPTER OVERVIEW

A number of existing researchers have given special recognition in their studies to the importance of innovative small business owners' contributions towards the continuation, accomplishment, and progress of their firms. The principal function performed by these owners/managers/entrepreneurs is one of the most relevant influences on SMEs aggressiveness and achievements. The reasons are that majority of decisions taken at the SME level are centred on the owner/manager, who consequently influences the overall strategic vision of the firm.

The chapter examines the basic methodologies and approaches for assessing business performance. It provides a critical literature analysis on how perception-based evaluation can be used to evaluate performance, specifically for SMEs. The analysis of the literature covers general business performance measurement frameworks, then focusing on the indicators used to study SMEs.

3.1 SMES PERFORMANCE

In as much as there are different levels of managerial positions in a firm, the distinctive characteristics of SME entrepreneurs are that they possess a total amount of power and control to the point that they determine and facilitate the resolution procedures (Aaboen et al., 2006). These small businesses are structured around the charisma of the owner/manager such that the developmental opportunities and monetary abilities are financial capability is highly debased on the entrepreneur's inclinations, animation, aptitude and scheme.

Amid the highly relevant roots of novel activities in SMEs are the categories of eligible scientists and engineers, and the guidance given by a captivating owner/manager of the firm.

The functions and charisma of the small firm and their tactical resolutions are correlated to their ambitions and creative achievements (Schuh, Zhang, Morgeson, Tian & van Dick, 2018; Madrid-Guijarro, Garcia, & Van Auken 2009; Hausman, 2005).

A conceptual model was developed to link the characteristics of SME owner/managers and their firm's performance. "Competitive scope, organizational capabilities, entrepreneurial competencies, and performance" are the four components of the model (Man et al. 2002). To Man et al (2002), the central apex of the model gives attention to innovative activities that link the distinct proficiency breadths which constitutes the ambitions. The business person's managerial skills and technical knowledge, emotional, and mannerisms are usually seen as the most impactful attributes when it comes to the outcomes of SMEs. This is because SMEs quite often have an influential magnate, who is more likely to be the owner of the firm.

When it comes to assessing the attainment of organizations, academic scholars and practising managers all exhibit the eagerness to know how performance is quantified. For instance, it is one of the main issues discussed in the areas of management and strategic management (Simpson, Padmore, & Newman 2012; Carton & Hofer, 2010), and in the fields of business (Simpson et al., 2012). Empirical research in these areas therefore tends to focus on firm performance. Defining a firms' performance involves a lot of complexities as it can refer to the functioning and operations of the firm or organizational productivity. Thus Morgan & Strong, 2003; Simpson et al., 2012 refer to it as a multidimensional concept. The firms productivity is essentially quantified in terms of efficiency (achieving maximum productivity with minimum wasted effort or expense) and effectiveness of the firms operations (Sulaiman, Yusoff, & Chelliah, 2010). Researchers are faced with a lot of complexities in delineating the idea of success from performance, due to the fact that success is used as a measure of performance (Simpson et al., 2012).

Performance is a quality of any firm, obtained by assessing a significant result such as higher profits or returns (Memon & Tahir, 2012). In the calculation of firm's results one cannot rely solely on quantitative (cost and profit) measures alone at the expense of qualitative indicators (innovation and customer service). Thus a firm's achievements can be assessed by how quickly their inventory turns over, the production efficiency, and increase in their customer base which together make up financial measure. On the other hand, for non-financial measures, a firm's performance can be assessed through market development, customer complaint processing, quality service and customer retention (Hafeez, Malak, & Abdelmeguid, 2006).

Assessing the performance of SMEs has become an arduous task for empirical researchers in the area. Basically, there are two broad means of assessing performance. These are (1) the subjective self-reported measures of financial and qualitative determining assessments like cash flow, market share, new product development, and customer satisfaction(Otley,1999). (2) Performance based on objective assessment of financial indicators like, return on assets, return on investments profitability or increased revenue. To Ittner, Lanen, & Larcker (2002), this tends to be a restricted view of measuring performance. In situations where accurate financial data is not available, most researchers tend to utilise subjective methods such as the growth of sales revenue, and return on assets for assessing firm performance.

3.2 SUBJECTIVE AND OBJECTIVE PERFORMANCE MEASURES

In strategic business research, subjective measures of performance have been found to be reliable and valid measures that are frequently used and accepted by researchers. Hakimpoor, Tat and Arshad (2011) argued that measurements of performance in small and medium enterprises are complex and challenging. The reason being that most of the time the owners/managers of SMEs are hesitant to respond on indicators such as profitability and Return on Investment (ROI). These owner/managers hesitate or find it difficult to disclose

information relating to such indicators of performance (Tippins & Sohi, 2003). A subjective approach for measuring performance in SMEs therefore is generally proposed and accepted in the literature. It is argued that SMEs are often apprehensive when it comes to releasing their financial information (Esteve, Peinado, & Peinado, 2008). Glaister, Dincer, Tatoglu, Demirbag, & Zaim (2008), posits that the subjective method for assessing firms' performance is widely mobilised in SMEs performance research. Equal significance is given to both financial and non-financial measures of performance, as such some SMEs owner managers tend to assess their business performance on these bases.

The financial measures include but are not limited to turnover and profit before tax while the non-financial indicators of performance are waiting time, employees' turnover, customers' referral rates, customer satisfaction, and market share (Chong, 2008).

For SMEs it is particularly challenging in assessing their non-financial measures. Complexities arise in accessing the data even if the appropriate measures have been identified (Simpson et al., 2012).

Some extant literature has tended to use a single convenient, uni-dimensional method in assessing performance and in such instances they have been used mainly as dependent variables (Simpson et al., 2012). Indicators such as return on investment (ROI), turnover, profit, return on capital employed, growth in employee numbers or sales have all been utilised in previous literature as uni-dimensional dependant variables.

A uni-dimensional subjective measure of performance that has been found to be consistent with objective performance measure is the executive's perceptions of performance (Glaister et al., 2008). Thus the self-assessment of performance by the owner/managers themselves is therefore deemed to be more handy, accurate and relevant (Love, Priem, & Lumpkin, 2002).

Perceived or subjective measures have been found to be highly correlated with the objective measures in previous studies (Love et al., 2002).

Another single performance indicator that has been utilised in the extant literature and appreciated by most empirical researchers is sales growth (Tippins & Sohi, 2003). Of all the uni-dimensional performance indicators, sales growth is deemed to be the most suitable, because it's seen to be free of most potential bias (Sulaiman et al., 2010).

The qualitative goals (e.g. overall satisfaction) of the owners of privately held organizations must be weighted more heavily in valuing their performance. As such (Simpson et al., 2012) propose that performance measures such as profitability, sales growth, and market share must be included by researchers when testing performance.

It is has proven difficult to obtain accurate financial information from small businesses by virtue of the confidential nature of their financial information and the owners/managers are very reluctant to give sensitive information about their financial data. Even in situations where such information is given they tend to be inexact either by overestimation or underestimation of such financial data.

This accounts for one of the main reasons why the financial data from small firms tend to be inaccurate (Tippins & Sohi, 2003). In the context of small enterprises, it is impossible or impractical in many research situations to assess quantitative indicators of firms' productivity. For SMEs the financial data are mostly reported to be unreliable and even if such measures are available it does not guarantee the accuracy of the performance measurement (Kraus, Harms, & Schwarz, 2006; Allen & Helms, 2006). It is posited by Morgan & Strong, (2003) that customer retention, return on investment, sales growth, competitive position, customer satisfaction, and market share are all acceptable performance indicators for small and medium-sized firms.

To Haughland, Myrtveit, & Nygaard (2007), research in Market orientation relies to a great degree on subjective or perceptual measures. Thus Bourne et al., 2000, posits that a majority of new frameworks measuring the performance of SMEs tend to focus more on the subjective, external and future looking indicators. (Rudd et al., 2008; Yang, 2006) posits that since the essential aim of any organization is to satisfy customers and satisfied customers in the long run decisively affects the nature or outcome of enterprise' performance, employee retention, market share, employee satisfaction, sales growth, and profit growth, the performance of small and medium enterprises can also be well evaluated. Consequently researchers have resorted to the usage of both quantitative and qualitative measurement indicators in measuring small and medium-sized firms' performance (Chong, 2008).

Generally, there are broad multiplicity of propositions, measures and techniques for assessing organizational performance (Suklev & Debarliev, 2012). The accomplishment indicators of a firm include general attainment or favourable results of the firm, total asset growth, market share, net income growth, sales growth, profitability, growth, and total revenue growth (Simpson et al., 2012; Allen & Helms, 2006). In the existing literature, Shrader, Taylor, & Dalton, (1984) posit that performance as a dependent factor has been measured in numerous ways such as earnings per share, stock price, cash flow, sales, profit, growth, productivity, return on capital, dividends, capital, return on equity, return on investment, return on assets, revenue, as well as other financial ratios.

In this vain, a firm's performance (market share, customer satisfaction, levels of employee satisfaction with their jobs, overall profit achieved, return on investment, sales volume achieved, customer loyalty achieved, levels of employee retention, shareholder satisfaction, ability of the organization to attract and employ qualified employees) can be measured by the financial and non-financial indicators on a "Likert scale" as proposed by Suklev & Debarliev,

(2012). For Bruton & Rubanik, (2002) another indicator of increasing sales revenue is the growth in employment. As such growth in employment can also be a good measure of organizational performance.

Other empirical researchers have also used sales performance, profitability performance and export performance (Zhou, Wu, & Luo, 2007). For Jusoh & Parnell (2008), with return on sales (ROS), return on investment (ROI) and return on assets (ROA) the organization's performance can also be measured while, the performance of some firms can also be assessed in terms of innovation (Winne & Sels, 2010; & Chen & Huang, 2009).

Firms' performance has often times also been assessed through increases in profit, increases in sales and sometimes through the pace at which employees leave the firm (Sulaiman et al., 2010).

Other measures that are separately used most of the time have to do with operational activities. How well a specific activity is performed is also a good indicator of separate performance measures. Owner/managers would invariably have a better picture of their firms by assessing the combined effects of these separate measures and how it's in consonance with the various functions taking place within the organization (Kim, Park, & Yoon, 1997). This integrated viewpoint will give them the opportunity to assess their firms in relation to their competitors (Kim, Park, & Yoon, 1997). Some of these operational activities may be in the area of quality, cost, flexibility, and customer satisfaction.

3.3 PERFORMANCE MEASUREMENT (PM) MODELS

As discussed in the previous section firms' productivity can be assessed in comparison to competitors' firm growth by using indicators such as the satisfaction of customers and owners as well as profitability. The balanced scorecard is one of the major methods used in

assessing organizational performance (Arasli, Alphun, & Arici, 2019; Tessier & Otley, 2012; Green & Cheng, 2019).

David Norton and Robert Kaplan developed the Balanced Scorecard (BSC) model as a “means to evaluate firms’ performance, with a set of performance indicators distributed among four perspectives; financial, customer, internal business processes, and learning and growth” (Kaplan & Norton, 1993).

Mitra & Karathanasopoulos, (2019) posits that many companies tend to prefer the more customized, value adding services and products and the alignment of their businesses to new strategies. This has resulted in the BSC being used as a decision support instrument at the strategic management level. Thus the adopted Balanced Scorecard (BSC) is used as the underlying basis or principle for their strategic management systems in a bid to shift to growth opportunity based indicators away from cost reduction productivity indicators.

Consequently, a lot of firms assess their enterprise performance by supplementing the financial accounting data with goal oriented measures in the areas of internal business processes, learning and growth as well as customer (Green & Cheng, 2019; Busco & Quattrone, 2018; Mitra & Karathanasopoulos, 2019).

They compare their method for managing an organization to that of pilots viewing different instrument panels as in the cockpit of an airplane, where there is the need to monitor multiple aspects of their working environment (Green & Cheng, 2019; Busco & Quattrone, 2018; Mitra & Karathanasopoulos, 2019; Northcott & Ma'amora Taulapapa, 2012).

However, in as much as it gives a good coverage of some of the relevant indicators of performance, its major drawback is that it provides no mechanism for maintaining the importance of defined measures (Kaplan and Norton, 1992). Below is Table 3.1 that summarizes some of the existing major PM models for larger organisations

Table 3.1: List of Models, Frameworks and Researches Analysed

<i>Author</i>	<i>Title</i>	<i>Year</i>	<i>Citations</i>
Kaplan, R.S. and Norton, D.P.	“The Balanced Scorecard: measures that derive performance”, <i>Harvard Business Review</i> , January-February, pp. 71-9	1992	168
Kaplan, R.S. and Norton, D.P.	<i>The Balanced Scorecard: Translating Strategy Into Action</i> , Harvard Business School Press, Boston, MA	1996	92
Chames, A., Cooper, W.W. and Rhodes, E.	“Measuring efficiency of decision-making units”, <i>European Journal of Operations Research</i> , Vol.2 No.6, pp. 429-44	1978	135
Dixon, J.; Nanni, A. and Vollmann, T.	<i>The New Performance Challenge</i> , Business One, Irwin, Burr Ridge, IL	1990	63
Neely, A.D., Gregory, M. and Platts, K.	“Performance measurement system design: a literature review and research agenda”, <i>International Journal of Operations & Production Management</i> , 15 No. 4, pp. 80-116	1992	67
Eccles, R.G.	“The performance measurement manifesto”, <i>Harvard Business Review</i> , January-February, pp. 131-7	1991	41
Lynch R.L. and Cross, K.F.	<i>Measure Up!</i> , Blackwell Publishers, Cambridge, MA.	1991	40
Kaplan, R.S. and Norton, D.P.	“Putting the Balanced Scorecard to work”, <i>Harvard Business Review</i> , September-October, pp. 134-47	1993	48
Banker, R.D.; Chames, A. and Cooper, W.W.	“Some models for estimating technical and scale inefficiencies in data envelopment analysis”, <i>Management Science</i> , Vol. 30 No.9, pp. 1078-92	1984	88
Kaplan, R.S	“Using the balanced scorecard as a strategic management system”, <i>Harvard Business Review</i> , Vol. 74 No. 1, pp. 75-85	1996	48

SOURCE: Adopted From Paolo Taticchi, Flavio Tonelli, Luca Cagnazzo, (2010)

Another drawback of this method is it neglects to indicate clearly a development process centred on the user. Furthermore, the lack of linkage between the administrative level, strategic scorecard, and the supervisory level potentially makes the execution of strategy challenging (Yusoff, Ali, & Boujelbene, 2018; Villa, & Taurino, 2019).

In contrast, the performance pyramid (Rao, Chhabria, Gunasekaran, & Mandal, 2018; Neely, Kennerley & Adams, 2007) which clearly makes an explicit integration between the top level and the supervisory level, and also enhances a user-centred design poses other challenges. The main challenge with the pyramid method of performance measurement is that it does not give any explicit considerations, either the form of the indicators or the process for developing them.

Another method that is used to measure performance is the results and determinants matrix. The major advantage of the results and determinants matrix is that it specifies, in reasonable detail, what measures should appear and provides a useful development process (Bititci, Bourne, Cross, Nudurupati, & Sang, 2018; Fitzgerald et al., 1991). It's drawback however, is it tends to overlook human resources or customers as indicators of productivity and therefore cannot give a truly balanced view of performance.

The framework for Integrated Dynamic Performance Measurement is built on several different indicators (Patel & Desai, 2018; Ghalayini, Noble & Crowe, 1997). This framework is built on a system which has an explicit process for maintenance and for ensuring fast and accurate feedback. The use of the PM questionnaire as an initial audit tool also ensures that all the dimensions of performance are adequately covered (Patel & Desai, 2018; Dixon et al., 1990). With this approach, it is however difficult to perceive the intended meaning and utilize it since it's made up of several different tools (Rao, Chhabria, Gunasekaran & Mandal, 2018). Also it fails to provide an explicit process for developing the PM system and is insufficient with respect to the human resource dimension (Rasit, Satar, & Ramli, 2018).

The Integrated PM system methodology which covers many of the dimensions required for a comprehensive PM system (Tibyan, Wibisono & Basri, 2019), however fails to provide a

structured process that specifies objectives and timescales for development and implementation (Bourne, Melnyk & Bititci, 2018).

Further, the Integrated Measurement Model is also a comprehensive approach, dictating the dimensions of performance and providing a mechanism for designing the measures (Parida, Kumar, Galar & Stenström, 2015; Oliver and Palmer, 1998). The drawback of this approach is the lack of a structured process for overall development. In contrast to this, the Consistent PM system which fails to specify a balanced approach for the vital dimensions of performance gives a very detailed process for developing and implementing PM systems (Arshad & Arshad, 2019; Almohtaseb, Almahameed, Shaheen & Jarrar Al Khattab, 2019).

For a framework to be categorised as comprehensive it must have both strategic and operational indicators. Any framework that views the development of operational measures as an optional process can therefore not be termed as a comprehensive performance system. The Cambridge PM process has been classified as a comprehensive process for the development of strategic PM systems since it meets all the requirements in the classification of PM frameworks (Wieland, Fischer, Pfitzner, & Hilbert, 2015; Neely, 2005).

Finally, a framework that sets itself apart from all the other frameworks already discussed is the Small Business Performance Measurement framework. This framework adopts a completely different perspective in that the process proceeds from the bottom level to the top level of managerial decision making (Lukason, O., & Vissak, 2019; Flores-Jimeno & Jimeno-García, (2017). A major drawback of this PM framework is that it's not founded on any plan of action designed to achieve an overall aim. It's however capable of being used to assess and improve on productivity.

Most of the frameworks and processes within this analysis provide explicit guidance about what to measure, and provide some information about how to design the PMs. However, only

the Cambridge PM tool offers explicit guidance on how to develop and implement a strategic PM system effective

3.4 PERFORMANCE MANAGEMENT (PM) PRACTICES IN SMEs

The general characteristics of SMEs that have been described above suggest that an effective process for strategic PM development is critical for the measure of the competitiveness of small and medium enterprises. However, little empirical evidence currently exists which describes a standardized current PM practice in SMEs or which evaluates the appropriateness of current processes within this context.

Below is Table 3.2 that summarizes some of the existing major PM models for SMEs organisations.

Table 3.2: Most frequently cited performance measurement works

<i>Period of Introduction</i>	<i>Name of the model/framework</i>	<i>References</i>
1995	Model for quality-based performance	Noci (1995)
1997	BSC application to SMEs	Chee <i>et al.</i> (1997)
1998	Customer orientation and performance	Kwaku and Satyendra (1998)
1999	Activity based costing in SMEs	Gunasekaran <i>et al.</i> (1999)
2000	Quality model in an SME context	McAdam(2000)
2000	Computer-based performance measurement in SMEs	Kueng <i>et al.</i> (2000)
2000	OPM®: a system for organizational performance measurement	Chennell <i>et al.</i> (2000)
2000	Performance measurement in the implementation of CIM in SMEs	Marri <i>et al.</i> (2000)
2000	Performance measurement based on SME owner's objectives	Watson <i>et al.</i> (2000)
2001	Effective performance measurement in SMEs	Hudson, Lean and Smart(2001)
2001	Indicators for performance measurement in SMEs	Hvolby and Thorstenson(2001)
2001	Theory and practice in SME performance measurement systems	Hudson, Lean and Boume(2001)
2002	Dynamic integrated performance measurement systems	Laitinen(2002)
2004	A strategic planning model for SMEs based on the BSC	David <i>et al.</i> (2004)
2005	Practice of performance measurement	Sharma <i>et al.</i> (2005)
2007	BSC implemented in a not for profit SME	Manville (2007)
2007	A BPI framework and PAM for SMEs	Khan <i>et al.</i> (2007)
2008	A performance measurement model based on the grounded theory approach	Chong (2008)

SOURCE: Adopted from Paolo Taticchi, Flavio Tonelli, Luca Cagnazzo, (2010)

3.5 CHAPTER SUMMARY

Based on the above discussions, it is argued that assessing the performance of SMEs has become an arduous task for empirical researchers in the area. Basically, there are two broad means of assessing performance. These are (1) the subjective self-reported measures of financial and qualitative determining assessments like cash flow, market share, new product development, and customer satisfaction(Otley,1999). (2) Performance based on objective assessment of financial indicators like, return on assets, return on investments profitability or increased revenue.

It has proven difficult to obtain accurate financial information from small businesses by virtue of the confidential nature of their financial information and the owners/managers are very reluctant to give sensitive information about their financial data. Even in situations where such information is given they tend to be inexact either by overestimation or underestimation of such financial data. Thus performance measurements in small and medium enterprises are complex and challenging. The reason being that most of the time the owners/managers of SMEs are hesitant to respond on indicators such as profitability and Return on Investment (ROI). These owner/managers hesitate or find it difficult to disclose information relating to such indicators of performance. A subjective approach for measuring performance in SMEs therefore is generally proposed and accepted in the literature. This approach was adapted for this study by adopting the sample questionnaire proposed by Zulkiffli & Perera, (2011). Specifically, only two subjective indicators of non-financial self-reported measures were used to measure SMEs performance as compared to the competition.

Generally the subjective method for assessing firms' performance is widely mobilised in SMEs performance research since equal significance is given to both financial and non-financial measures of performance, as such some SMEs owner managers tend to assess their business performance on these bases. Most of the researchers use the Balanced Scorecard Method, for measuring performance in SMEs by tapping the answers on Likert Scales, such as done by Khalique, (2012). However, the equality of the assumptions between subjective and objective performance measures is still being debated.

CHAPTER FOUR

CONCEPTUAL FRAMEWORK

4.0 CHAPTER OVERVIEW

The earlier chapters (2-3) of this study have described the state of extant literature regarding social capital, emotional intelligence and the performance of SMEs by revealing existing gaps in issues, contexts as well as methodology. Consequently, various theories, models and frameworks underpinning such studies have been discussed to serve as platforms on which the current research can establish its pillars with the quest of making contribution to literature. As a result, this chapter builds on the discussions from the preceding chapters and proposes a conceptual framework established from the on-going arguments and discourse. By integrating the various theories and models and/or frameworks, a theoretically-grounded and practically oriented understanding of the current issue under study could be unearthed. This chapter in that regard presents an exposition of the on-going discourse as far as network resources, emotional intelligence, and their performance outcomes are concerned. This is followed by a description on the proposed conceptual framework as well as its graphical presentation to be employed in the current research.

4.1 SOCIAL NETWORKS

The unpredictable nature of the economic environment, reflected through as instability and increasingly fast and wide-ranging transformations businesses have encountered, has propelled firms to look for competitive strategies that will ensure their performance and sustainability in the market. The business environment within which organizations operate has become more competitive and complex, resulting in firms seeking to develop strategies for survival and growth.

Therefore, the involvement of firms in social networks which is an intangible resource can be a source of competitive advantage. Despite the many advantages of using social networks, research at the organizational level and its impact on business performance have not grown as quickly as would be desirable (Franco, Haase and Pereira, 2016). Past researches have investigated the use of social networks in firms, but only a few have examined the impact on performance in SMEs (Franco et al., 2016). There is evidence that social network resources have brought benefits to businesses customer-oriented processes, which in turn causes an impact on a firm's sales performance (Rodriguez et al., 2014).

Also previous studies that have investigated the use of social networks in firms, but only a few have examined the role of emotional intelligence in enhancing this social relations on performance in SMEs (Kit and Nafukho, (2006). Irrespective of the existence of these studies, it becomes fundamental to study the effect of emotional intelligence on social networks in stimulating SME performance.

A social network can broadly be looked at from two perspectives which can be assessed by the accumulation of two factors. The first is made up of a group structure that consists of people, institutions and groups and the second factor has to do with inter connectedness between them. Social network resources have changed the way businesses operate within their environment. Businesses are now able to gain resources that would normally not have been available to them (Andersson et al., 2002). This change in the business environment has also benefited business organizations by elevating their image, form strategic partnerships and improved their liaising with clients and suppliers. Devoting time and effort into social networking relationships within and without the firm makes make it simpler to achieve long term firm goals.

However, small- and medium-sized enterprises (SMEs), with their vitally relevant function for any economy (Aragon-Sanchez and Sanchez-Marin, 2005) are not able to make full use of their novel and creative abilities because of their lack of access to technology (Thach, 2009).

In order to achieve sustainable benefits as compared to the competition, firms will need to look beyond their physical assets and boundaries and source for vital resources outside the firm (Andersson et al., 2002). This situation is even more prevalent when dealing with SMEs since their scarce assets cause them to look for supportive resources.

Irrespective of the benefits derived from social relationships, studies at the firm level and its effect on SMEs performance outcomes have not increased as quickly as would be advisable (Lovejoy and Saxton, 2012). Empirical studies have researched into the mobilisation of social networks in firms, but only a few have assessed its impact on performance in SMEs (Vasquez and Escamilla, 2014; cf. Franco, Haase and Pereira, 2016). Rodriguez *et al.* (2014) came up with factors to prove the favourable benefits of social network relationships on customer focused business processes which consequently led to improvements in sales performance. Irrespective of the existence of these studies, it becomes foundational to have a good look at resources from social networks and how they can be enhanced through emotional intelligence in stimulating SME performance.

4.2 SOCIAL NETWORKS AND SME PERFORMANCE

SMEs without the use of large resources can mobilize social networks like large firms since the hindrances to using such networks are minimal. The assets to be gained from such resources make it much simpler for an enterprise to enlarge its coverage and increase its core activities. These core objectives can be achieved by selling existing products in existing markets or introducing a new innovation to an existing customer base.

Relationships formed can invigorate sales and produce openings to dispense new products and services. SMEs' creative abilities are vital because it enhances not only their

competitiveness but also the industry and economy, through interdependence and sharing information with other firms (Porter (2001).

