Institutional Support in Managerial Capacity Building and Ghanaian SMEs Growth: The Mediating Effect of Marketing Orientation

(Sokongan Institusi dalam Pembinaan Keupayaan Pengurusan dan Pertumbuhan IKS Ghana: Kesan Pengantaraan Orientasi Pemasaran)

Bayu Taufiq Possumah
Universiti Malaysia Terengganu

Michael Karikari Appiah
Universiti Malaysia Terengganu

ABSTRACT

This study examined the effect of institutional support in managerial capacity building on marketing orientation and Small and Medium Enterprises (SME) growth. The study employed positivist research paradigm which necessitated the use of survey method. The study sample consisted of 147 participants across the Ghanaian SMEs sector. The study conterminously employed Structural Equation Modelling (SEM) and Smart-Partial Least Square (PLS) to analyze the survey questionnaire data and test the research hypotheses. The study found that institutional support in managerial capacity building had positive and significant impact on SMEs comparative advantage and performance. The study further revealed that marketing orientation has significant on SMEs growth. On contrary, the study found that institutional support in managerial capacity building has insignificant effect on marketing orientation. These results imply that continue investment and support in managerial capacity building and marketing intelligence are required to enhance SMEs growth. We suggest replication of this study in other Sub-Sahara countries since this was limited to only Ghanaian SMEs.

Keywords: Capacity building; institutional support; marketing orientation and SMEs growth

ABSTRAK

Kajian ini mengkaji kesan sokongan institusi dalam pembinaan kapasiti pengurusan terhadap orientasi pemasaran dan pertumbuhan Industri Kecil dan Sederhana (IKS). Kajian ini menggunakan paradigma penyelidikan positif yang memerlukan penggunaan kaedah tinjauan. Sampel kajian terdiri daripada 147 peserta daripada seluruh sektor PKS Ghana. Kajian ini menggunakan persamaan Structural Equation Modeling (SEM) dan Smart-Partial Least Square (PLS) untuk menganalisis data soal selidik tinjauan dan menguji hipotesis penyelidikan. Kajian mendapati bahawa sokongan institusi dalam pembangunan keupayaan pengurusan mempunyai kesan positif dan signifikan ke atas kelebihan perbandingan IKS dan prestasi. Kajian ini menunjukkan bahawa orientasi pemasaran mempunyai kesan signifikan terhadap pertumbuhan IKS. Sebaliknya, kajian mendapati bahawa sokongan institusi dalam pembinaan keupayaan pengurusan tidak mempunyai pengaruh yang signifikan terhadap orientasi pemasaran. Keputusan ini membayangkan bahawa meneruskan pelaburan dan sokongan dalam pembinaan kapasiti pengurusan dan kecerdasan pemasaran diperlukan untuk meningkatkan pertumbuhan IKS. Kami mencadangkan replika kajian ini dijalankan ke atas negara-negara sub-Sahara yang lain memandangkan kajian ini hanya terhad IKS Ghana.

Kata kunci: Pembangunan kapasiti; sokongan institusi; orientasi pemasaran dan pertumbuhan PKS

INTRODUCTION

The role of Small and Medium Enterprises (SMEs) cannot be over emphasized in contemporary business environment particularly in the emerging economies. SMEs are differently classified based on factors such as; the number of employees, annual turnover and value of assets in companies (Abor & Quartey 2010; Ayyagari et al. 2011). The International Labour Organization (2015) defined micro enterprises as businesses that have less than ten (10) employees while small enterprises have employees between 10-100 and medium-sized enterprises

have employees between 100-250. Ayyagari et al. (2011) asserted that within the European Union (EU) enterprises with less than ten (<10) employees are classified as micro, small enterprises have less than twenty (<20) employees whiles medium enterprises have less than two-fifty (<250) employees.