The creative abilities of SMEs are important for enduring competing benefits in a quickly modifying market environment, where the constant generation of innovative goods and services is the tool to continuous existence, expansion and worth (Nieto and Santamaria, 2010). In view of their scarce assets, SMEs use different sources of information and are linked to distinct networks to gain the information needed to enhance their vision and slowly manage their business settings. Social networks relationships gives SMEs the chance to be creative and in tune with the economy.

The initiation of distinct ways of creativity in SMEs is linked to their various channels of distinct facts, opportunities and cooperative affiliations. Their social ties form a vital part of their marketing strategies (Franco et al., 2016). It is a means of harnessing trust in the connections between the firm and clients as never experienced. Awareness, trust and good will are the most vital benefits of using social network resources for SMEs to reinforce their market position (Franco et al., 2016).

It is difficult to determine its contribution in relation to paid advertising and other types of promotion. What is relevant for SMEs is tracking their loyal customers associated issues and examining deliberate ways for their own gain.

In an SME situation, a study was conducted in a bid to generate ways to enhance the best application of mobilizing social networks and their existence presence in SMEs to make them more aggressive (Vasquez and Escamilla, 2014). It has been depicted that the mobilisation of social relations has a favourable effect on a firm's capital and its productivity (Ferrer et al., 2013). The "capitalized value" of social network ties impacts on future economic productivity, (Molina-Morales and Martinez-Fernandez, 2010).

The argument that social network ties facilitate positively the SMEs sector as well as improvements in sales, consequently leads to financial and non-financial productions (Wong, 2012; Yu, 2013).

It was also discovered that social network relationships make a great contribution on firm's productivity by improvements in the customer base, sales volume and transactions (Ainin et al., 2015). This reflects how social ties can influence SME's non-financial performance. These findings are in line with extant literature that has confirmed a positive correlation between social capital usage and firm (Shuai and Wu, 2011).

4.3 FORMS OR TYPES OF SOCIAL CAPITAL

Social capital with its various forms and features has the most common being bonding, bridging and linking social capital (Woolcock & Sweetser, 2002). Bonding (strong ties) social capital has to do with relationships with people who are closely connected to the entrepreneur such as spouse, parents, partners, friends and relatives. At the firm level, strong ties are established when various functional areas of the organization communicate and combine for a unified purpose and intention (Adler & Kwon, 2002).

Bridging social capital (weak ties) however, is a remote relationship linking persons or manifold community, such as work partners, contacts, and people belonging to diverse communities, previous organizations and past colleagues. Bridging social capital is created by people belonging to communities being able to have relationships with other communities with the intention to gain assistance, access details, and gain solutions to challenges. Thus, weak ties are formed when social networks or relationship help individuals and firms to benefit or make use of external assets which includes associations and other firms.

Linking social capital however has to do with the relationships and communications with prestigious persons or persons in powerful political positions. This can be other business

owners or financial managers. Bridging, bonding and linking social capital can be distinguished in terms of their features and relevance.

The strength and quality of the strong ties social capital will determine the strength and quality of weak tie social capital as well as that of the linking social capital (Franco, Haase and Pereira, 2016).

4.4 THE ROLE OF SOCIAL CAPITAL

Social capital plays a multidimensional function. Its role is determined by the level at which it is researched and mobilised. Empirical studies as reflected in the literature shows that there is an increasing approval of the position that social networks undertake in the socio-economic enhancements of individuals/ households, enterprises and national levels.

People can benefit from direct access to other economic assets by means of their social networks. Thus social capital by means of social network relations has the capacity of making available to owner/managers financial and physical resources. Also, they may gain access to vital marketing intelligence information, information on customers as well as prospective business (Landry et al., 2002). Furthermore, social networks bring the entrepreneur the psychological and moral or emotional support needed to run the business as well as making possible the collection of other types of assets. Adding to the benefits, the supply of social capital the owner/manager brings to the firm at the initial and the growth stage has a major impact on its existence and success (Liao & Welsch, 2005).

It can also be said that, social capital expedites resources exchange among different units and promotes efficiency within the firm. Social capital also helps to strengthen supplier relations and inter-firm learning as well as enhancing firm outcomes by nurturing an environment for creativity and the circulation of information.

Another major profit from SC is the reduction in transaction costs of accessing useful information and also avoiding some amounts of business risks. This can be gained through

the process of certifications and reinforcement of individual's and firm's social credentials, identity and recognition. This consequently gives individuals and firms the means to access emotional support, public endorsement; and access and entitlement to other economic resources.

Firm legality and eminence is achieved when social relations enhance the entrepreneur's capability to arrive at absolute firm conclusions and the capability to enterprise. The belief is that this achieved legality and eminence will not only support their access to outside relations but also make up for their inexperience and negative image (Liao and Welsch (2005).

In business situations depicted by unbalanced facts, limitations to credit markets, bad implementation of property rights and enterprise agreements; it is believed that SC helps in business performance (Biggs & Shah, 2006).

As SC creates opportunities for accessing technological innovations, it enables people and businesses to mobilize a broad array of commercial options and assets (Davidsson & Honig, 2003). It is believed that social networks also arm a firm with vital ways of competitive urge that enable entrepreneurial firms to recognise and harness new business information. Because of the benefits of SC it is believed to be one of the best drivers of entrepreneurial businesses (Dah & Zolnik, 2011).

Existing research on the impact of social capital on enterprise has confirmed the positive correlation between mobilising the right types of SC and the increase in enterprise creation, survival and success (Liao & Welsch, 2003). In a research conducted to compare the effect of social capital (networking) between low-growth and high-growth firms in China, it was discovered that growth opportunities was very high for enterprises that had various and deep enterprise relationships while those without developed slowly (Zhao and Aram (1995).

At the national level, social capital is one of the important factors in economic development and growth (Putnam, 1993). The specific function of social capital at the national level has to do with information creation and exchange in research, harnessing supporting mercantile and training research and enlargement processes. It is also believed that through social solidarity and public involvement, democratic governance is strengthened leading to enhanced productivity and clarity in public management, as well as enhanced quality of economic strategies (Westlund, 2006).

Social capital relations that emanate as a result of microfinance solidarity groups give debtors the opportunity to approach other types of capital (Basargekar, 2010). Consequently, this enables them with the opportunities to gain credit with less complexities as well as overcome any collateral hindrances especially for individuals within the group that lack credit and adequate resources (Anderson, Locker & Nugent, 2002). To the World Bank social capital is also perceived as a very vital developmental tool that helps reduce poverty and can lead to the achievement of overall socio-economic development (Eade, 2003).

Similarly, to overcome a borrower's lack of collateral, social capital also allows individual participants in microfinance programmes to increase their levels of enterprise profits (Gomez & Santor, 2001).

Van Der Gaag and Snijders (2005) also identified four types of social capital based on their sources. **Prestige and educational social capital** is the first classification. This is what Lin, (2001) describes as the “the strength of weak ties”. These resources are usually obtained from friends and acquaintances and cannot distinctly make mention of results attained into and out of feeble ties. Mainly used for instrumental actions, it includes resources of high status persons with higher education.

The second classification has to do with entrepreneurial and influential relationships and is known as **political social capital**. This includes relations with people in the networks who have political membership or affiliations, knowledge on government regulations as well as financial issues. This arms the owner/managers with skills needed to manage their operations separately with the aid of network members.

The ability to be fluent in other languages, communication related issues, use a personal computer and read journals is vested in what is known as **skills social capital**. This skills social capital makes up the third classification.

Finally the fourth classification can be termed as social capital based on **personal support**. This has mainly to do with good referencing, advice about family conflicts, help in moving house as well as help in finding a holiday home for a family member

4.5 EMOTIONAL INTELLIGENCE

Emotional intelligence (EI) is the ability of an individual to explain one's feelings and to become responsive through the management of the feelings of others within a specific setting. Empirical researches posit that emotional intelligence is part of our personality traits that enables us to be conscious of what activated a particular action. This action may be caused by one's self or the individuals within his setting.

Emotional intelligence is believed to give individuals the aggressive advantage and make them more effective in dealing with other people. It has been discovered that people with greater amounts of EI can drive themselves in situations of annoyance or exasperation, impulsion, keep back satisfaction, control the atmosphere and stop their feelings from getting the better of them. Such qualities it is believed to be a requisite for people in leadership positions.

A person with EI is less likely to engage in disruptive attitude and avoids unnecessary confrontation within the work setting. EI helps improve job productivity by enabling people to initiate and maintain favourable connections within the work environment. This nurturing of relationships both within and outside the work environment can help build healthy social network ties.

Also people with high emotional intelligence are able to manage stress, and are still effective under circumstances of enormous pressure and adapt quickly to environmental changes.

4.5.1 The Leadership Challenge

In a fast changing world, leaders are faced with significant challenges that require remarkable foresight and commendable skills. The constant and vigorous improvements have taken over the steady and foreseeable business environment of the past. Immense competition, a shifting and increasingly global world economy, new technologies, new markets and an increasingly diverse workforce are only a few of the many challenges that leaders now face.

To be able to surmount such a dynamic environment of business, it is said that leaders require more than intellectual skills to be able to cope with the fast changing pace of market fragmentation. Thus leaders with greater levels of emotional intelligence positively use their social skills to guide others, initiate and maintain powerful relationships with both internal and external customers, and are ardent achievers (Chastukhina, 2002). This they do by managing their feelings through an understanding of their weaknesses.

Existing literature has contributed to the confirmation of emotional intelligence enhancing individual's ability to work effectively in teams and guide others (Mayer et al., 2004).

Leaders who cannot manage their emotions and that of others are likely to create an unfavourable working atmosphere to people within his environment. Thus emotionally intelligent leaders are likely to create an emotional climate that encourages efficiency and resolution of interpersonal conflicts.

4.5.2 Emotional Intelligence towards Work Improvements

EI's role in an organization's operations is tremendous especially in the productivity of employees as well as the relationships enjoyed within the work setting. Emotional intelligence mastery allows people to be in charge of their emotions in order to bear up successfully with stress, fine tune to changes in the organization, and accomplish tasks under constraints. Emotional intelligence usually offers work improvements (as seen in uprightness, organizational status, inventiveness, good managerial capabilities, wage, wage hikes, and directorship) by enhancing people's ability to build good relationships in the work environment, nurture social capital and effectually carry out tasks in groups. People usually rely on the assistance, guidance and other resources given by others for work to be boosted (Seibert, Kraimer and Liden, 2001).

Irrespective of what most businesses see as their aims and objectives, they cannot avoid the fact that all firms bring together individual persons achieve a common organizational purpose. In so far as communications among various entities within the firm are expected in order for organizational objectives to be achieved, emotions (fear, anger, joy, deviant behaviour, excitement, abusive language) are necessary in enhancing teamwork. Workers that are more knowledgeable about their emotions will inadvertently be to a greater extent effectual and productive in their communications within the job atmosphere and with their subordinates and supervisors. Thus the EI-performance linkage has been confirmed in some past studies. For instance Spencer and Spencer, (1993), carried out an analysis of work capabilities of 286 behaviours worldwide indicated, which indicated 18 out of the 21 capabilities in their generic model for distinguishing better performers, were based on emotional intelligence.

Also the study of Pesuric and Byham (1996), confirmed that emotional capabilities (assist employees to settle their individual difficulties, give attention) orientation and training given

to supervisors enabled a manufacturing plant to exceed their productivity objectives by \$250,000. Also lost-time issues were improved to an average of 3 per year from 15 per year as posited by.

4.6 CONCEPTUAL FRAMEWORK FOR THE STUDY

A conceptual framework refers to a set of broad concepts, ideas and principles drawn from various fields of enquiry relevant to the study. A conceptual framework is therefore made up of patterns of concepts and their interconnectedness (Fisher, 2007). Consequently, a conceptual framework can be described as a research tool, the purpose of which is to assist a researcher develop awareness and understanding of the situation under investigation and aid a researcher in structuring a subsequent presentation (Smyth, 2004). When a conceptual framework is clearly articulated, it has a great potential as a useful tool to scaffold research and therefore assists in making meaning of subsequent findings (Smyth, 2004). The conceptual framework developed in this study guided the empirical part of the research. It discusses the various factors, variables and relationships captured.

The relevance of different types of resources to firms' overall performance and competitiveness cannot be understated. Firms' that possess tangible and intangible resources that are worth something, difficult to copy, not easily sold or traded and unique can help the firm gain and sustain competitive advantages (Barney, 1991; Wernerfelt, 1984). For Barney (2007) these four features of resources ascertain what makes assets strategic so far as the firm is able to manage them well and these in turn enables the firm to harness and sustain its competitive urge and improve its performance .

The resources of a firm must exhibit certain characteristics in order for it to be seen as valuable resources that give competitive urge to the firm. These features are that the resource must be valuable, rare, imperfectly imitable and non- substitutable. The study therefore supports the conceptualization of emotional intelligence and social capital as such resources

available to the SME's owner/manager.) Thus these resources may give the SMEs a sustainable competitive advantages if they exhibit these characteristics which in tend leads superior resources (Barney et al., 2001; Peng, 2001).

This approach is different from competitive based approach, which focuses on source of sustainable competitiveness from external environment (Akio, 2005). However, both concepts consider that valuable resources can foster performance greater than average.

As postulated by Sciascia, Mazzola, & Chirico, (2012), EI and SC are vital non-physical assets that helps enhance SME's performance.

SC which is also seen as a valuable resource is a concept built on the social network theory. The social network theory describes the demeanour of social relationships in evaluating economic exchanges (Jackson, 2008). To Morgan, Vorhies, & Mason, (2009), when difficulties arise with the relationships the firm has with its various publics due to market complexities, SC becomes a vital tool for attaining its performance and maintaining its existence. SC then becomes a means by which businesses gain a competitive urge in generating incomes and daily cash flow to redeem their input cost. It is not enough for firms to have resources but also they must have firm competencies especially when it comes to new product development process or creativity. For Gupta & Malhotra, (2013), tangible and intangible resources bring to the fore that creativity in the provision of higher level worth to customers and is the principal course for continuous competitive urge. Thus for SMEs, the ability to handle external disturbances plays a vital role in its existence and productiveness. Consequently to reduce the space between complexity and firm capability, firms require a ceaseless action to use skills, knowledge and resources.

Several empirical studies (e.g. Adlešič & Slavec, 2012; Fornoni et al., 2012; van Der Gaag, 2005) have shown that social capital makes a positive effect on business performance. This

empirical evidence supports the social capital theory, which assumes that access to social capital and the ability to manage it leads to improved business performance (Dzunic, 2010). Goleman’s (1995) EI model also argues that successful management of relationships and social contacts depends on one’s emotional intelligence (Danquah & Wireko, 2014). However, the extant social capital literature is yet to recognise the role of EI in managing social capital towards SME performance. This situation leaves a divide between the social capital theory and EI model.

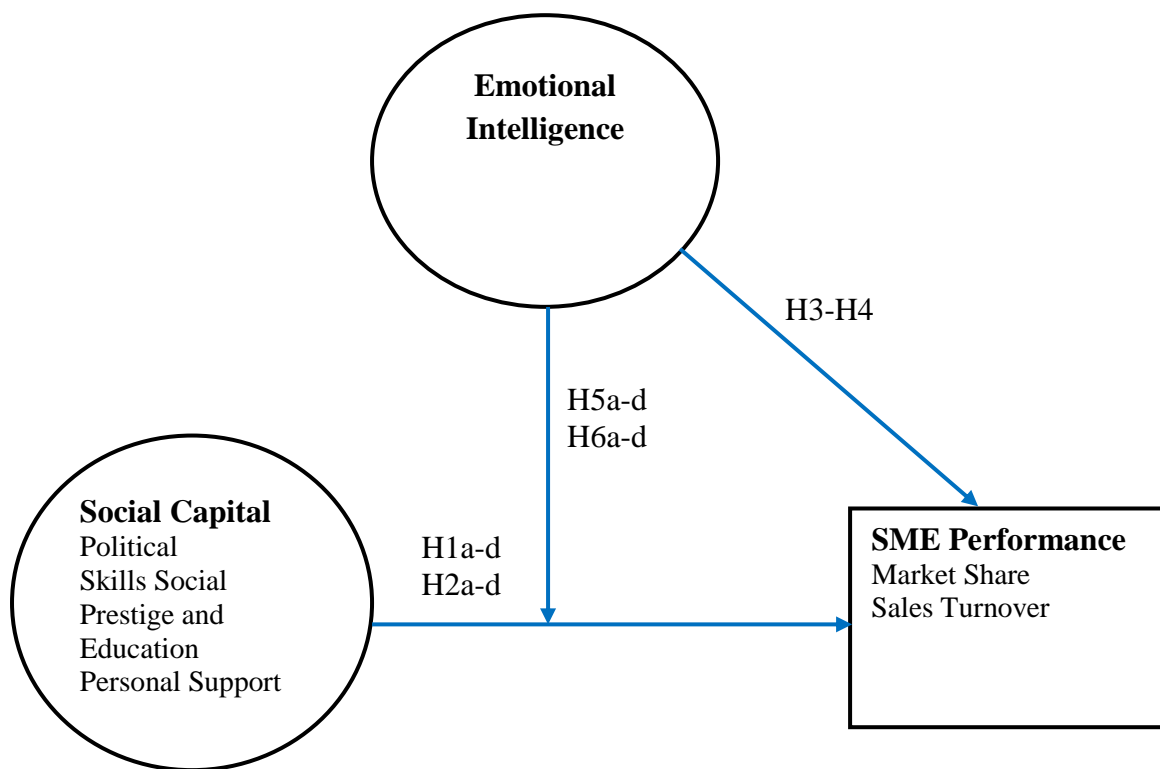


Figure 4.1: Conceptual Framework

Source: Author’s own conceptualization

As seen in Figure 4.1, Emotional Intelligence (EI) is a moderator in the relationship between social capital and SMEs performance. This moderating role is based on the influence of EI on social capital and SME performance as identified in the literature. The current study seeks to

assess the moderating role of EI in the relationship between social capital and firm performance as a basis of filling the gap between social capital theory and the EI model.

Based on the theoretical suppositions presented, the following research testable hypotheses are formulated as the bases for examining the empirical data.

H1: There is a positive and significant relationship between Social capital resources and SMEs market share.

H1a: There is a positive and significant relationship between Prestige Social capital and SMEs market share

H1b: There is a positive and significant relationship between Political Social capital and SMEs market share

H1c: There is a positive and significant relationship between Skills Social capital and SMEs market share

H1d: There is a positive and significant relationship between Personal Support Social capital and SMEs market share

H2: There is a positive and significant relationship between Social capital resources and SMEs sales turnover.

H2a: There is a positive and significant relationship between Prestige Social capital and SMEs sales turnover

H2b: There is a positive and significant relationship between Political Social capital and SMEs sales turnover

H2c: There is a positive and significant relationship between Skills Social capital and SMEs sales turnover

H2d: There is a positive and significant relationship between Personal Support Social capital and SMEs sales turnover

H3: There is a positive and significant relationship between emotional intelligence and market share

H4: There is a positive and significant relationship between emotional intelligence and sales turnover.

H5: There is a positive and significant interaction of emotional intelligence on the relationship between social capital and market share

H5a: There is a positive and significant interaction of emotional intelligence on the relationship between Prestige Social capital and SMEs market share

H5b: There is a positive and significant interaction of emotional intelligence on the relationship between Political Social capital and SMEs market share

H5c: There is a positive and significant interaction of emotional intelligence on the relationship between Skills Social capital and SMEs market share

H5d: There is a positive and significant interaction of emotional intelligence on the relationship between Personal Support Social capital and SMEs market share

H6: There is a positive and significant interaction of emotional intelligence on the relationship between social capital and sales turnover

H6a: There is a positive and significant interaction of emotional intelligence on the relationship between Prestige Social capital and SMEs sales turnover

H6b: There is a positive and significant interaction of emotional intelligence on the relationship between Political Social capital and SMEs sales turnover

H6c: There is a positive and significant interaction of emotional intelligence on the relationship between Skills Social capital and SMEs sales turnover

H6d: There is a positive and significant interaction of emotional intelligence on the relationship between Personal Support Social capital and SMEs sales turnover

The hypotheses proposed in the current study purport to contribute to existing works on social capital theory. Especially for those seeking to understand the inter-relationships of emotional and social network resources and how it enhances enterprises performance. Owing to its importance to the theory and practices, many scholars have paid attentions to these constructs and have examined the relationships from different approaches (see for instance Lin, 2001a; Snidjers et al., 2005). Generally, such studies have established a positive association between network resources, firm performance and argued that firms need to identify and maintain unique capabilities to distinguish them from competitors in order to gain superior performance in their marketplaces.

4.7 SUMMARY

This chapter has built on existing frameworks and models to propose a conceptual framework for studying network resources, emotional intelligence and performance for small firms. The discussion of the various conceptualizations on the area under study has enabled this research to establish a theoretically-grounded and practically-oriented understanding of the current research issues. In addition to this, key elements within the conceptual framework are then discussed and possible propositions are formulated to guide data collection and analysis.

The next chapter focuses on the methodological considerations guiding the empirical data collection of this study.

CHAPTER FIVE

CONTEXT OF THE STUDY AND METHODOLOGY

5.0 CHAPTER OVERVIEW

This chapter is made up of two sections. Section one looks at the context of the study. The section goes further to discuss the context within which the study was carried out. SMEs were defined in the Ghanaian context as well as their relevance to the Ghanaian economy. The various constraints facing these SME's as well as governmental policy interventions with excerpts from policy initiatives in the 2017 Budget Statement. We also explored the fact that empirical research on SMEs performance in Ghana has tended to focus on the financial constraints more at the detriment of finding solutions to other constraints facing this sector.

Section two looks at the methodology. At the level of documenting a study, the methodology constitutes the specification and justification of the most suitable methods applied, including an identification of the study's philosophical stance, research design, sampling and sample size, data collection, instrumentation, and data analysis method. In this section therefore, the research methodology applied is discussed and justified.

5.1 CONTEXT OF THE STUDY

This section looks at the context within which the study was carried out. SMEs are considered to be a very important sector to the world economy and for that matter Ghana. Typical characteristics of SMEs are that, it is managed and controlled by an individual, with the owner/manager as the sole decision maker. Most owners/managers have inadequate knowledge, have no access or skill in the use of current technologies, lack the ability to seize market opportunities, and limited sources of credit. The growth in small and medium enterprises is limited by a number of issues. Some of them are inadequate financing, the absence of good managerial skills, the lack of access to the right machinery for production,

regulatory blocks, and the opportunities to seize international markets are just but a few of the problems faced by these SMEs. Consequently, the managerial constraints place higher amounts of limitations on SME's performance. Due to scarcity of resources, SMEs may use various means and numerous relationships to gain the needed information in order to formulate their vision and slowly manage their environment. Thus social ties help SMEs by keeping them in tune with modifications in the market, allowing them to take effect of chances to create.

5.1.1 Defining SMEs

There is no specific definition of Small and Medium Size Enterprises (Abor & Quartey, 2010). Kayanula and Quartey (2000) contend that this situation exists because businesses vary in their acts of converting to assets, exchange transactions and engagement. Different criteria have been used by different countries to define SMEs. However, the most common standard use in defining SMEs in Ghana is built on the number of personnel and fixed assets.

The Ghana Statistical Service (GSS) therefore, defines businesses with “less than 10 employees as small-scale enterprises and those with 10 employees and above as medium and large- size enterprises” (Kayanula & Quartey, 2000). The National Board of Small Scale Industries (NBSSI) however, uses a combination of the workforce plus the tangible asset criteria and considers “an enterprise with not more than 9 employees and plant and machinery (excluding land, building, vehicles) not exceeding hundred thousand Ghana Cedis as small scale” (Kayanula & Quartey, 2000). The Ghana Enterprise Development Commission, on the other hand, uses a 100 thousand Ghanaian cedis ceiling definition for plant and machinery (Kayanula & Quatey, 2000). Furthermore, Quaye and Acheampong (2012) defined small enterprise as a business activity in the formal sector which is not micro and has more than five employees with initial capital base exceeding US\$5,000. A major problem is the

procedure for estimating the long term assets, and the constant reduction in value of the exchange rate which often makes such definitions out dated (Kayanula & Quatey, 2000).

Also, Osei et al. (1993), Steel and Webster (1991) defined SMEs in Ghana using an upper limit of 30 employees. Osei et al. (1993) however, categorised small- scale enterprises into three groups. These are: micro- with less than 6 employees; very small- employing 6 to 9 people and small – with between 10 and 29 employees.

5.1.2 Background of the SMEs Sector in Ghana

The SME sector in Ghana emanated from a constitutional environment, where public enterprises (government owned, community based, or cooperative owned ventures) were much more valued as compared to the privately owned enterprises sector that was painstakingly undermined (Buame, 2012). It is an outcome of the failure of African socialism, which placed greater emphasis on the establishment of state-controlled corporations and came as result of structural adjustment policy. Within this framework the few educated elites were therefore made managing directors of the state corporations, thereby leaving the private entrepreneurial activities to persons who had no education or training (Buame, 2012)

Furthermore, this African primitive approach was established by an autocratic way of resolution, where the government singularly made decisions which ultimately led to Ghanaians developing the philosophy of being over reliant on government for almost everything. This strategy led to the suppressing of the creation and growth of enterprising principles such as the urge of attainment, self-efficacy, innovation, novelty, propensity to take risks and proactiveness. However this communism environment had positive effects in social development with regards to education (Buame, 2012; Killick, 1978).

The extent to which too much importance was placed on the government dominated financial systems consequently led to disparities in the behaviour of the aggregate economy. This abysmal money spinning accomplishment brought about a reduction in the disposable income of salaried employees. Inevitably, these employees had to set up micro and small businesses to augment and supplement their inadequate incomes.