Available evidence further suggest that in the United States small enterprises have less than 100 employees whiles medium enterprises have up to 500 employees. In Malaysia enterprises with less than 5 employees are considered micro; enterprises with employees between 5-50 are considered small whiles enterprises with up to

250 employees are considered as medium enterprises (Ayyagari et al. 2011). SMEs are also classified according to annual turnover. For instance within the EU enterprises with less than twenty-two thousand Euros (< €22,000) are classified as micro, small enterprises have less than two hundred and ten thousand Euros (< €210,000) annual turnover whiles medium enterprises have less than two hundred and fifty thousand Euros (< €250,000) annual turnover. In Malaysia enterprises with less than 250RM annual turnover are considered micro; enterprises with annual turnover between 250000-1,000,000RM are considered small. In Russia enterprises with 400m RUB annual turnover are considered small, enterprises with 1bn RUB max annual turnover are considered medium (Ayyagari et al. 2011).

SMEs are very instrumental in sustaining most economies in the world particularly in Sub-Saharan Africa (SSA) and Asia (see Quartey et al. 2017 for Africa and Ayyagari et al.2011 for Asia). Over 80% of businesses in Ghana are SMEs and contribute more than any other sector to Gross Domestic Product (GDP), employment generation and human capital development. Many institutions have pledged to support capacity building in order to sustain SMEs globally due to the unflagging socio-economic significance of the sector (Ayyagari et al. 2011; World Bank 2015; Quartey et al. 2017).

Institution support had emerged as one of the platform to ensure SMEs sustainability and growth (Ahmed et al. 2017; Cui et al. 2017; Ruiz et al. 2017; Strang 2017). Institutional support defined as the component of economic setting of industry and business. Institutional support is meant to enable the capabilities of civil society, and particularly of the chosen organizations to attain the targets clearly articulated in their strategic plans and heavily exert impact on the disciplines of transparency, accountability and human rights. For instance Harris (2011) assessed the collective capacity building as reinforcing system wide reform and reported that professional learning communities generally provide the necessary infrastructure for development of professional practice and projecting standards.

Most previous studies considered intertemporal implications of institutional support in managerial capacity building. Institutional support can lead to organizational efficiency. Essentially, their argument is that institutional support can change leadership and management of organizational to enhance growth. Similarly, Ahmed et al. (2017) developed an institutional support framework to improve organizational productivity and capacity at the levels of national and industry-wide with regards to frequent collaboration of organization and education environment that develop human resources. The model considered by Ahmed etal is markedly different from ours nonetheless. For example their model does not allow for the mediating role of marketing orientation on SMEs growth. Strang (2017) considered a model in which international

institutions support capacity for developing businesses in the African continent which focused on managerial capacity building. Ruiz et al. (2017) examined the essence of mechanisms and mediating variables when formulating theoretical frameworks of the effects of marketing capabilities on performance of firm. Todres et al. (2006) assessed the applicability of institutional support capacity building as a strategy to develop social businesses. Shams (2016) discussed other ways for capacity building process that could retain competitive advantage in a market or industry facing rapid alterations in business competition. One of the major milestones of our paper relative to previous studies is that we model SMEs growth simultaneously along several dimensions, including institutional support and marketing orientation. More so, the mediating role of marketing orientation had not been adequately explored when considering institutional support and SMEs growth. This knowledge gap is considered in the present study.

Focusing on leadership and management capacity change, Ahmed et al. (2017) consider only education environment that develop human resources, Ruiz et al. (2017) and Strang (2017) focus on international support and marketing capabilities respectively. Our focus on SMEs growth generate new empirical implications, including the effects of institutional support on marketing orientation and SMEs growth. Another unique implication of the study is how business planning training, procurement procedure training and accounting and bookkeeping training enhance managerial capacity and SMEs growth. The remainder of the paper is organized as follows. Section 2 introduces our theory and literature and describes the model of the study as well as definition of key constructs. The section 3, presents the methodology of the study and the justification of the SEM in the study. The section 4 discusses the initial findings from the survey in the light of the implication of the study model. The section 5 summarizes and concludes the paper.