Moreover, the economy was changed to a market driven economy as against a state driven one following the coercion from the World Bank. This compelled the government to convert most state owned enterprise to private enterprise and this consequently left most public sector workers unemployed. This in turn resulted in a majority turning to micro enterprises as a means of survival (Buame, 2012).

In view of these practical contact with and observation of facts, strategists in order to find a solution to these disparities in the economy are now focusing on the relevance of the SMEs sector as the engine of growth for the Ghanaian economy (Kayanula & Quartey, 2000). As such Hinson & Mahmoud, (2011) brought to the fore the competencies that the SMEs sector has to greatly reduce poverty, create employment as well as generate more income for the economy.

Further, Hinson and Mahmoud (2011) assert that 90% of companies registered at the Registrar General's Department are SMEs. These SMEs are found in industry, agriculture and the service sectors of the Ghanaian economy. However, a large proportion of SMEs are within the Services sector, particularly hotels, restaurants, transport and storage, business and real estate (PWC, 2013). Furthermore, it has been recognized that 80% of economic growth of Ghana comes from the SMEs' sector, and they contribute about 75% of total GDP (Kim, 2011).

5.1.3 Characteristics

In view of the fact that most small businesses are owner managed and run, a vast number of them are employed proprietors (Abor and Quartey 2010). They also argue segment make up a majority of the SME working class in developing countries. Furthermore, most of these SMEs are family owned enterprises with unpaid close relatives as employees of the business. SMES are more labour intensive than bigger firms and therefore have lower capital costs associated with job creation (Schmitz, 1995). Fisher and Reuber (2000), posit that their main business activities are in the areas of trading, retailing and manufacturing. To Abor et al., (2010) it is a common knowledge that majority of SMEs fall into the retail sector. It is posited by empirical researchers that retailing is mostly found in urban regions, while manufacturing can be found in either rural or urban centres.

In Ghana, SMEs are categorised into urban and rural enterprises. The urban enterprise is further divided into the formal and informal enterprises (Abor and Quartey, 2010). To Kayanula and Quartey (2000) the organized firms have paid employees and registered offices where as the informal enterprise are made up of artisans who work in open spaces or temporary wooden structures, or at home, and tend to employ few who may either be paid or unpaid. That's informal enterprises mostly rely on family member or apprentices.

Rural enterprises mostly consist of family groups, individual artisans, and women engaged in food production from local crops. The major activities within this sector include soap and detergents, fabrics, clothing and tailoring, textile and leather, village blacksmiths, tin smiting, ceramics, timber and mining, bricks and cement, beverages, food processing, bakeries, wood furniture, electronic assembly, agro processing, chemical-based products and mechanics . It is also said that majority of SMEs are female owned businesses which are located in the homes in comparison to the male owned enterprise (Abor and Biekpe, 2006). These female owned

enterprises are mostly not inculcated in official statistic. Typical characteristics of SMEs are that, they are controlled and managed by one person, with the owner/manager as the sole decision maker (Kayanula & Quartey, 2000). Most SME entrepreneurs have limited education, access to and use of current technologies, market information, and limited access to credit from the Bank (Hinson & Mahmoud, 2011). Furthermore, owner-managers have inadequate managerial skills, thereby stifling the growth of a master plan for long term growth (Hinson & Mahmoud, 2011). Again, SMEs are faced with inadequate financial resources and the entrepreneur's poor knowledge in the use of technology, as well as the capability to obtain expertise and latest technological machinery becomes an impediment to progress (Kayanula & Quartey, 2000)

5.1.4 Importance of SMEs

SMEs have over the years played significant role in the economic development of Ghana. This is particularly affirmed, as institutions of higher learning as well as policy makers are beginning to recognise the fact that large and multi-national companies cannot provide all the needed jobs. Ghana's informal sector contribution to employment is estimated at 70 per cent of the total labour force (Fredua, 2007). SMEs help create the bulk of the jobs, thereby contributing to national revenue by way of taxes (Abor & Quartey, 2010; Keskin, 2006), they contribute about 75 per cent to Ghana's GDP and account for 92 per cent of all businesses in Ghana (Abor & Quartey, 2010).

Furthermore, SMEs help protect foreign exchange, increase export through the non-traditional commodities export (Aryeetey, 2001). They improve the efficiency of domestic markets and make productive use of scarce resources (Aryeetey & Ahene, 2005). Also, SMEs are believed to be the source of creativity, are able to make good use of idle family financial assets, helps in skills creation and a high ability to generate employment (Buame, 2004).

It can be argued that small and medium enterprises are very relevant to economies all over the world especially developing economies. However they tend to face quite a number of limitations irrespective of their potential role in accelerating growth and job creation (Abor and Quartey, 2010). Though these SMEs tend to attract motivated managers, they can hardly compete with larger firms. The scarcity of management talent, prevalent in most countries in the region, has a magnified impact on SMEs (Abor et al., 2010). The lack of support services or their relatively higher unit cost can hamper small and medium enterprises efforts to improve their management, because consulting firms are often not equipped with appropriate cost-effective management solutions for SMEs.

Moreover, per Kayanula and Quartey (2000) in spite of the number of institutional support in training and consultancy services, there is still a skills gap in the SMEs sector. The reason has been that these entrepreneurs do not have the resources to pay for the huge costs of training consultancy services. Likewise, in terms of technology, small and medium enterprises often have difficulties in gaining access to appropriate technologies and information on available techniques (Aryeetey et al., 1994).

5.1.5 SMEs and Performance

SME's are characterised by an ownership structure that renders the firm unstable and unprofitable in the long term. They are mostly owned by individuals whose personal lifestyle may have far reaching effects on the operations and sustainability of such businesses (Idowu, 2010).

Small businesses are bedevilled with a lot of problems some of which has to do with management and accounting practices. These problems subsequently hamper their ability to raise financing to support their businesses (Cook and Nixon, 2000). In the absence of proper financial resources, SME's will not be able to access or engage in new technologies neither will they be able to increase in size to be able to establish their superiority in international

markets. Also it will be difficult for them to build linkages with larger businesses (Idowu, 2010).

5.1.6 Constraints to SMEs Performance

In the era of the wide span commercial improvements, SMEs still experience a number of drawbacks due to their inability to cover the huge fixed costs incurred. Also because of the small customer segments they serve, economies of scale are not enjoyed as access to certain key inputs are hindered. A study by the World Bank revealed that about ninety percent of small firms brought to the fore, access to credit were a major limitation to new innovations (Parker et al, 1995). Beneath are the set of constraints recognized within the sector.

5.1.6.1 Input Constraint

SMEs face a lot of limitations the market for labour, capital, land and raw materials. Availability of these factors of production and its costs are the major hindrances. A majority of SMEs attributed the expensive channels of gaining local resource inputs as stemming from inadequacies poor financial resources and inputs limitations.

5.1.6.2 Managerial Limitations

The inadequacies of their managerial responsibilities positions SMEs at a disadvantage and consequently impedes upon their management abilities, attributes and opportunities despite the number of organisation assisting indoctrination and consultative advisory aid. Most times there is the tendency to adhere to their own unproven and not carefully thought through methods of managing their business. The leadership skills and tenacity required to seize opportunities and succeed in an unstable business context is lacking. In situations where these skills are in hand the discipline required to manage the business often does not exist.

Also because most SME's owner/managers are not well educated it leaves them handicapped in certain situation when it comes to managerial procedure for their businesses (King and McGrath, 2002).

5.1.6.3 Market Constraints

Small firms also encounter a lot of outside opposition and the urge to increase their customer base. With a majority of the population leaving below the poverty line, the customers who can purchase the goods and services prefer the consumption of foreign goods at the expense of the locally produce ones. This consequently increases the strain SMEs with regards to production costs, fee and satisfying clients. With the coming into effect of trade liberalisation the plight of SME's was worsened as they lost customer base to external competition.

5.1.6.4 Regulatory and Legal Constraints

The high initial set up costs coupled with the impediments SMEs have to encounter in licensing and registering their firms, result in unrestrained and irrelevant responsibilities. They are therefore at a disadvantage with the high price of dealing with the cumbersomeness of the legalities of registration. In developing countries SMEs face the a lot of impediments in taking possession of their goods at the various ports of entry in terms of the documentation processing and the corruption of public officials when it comes to making payments.

5.1.6.5 Inability to capitalise on the advancement in technology

Technology is one of the environmental forces to be harnessed by businesses. They are strategic advantages to be gained in seizing opportunities in technological advancements. However, this technological advancement instead of bringing benefits to SMEs has rather become a bane. This is because most SME owners/managers are not well educated enough to appreciate and seize opportunities that these advancements in technology brings to

businesses. Those entrepreneurs that are well placed are often times not conscious of the existence of such technologies or accessing them comes with complications.

In Ghana, the burden of linking local small enterprises with foreign investors and speeding up technological upgrading still persists (Muteti, 2005). There is digital divide between the rural and urban Ghana by virtue of the fact that access to information and networks that are core to the operations of every enterprise are lacking. Thus technological change, though meant to bring about economic change even among the rural lot, does not appear to answer the fears of the rural entrepreneurs involved in SME operations. Duan et al., (2002) identified lack of ICT knowledge and skills as one of the major challenges faced by SMEs.

5.1.6.6. Financing and Access to credit facility

Financing is a major constraint faced by SMEs in Ghana. Working capital and raw materials have been the single biggest drawback to the SMEs in Ghana (Abor and Biekpe, 2007). Aryeetey et al (1994) reported that 38% of the SMEs surveyed mention finance as a major constraint. SMEs have limited access to capital markets locally and internationally in part, because of the perception of higher risk, serious management weaknesses, informational barriers, and the higher costs of intermediation for smaller firms. As a result, SMEs often cannot obtain long-term finance in the form of debt from banks. Majority small businesses fail in the first year due to lack of support from government and traditional banks (Abor and Biekpe, 2006).

5.1.7 Governmental Institutions and Interventions

The idea of SME promotion has been in existence since 1970 though very little was done at the time. Key institutions were set up to assist SMEs and prominent among them was The Office of Business Promotion, the present Ghana Enterprise Development Commission (GEDC). It aims at assisting Ghanaian businessmen to enter into fields where foreigners

mainly operated but which became available to Ghanaians after the “Alliance Compliance Order” in 1970”. GEDC also had packages for strengthening small scale industry in general, both technically and financially.

5.1.8 The Ghana Government Budget Statement and Economic Policy Initiatives for SMEs 2017

The Budget Statement and Economic Policy of the Government of Ghana for the Theme: “Sowing the seeds for Growth and Jobs” 2017 Financial Year devised the following policy initiatives to enhance SMEs in the economy.

With regards to improving the business environment, the government made provision for tax reliefs for businesses. Also SMEs would be able to gain access to credit through government support of local banks. The government also sought to empower the private sector by at least giving them 70% of government projects and to be executed by local enterprises and corporations with special attention to those owned by women.

The setting up of National Entrepreneurship and Innovation Plan (NEIP) as one of the policy initiatives is to provide a primary vehicle for providing an integrated, support for early stage (start-ups and small) businesses, focusing on the provision of business development services, business incubators, and funding for youth-owned businesses.

5.1.9 Limitations of Governmental Policies and Empirical Research

In Ghana, the problems facing small firms have significantly hindered the role these SMEs play in the overall macroeconomic performance of the Ghanaian economy. Empirical research on SMEs in Ghana has also tended to focus on access to financial resources (Kayanula and Quartey, 2000; Mensah, 2004; Abor, 2005; Aryeetey et al., 1994; Abor and Biekpe, 2006; Abor and Quartey, 2010; Ghana Banking Survey, 2013) at the expense of other intangible resources that may help reduce other constraints identified. It can be seen from the

2017 Budget Statement, that government policy initiatives (SECTION: 797,813,812,886) are still centred on providing financial resources as a means of helping SMEs. Necessities such as proper identification of goods and markets, obtaining the required proprietary rights, and maintaining standard business information are all foundational or basic to operating an enterprise other than finance (Green et al., 2007). Some existing literature has posited that both big and small enterprises fail due to non-financial causes.

Other constraints SMEs face include: lack of access to appropriate technology; existence of laws, regulations and rules that impede the development of the sector; weak institutional capacity and lack of management skills and training (Sowa et al., 1992; Aryeetey et al., 1994; Parker et al., 1995; Kayanula and Quartey, 2000). However, potential providers of finance, whether formal or informal, are unlikely to commit funds to a business which they view as not being on a sound footing, irrespective of the exact nature of the unsoundness. Lack of funds may be the immediate reason for a business failing to start or to progress, even when the more fundamental reason lies elsewhere. Previously, insulated from international competition, many small and medium enterprises are now faced with greater external competition and the need to expand market share (Abor and Quartey, 2010). Green et al., (2007) adds that requirements such as identifying a product and a market, acquiring any necessary property rights or licenses, and keeping proper records are all in some sense more fundamental to running a small enterprise than is finance.

In view of their scarce assets, SMEs use different sources of information and are linked to distinct networks to gain the information needed to enhance their vision and slowly manage their business settings. Social network relationships give SMEs the chance to be creative and in tune with the economy.

The initiation of distinct ways of creativity in SMEs is linked to their various channels of distinct facts, opportunities and cooperative affiliations. Their social ties form a vital part of their marketing strategies (Franco et al., 2016). It is a means of harnessing trust in the connections between the firm and clients as never experienced. Cognisance, assurance and good will are the most vital merits of utilising social networks resources for SMEs to reinforce their demand location (Franco et al., 2016).

Akwaah (2008) stipulates that social capital of SMEs in Ghana can give them certain competitive advantages. The social network is also an important part of marketing strategies in business life (Oztamur and Karakadilar, 2014). It is an advantage to build trust between customers and the firm in a way never seen before with traditional means of communication. Awareness, trust and reputation are the most important benefits of using social networks for SMEs to strengthen their market position (Gligorijevic and Leong, 2011). In the SME context, Vasquez and Escamilla (2014) made a study where they tried to create methods for better practices in using social networks and their presence in SMEs to make them more competitive. Ferrer et al., (2013) demonstrated that the use of social network has a positive impact on an organization's capital and therefore on its performance.

It is against this background of failed governmental policies and empirical research focused on only SMEs access to financial resources that this study sought to focus on the use of social network resources as an alternative solution to SMEs performance constraints.

5.2 METHODOLOGY

Every research work is expected to contribute to knowledge or serve as a means for addressing problems in real life. For a study to serve these purposes however, it must be credible. A credible study is simply a research work that generates realistic results or findings that represent the actual real-life situations (Creswell, 2003; Allwood, 2012). In other words, a credible research is the one that produces realistic results based on authentic data.

Data integrity is a term used to describe how credible data gathered in a study is (Creswell, 2003). Every research is expected to produce findings that are an outcome of high data integrity. The question worth asking is: how can the highest possible level of data integrity be ensured or achieved in a research work? In an attempt to answer this question, Allwood (2012) opined that the credibility of data depends on the appropriateness of the research methodology employed.

The research methodology is a term used to describe methods, procedures and assumptions that are applied towards gathering and analyzing data in a research work (Creswell, 2003). The nature of a research methodology is primarily influenced by the philosophical stance taken by the research (Wong et al., 2011). This being the case, any explanation of a study's methodology must be commenced by explaining the researcher's philosophical position. The next section therefore identifies this study's philosophical perspective.

5.2.1 Research Paradigms and Philosophical Stance

Two main philosophical assumptions are applied to research, namely ontology and epistemology (Wong et al., 2011). Ontology has been defined as the study of being or what exists (Dieronitou, 2014). Since what exists is reality, ontology can be defined alternatively as the study of what constitutes reality. The school of ontology has two main facets, which are realism and idealism (Mkansi & Acheampong, 2012).

Idealism is an arm of ontology that asserts that reality exists entirely in the mind (Wong et al., 2011). Idealists are therefore of the view that being or what exists is the figment of humankind's cognition and reasoning. For instance, realism views a trait like 'Love' as the outcome of what people know; thus love resides in the mind. The school of idealism directly opposes the idea that reality is independent of the mind (Wong et al., 2011; Dieronitou, 2014). In contrast to idealism, realism posits that reality or what exists is independent of humankind's thinking or cognition (Wong et al., 2011). Realists thus opine that reality exists outside the mind and beyond the influence of human beings. To them, 'patience' is a quality that exists, and its existence is not based on how a person thinks. Associated with each of idealism and realism are subjectivism (also known as interpretivism) and objectivism (also known as positivism). Subjectivists argue that reality is an outcome of a person's thinking process and is therefore dependent on the mind (Wong et al., 2011). Subjectivism is used interchangeably with constructivism and interpretivism and means 'being' is constructed, subjective and illusive (Dieronitou, 2014). Objectivism counteracts subjectivism and asserts that reality is external to human thinking or cognition (Wong et al., 2011).

The second main philosophical position that researchers often take is epistemology, which means the way in which reality can be known or understood (Mkansi & Acheampong, 2012). It answers a question like: how can knowledge be acquired, or how can what is out there in reality be known (Dieronitou, 2014)? It is therefore the method of knowing reality. Rationalism and empiricism are the two main components of epistemology.

Rationalism or rationalists assert that reality can be known by simply applying one's thinking capacity or cognitive process (Wong et al., 2011). Rationalists are of the view that the ability to apply logic is the basis of acquiring knowledge or knowing what exists without resorting to one's experience (Wong et al., 2011; Mkansi & Acheampong, 2012). Empiricism offers an objective version of the view of rationalists – empiricists assert that sensory experience is the

primary and important way to know reality (Dieronitou 2014). Empiricists agree that more knowledge can be obtained by applying deductive reasoning, but observation is the basis of all knowledge acquisition processes (Wong et al., 2011; Mkansi & Acheampong, 2012).

Though many other philosophical ways of thinking exist (Wong et al., 2011), the ones discussed above are customary. More often than not, the main ones discussed above are opted for in research in pairs. For instance, a research work can go for an objectivist-empiricist view and a subjectivist-rationalist view or both. The subjectivist-idealist view is generally applied to a qualitative approach to research (Creswell, 2003; Allwood, 2012). In this vein, observations are made through unstructured interviews or participatory observation (Dieronitou 2014). The objectivist-empiricist view is, on the other hand, applied to quantitative research approaches (Wong et al., 2011). With respect to this stance, observations can be counted or measured, and questionnaire is often used as the data collection tool (Creswell, 2003; Allwood, 2012). The underlying goals of this perspective are estimation and inference or generalizing findings to a broader group of subjects through hypotheses testing (Creswell, 2003; Williams, 2007; Wong et al., 2011; Mkansi & Acheampong, 2012).

In this study therefore, the objectivist-empiricist stance is applied owing to the hypotheses posed through the conceptual framework formulation in the third chapter. Consequently, other choices made in terms of the research methodology agree with this position.

5.2.2 Research Design

A research design is a blue print that determines the process of data collection and analysis in a study (Creswell, 2003, p. 19). It is also a framework of principles and assumptions that form the basis of the type of data collected and analyzed, and the nature of findings produced in a researcher work (Allwood, 2012, p. 1420). The researcher's choice of a research design

therefore determines what kind of data is needed, what analysis methods are most appropriate, and whether or not findings can be inferred to the study population.

Three basic types of research design exist, namely the qualitative, quantitative and mixed approaches (Williams, 2007; p. 2). The quantitative design is known to be the commonest design (Williams, 2007); thus this approach dominates the three designs mentioned above. It is the type of design employed to evaluate variables precisely based on principles of estimation and inference or hypotheses tested (Creswell, 2003; Williams, 2007). It focuses on gathering quantitative data, often using a questionnaire, and deducing point or interval estimates from the data collected using inferential statistical tools (Allwood, 2012). Quantitative approaches are known for employing probability sampling techniques to reach representative samples for the purpose of generalizing findings to the study population (Williams, 2007). One of its main objectives is to achieve precision of estimates, which are often in the form of effects and correlations (Creswell, 2003). It is primarily based on the objectivist/positivist philosophy (Wong et al., 2011; Mkansi & Acheampong, 2012); hence its researchers are always objective and ensures that they do not influence research findings as the case is in qualitative research. Common quantitative designs are correlational approaches, true experimental design, and quasi experimental design (Williams, 2007).

In this study, the quantitative research design was applied to be able to test the research hypotheses. This approach is suitable for the objectivist/positivist philosophical stance chosen and was preferred to the other two designs because the study's objectives strictly required estimation of effects and correlations. Hence, the specific quantitative design employed is the correlational technique, which is a type of quantitative design that focuses on the assessment of relationship between variables without establishing causality (Williams, 2007; Allwood, 2012). Correlational designs have a common weakness, which is the fact that they can account for effects that are subject to alternative explanatory variables, also called

confounding variables (Williams, 2007). It was nonetheless applied in this study because it best supported the research conditions, which include collecting cross-sectional data using appropriate scales to test multi-level hypotheses.

To minimize the weaknesses of the correlational design, potential confounding variables were controlled for in testing the basic hypotheses in accordance with popular recommendations (Creswell, 2003; Williams, 2007; Allwood, 2012). Though designs such as a true experiment, quasi experiment, and longitudinal technique could also have been applied, their application was not supported by the large number of SMEs that participated in this study. More importantly, random assignment and multi-stage data collection, which are basic practices of these alternative designs, were not supported by the fact that a large number of SMEs participated in the study to make findings more generalizable.

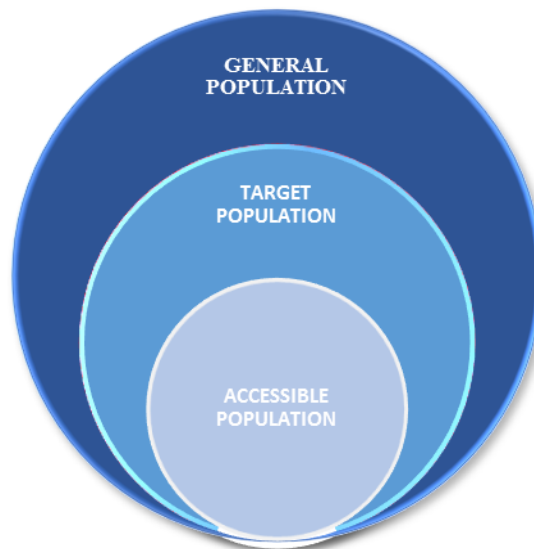
This study adopted a cross-sectional design, which researchers (Creswell, 2003; Williams, 2007; Allwood, 2012) have identified as the best method for examining the relationship between variables measured as constructs in the social sciences. A cross-sectional design is a research technique in which data is collected once or at a defined period (Williams, 2007). It is contrasted to the longitudinal design in which data is collected at a series of periods to see how an intervention (for example administration of a drug) causes an effect in a system (example patients). In this study, this design was preferred because it is popularly agreed that it is the best option for correlational designs or studies (Creswell, 2003; Williams, 2007). The level of rigor that goes into determining a sample for a quantitative study depends on the nature of the research population. In view of this fact, a proper definition of the study's population is a requirement for determining its sample. In the next section, this population is defined.

5.2.3 Research Population

Evidence or findings reached in a study are often based on data collected. Basically, data collected in a research work comes from a research population. The best way to understand a research population is to distinguish between the three concepts general, target, and specific population. The general population is the complete set of individuals about which an enquiry is to be made (Banerjee & Chaudhury, 2010). It is all people from whom data or information can be collected to address the objectives of a study (Bartlett et al., 2001). Participants in the general population must have at least one attribute of interest. This attribute is what makes individuals eligible as population members. According to a model formulated by (Saunders, 2012), the general population is the largest when viewed alongside with the target and specific population.

The target population is a subset of the general population. It is the list of individuals in the general population who have specific characteristics of interest. Unlike the general population, the target population is more refined and therefore constitutes only individuals who have the required attributes. These attributes may include having a certain number of employees and having operated for a minimum number of years. These characteristics therefore represent the criteria by which target population members are selected (Banerjee & Chaudhury, 2010). The specific population may be the same as the target population. It is the number of individuals of the target population who are willing to participate in the study and who will be available to respond during data collection (Bartlett et al., 2001; Allwood, 2012). This is the population from which the sample is drawn if possible because it excludes those who are either unwilling or unavailable to participate in the study. The framework of Asiamah et al. (2017) represented by Figure 5.1 identifies it as the smallest subset of the general population.

Figure 5.1: An Illustration of the General, Target, and Specific Population



Source: Asiamah et al., (2017)

Given the above framework, the general population of the study was all SMEs in Accra which were registered at the Registrar General's Department and is recognized by Ghana Investment Promotion Council at the time of the study. The target population of this study was SMEs which met some selection criteria. The characteristics to be met are those relating to data integrity. These include: (a) the need for the SME to be located in Accra to make access to data less costly and more convenient; (b) every SME must have existed in its market for at least six months, which is a requirement for developing social capital; (c) every SME must have at least one business executive (i.e. actual respondent) who is well educated to effectively write and speak during the data collection; and (d) an SME should be a service-oriented firm and must have a culture of marketing. These criteria were chosen to be able to collect data on the study variables. The specific population was reached by ensuring that every individual who met the above criteria was willing and available to respond in the study. This study focused on SMEs in Accra for a number of reasons. First, it was realised that most SMEs outside Accra do not have any marketing policy, as a result of which they could support this study. Secondly, firms that had a marketing policy either did not have any

individuals who could respond to questionnaires. Most importantly, the incorporation of SMEs outside Accra into the study was not supported by the researcher's budget and time schedule. This study also focused on service-oriented SMEs since emotional intelligence a service-driven skill.

The general, target, and accessible or specific populations respectively had the following numbers of SMEs: 5,009; 3,432; and 1,532. In the next section, the sampling procedure and decisions applied are presented.

5.2.4 Sample Size and Sampling Method

Sampling is the process of selecting a subset of a study population, precisely the accessible population, from which data is collected (Creswell, 2003). A sample is therefore individuals who make up the subset of the accessible population (Saunders, 2012). As a subset, the sample is always less than the population. Moreover, the size of the sample is something under the control of the researcher and is often determined based on resources and time available for data collection. It is practical for the researcher to ensure that his or her sample can be handled within the limit of resources and time. In addition, the size of the sample depends on the research paradigm being applied, whether qualitative or quantitative approach. Quantitative studies, on the other hand, require larger samples, often called representative samples (Bartlett et al., 2001).

A representative sample is a subset of the population that is large enough to account for findings that would have been produced if the entire population were surveyed. It is also defined as a sample that is sufficiently large to represent the entire population (Banerjee & Chaudhury, 2010). The key advantage of representative samples is that they offer a high chance of producing estimates or findings that approximate population parameters. Since the basic goal associated with representative samples is to maximize external validity and

generalize findings to the population (Bartlett et al., 2001), quantitative researchers are required to adopt representative sampling. The determination of a representative sample is done by applying an appropriate probability sampling procedure.

Probability sampling methods offer each population member a known probability of being selected (Saunders, 2012), and this probability is based on a population proportion and margin of error (Allwood, 2012). These sampling methods are applied if the interest of the researcher is to reach a representative sample. Common types are simple random sampling, stratified sampling, systematic sampling, cluster sampling, and multi-stage sampling (Banerjee & Chaudhury, 2010).

A simulation study conducted by Asiamah et al. (2017a) indicates that the precision of research estimates increase with sampling size. This evidence means that a quantitative research leads to good population parameters as sample size increases. Their study also suggests that the best result would be reached when the entire population is reached, holding constant errors due to data collection, entry, and analysis. Hence provided a research has sufficient resources and time, it is ideal to draw data from the entire population. Drawing data from the entire population requires what is called a census, which is the process of collecting data from all members of the population (Creswell, 2003; Banerjee & Chaudhury, 2010). More specifically, census is about measuring specific and relevant attributes of all population members. It may involve ascertaining the demographics of a population or knowing specific morbidity attributes about every member. In short, census is about taking data on every population member into account in drawing conclusions.

In this study, a census was employed owing to its advantage for quantitative researchers. Basically, using a census enabled the researcher to collect data on all members of the accessible population. A census thus provides the highest chance of reaching the most precise

estimates or results that can be inferred to the population. A census offers the best estimates or results because it eliminates sampling errors and the total number of errors that increase the chance of reaching wrong estimates (Bartlett et al., 2001). By virtue of the researcher's choice of a census in this study, all members of the accessible population were surveyed. Thus data was collected from 1,532 SMEs which constituted the accessible population.

5.2.5 Data Collection

In this section, procedures and assumptions applied in data collection are presented. The approach to data gathering is also documented. The instrumentation of the study is also discussed alongside the validity and reliability of the data.

5.2.5.1 Data Type

Four types of data are collected in research, namely ordinal, nominal, interval, and ratio type data (Williams, 2007). Nominal data constitutes names and descriptions that cannot represent quantities (Allwood, 2012). An example is days of the week and levels of gender (i.e. male and female). Ordinal data can be put in an increasing or decreasing order (Creswell, 2003). It includes responses ranging from strongly disagree to strongly agree, which is an increasing order of strength in the level of agreement to a statement. Interval data is in the form of numbers that are reckoned with respect to a scale that has equal intervals (Williams, 2007). Weight of babies in a hospital is an interval type data. Ratio type data can be expressed as a proportion or part of a whole (Creswell, 2003; Allwood, 2012). An example is the score of student in a class test. Ordinal and nominal data constitute categorical data, whereas ratio and interval type data constitute continuous data (Allwood, 2012).

In this study, ordinal, nominal, and ratio type data were used. Nominal data was on gender, which has the usual levels male and female. Ratio type data was based on firm age, number of owners of a business, and firm size. Ordinal data was based on educational level and items

of social capital, emotional intelligence, and SMEs performance, which applied a unipolar Likert scale [this ranges from strongly disagree (1) to strongly agree (5)]. Data generated on a unipolar Likert scale are ordinal data (Bartlett et al., 2001; Allwood, 2012).

5.2.5.2 Variables and Their Operationalization

Research is an exercise in which variables are manipulated. A variable is an attribute (e.g. age, employment, etc.) that changes with some environmental factors change (Williams, 2007). Income level is a variable that can change with a change in one's economic environment.

In research, various variables are measured. Relevant ones considered in this study were dependent variable, independent variable, moderating variable, and confounding variable. A dependent variable is the variable that receives an influence or effect from another variable (Creswell, 2003). It is also often called the outcome or predicted variable. The dependent variable, on the other hand, is the variable that makes an influence or effect on the dependent variable (Allwood, 2012). It is also called explanatory variable, criterion variable, and predictor variable. A moderating variable is a variable that alters or influences the relationship between the dependent and independent variables by increasing or decreasing the strength of this relationship (Creswell, 2003).

Seven main variables were analyzed in this study. Of these, SMEs performance is the main dependent variable (DV). This variable was measured based on two indicators, namely sales turnover and market share growth. Sales turnover was a measure of the volume of sales in a firm. Market share growth was a measure of the rate of change (i.e. increase) of a firm's share of customers and sales in the market. SMEs performance is therefore operationalized as a measure of sales turnover and market share growth in the participating SMEs. With respect to the main dependent variable, social capital was the independent variable (IV), which is

operationally defined based on Anderson and Miller (2003) as a ‘measure of personal support of SME managers, political support for SMEs, social skills of SMEs managers, and prestige & education’.

Emotional intelligence is a moderating variable (MV) in this study. Emotional intelligence is operationally defined based on Schutte et al. (1998) as the ability of SMEs to: (i) accurately perceive, appraise, and express people’s emotions; (ii) generate feelings on demand when they can facilitate understanding of themselves or customers; (iii) understand emotions and the knowledge that can be derived from them; and (iv) regulate and control emotions to promote emotional and intellectual growth when going about daily business activities. In addition, firm age, firm size, number of owners, and educational level are confounding variables (CVs). Firm age is a measure of how long the business had been in active operation. Firm size was the number of employees of the firm, both permanent and temporal employees. ‘Number of owners’ was the number of legal owners of the firm. Educational level is the highest level of formal education of the SME manager or executive.

5.2.5.3 Instrumentation

A structured questionnaire was used to collect data in this study. The researcher’s choice of a questionnaire was based on three reasons identified by Creswell (2003): (a) it is more suitable for collecting data on validated and Likert scales; and (b) it is the most appropriate tool for collecting primary data for quantitative studies; and (c) they can be completed by participants in the absence of the researchers. The questionnaire had three main sections. The first section introduces the researcher and study to the respondent. It includes instructions and the researcher’s contact information. The second section presents questions that measure the demographic and confounding variables. The third section measures the main variables, SMEs performance, social capital, and emotional intelligence.

The DV, SMEs performance, was measured using two observable variables, sales turnover and market share growth. These domains were used because the performance of the firms was best explained by them. Social Capital and Emotional Intelligence were measured as constructs whose scale items were respectively borrowed from Van Der Gaag and Snidjers (2005) and Schutte et al. (1998). These scales were used because they constituted the most consistently validated constructs across the globe. Social capital was measured using four domains mentioned earlier. Emotional intelligence was measured based on five domains that characterize the scale of Schutte et al. (1998), namely self-awareness, self-regulation, social skill, self-motivation, and social awareness. Social capital has thirty-five (35) items whereas the emotional intelligence scale has thirty-three (33) items.

Each item of the social capital and emotional intelligence scale was measured based on a five-point Likert scale originally associated with the scales. This scale has the following levels and their respective codes: strongly disagree – 1; disagree – 2; not sure – 3; agree – 4; and strongly agree – 5. The confounding variables were measured as follows:

Gender: male (1); female (2)

Educational level: No education (1); JHSCE (2); WASSCE (3); Diploma (4); Degree (5); Master's degree (6); and PhD or higher (7).

Sector: Services (1), manufacturing (2)

Business experience: Less than 5 yrs (1); 5-10 yrs (2); 11-15 yrs (3); 16-20 yrs (4); and Above 20 yrs (5).

Firm age was measured by asking SMEs to indicate how long they had operated in their market. A space was created for participants to indicate the number of legal owners their

SMEs had. Firm size was measured by asking participants to write the number of employees their SME had.

5.2.5.4 Scale validation – validity and reliability assessment

Data validity and reliability are two basic indicators of data integrity. The credibility of research findings is therefore determined by the reliability and validity of a measurement scale. Reliability of a measurement scale is a term used to describe how consistent findings of results of this scale would be if it is used to collect data several times in a population (Morse, 2002; Drost, 2011). A scale of substantial reliability would generate the same results if it is repeatedly used to collect data.

Validity or construct validity is defined as the degree to which a measurement scale measures what it is intended to measure (Morse, 2002). In other words, it is the extent to which the right variable or construct is measured. For instance, if the study is to measure ‘emotional intelligence’, the validity of data is how well it measures this variable but not any other variables or constructs like ‘social intelligence’ and ‘intelligence quotient’.

There are various types of validity. According to Drost (2011), specific ones are to be used as a basis of assessing the validity of a measurement scale or data. These specific types are convergent and discriminant validity (Morse, 2002; Drost, 2011). Convergent validity is a measure of the extent to which similar items of a construct are correlated (Ringner, 2008). By principle, similar items of a construct should be significantly correlated, or the correlation between each pair of the similar items should be significant or strong.

Discriminant validity is the opposite of convergent validity. It describes the extent to which dissimilar items of a scale fail to correlate to each other (Morse, 2002). It is an expression of how each pair of items of the scale discriminate each other. In other words, the correlation between each pair of the dissimilar items should be as low as possible.

Validity of a scale is achieved either because the scale has been consistently or thoroughly validated in previous studies or it has been subject to expert review (Drost, 2011). Even if a scale has been validated in previous studies, it still needs to be validated in the current study because the current population is different from those in which the validation took place. Moreover, the subjection of a scale to expert review results in what is called face validity, which is a term used to describe a scale that appears to an expert to measure what is supposed to measure (Morse, 2002; Ringner, 2008).

Common measures were taken to achieve and verify the validity of the measurement scales. The first step was to ensure that scales chosen to measure variables were the most appropriate. Based on popular recommendations of researchers (Allwood, 2012), these steps are: (1) applying a sufficiently validated scale to the measurement of constructs implied the specific research objectives; (2) exposing items of the scales chosen to the assessment of experts, including the research supervisor, in the field; and (3) estimating key statistics (e.g. Chronbach's alpha, intra-class correlations, etc.) as a way of verifying the validity and reliability of the scale.

All measurement scales (i.e. emotional intelligence and social capital) were validated to verify their reliability and validity. Validation in this context is the process of computing statistics that indicate reliability, convergent validity, and discriminant validity of the measurement scales using a measurement model specified and built through Confirmatory Factor Analysis (Hair et al., 2010; Hurley et al., 1997). The verification process applies the following rules of thumb recommended by researchers (Hurley et al., 1997; Morse, 2002; Drost, 2011; Kelava, 2016)

Reliability – Cronbach’s alpha (CA) should be at least 0.7 (Morse, 2002; Drost, 2011); intra-class correlations (ICC) should be significant at 5% significance level; and the CA should be greater than the Composite Reliability (CR) – $CA > CR$ (Hurley et al., 1997; Kelava, 2016).

Validity – Popular recommendations in the literature (Hurley et al., 1997; Kelava, 2016; Asiamah, 2017) suggest that convergent validity is confirmed when the Average Variance Estimate (AVE) is greater than 0.5 whereas discriminant validity is confirmed when the AVE is greater than the Maximum Shared Squared Variance (MSV) and Average Shared Squared Variance (ASV).

5.2.5.5 Data Collection Approach

Data collection in this study was carried out in two phases. The first phase involved a pilot study conducted, whereas the second phase was about collecting the study’s main data. A pilot study is a small-scale preliminary survey carried out to evaluate feasibility, time, cost, adverse events, and effect size (Creswell, 2003). It is conducted for quantitative studies accompanying large samples and in an attempt to predict an appropriate sample size and improve upon the study design towards the performance of a full-scale study (Creswell, 2003; Allwood, 2012). In this study a pilot study was conducted to examine the internal consistency of the measurement scales and to predict response rate. In this section, details of the pilot study and actual data collection are provided.

5.2.5.5.1 Questionnaire Administration

The participation of SMEs in this study was influenced by three main institutions, namely the University of Ghana Business School (UGBS), Ghana Investment Promotion Council, and Registrar General’s Department. UGBS endorsed all formal letters written to GIPC and RDD. GIPC and RGD provided a list of SMEs which were duly registered and were legally recognized.

Before data was collected, formal letters endorsed by the UGBS were sent to GIPC and RGD to request for a database of registered and recognized SMEs within Accra. Lists provided by GIPC and RGD were compared and reconciled to generate a final operating list, which contained the contact details of each SME, including telephone numbers. This list also reflects other attributes of the SMEs that enabled the research to identify members of the general and target population. SMEs were contacted via telephone to inform them of the study and to petition them to participate, enabling the researcher to know those which would not participate and therefore develop a list of members of the accessible population.

Members of the accessible population were contacted for the second time to issue informed consent forms to them. An informed consent form is a document that formally requests respondents to participate in a study (Allwood, 2012). It contains basic features such as (Creswell, 2003; Allwood, 2012): (a) purpose of the study; (b) the researcher's information needs; (c) the researcher's contact information; (d) benefits of the study to society and participants; (e) risks or potential risks of participating in the research; (f) precautionary measures that respondents should take when responding (if any); and (g) details about the way data collection would be conducted.

Informed consent forms were sent to all SMEs which made up the accessible population. Research assistants were hired to do the distribution over a period of three weeks under the supervision of the researcher. During the period of distributing the informed consent forms, each SME was made to indicate a specific date they would want to respond to receive questionnaires. The researcher also took the contact details of the specific individual to respond.

Questionnaires were administered in about two months through a similar approach used in distributing the informed consent forms. Those individuals who could not respond

immediately were given two weeks to do so. Five more research assistants were hired and made to do the distribution with the five assistants initially tasked to distribute informed consent forms.

5.2.5.5.2 Response rate

The response rate is the ratio of individuals who responded to questionnaires or interviews to the total number of individuals involved in the study (Creswell, 2003). The response rate is expected to be as large as possible to ensure that the sample size requirement of the study is not violated. There is no universal cut-off point for the response rate (Bartlett et al., 2001), but researchers (Williams, 2007; Allwood, 2012) are of the view that a response rate should not be less than 50% for sample sizes less than 100. Others (Bartlett et al., 2001; Creswell, 2003) also contend that a response rate less than 50% is acceptable for large samples of 1,000 or more. Out of 1,532 questionnaires distributed, 892 of them were returned by participants. Thus the response rate of the study was 58%. However, 175 questionnaires were discarded because they contained major response errors. Hence, 730 questionnaires, representing about 48% of the total number of questionnaires distributed, were analyzed.

5.2.5.5.3 Ethical Measures Taken

Ethics are moral principles that govern data collection in research. Observing relevant ethics is therefore considered by Creswell (2003) as an obligation of the research and is necessary for gaining the approval of relevant stakeholders (e.g. participating SMEs, GIPC, UGBS, and RGD), acknowledging participant's rights and welfare, and reaching acceptable results. Allwood (2012) has also noted that the setup of a research must be subject to strict ethical standards if the research and its result should be accepted legally and technically. For these reasons, some ethical measures were taken in this study.

As an academic research work, UGBS had to express its consent about the study. The researcher therefore made sure that all letters and informed consent forms submitted were endorsed by the school. Before UGBS approved the study, its setup was evaluated to ensure that the health and rights of respondents would not be undermined by virtue of their participation in the study. Informed consent forms were also issued to participants in order to make their participation in this study voluntary. In fact, no SME or individual was held under compulsion to respond in this study.

The researcher took steps not to overly interfere in the business activities of respondents. For instance, each participant was asked to indicate and choose a convenient time to respond to questionnaires. Respondents were also made to decide when to communicate with the researcher and any of research team members. This and other ethical measures taken could have contributed to the study's significant response rate.

5.2.5.5.4 Pilot study results

A pilot study is often a small-scale study that applies a relatively small sample size. In this study therefore, the pilot study was limited to 150 services SMEs in Accra. The study was conducted using the chosen EI and social capital scales. Out of 150 questionnaires administered, 114 were completed and returned by respondents. However, 9 questionnaires were discarded because they contained major response errors. Hence, 105 questionnaires were analyzed. Relevant findings of the pilot study are presented as follows. The response rate in the pilot study was therefore 76%. Table 5.1 and Table 5.2 show relevant findings pertaining to the analysis of data drawn from the pilot study.

Table 5.1. Categories of Participating Service SMEs

Sector	Frequency	Percent
HR	18	17%
ICT/IT	13	12%
Research	16	15%
Hospitality	11	10%
Telecommunication	12	11%
Mobile Finance	15	14%
Others	20	19%
Total	105	100%

Source: Pilot study data, 2016

Table 5.1 shows the categories of SMEs which participated in this study. From the table, 17% (n = 18) of all SMEs HR-related services; 12% (n = 13) as ICT/IT firms; 15% (n = 16) as research firms; 10% (n = 11) as firms providing hospitality services; 11% (n = 12) as telecommunication service providers; 14% (n = 15) as mobile finance service providers; and 19% (n = 20) as providers of other services. In all, at least 7 categories of SMEs participated, with each category substantially represented in the sample.

Table 5.2. Basic Internal Consistency Indicators

Construct	Factor	No. of items retained	Factor loading (α)	Chronbach's alpha
EI	Factor 1	7	0.901	0.906
	Factor 2	6	0.802	0.843
	Factor 3	4	0.701	0.721
	Factor 4	8	0.783	0.792
	Factor 5	8	0.744	0.754
	Total		33	
SC	Factor 1	8	0.803	0.844
	Factor 2	8	0.790	0.811
	Factor 3	7	0.855	0.892
	Factor 4	6	0.734	0.790
	Factor 5	6	0.966	0.968
	Total		35	

Source: Pilot study data, 2016

Table 5.2 shows basic internal consistency indicators, namely factor loadings and Chronbach's alpha. It can be seen that each of the theoretical factors of the two scales account for a factor loading and Chronbach's alpha greater than 0.05. To recall, a scale of factor is internally consistent when it accounts for a factor loading and Chronbach's alpha not less than 0.05 (Hurley et al., 1997; Kelava, 2016; Asiamah, 2017). Since these rule of thumb is satisfied on the basis of factor loadings and Chronbach's alpha in Table 5.2, scales used to measure social capital and emotional intelligence in this study were confirmed to be internally consistent in the study population prior to data collection.

It is agreed that at least 50% of a scale or factor's items should be retained in pilot study if this scale should be applied in the main study (Creswell, 2003; Bartlett et al., 2001; Allwood, 2012), provided the purpose of the study is to use an extended population of the pilot population (Allwood, 2012). In Table 5.2, all items of each factor were retained in the analysis of pilot data, a situation that confirmed the applicability of the scales chosen to measure EI and social capital.

5.3 Summary of the Chapter

This study looked at the context within which the research was undertaken. It also employed a positivist/objectivist philosophical approach to complement a chosen quantitative research paradigm. These choices were made to apply a most suitable procedures and assumptions for testing hypotheses through a hierarchical procedure. The study's population was SMEs operating in Accra which were recognized by the RGD and GIPC. A census approach was adopted – thus all 1,532 SMEs which constituted the accessible population were surveyed.

A self-reported questionnaire was used to collect data. This instrument measured SMEs performance as the main dependent variable. Social capital and emotional intelligence were measured as constructs. Social capital was the independent variable or predictor, whereas emotional intelligence was the moderating variable. In testing the CFA model, educational

level, firm size, firm age, and number of owners were captured as confounding or control variables.

An informed consent form was issued to each SME or participant to confirm his or her participation in the study. Data was collected by delivering questionnaires at the premises of the SMEs. A response rate of 48% was achieved in data collection, with 717 of the questionnaires analyzed. In the next chapter, the data analysis method used and results of empirical data are presented.

CHAPTER SIX

PRESENTATION OF EMPIRICAL DATA

6.0 CHAPTER OVERVIEW

This chapter sets a pivotal stage for confronting the theoretical chapters with the empirical evidence. The order in which the results are presented closely follows the research objectives proposed in the introduction chapter of the thesis. Two major sections are included in this chapter. Section one report the data analysis methods. It is divided into distinct parts that provide the data coding, screening and statistical assumptions used in the analysis. It ends with a summary of analysis procedures.

Section two presents findings of the study. It is divided into two distinct parts that focus on two statistical techniques used in analyzing the data. The profile of the respondents is first discussed followed by the descriptive statistics and the test for outliers and normality of the data. The section ends with the scale reliability and validity. In the second part, the findings of the hierarchical regression analyses are presented.

6.1 DATA ANALYSIS METHOD

Statistical validity of findings is a term used to describe the extent to which a statistical tool or set of statistical techniques yield estimates that represent population parameters (Sawilowsky, 2005). Like convergent and discriminant validity, statistical validity is a requirement for credibility of research findings. The ideal way to achieve this validity is to use the most appropriate statistical tool to analyze data in order to avoid statistical errors such as Type 1 and Type II errors (Sheskin, 2003; Hurley et al., 1997). Each statistical tool must also be used only when the right assumptions are met (Sawilowsky, 2005). Analytical errors are bound to occur when fictitious data is analyzed, regardless of how suitable the techniques

are. As a result, an analysis process must also screen data for unwanted items appropriately to maximize statistical validity.

In this section, the goal is to systematically present steps and procedures towards data screening and analysis. The specific techniques applied and their assumptions are discussed and justified in this section.

6.1.1 The Analytical Tools

Several statistical softwares have been developed over the years for conducting inferential analysis. As a consequence, there is currently a large portfolio of tools that can be deployed. Common tools are the STATA, R software, R studio, AMOS, XLSTAT, LISREL, and SPSS. Though these statistics have many common features, their robustness and functionality differ. STATA and R software, for instance, apply a syntax approach to analysis, whereas SPSS and AMOS apply command menus or syntax approach.

It is also believed that these statistical tools differ in terms of their robustness. LISREL and R software are considered as some of the most robust (Kelava, 2016). It is however ideal for a researcher to use the tool that best meets his or her analysis needs. Of course, the goal of data analysis is to reach findings that have the highest possible level of statistical validity.

Kelava (2016) opined that the researcher should choose a tool that can lead to such findings, considering his or her ability to use a tool. This study therefore employed the SPSS version 21 and AMOS. SPSS was used to run descriptive statistics whereas AMOS was used to conduct CFA. The researcher chose these tools owing to the fact they provided user-friendly menus that could lead to the relevant estimates and findings. Secondly, the researcher was more conversant with the use of these tools.

6.1.2 Data Coding

Data coding is the beginning of data analysis. It involves assigning numbers called codes to each level of a categorical variable. Sawilowsky (2005) is of the view that it includes the definition of variables in the statistical software i.e. whether or not a variable is ordinal or nominal. This classification could influence how easy the researcher finds it to issue commands as well as the accuracy of these commands or syntaxes. Data coding done in this study as illustrated in Table 6.1.

Table 6.1: Coding of Categorical Variables

Variable	Type	Levels	Code assigned
Gender	Nominal	Male	1
		Female	2
Educational level	Nominal	No education	1
		JHSCE	2
		WASSSCE	3
		Diploma	4
		First degree	5
		Master's degree	6
		PhD or higher	7
Sector	Nominal	Services	1
		Manufacturing	2
Business experience	Nominal	Less than 5 yrs	1
		5-10 yrs	2
		11-15 yrs	3
		16-20 yrs	4
		Above 20 yrs	5
Likert scale	Ordinal	Strongly disagree	1
		Disagree	2
		Not sure	3
		Agree	4
		Strongly agree	5

Source: Researcher's Own Construct

6.1.3 Data Screening and Descriptive Statistics

Data collected using questionnaires would often not be in the right form for analysis. Invariably, data may contain unwanted items in the form of wrongly entered items and outliers. As a consequence, data screening or cleansing is a necessary step prior to data

analysis. Data cleansing is a statistical procedure used to identify and eliminate unwanted data item from a dataset (Sawilowsky, 2005). Data cleansing is carried out to ensure that no anomalous item leads to poor precision or statistical validity of findings.

Data screening was carried out in this study using an approach recommended by a group of researchers (Sawilowsky, 2005; Howell 1997; Allwood, 2012). This procedure is about the use of descriptive statistics (i.e. frequency or counts, mean, standard deviation, and z-score) to summarize the data. A summary of the data reveals the presence of missing items, unwanted data points, and potential outliers, though Allwood (2012) reasoned that this procedure is only a preliminary way to screen the data. This procedure uses the following rule of thumb at the first level of data screening:

- a) After computing frequency counts for every variable or indicator, the number of missing items could indicate wrong items entered (Allwood, 2012). To explain, an alphabet could be entered instead of a number. If this happens, there is the need to identify each missing item to be sure the total number of items missing does not include an error entry (Creswell, 2003).
- b) The mean and its standard deviation are computed for each indicator. No indicator or variable should account for a standard deviation that is greater than its corresponding mean score; otherwise there are potential outliers in the data (Williams, 2007; Allwood, 2012).

The above procedure was applied to screen for the data basically. However, since this method is less robust (Creswell, 2003), the researcher went on to the second more robust stage of data screening that was recommended by Sawilowsky (2005) and Allwood (2012). With respect to this approach, two steps were taken:

The z-score was computed to ensure that the data was properly distributed. In this vein, data is well distributed when its skewness falls within recommended statistical threshold (Creswell, 2003), which is the distance between +3 and -3 on the real number line (Sawilowsky, 2005). The values +3 and -3 represent z-scores computed automatically in the statistical package used.