LITERATURE REVIEW

DEFINITION OF CONSTRUCTS

Institutional Support

Institutional support refers to 'the extent to which the organisation values their contributions and cares about their wellbeing' (Eisenberrger et al. 1986). Institutional support is meant to enable the capabilities of civil society, and particularly of the chosen organizations to attain the targets clearly articulated in their strategic plans and heavily exert impact on the disciplines of transparency, accountability and human rights. Institutional support is about rewarding and meeting the socio-emotional needs of employees (Bilgin & Demirer 2012). According to

(Rhoades & Eisenberger 2002) institutional support obligates employees who feel supported to reciprocate by expressing greater affective organizational commitment, performing citizenship behaviours and exhibiting lower levels of withdrawal.

Business Growth

Frampton (2017) defines business growth as a stage where the enterprise gets to the level of increasing and searches for extra alternatives to increase profit margin. Business growth is an activity of the business lifecycle, industry growth patterns, and the owners' quest for value formation. Moreover, business growth is prosperous development (evolution) or an advance, growing largely to enhance the business gains.

Marketing Orientation

Market orientation is the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments and organization wide responsiveness to it (Jaworski & Kohli 1990). MO as a key leverage for achieving competitive advantage, through understanding the needs of customers, competitive structure and the general business environment. While the majority of marketing literature considered MO as the backbone of successful marketing program implementation (Talaja et al. 2017)

THEORIES AND EMPIRICAL REVIEW

INSTITUTIONAL SUPPORT AND BUSINESS GROWTH

The determinants of managerial capacity building can be traced back using human capital theory developed by Becker (1964). During the 1950s, land, physical capital, management and labour were the main factors of production. These factors of production faced a dilemma where they failed to be used as the main pillars to explain a growth experienced by economies in the 1960s. Scholars like Becker (1964) began to challenge the status quo and the assumptions of economic growth being extensively engineered by physical capital. The Theory of Human Capital supposes that the learning capabilities of people are comparable in value to the resources involved in the production of goods and services (Lucas 1990). Within the organizational context, the theory of human capital suggests that employees that enhance their capacity through education and skill learning stands the chance to improve their capacity and increase their contribution compared to those that do not invest in themselves. Becker suggests that, education increases human earnings, productivity through knowledge, skills and analyzing problems.

However, the focus of our study is to examine the impact of building managerial capability on SMEs growth. Therefore our selection of building managerial capacity (Viz. business planning training, procurement procedure training and accounting and bookkeeping training) to determine SMEs growth is consistent with the human capital theory produced by Becker. The roles of institutions support in business growth have been very tremendous in recent reviews (Bongomin et al. 2017; Chen Mu 2016; D'Arcy 2009; Kunasegaran et al. 2016; Wonglimpiyarat et al. 2014; Zhang et al. 2017). For instance, Zhang et.al. (2017) report that institutional support affect the process and product innovation as well as firm performance while firm performance is advanced by both process and product innovation. In addition, the dysfunctional committee tremendously decreases the positive impact of institutional support on the process and product innovation, where as it fails to temper with the influences of institutional support and process and product innovation on firm performance.

Moreover, Costa et al. (2017) examine the activities and the application of institutional network resources through industrial business associations (IBAs) to assist and drive globalization processes of SMEs. Costa et al. (2017) indicate that the recent institutional network support to globalization is possible by promotional activities; counseling, training and technical and technical as well as legal assistance; information sharing and cooperation with other institutional structures. The study shows that with globalization follow-up, IBAs offer consistent assistance for the global activities through applying certain tools and processes to support small and medium-sized enterprises (SMEs) after a globalization program.