Secondly, normality of the data was verified at the univariate and multivariate levels. Multivariate normality was required for the use of CFA (Hurley et al., 1997). Univariate normality was verified using the Shapiro-Wilk's test, which was the best tool if the sample size of the study is less than 2000 (Sawilowsky, 2005). For a sample larger than 2000, the Kolmogorov-Smirnov test is used (Sawilowsky, 2005). Since the number of data points analyzed in this study was less than 2000, the Shapiro-Wilk's test was used to verify univariate normality of data.

Multivariate normality was verified using a CFA approach recommended by Kelava (2016). In this procedure, multivariate normality of data is confirmed when the Mahalanobis distance tests (p2 values) are less than 0.05. For univariate normality to be confirmed, each variable must account for a p-value not less than 0.05 (Sawilowsky, 2005). Data analysis in the next chapter shows evidence of univariate and multivariate normality of data.

6.1.4 Statistical Assumptions Analysis

For quantitative studies, one or both of two categories of inferential statistics are applied in testing hypotheses. These are parametric and non-parametric statistics tools (Sawilowsky, 2005). Parametric statistical tools are statistical procedures or tests that apply assumptions about the distribution of the population from which data was drawn (Creswell, 2003; Allwood, 2012). Non-parametric statistical tools do not make such assumptions (Creswell, 2003; Allwood, 2012).

In this study, parametric statistical tools were employed to test hypotheses owing to the observation of researchers (Sheskin, 2003; Sawilowsky, 2005; Allwood, 2012) that these tests are more robust. For using these categories of tools, some basic assumptions were to be met prior to using them. These assumptions are identified as follows:

Normality of data – this assumption verifies the normality of the distribution of data. For a study involving the use of CFA, multivariate normality must be confirmed prior to data analysis (Howell, 1997; Cohen, 2001; Hurley et al., 1997; Kelava, 2016). The next chapter presents findings on the confirmation of this assumption.

Independence-of-errors – this assumption ensures that independence of errors in a multiple linear regression analysis is achieved (Sheskin, 2003). To confirm this assumption, each multiple linear regression that forms part of the structural CFA must account for a Durbin-Watson statistic that falls between 1.5 and 2.5 (Sheskin, 2003.). The confirmation of this assumption is also demonstrated in the data analysis in the next chapter.

Collinearity – this assumption verifies the presence of homoscedasticity among the independent variables of a multiple linear regression analysis (Sawilowsky, 2005). For the CFA, each predictor of independent variable should produce a Variance Inflation Factor (VIF) value of not less than 10 (Hair et al., 2003; Pallant, 2010), though 5 is considered a more robust benchmark (Creswell, 2003; Allwood, 2011). This is also analyzed in the next chapter to demonstrate the confirmation of this assumption.

6.1.5 Scale Validation Analysis

Two main statistical methods are applied in scale validation in research. The first method is a rough-and-dirty approach that only accounts for the reliability coefficient (i.e. Chronbach alpha) of the scales (Ringner, 2008). The second method is the gold standard and computes both reliability and validity statistics using a CFA approach (Hair et al., 2010; Anderson and

Gerbing 1988). In this study, the second procedure was used because it is rigorous and provides a holistic set of validation statistics. Thus, a CFA procedure was applied as explained earlier. Evidences of this procedure are provided in session 6.2.

6.1.6 Hypotheses Testing

The focal point of data analysis was hypotheses testing that led to the analysis of the specific research objectives. Generally, a structural model that represents a framework of eighteen paths or hypotheses was tested using Hierarchical Linear Regression (HLR) analysis. The same tool was used to test the moderation effect of emotional intelligence on the association between social capital and SMEs performance. Table 6.2 shows a summary of all data analysis steps taken and their respective rationale.

Table 6.2: Summary of Analysis Procedures

Analysis procedure	Stage (of the analysis)	Description	Statistical tool	Rationale
Data coding	Stage 1	Each level of all categorical data was assigned a code	Data coding sheets and SPSS	This step was necessary for voiding the data of error items
Data screening	Stage 2	Data was explored to remove unwanted items and outliers. The distribution of the data was examined to establish acceptable skewness	Descriptive statistics Z-score	This could visualise missing items and potential unwanted items. Mean scores and standard deviation give clues about the presence of outliers This was used because it provides benchmarks for understanding the distribution of the data
Normality test	Stage 2	Univariate normality of data was verified and confirmed Multivariate normality of data was verified and confirmed	Shapiro-Wilk's test Mahalanobis test Shapiro-Wilk's test, Mahalanobis test	This is the most appropriate tool when the number of data points (n) is not more than 2000 (Sawilowsky, 2005) This is a gold standard provided in CFA (Hurley et al., 1999; Kelava, 1997)
Assumptions test	Stage 2	To ensure that the data came from a normally distributed population. To verifies whether error terms of all predictors are independent of each other	Durbin-Watson statistic Variance Inflation Factor value	Recommended in the literature (Sawilowsky, 2005; Hurley et al., 1997; Kelava, 2016) Recommended in the literature (Sawilowsky, 2005)
Scale validation	Stage 2	To verify homoscedasticity To compute the reliability and validity statistics of the measurement scales	CFA	Recommended in the literature (Sawilowsky, 2005; Hair et al., 2003) This approach is the most robust way to estimate both the reliability and validity statistics (Anderson & Gerbing 1988; Hurley et al., 1997)
Hypotheses testing	Stage 3	To test conceptual framework for the 18 hypotheses of the study, including the control of confounding variables and moderation test	Hierarchical Linear Regression (HLR)	This approach is the most basic and comprehensive method for testing structural relationships, though it could lead to Type II error

Source: Researcher's Own Construct

In this section data analysis was in three main stages. In the first phase, data was coded and entered into the analysis software, which was Analysis of Moment Structures (AMOS). In the second stage, data screening was carried out and basic assumptions were tested. In the third stage, the HLR analysis was used to test the hypotheses. In the next chapter, results of data analysis are presented.

6.2 ANALYSIS OF DEMOGRAPHIC VARIABLES AND FIRM ATTRIBUTES

In this subsection, demographic variables and firm attributes are analyzed to provide a basis for understanding the distribution of the data. In Table 6.3, results pertaining to the analysis of the mean Background Characteristics are discussed.

Table 6.3: Background Characteristics

Variable	Obs.	Mean	SD	Min	Max
Gender (Male=1)	722	0.641	0.480	0	1
<i>Respondent Type</i>					
Owner	722	0.211	0.399	0	1
Manager	722	0.789	0.415	0	1
Age of Business	721	2.999	1.190	1	5
<i>Highest Educational Attainment</i>					
No Education	723	0.064	0.244	0	1
Pre-tertiary education	723	0.609	0.278	0	1
Tertiary education	723	0.328	0.415	0	1
<i>Form of Ownership</i>					
Sole proprietorship	721	0.781	0.414	0	1
Company Limited	721	0.190	0.393	0	1
Cooperative	721	0.006	0.074	0	1
Partnership	721	0.024	0.152	0	1
<i>Foreign Participation</i>					
Foreign-Owned	711	0.030	0.169	0	1
Locally-Owned	711	0.949	0.219	0	1
Both	711	0.021	0.144	0	1
Family Ownership (Yes=1)	706	0.154	0.362	0	1
Service (=1)	714	0.943	0.233	0	1
Number of Paid Employees	689	8.433	39.959	3	1000

Source: Field data, 2017

In Table 6.3, 36% of all respondents were females, whereas 64% (Mean = 0.641, SD = 0.480) of all respondents were males. Obviously, the majority of respondents were males, though the proportion of females is substantial.

In the second main row of Table 6.3 representing respondent type, majority of them 79% (Mean = 0.789, SD = 0.415) were managers whereas 21% (Mean = 0.211, SD = 0.399) of all respondents were owners. Also most small and medium enterprises have existed on the average around 3 years with the minimum and maximum age of the firm 1 year to 5 years respectively.

In the third main row *Highest Educational Attainment* of Table 6.3, 6% of all respondents (Mean = 0.064, SD = 0.244) had no education; 61% (Mean = 0.609, SD = 0.278) of all

respondents had pre-tertiary education; 33% (Mean = 0.328, SD = 0.415) of all respondents had Tertiary education. Hence, a majority of respondents had pre-tertiary education.

In the fourth main row *Form of ownership* of Table 6.3, 19% of all respondents (Mean = 0.190, SD = 0.393) had company limited; 78% (Mean = 0.781, SD = 0.414) of all respondents had sole proprietorship; 0.6% (Mean = 0.006, SD = 0.074) of all respondents had cooperatives; 2.4% (Mean = 0.024, SD = 0.152) of all respondents had partnerships. Hence, a majority of respondents were from sole proprietorships.

In the fifth and final row *Foreign Participation* of Table 6.3, 3% of all respondents (Mean = 0.030, SD = 0.169) were Foreign-Owned; 95% (Mean = 0.949, SD = 0.219) of all respondents were Locally-Owned; 0.2% (Mean = 0.021, SD = 0.144) of all respondents were both foreign and locally owned; 15% (Mean = 0.154, SD = 0.362) of all respondents were family owned ; 0.94% (Mean = 0.943, SD = 0.233) were in the service sector. Hence, a majority of respondents were locally owned enterprises.

Moreover, SMEs had an average of about 8 employees (Mean = 8.433), while the largest number of employees in the table is 1000 and the minimum number of employees were 3. The next subsection examines the distribution of the data.

6.3 Identification of Outliers and Test for Data Distribution

In this section, three analytical steps are taken to verify the absence of outliers in the data. First, descriptive statistics in the form of mean and standard deviation are used to understand the spread of the data. The summary statistics from the initial social capital variables and main variables can be found in APPENDIX Table A6 and Table A7 respectively. Secondly, the z-score is computed for the three main variables, Social Capital, Emotional Intelligence, and SMEs Performance as a way of confirming the absence of outliers in the variables of the model. Finally, the Shapiro-Wilk's test is carried out to verify whether or not data came from

a normally distributed population. The test of normality verified both univariate and multivariate outliers.

Table 6.4 shows the descriptive statistics associated with EI. With respect to this table, every indicator should produce a mean score between 1 and 5, which are the minimum and maximum values on the measurement scale. In addition, the mean of the overall EI construct in the table is the average of the sum of the number of items of the EI scale, which is in accordance to Howell (1997). This average is expected to be close to the total maximum value of the scale, which is 150 (i.e. the product of the number of items of the scale excluding 3 filter items and the maximum value of the scale). Based on Tabachnick and Fidell, (1996), the closer the total maximum value is to 150, the higher the level of EI in the study population. Moreover, each indicator, apart from the filter items (i.e. EI5, EI28. And EI33), must produce a mean of approximately 4 for respondents to be emotionally intelligent (Cohen, 2001; Howell, 1997).

Table 6.4: Summary Statistics of Emotional Intelligence Variables

Variable	Obs.	Mean	Std. Dev.	Min	Max
I know when to speak about my personal problems to others	714	3.748	0.915	1	5
When I am faced with obstacles, I remember times I faced similar obstacles and overcame them	709	3.621	0.858	1	5
I expect that I will do well on most things I try	711	4.143	0.835	1	5
Other people find it easy to confide in me	706	3.758	0.847	1	5
I find it hard to understand the non-verbal (facial expressions, gestures) messages of other people*	711	3.004	1.255	1	5
Some of the major events of my life have led me to re-evaluate what is important and not important	708	3.706	0.821	1	5
When my mood changes, I see new possibilities	705	3.718	0.889	1	5
Emotions (feelings) are one of the things that make my life worth living	711	3.736	0.930	1	5
I am aware of my emotions(feelings) as I experience them	707	3.825	0.826	1	5
I expect good things to happen	708	4.157	0.856	2	5

I like to share my emotions(feelings) with others	701	3.689	0.961	1	5
When I experience a positive emotion (feelings), I know how to make it last	703	3.711	0.872	1	5
I arrange events others enjoy	700	3.674	0.914	1	5
I seek out activities that make me happy	704	3.967	0.827	1	5
I am aware of the non-verbal messages I send to others	701	3.813	0.871	1	5
I present myself in a way that makes a good impression on others	704	3.967	0.821	1	5
When I am in a positive mood, solving problems is easy for me	707	3.911	0.849	1	5
By looking at their facial expressions, I recognize the emotions (feelings)people are experiencing	707	3.689	0.911	1	5
I know why my emotions (feelings) change	702	3.774	0.850	1	5
When I am in a positive mood, I am able to come up with new ideas	702	3.852	0.807	1	5
I have control over my emotions	711	3.990	0.857	1	5
I easily recognize my emotions as I experience them	708	3.864	0.830	1	5
I motivate myself by imagining a good outcome to tasks I take on	706	4.059	0.848	1	5
I compliment others when they have done something well	707	4.057	0.912	1	5
I am aware of the non-verbal messages other people send	701	3.680	0.944	1	5
When another person tells me about an important event in his or her life, I almost feel as though I have experienced this event myself	710	3.401	1.053	1	5
When I feel a change in emotions (feelings), I tend to come up with new ideas	705	3.274	1.003	1	5
When I am faced with a challenge, I give up because I believe I will fail	713	1.302	0.697	1	5
I know what other people are feeling just by looking at them	698	3.344	1.103	1	5
I help other people feel better when they are down	699	3.622	0.921	1	5
I use good moods to help myself keep trying in the face of obstacles	700	3.553	0.909	1	5
I can tell how people are feeling by listening to the tone of their voice	697	3.191	0.994	1	5
It is difficult for me to understand why people feel the way they do	700	2.820	1.071	1	5

Source: Field data, 2017

In Table 6.4, the majority of items, apart from the filter items, produce a mean score of approximately 4. The smallest mean scores are produced by the three filter questions, which

was found to be consistent with previous validations of the EI scale and therefore reflects the validity of the scale. Some items such as EI26 (Mean = 3.40, SD = 1.05) and EI27 (Mean = 3.27, SD = 1.00) have low mean scores, and this results suggests that respondents had low EI in terms of these items and other indicators having a mean score less than 4 (in approximate term). This notwithstanding, the overall EI construct accounts for a mean score of 115.2 (Mean = 115.23, SD = 28.04), which represents about 77% of the total maximum score of the scale. Based on some studies therefore (*Cohen, 2001; Howell, 1997*), participants were emotionally intelligent to an appreciable level.

Data of an indicator is more likely to contain one or more outliers if the standard deviation of the indicator is equal or greater than the mean, though this criterion is merely the first step towards understanding the distribution of the data (Sawilowsky, 2005). Hence, there is ample evidence that there were no outliers in the data of EI.

Table 6.5 shows descriptive statistics associated with SMEs Performance. It is worth indicating that SMEs Performance was measured on the same interval of scale, which ranges from 1 to 5.

Table 6.5: Descriptive Statistics for SMEs Performance

Indicator	Code	Mean	Std. Deviation
Market-share growth	MC1	3.78	1.191
Sales turnover	MC2	3.73	1.251
SMEs Performance	-----	7.51	2.44

Source: Field data, 2017

In Table 6.5, every indicator produces a mean score close to 5, the maximum value of the measurement scale. As a result, the overall SMEs Performance construct accounts for a large mean score of 7.51 out of a total maximum value of 10. Thus, the overall construct accounts for 75% of the total maximum value of the scale. Apparently, SMEs Performance is at a

higher level among the businesses. Most importantly, Sawilowsky’s (2005) criterion for identifying outliers is met. Hence, there is a higher chance that data associated with SMEs Performance contains no outliers.

Table 6.6: Summary of Binarized Social Capital Variables

Variable	Obs.	Mean	Std. Dev.	Min	Max
Contact with media	692	0.361	0.481	0	1
Owens foreign home	690	0.062	0.242	0	1
Know Literature	686	0.286	0.452	0	1
Earns>5000	692	0.373	0.484	0	1
SHS Graduate	693	0.939	0.239	0	1
Vocational Education	692	0.227	0.419	0	1
Politically Active	688	0.381	0.486	0	1
Governmental Regulations	690	0.243	0.429	0	1
Professional Journal	686	0.109	0.312	0	1
Own a Car	692	0.835	0.371	0	1
Foreign Language	695	0.436	0.496	0	1
Work with PC	697	0.816	0.387	0	1
Good Reference	693	0.625	0.485	0	1
Work Conflict	689	0.663	0.473	0	1
Family Conflict	695	0.652	0.477	0	1
Moving House	685	0.485	0.500	0	1
Social Capital	-----	7.493	6.733		

Source: Field data, 2017

This evidence applies to Table 6.9 in which Social Capital accounts for 58% of the total maximum score of the measurement scale (Mean = 204.2, SD = 102), with 1 to 10 being the range of values of this scale. Though the outlier criterion is met, the level of Social Capital in the firms is low relative to the level of EI and SMEs performance. The fact that Sawilowsky’s (2005) outlier criterion is met for the three main constructs is the basis for confirming the absence of outliers in the data. Table 6.7 and Table 6.8 present more robust tests for outliers.

Table 6.7: Statistics for the Identification of Outliers

Variable	N	Z-score	Benchmark	
			Lower	Upper
Emotional Intelligence	717	2.09	-3	3
Social Capital	717	-1.33	-3	3
SMEs Performance	717	-2.33	-3	3

Source: Survey data, 2017

Outliers are confirmed to be absent in the dataset of a variable when the z-score associated with that data is between the values -3 and 3 on the real number line (Sawilowsky, 2005). In Table 6.7, the z-score of each of the four main variables satisfies this criterion. The absence of outliers in the data of the main variables is therefore confirmed.

Table 6.8: Univariate and Multivariate Normality

Variable	Statistic	df	p-value
Social Capital	0.243	717	0.500
Emotional Intelligence	0.411	717	0.377
SMEs Performance	0.209	717	0.633

NOTE: Mahalanobis distance test (p2 values) < .05 for all variables

Source: Survey data, 2017

Table 6.8 shows the Shapiro-Wilk's test of normality of data. This test verifies the univariate normality of data. If data associated with each variable is normally distributed, the corresponding p-value should be greater than 5% significance level (Sawilowsky, 2005). It can be seen in the table that this criterion is met for each main variable. Univariate normality of data is therefore confirmed. Beneath Table 6.8 is a note, which indicates that the p2 values of the Mahalanobis distance test, which were obtained in fitting the model, is less than 0.05 for all variables. Multivariate normality is met when all p2 values are less than 0.05 in CFA (Kelava, 2016).

It is therefore confirmed that data analyzed came from a normally distributed population. This data also has multivariate normality. The next subsection assesses the reliability and validity of the data.

6.4 RELIABILITY AND VALIDITY

Since the scale measures were adapted for the current study, they were validated via a confirmatory factor analysis (CFA) using AMOS version 21. For internal consistency purposes, Cronbach's α values for the two main constructs ranged between 0.76 and 0.88 as is reflected in *Table 6.9*.

The factor loadings ranging from 0.60 to 0.94, all above the 0.50 acceptable level, indicated that the theoretical constructs exhibit acceptable psychometric reliability in the study (Nunnally et al., 1967) as seen in *Table 6.9 and Table 6.10*

Table 6.9: Factor Loadings for Social Capital Items

#	Item	Factor loading	t-value
1	DYK repair car	0.925	fixed
2	DYK own car	0.613	34.32
3	DYK repair hhd equip	0.677	24.09
4	DYK foreign lang	0.965	33.03
5	DYK work with PC	0.652	13.77
6	DYK play instrument	0.816	32.21
7	DYK know literature	0.833	21.20
8	DYK shs graduate	0.551	23.11
9	DYK has vocational edu	0.552	30.55
10	DYK reads journal	0.516	31.11
11	Political support	0.773	fixed
12	DYK owns shares>9999	0.901	32.22
13	DYK works at town hall	0.768	14.32
14	DYK earns>5000 monthly	0.959	36.09
15	DYK owns home abroad	0.703	29.44
16	DYK contracts people	0.642	30.65
17	DYK knows govt regulations	0.792	32.32
18	DYK good contact with media	0.737	40.99
19	DYK knows about soccer	0.549	41.34
20	DYK knows financial matters	0.779	fixed
21	DYK can find job for relative	0.901	39.11
22	DYK can advise on work conflict	1.039	38.82
23	DYK help with moving from house	0.929	36.43
24	DYK help with small jobs in house	0.833	31.11
25	DYK do your shopping wen ill	0.896	33.97
26	DYK give medical advice	0.884	41.43
27	DYK borrow you huge sum of money	0.971	fixed
28	DYK can accommodate you 1wk	0.701	24.19
29	DYK can advise about family conflicts	0.974	16.09
30	DYK can discuss politics with	0.584	15.06
31	DYK can give legal advice	0.916	16.43
32	DYK give good reference for job	0.653	17.05
33	DYK baby-sit for you	0.705	31.05
34	DYK confide in	0.937	25.90
35	DYK can be visited socially	0.955	36.68

Source: Survey data, 2017

Table 6.10: Factor Loadings for Emotional Intelligence Items

#	Item	Factor loading	t-value
1	Know when to speak about problems	0.607	fixed
2	Remember previous obstacles when faced with one	0.649	32.12
3	Expect to do well in most things	0.602	33.65
4	People find it easy to confide in me	0.656	24.12
5	Hard to understand nonverbal comm.	0.529	16.77
6	Past events led to reevaluation	0.685	fixed
7	Mode change presents opportunities	0.695	24.96
8	Emotions make my life worth living	0.611	24.02
9	Aware of emotions as i experience them	0.679	19.76
10	I expect good things to happen	0.587	14.09
11	Like to share emotions with others	0.729	20.32
12	Know how to keep positive emotions	0.716	18.66
13	I arrange events others enjoy	0.726	18.34
14	Seek out my happiness	0.674	fixed
15	Aware of the non-verbal msgs i send to others	0.656	24.32
16	I make a good impression on others with presentation	0.668	27.21
17	Solving problems is easy wen in positive mood	0.668	28.99
18	Can tell others emotions by looking at their facial expressions	0.699	15.45
19	I know why my emotions change	0.671	18.02
20	Positive mood facilitate idea generation	0.688	22.91
21	Control over my emotions	0.683	24.32
22	Easily recognize emotions as i experience them	0.704	fixed
23	I imagine good outcome to task as motivation	0.798	28.222
24	I complement others over good things	0.787	29.11
25	Aware of non-verbal messages of others	0.704	16.43
26	Relate easily with others experience	0.751	28.43
27	Ideas come up as emotions change	0.630	33.01
28	Give up when confronted with challenge	0.654	16.53
29	Know the feeling of others from their looks	0.676	fixed
30	Help down spirited people	0.811	32.11
31	I use good moods to keep going	0.770	14.32
32	Know people's feelings from the voice tone	0.626	16.43
33	Difficult to understand others feelings	0.544	17.33

Source: Survey data, 2017

Following from Fornell and Larcker (1981), convergent validity was assessed by first calculating the average variances extracted (AVE). First, the items that loaded on each of the constructs were further computed to create composite measures (Ping, 1995).

Second, it was observed that composite reliabilities of the two also ranged from 0.76 to 0.87, which are all higher than the minimum threshold of 0.7 (Hair et al., 2010). Additionally, discriminant validity was established by comparing the shared AVE values between pairs of constructs with their squared phi correlations. In all cases, the AVE values were greater than the shared squared phi correlations associated with each pair of constructs, supporting the discriminant validity of the constructs (Fornell and Larcker, 1981). Table 6.11 displays the results of the discriminant validity (an indication that the constructs are distinct from one another) by presenting the descriptive statistics and inter-construct correlations with shared AVE.

Table 6.11: Tests for Validity and Reliability

Construct	Factor	CA	CR	ICC				AVE	MSV	ASV
				Single measure	95%CI					
					Lower Limit	Upper Limited	p-value			
Emotional Intelligence	Factor 1	0.772	0.728	0.278	0.233	0.323	0.000	0.506	0.001	0.000
	Factor 2	0.739	0.698	0.295	0.231	0.359	0.000	0.493	0.139	0.016
	Factor 3	0.750	0.707	0.128	0.059	0.195	0.000	0.169	0.167	0.011
	Factor 4	0.882	0.833	0.468	0.413	0.421	0.000	0.516	0.167	0.023
	Factor 5	0.829	0.783	0.254	0.189	0.321	0.000	0.324	0.139	0.015
Social Capital	Factor 1	0.783	0.739	0.242	0.219	0.268	0.000	0.396	0.111	0.003
	Factor 2	0.805	0.702	0.306	0.223	0.317	0.000	0.315	0.100	0.008
	Factor 3	0.906	0.742	0.253	0.192	0.285	0.000	0.295	0.172	0.012
	Factor 4	0.903	0.731	0.245	0.113	0.251	0.000	0.239	0.132	0.006

Source: Field data, 2017

Model fitness was evaluated using the normed χ^2 index (χ^2/df), goodness of fit index (GFI), and the comparative fit index (CFI). This was followed by the Tucker-Lewis index (TLI), normed fit index (NFI) and the root mean square error of approximation index (RMSEA) as suggested by Anderson and Gerbing (1988). Using these series of fit indices, the CFA resulted in CFI, TLI, RMSEA within the acceptable criteria for the overall model fit of the sample group, as suggested by Hair *et al.* (2006) and Kline (2005). These results confirm constructs in the research model (see Table 6.12 for results of the CFA).

Table 6.12 CFA Model Fit Statistics

Measure	Model 1	Model 2	Model 3	Model 4
Chi-square (χ^2)	543.887	698.901	68.083	72.112
p-value	0.056	0.088	.509	.167
DF	109	103	30	30
R ²	.786	.794	.465	.402
TLI	0.951	0.961	0.991	0.980
CFI	0.956	0.977	0.987	0.967
RMSEA	0.049	0.043	0.032	0.047

NOTE: Model 1 = measurement model (social capital); Model 2 = measurement model (emotional intelligence);

KEY: DF = degree of freedom; TLI = Tucker-Lewis Index; RMSEA = random mean square error approximation

Source: Survey data, 2017

Table 6.13 shows statistics that test basic assumptions, namely collinearity. Each predictor should produce a VIF value not greater than 10 if the collinearity assumption is met for a multiple regression model of at least 2 predictors (Hair *et al.* 2003; Pallant, 2010). On the basis of this criterion, collinearity is also satisfied for the models as depicted in Table 6.13 below.

Table 6.13: Multiple Linear Regression Assumptions Test

Predictor	Collinearity Statistics	
	Tolerance	VIF
Emotional Intelligence	0.953	1.050
Social Capital	0.883	1.133
Gender	0.976	1.025
Firm Age	0.943	1.060
Education	0.799	1.251
Business Type	0.881	1.135
Ownership Status	0.932	1.073
Sector	0.763	1.311
Firm Size	0.688	1.453

Source: Field Data, 2017

6.5 Hypotheses Testing and Findings

In this section, findings are presented to address the research hypotheses and objectives.

Table 6.14 shows the correlation matrix of key variables.

Table 6.14: Correlation Matrix of Key Variables

Variable	#	1	2	3	4	5	6	7	8	9	10	11
Emotional Intelligence	1	1										
Market-share growth	2	.182**	1									
Social Capital	3	.118**	.202**	1								
Gender	4	-.092*	-0.07	0.049	1							
Firm Age	5	.141**	-0.05	.150**	.099**	1						
Education Business Type	6	0.032	.174**	.284**	0.035	0.004	1					
Ownership Status	7	-0.066	.103**	-0.06	0.024	0.062	.301**	1				
Number of Owners	8	.088*	0.008	0.009	-0.032	0	-0.027	-0.012	1			
Sector	9	0.065	0.019	-0	0.027	0.072	.110**	.220**	.183**	1		
Firm Size	10	0.03	.111**	.081*	-0.071	0.052	-.093*	.133**	.148**	0.056	1	
	11	-0.033	.201**	-0.07	0.027	.093*	.256**	.208**	.236**	0.022	.475**	1

**Correlation significant at 1% significance level

*Correlation significant at 5% significance level

Source: Survey data, 2017

6.6 MODERATED HIERARCHICAL REGRESSION

To examine the theoretical interdependencies among social capital and SMEs performance under the moderating context of emotional intelligence, the full data was analysed using moderated hierarchical regression modeling. This multi-stage hierarchical regression approach helps minimize concerns of endogeneity due to the use of continuous scales on the three constructs (Hamilton and Nickerson, 2003).

In line with the discussions in chapter 5, a hierarchical regression was performed to determine the impact of various variables including demographic variable on the relationship between social capital and SMEs performance, emotional intelligence and SME performance, the impact of the moderator variable on the relationship between social capital and SME performance. Emotional intelligence, the moderator variable is also seen as a predictor variable (Baron & Kenny, 1986; Aiken & West, 1991). Predictors and moderators are at the same level in regard to their role as causal variables, antecedent or exogenous to certain criterion effects. That is moderator variables always function as independent variables (Baron & Kenny, 1986; Aiken & West, 1991).

These variables were made up of gender, age of business, owner, education, type of business, locally owned, service and numbers of employees were added to the initial model to determine their impact on the relationship between the dependent, moderating and independent variable.

We proceed to discuss details of the results for each of the tables generated for the two dependent variables measuring SME performance.

6.6.1 Market Share

First, the effects of control variables (of gender, age of business, owner, education, type of business, locally owned, service and number of employees) on performance were tested in

M1 (see Table 6.15 below). The results for market share indicated that number of employees made a significant positive ($\beta = 0.003$, $p < 0.05$) impact on market share while gender ($\beta = -0.239$, $p < 0.05$), age of business ($\beta = -0.073$, $p < 0.1$) and service ($\beta = -0.366$, $p < 0.01$) had significant negative impacts on market share. The rest of the control variables had no effect on the relationship between dependent, moderator and independent variables. It was observed from the R^2 value that the control variables account for only 5 percent of the variance in performance.

Table 6.15: Regression Estimates of Market Share Performance

DV: Market Share	(1)	(2)	(3)	(4)
Gender (Male=1)	-0.239 (0.098) **	-0.120 (0.092)	-0.106 (0.092)	-0.088 (0.091)
Owner (=1)	-0.096 (0.120)	-0.070 (0.114)	-0.095 (0.114)	-0.105 (0.113)
Age of Business (in years)	-0.073 (0.041)*	-0.005 (0.041)	0.006 (0.041)	0.013 (0.042)
SHS + (=1)	0.115 (0.126)	-0.063 (0.123)	-0.085 (0.123)	-0.072 (0.120)
Sole Proprietorship (=1)	-0.199 (0.123)	-0.252 (0.115)**	-0.246 (0.115)**	-0.208 (0.115)*
Locally owned (=1)	-0.333 (0.220)	-0.483 (0.211)**	-0.528 (0.208)**	-0.681 (0.220)***
Service (=1)	-0.366 (0.217)*	-0.299 (0.186)	-0.239 (0.182)	-0.133 (0.182)
Number of Employees	0.003 (0.001)**	0.003 (0.001)***	0.002 (0.001)***	0.002 (0.001)***
Prestige and Education Social Capital (PESC)		0.262 (0.052)***	0.270 (0.052)***	0.249 (0.053)***
Political Social Capital (PSC)		-0.051 (0.047)	-0.062 (0.047)	-0.029 (0.055)
Skills Social Capital (SSC)		-0.158 (0.055)***	-0.160 (0.055)***	-0.155 (0.054)***
Personal Support Social Capital (PSSC)		0.269 (0.052)***	0.186 (0.057)***	0.158 (0.056)***
Emotional Intelligence (EI)			0.222 (0.066)***	0.232 (0.072)***
PESC**EI				-0.006 (0.072)
PSC**EI				-0.059 (0.079)
SSC**EI				0.150 (0.058)***
PSSC**EI				-0.205 (0.063)***
Constant	4.858 (0.316)***	4.847 (0.293)***	4.785 (0.284)***	4.855 (0.292)***
R²	0.05	0.13	0.15	0.18
N	665	630	630	630

Source: constructed from Field data 2017

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

Beta values not in parentheses while robust standard errors are in parentheses

Secondly, the main effects of the independent variables were added to the initial model in M2. The results for market share indicated that number of employees made the same significant positive ($\beta = 0.003$, $p < 0.05$) impact on market share while sole proprietor ($\beta = -0.252$, $p < 0.05$), and locally owned ($\beta = -0.483$, $p < 0.05$) had significant negative impacts on market share. The rest of the control variables had no effect on the relationship. The results further showed a significant increase of 0.08 from the R2 value, resulting in a 13 percent variance in performance across the enterprises.

Thirdly, the main effect of the moderator variable was added to the initial model in M3. The results for at this stage indicated that number of employees made a significant positive ($\beta = 0.002$, $p < 0.01$) impact on market share while sole proprietor ($\beta = -0.246$, $p < 0.05$), and locally owned ($\beta = -0.528$, $p < 0.05$) had significant negative impacts on market share. The rest of the control variables had no effect on the relationship. Further, a significant increase of 0.02 was found from the R2 value, resulting in a 15 percent variance in enterprises performance.

Next, the interaction effect of the moderator variable was added in M4. The results at this stage indicated that number of employees made a significant positive ($\beta = 0.002$, $p < 0.01$) impact on market share while sole proprietor ($\beta = -0.208$, $p < 0.1$), and locally owned ($\beta = -0.681$, $p < 0.05$) had significant negative impacts on market share. The rest of the control variables had no effect on the relationship. An observed change of 0.03 in the R2 value resulted in an 18 percent variance in the model across all enterprises.

From the second model, H1 argued that Social capital has a significant effect on SMEs, market share performance. The study found support for H1a where Prestige and Education

Social Capital (PESC) was positively and significantly related to market share performance, H1a ($\beta=0.262$, $p < 0.01$).

Similarly, H1d the estimated standardized coefficients for Personal Support Social Capital H1d ($\beta = 0.269$, $p < 0.01$) also indicated a positive and significant relationship on market share performance, supporting H1d. Also H1c was supported with estimated standardized coefficients for Skills Social Capital ($\beta = -0.158$, $p < 0.01$) indicating a negative and significant relationship with market share performance

From the third model, the estimated standardized coefficients revealed that emotional intelligence ($\beta=0. 0.222$, $p<0.01$) had positive and significant relationship with market share performance. Therefore H3 which predicts a positive and significant relationship between emotional intelligence and market share was supported.

The H5 predicts that a significant relationship exists between the interaction between EI and SC on firm performance, in M4 the results indicates that this hypothesis was partially supported. Subsequently, the moderating effect of emotional intelligence on the relationship between social capital and enterprise performance was also tested in M4 following the interactive (multiplication) term procedure by Aiken and West (1991). Both social capital and emotional intelligence were first mean-centred, before multiplication, to reduce the potential threat of multicollinearity (Ping, 1995).

The results from the standardized estimated coefficients H5c ($\beta = 0.150$, $p<0.01$) suggests that emotional intelligence negatively and significantly moderates the relationship between skills social capital and market share in M4. Also results from the standardized estimated coefficients H5d ($\beta = -0.205$, $p<0.01$) suggests that emotional intelligence negatively and significantly moderates the relationship between personal support social capital and market share performance.

6.6.2 Sales Performance

First, the effects of control variables (of gender, age of business, owner, education, type of business, locally owned, service and number of employees) on performance were tested in M1 (see Table 6.16 below). The results for market share indicated that number of employees made a significant positive ($\beta = 0.003$, $p < 0.05$) impact on market share while gender ($\beta = -0.329$, $p < 0.01$), and service ($\beta = -0.3575$, $p < 0.05$) had significant negative impacts on market share. The rest of the control variables had no effect on the relationship between dependent, moderator and independent variables. It was observed from the R^2 value that the control variables account for only 6 per cent of the variance in performance.

Table 6.16: Regression Estimates of Sales Performance

DV: Sales Performance	(1)	(2)	(3)	(4)
Gender (Male=1)	-0.329 (0.104)***	-0.218 (0.100)**	-0.203 (0.100)**	-0.181 (0.099)*
Owner (=1)	-0.135 (0.123)	-0.113 (0.118)	-0.137 (0.117)	-0.138 (0.118)
Age of Business (in years)	-0.040 (0.045)	0.046 (0.045)	0.057 (0.045)	0.060 (0.045)
SHS + (=1)	0.194 (0.141)	-0.001 (0.137)	-0.021 (0.137)	-0.005 (0.136)
Sole Proprietorship (=1)	-0.129 (0.140)	-0.188 (0.131)	-0.183 (0.131)	-0.147 (0.132)
Locally owned (=1)	-0.382 (0.248)	-0.502 (0.230)**	-0.543 (0.234)**	-0.694 (0.256)***
Service (=1)	-0.575 (0.255)**	-0.456 (0.216)**	-0.400 (0.210)*	-0.304 (0.206)
Number of Employees	0.003 (0.001)**	0.003 (0.001)***	0.002 (0.001)***	0.002 (0.001)***
Prestige and Education Social Capital (PESC)		0.224 (0.052)***	0.232 (0.053)***	0.207 (0.057)***
Political Social Capital (PSC)		-0.046 (0.048)	-0.056 (0.048)	-0.014 (0.056)
Skills Social Capital (SSC)		-0.136 (0.055)**	-0.137 (0.055)**	-0.133 (0.054)**
Personal Support Social Capital (PSSC)		0.360 (0.055)***	0.283 (0.060)***	0.261 (0.059)***
Emotional Intelligence (EI)			0.205 (0.068)***	0.200 (0.078)**
PESC**EI				0.043 (0.078)
PSC**EI				-0.093 (0.078)
SSC**EI				0.087 (0.053)
PSSC**EI				-0.199 (0.067)***
Constant	4.892 (0.378)***	4.762 (0.342)***	4.703 (0.339)***	4.785 (0.349)***
R²	0.06	0.15	0.16	0.19
N	665	630	630	630

Source: constructed from Field data 2017

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

Beta values not in parentheses while robust standard errors are in parentheses

Second, the main effects of the independent variables were added to the initial model in M2. The results for sale performance indicated that number of employees made the significant positive ($\beta = 0.003$, $p < 0.01$) impact on market share while service ($\beta = -0.456$, $p < 0.05$), gender ($\beta = -0.218$, $p < 0.05$) and locally owned ($\beta = -0.502$, $p < 0.05$) had significant negative impacts on market share. The rest of the control variables had no effect on the relationship. At this stage, a significant increase of 0.09 was found from the R2 value, resulting in a 15 percent variance in enterprises performance across.

Thirdly, the main effect of the moderator variable was added to the initial model in M3. The results for sales performance indicated that number of employees ($\beta = 0.002$, $p < 0.01$) made a significant positive impact on market share while service ($\beta = -0.400$, $p < 0.1$), gender ($\beta = -0.203$, $p < 0.05$) and locally owned ($\beta = -0.543$, $p < 0.05$) had significant negative impacts on sales performance. The rest of the control variables had no effect on the relationship. At this stage, a significant increase of 0.01 was found from the R2 value, resulting in a 16 percent variance in performance across all the enterprises.

Next, the interaction effect of the moderator variable was added in M4. The results for indicated that number of employees ($\beta = 0.002$, $p < 0.01$) made a significant positive impact on sale performance while gender ($\beta = -0.181$, $p < 0.1$) and locally owned ($\beta = -0.694$, $p < 0.01$) had significant negative impacts on sales performance. The rest of the control variables had no effect on the relationship. It was observed that a change of 0.03 in the R2 value resulted in a 19 percent variance in the model across all enterprises.

From the second model, H2 argued broadly that Social capital has a significant effect on SME performance. The study found support for H2 *partially* as in H2a where Prestige and Education Social Capital (PESC) was positively and significantly related to sales performance, H2a ($\beta = 0.224$, $p < 0.01$).

Similarly, H2d the estimated standardized coefficients for Personal Support Social Capital H1d ($\beta = 0.360$, $p < 0.01$) also indicated a positive and significant relationship on sales performance, supporting H2d. With H2b however, the estimated standardized coefficients for Political Social Capital H2b ($\beta = -0.046$) indicated a negative but not significant relationship on sales performance. Also H2c was not supported with estimated standardized coefficients for Skills Social Capital ($\beta = -0.136$, $p < 0.05$) indicating a negative and significant relationship with sales performance

From the third model, the estimated standardized coefficients revealed that emotional intelligence ($\beta = 0.205$, $p < 0.01$) had positive and significant relationship with sales performance. Therefore H4 which predicts a positive and significant relationship between emotional intelligence and sales performance was supported.

The H6 predicts that a significant relationship exists between the interaction between EI and SC on firm performance in M4 indicates that this hypothesis was not supported.

Subsequently, the moderating effect of emotional intelligence on the relationship between social capital and enterprise performance was also tested in M4 following the interactive (multiplication) term procedure by Aiken and West (1991). Both social capital and emotional intelligence were first mean-centered, before multiplication, to reduce the potential threat of multicollinearity (Ping, 1995). The results show only one significant and negative relationship for the interaction effect on sales performance in M4. Results from the standardized estimated coefficients H6d ($\beta = -0.199$, $p < 0.01$) suggests that emotional intelligence negatively and significantly moderates the relationship between personal support social capital and sales performance.

6.7 SUMMARY RESULTS OF HYPOTHESIZED RELATIONSHIPS

This thesis developed and empirically tested a research model that sought to provide a theoretical and practise oriented understanding of social capital and emotional intelligence as resources that can be used to improve SMEs performance. To address the research objectives identified in chapter 1, the model extends social capital research by applying the concept of emotional intelligence. As such 6 main hypotheses were postulated to assess these relationships. The posited research hypotheses were tested and the results are presented in Table 6.17 below.

Table 6.17: A Summary of Results with Respect to Hypotheses

Hypothesis (two-tailed alternative)	Code	Result
Social capital makes a significant effect on Market share performance	H1	Partially Supported
Prestige and education makes a significant effect on Market Share performance	H1a	Supported Not
Personal support makes a significant effect on market-share growth	H1b	supported
Political Support of SMEs makes a significant effect on market-share growth	H1c	Supported
Social skill makes a significant effect on market-share growth	H1d	Supported Partially supported
Social capital makes a significant effect on Sales performance	H2	Supported
Prestige and education makes a significant effect on Sales performance	H2a	Supported
Personal support makes a significant effect on market-share growth	H2b	Supported Not
Political support makes a significant effect on Sales performance	H2c	supported
Social Skills of SMEs makes a significant effect on Sales performance	H2d	Supported
Emotional Intelligence makes a significant effect on Sales performance	H3	Supported
Emotional Intelligence makes a significant effect on Sales performance	H4	Supported
Emotional intelligence moderates significantly PESC on SMEs Market share	H5a	Supported Not
Emotional intelligence moderates PSC significantly on SMEs Market share	H5b	supported Not
Emotional intelligence moderates SSC significantly on SMEs Market share	H5c	supported Not
	H6a	Not

Emotional intelligence moderates significantly PESC on SMEs Sales Turnover		Supported
Emotional intelligence moderates significantly PSC on SMEs Sales Turnover	H6b	Not supported
Emotional intelligence moderates significantly SSC on SMEs Sales Turnover	H6c	Not supported
Emotional intelligence moderates significantly PSSC on SMEs Sales Turnover	H6d	Not supported
Emotional intelligence moderates significantly SC on SMEs Market share	H5	Partially supported
Emotional intelligence moderates significantly SC on SMEs Sales turnover	H6	Not Supported

Note: The main hypotheses are those in bold

6.8 CHAPTER SUMMARY

This chapter has demonstrated adequate evaluations of the measurement models for the constructs under investigation. Essentially, the chapter has focused on the data analysis methods and sought to measure SME performance, social capital and emotional intelligence by employing hierarchical regression.

The chapter has established the operational procedures adopted for the development and validation of the measuring instruments for the constructs within the conceptual framework for the study.

The specific procedures from the psychometric literature for assessing reliability, dimensionality and construct validity have also been given due expositions. The final portions of this chapter investigated the various hierarchical paths relating to the sources of social capital, emotional intelligence, and its consequence on SME performance as well as providing assessments of moderation tests evidenced in the conceptual framework for the study. These have raised some issues and findings to be discussed in detail in the next chapter.

CHAPTER SEVEN

DISCUSSION OF RESEARCH FINDINGS

7.0 CHAPTER OVERVIEW

The previous chapter presented the empirical results and analysis found in the study – model evaluation, estimation of results and testing of the conceptual framework. This chapter provides a discussion on the empirical outcome of the hypotheses testing conducted in this investigation and their significance particularly in relation to findings from other studies reported in the literature. It is essentially divided into two major sections. The first section provides a brief background to the study while the second part discusses the findings of the study based on the research questions and hypotheses posed in the introductory part of this research. A chapter summary is subsequently provided to recapitulate the key issues addressed in this chapter.

7.1 SUMMATION OF RESULTS

The purpose of the study was to examine the sources of social capital and its interaction effects on the performance of small and medium-sized enterprises. It has been established from the earlier chapters of this study that the contributions of SMEs across several countries (both developed and developing) in terms of economic activities cannot be undervalued. A clear inspection of marketing literature particularly in the area of social capital revealed that one of the key areas for advancing SME competitiveness is the need to recognize how to harness and exploit their resources and capabilities to enhance their competitiveness in the marketplace.

Drawing on the Resource-Based Theory, Social capital theory and the concept of Emotional intelligence it has been argued that a firm's ability to achieve and maintain competitive advantage is typically based on a relevant configuration and deployment of organizational

resources, capabilities and competencies (Barney 1991, 2011; Prahalad and Hamel, 1994; Teece et al., 1997). As a result, it was essential to investigate the specific organizational resources and how emotional intelligence (EI) can enhance performance. In attempting a discussion on the relevance of deploying social capital, especially among small and medium enterprises, it also became relevant to explore the access to social capital and how these relationships can be mobilised within the enterprise. In view of this, a key skill (EI) was inculcated in the measurement of the study. This was examined in an attempt to understand how intangible firm resources can be used to facilitate or prevent the realization of maximum performance for small and medium-sized enterprises.

7.2 DISCUSSION OF STUDY FINDINGS

The key aim of the research was primarily to measure the access and utilization of SME resources embedded in their networks and use emotional intelligence as a capability to determine their outcome on SME performance. The fundamental question underlying the current study is articulated as: *How do SMEs achieve improved performance through the mobilisation of organizational intangible resources like social capital and emotional capabilities?* In an attempt to address this question, the study sought to evaluate three key questions which culminated into both theoretical and empirical investigations in the previous chapters. The major results found from the current research have been deliberated upon in relation to previous literature on the subject/themes under discussion. These are discussed in detail based on the research questions and study objectives in the subsequent sections of this chapter.

7.2.1 Social Capital and SME performance

While the debate about personal connections and the labour market is a mature one, the idea that social capital influences competitiveness is a more recent one. Economic policy and

research were both stimulated during the 1980s, partly in response to the emergence of dynamic industrial companies and regions in Japan; it was often suggested that one cause of Japanese industrial success was the importance of outsourcing, underpinned by well-coordinated supply chains. As a result, supply chains and regional networks came to be seen as a new and effective way of coordinating firms and other business partners (Karnøe 1999). As with labour market studies, this body of work has only recently started to use the concept of social capital (Maskell 2000), provoked partly by repeated assertions from Putnam (1993a, 1993b, 2000, pp. 319–325) and Francis Fukuyama (1995), concerning the positive economic consequences of social capital.

Networks have long played a very vital role to enterprise performance. Especially, it is widely known that networks act as a very relevant source of information at the initial stages of a business. It enables a small firm to identify and exploit opportunities within their environment (Mulholland 1997, pp.703–706; Field 2008, p. 59) as well as supply the means for financial resources (Bates 1994, p. 674). With respect to markets and labour, Social capital has also been regarded as an asset. Even when recruited through intermediaries, clients and employees tend to depict higher amounts of allegiance and dedication than might be exhibited among complete outsiders. Networks also enhance a homogenous and firm supervision, consequently allows SMEs to confront outside disturbances, particularly in challenging sectors (Field 2008, p. 59).

In her study of social capital among managers, Erika Hayes James found that tie strength is particularly important as a means of emotional help, which may be collateral for tougher times (James 2000, p.503). These more qualitative findings are supported by two recently published studies based on survey data. The first is Sabatini's work on the Italian economy suggests that network resources that have more weak ties tend to result in wealth. This

finding is also confirmed by a relative research of social network resources and economic expansion covering fifty-four Western European regions which concluded broadly a favourable connectedness linking the two (Field 2008, p.56).

In his more recent work, Putnam has followed Michael Woodcock and others by also distinguished between ‘bonding (inner ties)’ and ‘bridging (outer ties)’ forms of social capital (Putnam 2000, pp. 22–24). For Putnam, “tie strength” social network resources are centred on family, close friends and other near kin. He perceives it as inward-looking and as such connects persons from indistinguishable cultural calling. It therefore tries to “reiterate absolute peculiarity and related groupings” (Field, 2008, p.73).

Results from the hierarchical regression analysis in this study confirmed this argument. Evidently, SMEs performance (Market share) decreases as access to political social capital and the ability to use it decreases. The negative beta (-0.051) value in this relationship (Political social capital and SME performance) suggests that SMEs do not directly obtain any benefit by having these resources from family and friends alone though this finding wasn’t significant. It can be concluded that the actors’ social networks did not have the authority, dominance, and potential to contribute any gain that would help the SMEs gain advantage in market share. In Coleman's example of the "Senate Club," he cited how some senators are more powerful than others because they have heightened a set of agreements from other senators, and they can use those credits to get legislation passed (Coleman, 1988, p. SI02). Such power benefits allow the main actors to get things done and bring to successful conclusion their ambition. Burt (1992) concentrates on influential gains that arise to actors who link detached groupings.

Also it can be noted that Skills social capital has an inverse relationship significantly with market share with a beta (-0.158) at $p < 0.01$. This reflects the fact that having friends and family that can read professional journals, owns a car, can write a foreign language decreases the market share performance. While strong relationships connects persons and individuals and groupings with homogeneous resources, in order to clutch regulative and distinctive aims (what Lin defines as 'expressive' purposes), they are also used for maintaining cohesion, solidarity, or well-being whereas bridging ties may be good at helping contributory objectives, as they generate admission to new types of capital but rely less firmly on participatory norms (Lin 2001a: Chapter 5).

In comparison, bridging (or 'inclusive') social resources links actors to more distant acquaintances whose network resources are distinct from that of the actor's and this tends to produce greater identities as well as a wider reciprocity instead of reiterating a small gathering. Putnam reiterates that close social network relationships is good for 'coping', while spanning of structural holes is crucial for 'prospering'.

Some have resorted to a rather different terminology from that advocated by Putnam and Woolcock. Nan Lin, for example, distinguishes between 'strong ties' and 'weak ties' (Lin 2001: ch.5). Lin's terminology follows that of Mark Granovetter, whose early studies of job search among young people suggested that while close network ties were a good source of employment in organizations and jobs where close network relationships already existed, relationships that spanned structural holes were a relatively efficient means of locating finding jobs in new fields (Granovetter 1973). Lin defines close ties as those which follow the principle of 'homophily', binding individuals with others homogeneous like them; weak ties connect individuals with distinct social and cultural backgrounds. Lin also contrasts the kinds of capital and objectives that the various kinds of network relationships can deliver.

While strong ties bring together individuals and groups with rather similar resources, in order to pursue normative and identity-based goals (what Lin defines as ‘expressive’ purposes), weak ties may be better at serving instrumental goals, as they can provide access to new types of resources but rely less on strongly shared values. Lin develops these insights to theorise a model of social network relationships that incorporates the difference between strong and weak ties (or bridging and bonding social capital), the purposes of mutual cooperation (expressive and instrumental), actors’ structural social positions, and membership of networks that provide access to positions (Lin 2001, pp. 75–76). In general, it seems that homogeneity and heterogeneity appear to be an important factor in determining how social capital functions. To take one example, a study of social capital among women and male entrepreneurs found that the women generally had more homogeneous networks than the men, and in particular were more likely to rely on kin as network members (Renzulli et al. 2000). Apparently, these distinctive network characteristics formed an independent variable which could help explain the relative performance of male and female entrepreneurs. In her study of Russia’s ‘economy of favours’, Ledeneva found that the most effective operators had both horizontal and vertical links, and so were able not only both to secure and supply favours, but functioned at the centre of networks.

In this system of *blat*, or the systematic use of informal contacts, such people were seen as the *Blatmeisters* (Ledeneva 1998, p. 124). Burt (1992) describes the spaces which such social entrepreneurs occupy as ‘structural holes’ in social networks; those who can bridge strategic positions in social network ties are crucial to in sealing network resources. So understanding the nature and scope of the relationships between individuals, communities and/or institutions can be beneficial in allowing us to embrace the distinct means in which social capital delivers access to a variety of social resources.

Of course, social capital alone is not enough. As has been pointed out, the most successful family businesses are usually led by well-educated individuals who already have good access to both social *and* financial capital (Mulholland 1997, p. 707). However, the notion that social networks bring positivity to SMEs productivity is well grounded in empirical studies. In recent years, there has been substantive scrutiny in the duty of network relationships and groups in encouraging market transformation and knowledge reciprocity (Le Bas et al. 1998; Porter 2000). Knowledge is an infamous frail product, in that sellers are vulnerable to unethical conduct of buyers, rather than the high-cost alternative court action; knowledge therefore is inclined to be swapped more openly than is expected for firm. Trust-based relations between SMEs owner/managers may provide protection against these risks, and can minimize various market exchange (most obviously the legal costs of patent protection, but also the search costs of identifying relevant techniques and technologies, as well as of converting them into usable forms). The height and span of such trust-based network relationships are believed to enumerate the otherwise unexpected success of the small Nordic economies, which appear to combine high labour costs with a capacity to compete in globalized markets (Maskell et al. 1998). In the case of the Danish furniture industry, which is typically a highly competitive sector of small firms that are low on technological innovation and high on labour costs, it has been suggested that ‘it is perhaps impossible to overstate the importance’ of ‘the social community of managers’, particularly in the solution of day-to-day problems (Henriksen 1999, p. 256).

This insight directly contradicts much contemporary management thinking about labour and innovation, resting as it does on the belief that an increase in employees leaving the job will consequently attract fresh, youthful minds that will accept newness and get used to dynamism. Yet this strategy, by disrupting existing networks, can have exactly the opposite effect on performance. One study of high-tech firms in Silicon Valley found a “significant

negative effect of turnover on revenue growth” (Baron *et al.* 2001 p.1006). Instead of increasing creativity and simplicity, employee turnover was taking away firm-specific information and destroying the organizational ‘organizational blueprint’ which had been guarded by old guard workers (Bar-On, Tranel, Denburg, & Bechara, 2004).

Some firms, by contrast, intentionally abuse this favourable side of social capital relationships. For example, a study of financial advisers in French banks noted that human resource departments allowed a wider internal simplicity partly in order to enable financial advisers to gather and increase their social ties, which consequently enabled them to expand increase their market.

Prospectively, social networks can affect an organization by double means. Firstly, the quantum of social ties gathered, and secondly, the nature of the relationship attained by the completeness of the connections amongst the individuals in the network (Sabatini, 2008). The impact of social capital on the performance of individuals, groups and societies has been studied extensively, showing significant economic growth (Putnam, 1993) and returns with regards to incomes earned within the nations (Knack and Keefer, 1997). Exploration of this connection between social ties and improvement in performance outcomes by renowned researchers in the fields of entrepreneurship and strategic management (Ireland *et al.*, 2003) has featured prominently in recent years.

A common theme points toward benefits in the efficiency or achievements of the firm, similarly to gains in traditional capital. The visibility of social networks produces some favourable excesses that consequently give profits to the organization, such as facilitating the exchange of facts and data, and creating a store of information that can be used in the day to day running of the business.

This is confirmed by our research findings on prestige and educational social capital and personal support social capital. These two types of social capital had significantly positive impacts on market share.

Prestige and education social capital H1a ($\beta=0.0.262$, $p < 0.01$) significantly had a positive effect on market share. So having social networks of family and friends who had access to people who owned a holiday home abroad, good contacts to media and knowledge of literature it seemed had access to information and opportunities that were valuable to the owner/managers who helped enhance the market share of the SMEs.

Personal support social capital ($\beta = 0.269$, $p < 0.01$) significantly had a positive effect on market share. So having social networks of family and friends who had access to people who could give good reference in applying for a job and locate a holiday employment for a family member gave the owner/manager access to information and opportunities that improved their market share. Network ties research has posited that network ties gave actors the opportunity to access information about employment vacancies (Adler and Kwon, 2002).

Mark Granovetter's seminal study of how people find jobs (Granovetter 1973), the question of what influence social connections have on the labour market has become an important area for labour market research. Granovetter showed that not only do many workers find their jobs through personal contacts, who passed on insider information about specific opportunities; but the most valuable information often came from what he called 'weak ties', rather than from more immediate contacts within the family or close friends, who usually didn't know anything that was not already known to the job-seeking worker.

However, a study of Italian regions concludes that people's bonding ties are more helpful in finding secure jobs than either bridging or linking ties (Sabatini 2005b). While most research agrees Granovetter's original insights, it implies that the impact of social networks on

employment search depend in part on the cultural context within which individuals are trying to locate a job. One French study has shown that the use of binding ties has negative repercussions on salaries, especially for employees with the highest qualifications (Delattre and Sabatier 2007), while a Swiss study discovered that income rises with the number of friends (Franzen and Hangartner 2006, p. 363). One study has even reported that earnings rise with drinking, particularly social drinking (Peters and Stringham 2006) – a finding to cheer any reader who has made it this far. Sabatini also reported that weak ties and linking social networks are both positively correlated with higher income levels, while bonding social relationships are correlated with lower average incomes; but when the three different types of social capital are combined, the potential of social resources are virtually non-existent (Sabatini 2005b). Again, then, as well as allowing for context, we see that it is important to differentiate between the forms of social network relationships.

From the second model, H2 argued broadly that Social capital has a significant effect on SME performance (Sales performance). The study found support where H2a Prestige and Education Social Capital (PESC) was positively and significantly related to sales performance, H2a ($\beta = .224$, $p < 0.01$). The owners/managers with social networks of higher vocational education, secondary school graduates, knowledge of literature and good contacts with media were able to give them access to resources of opportunities and information to be able to increase their sales within the industry.

Similarly, with H2d the estimated standardized coefficients for Personal Support Social Capital ($\beta = 0.360$, $p < 0.01$) also indicated a positive and significant relationship on sales performance. It can be assumed that the social networks of the Owners and managers of SMEs gave them embedded resources which helped enhance their sales performance. Once

the actors in the entrepreneurs network know people who can refer them to good job contacts, such contacts can also give them access to good sales references.

With H2b however, the estimated standardized coefficients for Political Social Capital H2b ($\beta = -0.046$) indicated a negative but not significant relationship on sales performance. Knowing people in a political party or who have access to government regulations but do not possess enough power and influence can have negative externalities for the owner/manager. This finding in H2d is supported by Akwaah (2008) who confirms the negative repercussions of social network relationships with people in political positions. That access to these government officials' cannot only be deadly but can also impede on SMEs capacity to aggressively chase new potentials that may have enhanced the productivity. In Ghana, ties with politicians may give an SME a financial resource from a government owned banking firm or the award of a major business contract. However, the SME will have to give a quota of the financial resources to the cause of that political party before the receipt of the loan or the commencement of the contract work.

Also H2c was not supported with estimated standardized coefficients for Skills Social Capital ($\beta = 0.136, p < 0.05$) indicating a negative and significant relationship with sales performance. This finding indicates that SMEs social relations with networks skilled in reading professional journals express themselves in a foreign language, work with a PC are not beneficial to SMEs.

In summary, the control variables contributed only 5% towards market share, with the independent variable Social capital increasing this contribution by 8% thus improving market share performance by 13%. In sales performance, the controlled variables explained 6% of the variance while the introduction of social capital improved this variance by 9%.

Adversity can help strengthen relationships, especially between those who are connected by situations of ostracism, stigmatisation or danger. Yet while entrenched and localised

networks may well be very homogeneous and close, because they do not include many people who come from very different backgrounds, they tend to prevent access to others who could help provide relational benefits that are located or managed outside the group (Ferlander 2007, p. 122–123; Warr 2005). This goes for informational resources as well as material resources.

7.2.2 The Differential Roles of Social Capital, Emotional Intelligence and Resources and Capabilities in SME Performance

Drawing on the conceptual model for the study, the next discussion focuses on the differential roles played by social capital and emotional intelligence fortifying SME performance. Irrespective of the actor's location in the network structure they still must have the requisite skills to be able to harvest the benefits that come with cooperation.

The awareness, knowledge, acquisition and development of social competences are yet to be factored into social capital researches (though Bourdieu's ideas about cultural capital may offer an important pointer). Inevitably, the skills needed for different types of network are differentially distributed. Some of the ways in which skills are distributed appear to follow gender lines; for example, Morrow speculates that many of the rules of networking may vary between women and men. Particularly where networks are characterised by affective ties emotionally valued skills and assets are an important resource, which may be more readily available to women, as a result of their '(historical) concentration in the private sphere' (Morrow 1999, p. 755). Moreover, because these ties are based around neighbourhood and kinship, they are less vulnerable to such economic shocks as unemployment than are men's (Russell 1999, p. 210).

Differential changes in access to networks following unemployment may in turn affect the balance of power within families. There are also important social class differences in the way that networking skills are distributed. Many of the competences needed to access the distinct

network capital accessible through people's network ties are tacit ones, deeply entrenched in the nature of the relationships themselves. This quality may, of course, help explain the great difficulties of transferring one's social capital from one context to another, or of translating it into another type of capital.

7.3 EMOTIONAL INTELLIGENCE AND PERFORMANCE

EI is known to be very vital element in prolonged greater job outcomes, firm efficiency, and gains (Sy et al., 2006). Empirical review has found that greater amounts of EI enable people to guide more effectively, enhances their job satisfaction, are committed to their firms, feelings of job insecurity and turnover intentions are reduced and broadly experience more career success (Dimitriadis 2007, pp. 223–224). As mentioned earlier, making use of employees' creative potential and novel ideas can become the foundation of an SME's continuity and development (Piperopolous, 2010). Emotionally intelligent managers can enhance employees' willingness to act entrepreneurially and also evidence exists to suggest that leaders that can manage their emotions as well as the emotions of others (usually their subordinates) are more likely to achieve their aims, effectively guide their employees, and keep the company ahead of the competition ((Piperopolous, 2010). Emotions play an important role in people's readiness to be creative and innovative. It is also argued that the quality of the emotional environment of an organization could enhance productivity and creativity. EI influences positively self-motivation and as such leaders with high EI provide the conditions for their worker to cohesively deliver on the job. It is evidenced that entrepreneurs with high emotional intelligence surpass in arousing their human resources to recognize and appropriate possibilities for innovation (Zhou and George, 2003).

The research findings in the current study reflect the positive influence of EI on SMEs performance. Thus H3 the estimated standardized coefficients revealed that emotional intelligence ($\beta = 0.222$, $p < 0.01$) had positive and significant relationship with sales

performance. Therefore H3 which predicts a positive and significant relationship between emotional intelligence and sales performance was supported.

Also, H4 had standardized coefficients which revealed that emotional intelligence ($\beta=0.205$, $p<0.01$) had positive and significant relationship with sales performance. Therefore H4 which predicts a positive and significant relationship between emotional intelligence and sales performance was supported.

In addition to EI being ascribed with positively influencing customer relations (Hutchins & Rodriguez, 2018; Mayer et al., 2004; Goleman, 1998), Deeter-Schmelz & Sojka (2003) found a probable association between sales performance and EI which was later validated by Higgs (2004) in a United Kingdom call centre study and then by Heffernan *et al.* (2008) who found that “the higher the level of EI a relationship manager possesses, the higher their profitability for the bank” (p. 194).

Moreover, higher levels of EI in service-providers have been found to lead to greater customer satisfaction (Kusluvan, Kusluvan, Ilhan, & Buyruk, 2010 ; Kernback & Schutte, 2005), in fact it was found that participants of the study who observed the lowest level of EI in the service-provider were found to be less satisfied. Lemmink & Mattsson (2002) studied the impact of emotion on customer satisfaction and loyalty, using warmth as an emotional construct. Warmth was defined as “a positive, mild, volatile emotion involving physiological arousal and precipitated by experiencing directly or vicariously a love, family, or friendship relationship” (Lemmink & Mattsson, 2002, p. 19). They found that “emotions seem to have a dual effect on customer loyalty. First, it increases the intention to stay with the service; and second, it leads to a higher willingness to pay more for the same service” (p. 31).

Emotional intelligence principles according to Oriarewo, Agbim, & Zever, (2014) are known to open up avenues for comprehending and evaluating people’s personalities, guidance styles, approach, creation of good relationships, and capabilities. Thus, Bharwaney et al., (2011)

asserted that emotional intelligence is relevant in personnel management practices as well as marketing.

The findings reinforce the importance of emotional intelligence to SMEs performance. More so, enterprising outcomes have benefitted from the utilization of emotional intelligence. This is because positive emotions encourages enterprising innovations and potential identification as well as affect the entrepreneur's capacity to turn past experiences into present solutions through lateral thinking. Thus, entrepreneurs who exhibit desires of positive deep feelings about their ventures will be more successful than those who do not display passion (Baron, 2008).

Emotional intelligence is a competency which has the capability to donate a more positive view point, conduct and consequences. Someone who possesses high emotional intelligence will be more prone to recognizing, comprehending and controlling emotions; more likely to solve challenges; and more skilful in expressing goals. Some researchers asserted the fact that emotional intelligence is the lost factor in entrepreneurship studies and discourses (Piperopoulos, 2010). Also the development of entrepreneurship is related to the ability of an individual to analyse his/her emotions and values (Zakarevicius & Zuperka, 2010).

Literature has established the indispensable role played by resources in enabling firms achieve growth in performance. Even more, proponents of the Resource- Based Theory have asserted that resources are fundamental necessities for any firm seeking to survive in competitive markets (Galbreath and Galvin, 2008; Pribadi and Kanai, 2011). According to such theorists, a firm can create and maintain its competitive urge only if it can create a distinct stock of resources (Rivard et al., 2006; Barney, 2011; Tavitiyaman et al., 2012). However, counterpart theorists from the dynamic capability school of thought opine that firms rather need capability to achieve even greater performance in their operating markets

(De Toni and Tonchia 2003; Wang and Ahmed, 2007; Ambrosini et al., 2009; Carraresi et al., 2012). Thus, the latter ideological stance proposes that firms with capabilities do better than those who merely rely on their resources. Although some researchers try to view capital resources and potential abilities as synonymous (Newbert, 2007), a dominant view suggest that the two are clearly distinguishable from one another (Teece et al., 1997; Wang and Ahmed, 2007; Lu et al., 2010). Makadok (2001) for instance describes abilities as a distinct type of asset that is specifically and firm grounded, imitable, organization-specific capital whose aim is to enhance the performance of other resources possessed by the firm.

The findings in the current study reflect the positive influence of emotional intelligence on social capital which influences performance. In the analysis chapter, EI contributes significantly 2% of the variance in market share while 1% is significantly contributed to sales performance.

This confirms results of previous studies which similarly present empirical support for this relationships and the call by researchers, that firms that invest in social capital (and seek to enhance the emotional intelligence of their workforce) are likely to perform positively as against those who overlook such matters (Brooks and Nafukho, 2005; Hazleton and Kennan 2000; Prusack and Cohen 2001).

7.4 THE INTERACTION EFFECTS OF EI AND THE CONSTITUENTS OF INDIVIDUAL SOCIAL CAPITAL ON SMES PERFORMANCE.

Results on the interactivity between the individual's social networks and Emotional intelligence from Table 6.16 in the previous chapter reflects a significantly negative influence on sales performance of SMEs when personal support social capital interacts with emotional intelligence. This can be attributed to low emotional intelligence on the part of SME owner/managers. This finding is contrary to findings from existing studies as discussed in 7.2.2. but it shows congruence with Andersen & Kumar (2006), where it is claimed that “

lack of positive personal “chemistry” or negative emotions may prolong trust building or terminate relationships” (p. 523). Furthermore, they state that “emotions play a crucial role in the initiation, the development and the sustenance of relationships over time” (p. 523).

Secondly, Results on the interactivity between the individual’s social networks and Emotional intelligence from Table 6.15 in the previous chapter reflects a significantly positive effect on market share performance of SMEs when skills social capital interacts with emotional intelligence. This can be attributed to high emotional intelligence on the part of SME owner/managers. Existing studies as discussed above have proven that high emotional intelligence by entrepreneurs leads to better organizational performance. However, personal support social capital interacts significantly negatively with emotional intelligence on market share performance. Overall the main interaction effects of EI and SC on Sales performance and market share increased performance to 3%. This shows that emotional intelligence enhances social capital in increasing performance outcomes.

7.5 CHAPTER SUMMARY

This chapter provided a discussion of the results found from the empirical survey in relation to existing literature and the conceptual framework for the research. The first part of the chapter was to provide a brief background to the discussion. The chapter has assessed the findings obtained from the research in relation to the research questions posed in the introductory chapter in order to achieve the stated objectives. It has duly discussed in detail, the types of network resources that make up the components of Social capital for small and medium firms, the ways in which such resources can be enhanced through capabilities of intangible resources like emotional intelligence to impact SME performance. The interactivity between social network resources and EI was also discussed. The next chapter will look at the research conclusions and implications of the issues discussed above for theory, managerial practice and governmental policy intervention.

CHAPTER EIGHT

SUMMARY, CONCLUSIONS AND IMPLICATIONS

8.0 CHAPTER OVERVIEW

This chapter looks at the conclusions of this study. It summarizes the processes and findings of this study. Secondly, the chapter moves on to outline the novelty and characteristics of this research. Thirdly, it discusses the contributions of the study with regards to the managerial, theoretical, practical solutions to society and the limitations of the research. Lastly, implications for future empirical studies are proposed. The details are depicted in the following four sections.

8.1. SUMMARY OF THE RESEARCH

This thesis started by looking at the role and relevance of SME's to both the economy and society as a whole within the Ghanaian context. There is enough proof that SMEs are not only needed to boost the economy, but they play a very vital role in the development of individuals in today's ever changing community. Given the significance of small and medium firms, constantly enhancing their social networking resources to meet the demands of society is important.

The importance of networking for small and medium sized enterprises (SMEs) has been recognized by a number of empirical studies, given the need for small and medium enterprises to gain access to other organizational resources. The resource based theory espouses that firms with resources are able to perform better than firms that do not. Social capital which is an intangible resource can be used by SMEs to collaborate with competitor SMEs to access and share interdependent network resources and capabilities (Akwaah 2008).

Empirical research provides evidence that the emotional intelligence of the entrepreneur and his employees is basically needed to access and use social capital towards expected performance (Goyal & Akhilesh, 2007; Brooks & Nafukho, 2006).

However, literature on the effect of social capital on SMEs performance in a developing country context especially Ghana is not well established. It is also unclear the extent to which emotional intelligence can be used to harness the social capital to improve on the performance of SMEs.

The purpose of this research was to bring to the fore one of these entrepreneurs' characteristics like social capital that has the power to shape SMEs performance by investigating the moderating role of emotional intelligence.

Having reviewed the theoretical foundation on social capital, this thesis emphasizes that the Social Capital Theory (The Network based perspective), as well as the concept of Emotional Intelligence are appropriate to serve as the theoretical basis of this research into social capital at the individual level.

The concept and theory of social capital, though relatively new in the marketing literature, is often said to be an important subject owing to its multidisciplinary nature. In fact, social capital has been mentioned in many disciplines (health, social sciences and business) in extant literature. For this reason, explanation and assessment of social capital and its relationship with other variables in a particular field needs to be contextual and must be linked to sound theoretical arguments. In this chapter therefore, the goal was to expound the theoretical basis of the relevance of social capital, resources, and emotional intelligence to business performance in the SMEs sector in Ghana. Thus, this chapter focused on the integration of related theories to formulate the theoretical framework of the study.

Based on this theory and concept, this thesis developed a conceptual model demonstrating the influence of emotional intelligence on social capital and its effects on SMEs performance. Six main sets of hypotheses were developed according to this conceptual model. A survey study was conducted in order to test the conceptual model. A total of 717 SME's were involved in this study. In particular 676 were from the service sector and 41 were in the manufacturing sector.

Finally, the effect of interaction between social capital and emotional intelligence on SME's performance was tested using hierarchical regression analysis.

The effect of demographic factors (firm age, firm size, firm type, education, number of owners, gender, and sector) were also analysed in this study.

But the impact of social capital on business activities and performance of SMEs' seems to be more complicated than posited in the existing literature. This research from Ghana demonstrates that significant evidence exists to show that social capital is not always beneficial to SMEs.

Social capital and emotional intelligence make a negative significant interaction effect on market share growth, sales turnover, and SMEs performance at 1% significance level. The interaction negative effect is however smaller than the main effect of social capital owing to the positive impact of emotional intelligence on the interaction effect. So when social capital makes a positive effect on SMEs performance, emotional intelligence minimizes this effect negatively.

The results from testing the conceptual model reflects that the two (2) sets of the main hypotheses and five (5) sets of the sub hypotheses were supported while four(4) of the main hypothesis were not supported.

8.2. INNOVATION AND FEATURES OF THIS STUDY

The **most salient feature** of this study is it that looks at the ways by which social capital can be mobilised in supporting the strategic organization of small and medium enterprises activities and improves upon their performance in Ghana. The findings derive significant implications for social capital access and mobilisation.

The **second feature** of this study reflects an extensive review on social capital where there has been over dependency on the social capital theory and the resource based view when social capital which is embedded in relationships, is yet to be looked at in terms of how these relationships can be enhanced through entrepreneurs being emotionally intelligent.

The **third** feature is that most studies currently on social capital focused on the collective rather than the individual social capital. This study therefore sought to add to the researches on social capital at the individual level.

The **fourth** feature links to the method of this study. This thesis employed the hierarchical regression analysis to analyse the conceptual model covering the inter-relationships among independent, dependent and the moderator variables.

8.3. CONTRIBUTIONS OF THE RESEARCH

The contribution of this study is mainly to offer an insight into social capital explaining how specific capabilities like emotional intelligence can enable better performance of SMEs. This theory and concept driven framework of social capital and our empirical results have important theoretical and practical contributions, as discussed in the following subsections.

8.3.1. Theoretical Contribution

It is argued that a theoretical contribution is made up of both originality and utility (Corley and Gioia, 2011). As posited, these two dimensions of a theoretical contribution need to be assessed, with originality being either revelatory or incremental. They further went on to state that utility on the other hand is made up of the research being scientifically or practically useful. Thus they confirm that “incremental improvement is arguably a necessary aspect of organizational research” (p.16) and we would see our contribution as being in this field of increment, rather than revelatory. It is however argued that this study has made contributions in two ways. The first is in a practical way, for it gives an in-depth knowledge into how managers of SMEs in Ghana need to focus on improving both their network resources through the proper nurturing of the embedded resources (relationships) and networking behaviours to enhance firm performance. The value of our quantitative study is in gaining understanding of how business owners can use their social network relationships as resources as well as harness and maximise the sustainable competitive advantage in them through being emotionally intelligent. Thus these intangible non-monetary resources they possess can enable them gain certain advantages. Our study offers insights into SMEs and the array of resources small business owners have to improve firm performance.

The second is in terms of methodology, for we have shown how hierarchical regression can be used to determine the impact of each of the independent variable on the dependent variables at each stage of the sequential analysis. Thus combining multiple regressions with the analysis of social networks at the individual level has produced revealing results.

Social network theories have mainly focused on the social resources (the name and position generators) ignoring the mobilisation of such resources to enhance SME performance. Also most social capital researches on SMEs have tended to focus on the network resources at the group level. Empirical studies support the fact that one of the key characteristic of small and

medium enterprises is that strategic decisions are much centred on the SME entrepreneur. As such any social capital research on social networks of small and medium enterprises must give attention to the individual entrepreneur's social relationships and this has been achieved in this research.

Furthermore, this research has shown that emotional intelligence as a concept can be used to help facilitate network relationships. Thus the research proposed and tested a conceptual framework that uses fuses both the social capital theory and the concept of emotional intelligence.

Also, this study adds to the extant literature on emotional intelligence of SMEs entrepreneurs by showing that emotional intelligence can enhance entrepreneurial performance.

8.3.2. Managerial Contributions

The findings in this study, has clear implications for the SMEs owner/manager. The results reveal that the emotional intelligence of SMEs entrepreneur improves upon their market share and sale performance. It can therefore be seen that, greater amounts of emotional intelligence can lead to better networking (O'Neill, 2009).

Our findings indicate that owners/managers who have high levels of emotional intelligence have more chances of spanning structural holes and of moving towards a central position in their network. However, the important managerial implication here is that emotional intelligence is a skill that can be gained by the timely managerial training (Freshman & Rubino, 2004; Goleman, 1995). Thus an SME's network resources is not necessarily 'given', proactive training can result in greater amounts of emotional intelligence, which consequently will lead to a better network performance for their firms.

The results also show that managers who have inherently high levels of emotional intelligence, or who acquire it, seem to be better at both managing themselves into a good network position and of exploiting it once they are in position. It seems these SMEs tend to focus much of their network resources on what Lin terms as strong ties which only bring together individuals and groups with rather similar resources (what Lin defines as 'expressive' purposes). However, weak ties which did not come readily to the mind of these SMEs (as seen from the findings) have been established by empirical research as more productive towards performance. The reason being they provide access to new types of resources but rely less on strongly shared values (Lin 2001, p.75–76).

When it comes to sales turnover, SME owners/managers need to have and utilize their emotional intelligence to be able to generate good sales turnover from their network relationships. This can be seen from the findings where the social capital variable interacted negatively with emotional intelligence. It is clear that having emotional intelligence is not enough to achieve firm performance but also the ability to utilise it in the relationships counts. Managers of SMEs can enhance their embedded resources (prestige, political, skills, and personal support). Also, it is obvious owners/managers are ignorant of the existence of their weak ties which is more likely to give them access to instrumental benefits, enabling them to reduce their transaction costs and have access to the match needed financial resources..

Owners/managers or entrepreneurs can enhance their emotional skills by being emotionally in harnessing network relationships. This can be achieved through constant training to develop their entrepreneurial mind sets. In addition, managers should be aware that internal and external networking behaviour significantly relates to emotional intelligence. By implication, improving the knowledge and level of emotional intelligence can help facilitate their bonding and bridging social network attitudes.

The results from this study also provide insights for owners/managers in the SMEs sector who want to extend their entrepreneurial ability. Thus the empirical findings from this study provide relevant information for the manager/owners to select the right networking tools to enhance their firm performance. In the SMEs sector the function of the interconnectedness between social networks and SME's performance as investigated in this research cannot be understated. Social network relationships play a very vital role in SMEs. Consequently, owners/managers must be trained to develop awareness of the different types of social networks, and which of these is much more likely to influence their performance. If they become sensitive to these occurrences, they can harness it to achieve positive results, which will enhance the fortunes of their businesses.

Also strategies to improve on social network adoption can facilitate good performance for these SMEs. Social networks are the best avenues for SMEs to obtain lower cost resources, with lower limitations to access.

Owners/managers of SMEs also need to appreciate that it is not how well known or how big the social network is. The type of social network selected should be based on what the entrepreneur seeks to achieve from this social networks. For an effective social network road map, it is necessary to define strategies where it is important to know the existing categorisations of social networks, understanding their purpose and the benefits to be gained from being part in those networks. Objectives must be well laid out when connecting to social networks, so as to skim as much benefit from them as possible.

8.3.3. Policy Implications

Social capital will be a good case for policy intervention by the Ghana government. This is because social network resources are believed to reduce transaction cost as well as give access to financial resources, opportunities and markets that would otherwise not have been available to the SMEs owners/managers. As such more should be done in the area of building

the networks and relationship abilities of SME entrepreneurs. First, access to embedded resources by entrepreneurs can make a considerable impact on their businesses. The case for policy intervention in the creation of social capital is a general one. As far as the state is expected to mediate in the allocation of resources such as financial, human and social capital, more basically, in areas such as health or education, social capital can be seen as constituting a tool for policy intervention. If social capital can itself be perceived as a public good, it constitutes a goal of policy. Policies which help to enforce social networks can consequently directly enhance the welfare of the wider community. Some view, the interest in social capital as a policy concept that lies in its capacity to develop as an alternative to human capital theory.

For instance, some researches have delineated human capital theory as extremely individualistic, whereas social capital ‘focuses on the connectedness of resources, and therefore on issues of differential access, power and inequality’ (Thompson 2002: 4). For others, by comparison, social capital is seen as playing the role of a companion to human capital, supplementing rather than supplanting its perception into the advantages of education and training (Velazquez, Munguia, Will, Zavala, Verdugo, Delakowitz, & Giannetti, 2015; Walkenhorst, 2008; World Bank 2001). Rather different perspectives emanate from these two views, but both concur on the need to formulate a blueprint designed to enhance the creation of social capital.

Second, Education offers a distinctly straight forward means of harnessing investments into social capital. Fukuyama suggests that the most thorough way for the government to initiate social capital is through education, which helps people strengthen their social skills and engage in shared norms and rules (Fukuyama 200, p. 18). Similarly, the OECD claims that ‘education and learning can support habits, skills and values conducive to social co-operation and participation’ (Adam & Rončević 2003; OECD 2001, p.13). Practically, the link between

education and engagement is well grounded (Hall 1999, p. 435–437; Wilson 1997). This school of thought has particular practical relevance for community development policies and other anti-poverty strategies.

Thus this study can be used as a guide in the consideration and development of a social network strategy and policy in the SMEs sector in Ghana. This can be done through training and education of SMEs, to enable them gain knowledge in the role and relevance of social network relationships. Also there can be the creation of a business network environment, which allows SMEs to create effective mechanisms to enhance good performances and achieve competitive advantages. Also policies that will help improve on the emotional skills of the owner/managers in harnessing as much embedded resources from these social relationships, to build and support marketing activity as well as identify opportunities and information. This can be done through the use and development of informal and interactive ways of communication. Seminars and workshops can be organized quarterly on a yearly basis, to enhance the emotional and relationship abilities of the SMEs' Owner/managers. This should be done in consultation with the academic community and industry.

8.4. LIMITATIONS AND FUTURE RESEARCH

The current study has a number of prospective limitations. Respondents were asked to produce a maximum of 10 names to encapsulate their network relationships. This number may not have been sufficient to fully record the actual network of respondents. Additionally, the owners/managers may not have spent sufficient time thinking about the people that best constitute their network. As such most of the entrepreneurial networks identified in this research were centred on family and friends since they are the network resources that readily come to the memory of the respondents.

The method used in measuring the individual social capital in this study also accounts for another drawback. Social capital was measured by latent trait variables, and four accessed resources of the SMEs networks were identified. They are prestige and education based social capital, political and financial skills social capital, personal skills social capital, and personal support social capital. This emphasizes that social capital quantification needs different measures, and cannot be reduced to one complete measure that purports to capture indirectly owned resources. Using a theory-based Resource Generator is a difficulty especially when it is to be used for different contexts. However, it also helps retrieve relevant information when the researcher wants to probe how productive and goal specific social capital is. Future research can therefore include other areas such as groups and other civic associations that the owners/managers belong to.

The culture within which the research was conducted is another limitation. This study was conducted in the context of the Ghanaian SMEs culture, and different results may come up in different cultures or contexts. Self-report measures were used in this study, which often create concerns about common method variance and problems of social desirability.

Also, performance of SMEs was measured using only subjective (non-financial) performance measures of market share and sales turnover. Future research can look at combining both subjective and objective (financial) performance measures to be able to gain a better understanding of SMEs performance.

While we found that the emotional intelligence of owners/managers to a great extent enhances SME performance, we also discovered that some sources of social capital (bonding) do not have any significant effect on SME performance as confirmed by existing literature. Future studies could pay attention to other aspects like bridging (weak ties) social capital or a combination of bonding and bridging social capital in a longitudinal study.

This research was also conducted in the context of the service sector of SMEs in Ghana specifically in only one city. To test the general validity, future research efforts should replicate this study in the other regions of the country as well as in other sectors of the economy. Future lines of research could also explore other dimensions of network structure such as size, density, diversity, and many others. Further research could investigate whether social intelligence can similarly enhance social capital of networks and how it can impact on performance.

Additionally, since social capital is relationship based, future research can look at qualitative interviews to determine the nature and the depths of these relationships based on the variables that are explored in this study.

Also, hierarchical regression was used to test the relationships in this study. Future research can focus on using Structural Equation Modeling (SEM) to analyse the conceptual model covering the inter-relationships among independent and dependent variables. The use of SEM path analysis is superior to multiple regression because path analysis helps estimate a series of separate, but interdependent, multiple regression equations simultaneously for modeling the individuals social capital, emotional intelligence and SMEs performance (Kline, 1998).

Existing studies on individual social networks used multiple regressions to test the relationships between dependent and independent variables (Van der Gaag and Snidgers, 2005; Flap, 1999; Lin et al., 2001).

In multiple regression analysis, all independent variables are assumed to affect the dependent variable directly by assessing the separate relationship, while path analysis considers all the inter-dependent relationship in the model simultaneously. The path analysis technique reports the fitness of the overall model and also uses multiple indices (e.g., chi-square statistic, GFI, RMSEA, AGFI, TLI, NFI, CFI, & NNFI) to examine the goodness of fit of the proposed

model (Kline, 1998). Therefore, path analysis can provide more reliable results on revealing how the specific social capital components influence SME's performance through emotional intelligence.

Finally, it was evident that emotional intelligence interacted positively with social capital. More needs to be done on the creation of awareness, knowledge, accessibility and mobilisation of the social network resources in order to gain social capital. More studies are needed to discover the nature and the depth of the emotional intelligence of the SME entrepreneur in Ghana.

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APPENDICES

Methodology for the Literature Review

In view of the prevalence of many social capital researches whose standards have not been scrutinised and justified, this review is focused on only academic sources made up of peer-reviewed academic papers. The use of peer-reviewed sources is a step in ensuring that every academic paper used in this review has the requisite standard, which is a precursor to making this review credible. Moreover, the use of peer-reviewed papers is the embodiment of other criteria established for selecting papers for this review. These criteria are discussed as follows:

- ❖ Peer-reviewed academic papers were selected with reference to a specified period. It was intended that only peer-reviewed papers published from the year 2007 onward would be incorporated into this review. However, the scarcity of peer-reviewed papers published in recent years gave rise to the need to use papers published from the year 2000 upward. Thus, a substantial number of papers would not have been obtained for review if the initial reference year of 2007 was maintained. Drawing the reference year back to the year 2000 made way for accessing the required number of papers. Moreover, the variety of papers accessed with respect to the years of publication provided a platform for revealing development patterns and knowledge shared in social capital research over a period of at least 10 years.
- ❖ Secondly, this review is characterised by the nature of examination given to the impact of social capital on small and medium-sized enterprises (SMEs) and the depth to which social capital researches address the growth of SMEs in view of the moderating effect of emotional intelligence (EI). A larger part of the review dwelt on *the impact of access to social capital on access to finance among entrepreneurs*, while some reviewed papers focused on *the effect of social capital on the growth of SMEs*. Whereas part of the review focuses on *the entrepreneur's social capital*, another part makes emphasis on *the relevance of the social capital of SME employees to the financial performance of SMEs apart from the entrepreneur*. The bulk of papers reviewed contain a few papers that sufficiently address the impact of social capital on the growth of SMEs in the light of the moderating effect of emotional intelligence (see Table 3 and Figure 3).

- ❖ The review was done to embrace sub-subjects that cut across academic disciplines. Academic papers reviewed were written on diverse academic disciplines that reflect the *social*, *financial* and *economic* impacts of social capital. As a result, reviewed articles cut across the academic boundaries of *psychology*, *sociology*, *economics*, *finance* and *marketing*.

Tables A1 to A3 show the sources of papers on the various subjects of the review. In all, 90 articles were obtained: 55 on social capital and financial performance, 44 on emotional intelligence and financial performance; and 3 on social capital, emotional intelligence and financial performance.

In Table A1, the distribution of social capital (with financial performance as a dependent variable) research from the year 2000 is fairly uniform until the year 2013. In 2013, more than half of the highest number of social capital researches published in the year 2010 from the year 2000 was realised. Interestingly, a social capital research has been published in the current year of 2014. Generally, the trend indicates an increasing level of interest for conducting social capital research. In Table 2, the same situation is observed for emotional intelligence research. For social capital and emotional intelligence research (please see Table 3) however, a different outlook is held in view of the fact that only 3 articles were identifiable on this subject.

In this review, the methodological approaches employed by authors of reviewed articles were categorised along qualitative-quantitative lines (Duncomber & Boateng, 2009: 7), though consideration was given to related research methods. At large, the review placed emphasis on a) quantitative studies that employed robust statistical or inferential methods in the face of probability sampling procedures, but with little contribution to theoretical understanding; b) quantitative studies that employed robust statistical or inferential methods in the face of secondary data, with little contribution to theoretical understanding; c) qualitative studies which employed non-probability sampling methods but sought to make an in-depth contribution to theoretical understanding; d) studies which make claim to mixed research approaches; and e) purely descriptive studies.

Table A1: Sources of Social Capital/Financial Performance Papers

Source	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
World Applied Sciences Journal															1	1
Journal of Socio-Economics				1												1
Allied Social Science Associations						1										1
Economic and Business Review													1			1
Labour and management in development								1								1
Journal of Management Research														1		1
International Journal for Service Learning in Engineering												1				1
International Journal of Human Resource Studies														1		1
Journal of Business Venturing				1										2		3
Journal of Behavioral Studies in Business									1							1
Journal of Management and Marketing Research								1								1
International Forum on Economic Implication of Social Capital				1												1
African Sociological Review														1		1
American Journal of Industrial and Business Management														1		1
Int. Journal of Economics and Management												1				1
Contemporary Management Research								1								1
Economics and Organization											1					1
Learning and Capabilities					1											1
Electronic Journal of Business Ethics and Organization Studies													1			1
Economic Behaviour													1			1
Occasional Paper					1											1
The Economic Journal			2													2
Marketing Theory				1												1
International Conference on Social Capital				1												1
IHRIM Journal									1							1
International Journal of Engineering Science and Technology												1				1
Third International Symposium on Electronic Commerce and Security Work											1					1

International Journal of an Emerging Transdiscipline											1					1
J. Basic. Appl. Sci. Res.														1		1
Journal of Communication														1		1
Journal of Economics														2		2
Journal of Social Science												1	1			2
Int. J. of Soc. of Agr. & Food											1					1
International Journal of Business and Globalization								1								1
IZA															1	1
Asian Academy of Management Journal									1							1
Biennial Conference of the Asian Studies Association of Australia										1						1
World Bank Research Observer	1															1
Management Information Systems													1			1
Venture Capital			2													2
International Journal of Accounting and Information Management										1						1
Journal of Enterprising Communities: People and Places in the Global Economy											1					1
International Journal of Social Economics											1					1
International Journal of Entrepreneurial Behavior & Research													1			1
European Journal of Marketing															2	2
Management Decision															1	1
Marketing Intelligence & Planning												1				1
Journal of Small Business and Enterprise Development															1	1
Total	1	0	4	5	2	1	0	4	5	2	6	5	4	5	1	5

Table A2: Sources of Emotional Intelligence/Performance Papers

Source	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Interdisciplinary Journal of Contemporary Research In Business												1				1
APJRBM												1				1
Afro Asian Journal of Social Sciences													1			1
International Journal of Business and Management										1						1
African Journal of Business Management										1						1
World Applied Sciences Journal													1			1
Innovative Marketing										1						1
Pannon Management Review														1		1
Managing Global Transitions											1					1
Behavioral Psychology / Psicología Conductual													1			1
International Journal of Wellbeing														1		1
Psicothema									1							1
Journal of Managerial Psychology				1												1
Health Care Manager			1													1
Personality and Individual Differences	1				1									4		6
International Journal of Business and Management Invention														1		1
International Research Journal of Applied and Basic Sciences													1			1
Linguistik online									1							1
Journal of Emerging Trends in Educational Research and Policy Studies												1				1
Social Behaviour and Personality				1						1		1				3
International Journal of Sales & Marketing Management Research and Development															2	2

Journal of Research in Marketing and Entrepreneurship														1			1
Eastern Economic Journal				1													1
American Psychologist									1								1
Journal of Psychology in Africa															1		1
Total	1	0	1	3	1	0	0	0	3	0	4	3	6	8	2		3 2

Table A3: Sources of EI, Social Capital & Performance Papers

	Approaches inspired by social theories	Approaches inspired by economic theories	Approaches inspired by financial models
Quantitative	1,2,4,5, 23, 30, 37,38,39,40,41,42,43, 83	22, 44,46,47,53,90	6,101,102
Qualitative	10,18, 76	9,17,61,89	27, 29,31
Mixed methods	7,21, 28,34, 36, 72,84	16, 18, 48,61,72,82	6,99,103
Descriptive (No defined methodological approach identified)	11,12, 33,79,81,82	5,24,25, 68,77,91,94,97	14,77,104

Table A4: Mapping of Articles Reviewed According to Conceptual and Methodological Approaches

Source	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total	
Electronic Journal of Research in Educational Psychology															1	1	
Journal of European Industrial Training							1									1	
Team Performance Management								1								1	
Total	0	0	0	0	0	0	1	1	0	0	0	0	0	0	1	0	3

Bold: Studies analysing primary data (71 articles)

Table A5: Mapping Conceptual Approaches to Social Capital Research

Segment	Conceptual Approach Identified	Class of Conceptual Approach	Antecedents cited	Article (See Section G2)
Social Capital	Social networks incubation	Concept	None	1,2
	Social capital theory	Theory	Bourdieu (1983)	9
	Social capital theory	Theory	Uphoff (2000)	10
	Social capital approach	Concept	Colemann (1988)	13
	Social network analysis	Concept	Cohen & Prusak (2001)	14
	Social capital theory	Theory	None	<i>15</i>
	Social capital theory	Theory	Wu (2008)	22
	Social capital theory	Theory	Wu (2008)	23
	Internationalisation	Model	Johanson & Vahlne (1990)	66,88
Social capital, EI & FP	Social capital, The moderating role of emotional intelligence; financial performance	Concept	None	<i>47</i>
	The influence path to social capital and organisational learning on knowledge transfer performance	Concept	Rindfleisch & Heide (1997)	51
	Emotional business /Resource-based View/	Concept	None	61

Bold: Analysis of data collected from primary sources (64 articles)

Normal: Analysis of data collected from secondary data (20 articles)

Italic: No data collected or analysed (6 articles)

See Section G2 for reference to article number

Table A6: Summary Statistics from Initial Social Capital Variables

Prestige and Education						
	Contact with media	Owens foreign home	Know Literature	Earns>5000	SHS Graduate	Vocational Education
Acquaintance	27	5	6	16	4	9
Friends	162	24	93	89	344	145
Family	36	12	33	71	123	81
More than one	25	2	24	20	180	23
No	442	647	535	490	42	434
Total	692	690	692	686	693	692
Personal Support						
	Good Reference	Work Conflict	Family Conflict	Moving House		
Acquaintance	11	14	9	8		
Friends	118	234	207	220		
Family	161	106	151	123		
More than one	42	79	86	106		
No	353	260	242	232		
Total	685	693	695	689		
Skills Social Capital						
	Professional Journal	Own a Car	Foreign Language	Work with PC		
Acquaintance	9	23	15	13		
Friends	41	260	176	328		
Family	20	177	66	127		
More than one	5	109	46	110		
No	612	128	392	114		
Total	687	697	695	692		
Political						
	Politically Active	Governmental Regulations				
Acquaintance	13	13				
Friends	127	91				
Family	74	51				
More than one	48	13				
No	426	522				
Total	688	690				

Table A7: Summary Statistics of Main Variables

Variable	Obs.	Mean	Std. Dev.	Min	Max
Market Share	718	3.766	1.200	1	7
Sales Turnover	717	3.715	1.261	1	7
Gender (Male=1)	722	0.641	0.480	0	1
Owner (=1)	722	0.211	0.399	0	1
Age of Business	721	2.999	1.190	1	5
No Education (=1)	723	0.064	0.244	0	1
Sole Proprietorship (=1)	721	0.781	0.414	0	1
Locally-owned (=1)	711	0.949	0.219	0	1
Services (=1)	714	0.943	0.233	0	1
Number of Paid Employees	689	8.433	39.959	3	1000
Prestige and Educational Social Capital	680	0.00	1	-1.767	3.029
Political Social Capital	683	0.00	1	-0.854	1.910
Skills Social Capital	681	0.00	1	-2.440	2.045
Personal Support	680	0.00	1	-1.697	1.128
Emotional Intelligence	723	0.00	1	-5.791	2.149

UNIVERSITY OF GHANA BUSINESS SCHOOL

SURVEY INSTRUMENT

RESEARCH TOPIC: Social Capital And The Performance Of SMEs In Ghana: The Moderating Role Of Emotional Intelligence

NAME OF RESEARCHER: Regina Appiah - Gyimah, PhD Candidate

Dear respondent, you are petitioned to complete this questionnaire based on your initial agreement to participate in this pilot survey. Your corporation is highly appreciated. Rest assured that your responses shall be treated with confidentiality and shall be used for academic purposes only. Kindly read all instructions before answering questions in each section.

Section A (Background Variables)

Respond to each question by ticking **ONLY ONE** of the options provided.

1. What is your gender?

Male Female

2. What is your role in this enterprise?

Owner Manager Caretaker CEO

3. How long have you been in this business?

Less than 1 yr 1-2 yrs 2-5 yrs 5-9 yrs Above 10 yrs

4. What is your highest education?

No education JHSCE SSCE/WASSCE Diploma Degree

Master's degree PhD or higher

5. Ownership characteristics

a. **Form of business ownership:** sole proprietorship company ltd
corporative partnership

b. foreign owned locally owned foreign and local

c. single owner multiple owner

d. Is the business family owned? Yes No

6. Sector: Service manufacturing

7. What is your company's total number of employees.....

8. What is your primary business? (e.g. restaurant services)

Section B (EI)

Respond to each of the following statements by ticking ONE option of this five-point Likert scale: strongly disagree (1); disagree (2); neutral (3); agree (4); strongly agree (5).

To what extent do you agree or disagree to the following statements?

Item No.	Statement/item	1	2	3	4	5
1	I know when to speak about my personal problems to others					
2	When I am faced with obstacles, I remember times I faced similar obstacles and overcame them					
3	I expect that I will do well on most things I try					
4	Other people find it easy to confide in me					
5	I find it hard to understand the non-verbal (facial expressions, gestures) messages of other people*					
6	Some of the major events of my life have led me to re-evaluate what is important and not important					
7	When my mood changes, I see new possibilities					
8	Emotions (feelings) are one of the things that make my life worth living					
9	I am aware of my emotions(feelings) as I experience them					
10	I expect good things to happen					
11	I like to share my emotions(feelings) with others					
12	When I experience a positive emotion (feelings), I know how to make it last					
13	I arrange events others enjoy					
14	I seek out activities that make me happy					
15	I am aware of the non-verbal messages I send to others					
16	I present myself in a way that makes a good impression on others					
17	When I am in a positive mood, solving problems is easy for me					
18	By looking at their facial expressions, I recognize the emotions (feelings)people are experiencing					
19	I know why my emotions (feelings) change					
20	When I am in a positive mood, I am able to come up with new ideas					
21	I have control over my emotions					
22	I easily recognize my emotions as I experience them					
23	I motivate myself by imagining a good outcome to tasks I take on					
24	I compliment others when they have done something well					
25	I am aware of the non-verbal messages other people send					
26	When another person tells me about an important event in his or her life, I almost feel as though I have experienced this event myself					
27	When I feel a change in emotions (feelings), I tend to come up with new ideas					
28	When I am faced with a challenge, I give up because I believe I will fail					

29	I know what other people are feeling just by looking at them					
30	I help other people feel better when they are down					
31	I use good moods to help myself keep trying in the face of obstacles					
32	I can tell how people are feeling by listening to the tone of their voice					
33	It is difficult for me to understand why people feel the way they do					

Item No.	Statement/item	1	2	3	4	5
	MARKET PERFORMANCE					
1	Market-share growth					
2	Sales turnover					

Section C (SME PERFORMANCE)

Respond to each of the following statements by ticking ONE option of this five-point Likert scale: strongly disagree (1); worse in industry (2); bad in industry (3); neutral (4); good in the industry (5); best in the industry

Section D (SOCIAL CAPITAL)

Respond to each of the following statements by ticking “DO YOU KNOW ANYONE WHO” if YES, through: Acquaintance, Friends, Family; “And yourself?” YES/NO

Item No.	Statement/item	YES	ACQUAINTANCE	FRIENDS	FAMILY	YOUR SELF	
						YES	
	DO YOU KNOW ANY ONE WHO CAN:	—————→					
	AND ARE YOU SOMEONE WHO.....	—————→					
1	Can repair a car, bike, etc.						
2	Owens a car						
3	Is handy repairing household equipment						
4	Can speak and write a foreign language						
5	Can work with a PC						
6	Can play an instrument						
7	Has knowledge of literature						
8	Has graduated from senior high school						
9	Has a higher vocational education						
10	Reads a professional journal						
11	Is active in a political party						
12	Owens shares for at least GHS 10,000						
13	Works at the town hall						
14	Earns more than GHS 5,000 monthly						
15	Owens a holiday home abroad						
16	Is sometimes in the opportunity to contract people						
17	Knows a lot about governmental regulations						
18	Has good contacts with media						
19	Knows about soccer						
20	Has knowledge about financial matters						
21	Can find a holiday job for a family member						
22	Can give advice on conflicts at work						
23	Can help when moving house (packing, lifting)						
24	Can help with small jobs around the house						
25	Can do your shopping when you are ill						
26	Can give medical advice when you are dissatisfied						
27	Can borrow you a large sum of money						
28	Can accommodate you (for a week)						
29	Can give advice about conflicts with family						
30	Can discuss with you what political party to vote						
31	Can give advice on matters of law						
32	Can give a good reference when applying for job						

33	Can baby-sit for your children					
34	Can be talked to regarding important matters					
35	Can be visited socially					

Would you like to receive a summary of the study's findings?

Y

N

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Thank you!