Moreover, Basu (1998) addressed the activities of formal and informal institutional assistance in the spread of Asian-owned business enterprises, giving respect to a huge survey of Asian entrepreneurs in Britain. However, individual capacity building improves individual performance (see Hur et al. 2016). In Southern Europe, Skuras et al. (2003), reported institutions must develop and plant decentralized, effective schemes of business support within the ill-favored areas of the region.

MARKET ORIENTATION AND BUSINESS (SME) GROWTH

The SMEs growth can be explained using the resource-based value theory introduced by Wernerfelt (1984) to assess how companies create sustainable competitive advantage. The theory focuses on how organizations deploy and manage resources (Penrose 1959). Barney (1991) further argued that organizations are blessed with unique bundle of resources, competencies and capabilities, which allows companies to create sustainable business in order to achieve comparative advantage. For a company to gain a competitive edge, the tangible and intangible resources play a major role. There is the suggestion

that creating and exploiting specific investments in an uncertain situation leads to a long time success. Barney stated that resources include capabilities, information, firm attributes, all assets, knowledge controlled by firms strategies implemented to improve efficiency and effectiveness. Barney grouped firms' resources into three main categories; human capital resource, organizational capital resource and physical resources. This implies that the productivity and output of a company and their ability to gain competitive advantage is defined by their human resource. Specifically, resources that are rare, valuable and not imitable increase the usability of the resource. There are also skills and resources that are location specific meaning they cannot be moved from one place to another making them limited hence this affects their value and usability. However, our focus is to examine the impact of marketing orientation on SMEs growth. Therefore our selection of marketing orientation (Viz. intelligence generation, intelligence dissemination and responsiveness) to determine SMEs growth is consistent with resource-based value theory introduced by Wernerfelt (1984). Previous studies have established relationships between MO and SME growth (Farja et al. 2016; Malshe et al. 2017; Naidoo 2010). Malshe et al. (2017) reported that marketing orientation influences the acquisition and utilization of marketing information, and stretches to the performance of firm. Utilizing information with respect to marketing mix decision (especially Promotion and Place) is in positive effect with firm performance and slightly initiates entrepreneurial orientation and firm performance relations. There is direct relationship between firm innovativeness and its performance; firm learning orientation and firm innovativeness; firm market-orientation and firm learning orientation. The relationship between firm market-orientation and firm innovativeness is mediated by firm learning orientation (Keskin 2006; Naidoo 2010). Again, Helen Reijonen et al. (2015) examined the association among brand orientation and business growth within business-to-business (B2B) and SMEs. The study showed that brand orientation has a limited effect on B2B performance. Again, the study indicated that the age, size of the firm and industry type mediates the brand performance, the business growth link, and the market lifecycle mediates the impact of brand orientation on brand performance. Global entrepreneurial orientation and local market competition reported encourage SMEs to improve their technological and marketing capacities, resulting in higher performance of global market. Market performance is positively affected by inter-firms entrepreneurial orientation and adds to financial aims. The results further indicated that international SMEs of inter-firm entrepreneurial relationship gain quality delivering, developing customer retention, loyalty, satisfaction and better reputations. By this, they are intended to take risk to introduce new products and services first in the market (Ndubisi 2012; Shaltoni et al. 2010; Tajeddini

et al. 2015).

INSTITUTIONAL SUPPORT, MARKET ORIENTATION AND SMES GROWTH

Many studies support institutional support and MO (Salyova et al. 2015; Silva et al. 2009). Marketing orientation improves consumer focus and promotes responsiveness by frequent innovation, whereas Six Sigma's customer orientation produces additional innovation including capacities for ground-breaking innovations. Customers and markets outside the home market were prerequisites to market orientation for the firms in the developing economies (Ellis 2005; Eng 2011; Kshetri 2009). Mavondo et al. (2005) examined how learning orientation (LO), market orientation (MO), human resource practices (HRPs) and innovation relate and their impact on the performance of organizations and did indicated that market orientation (MO) is the converging point for exploration and exploitation, while HRPs and innovation are seen to be exploitation or implementation cases. Silva et al. (2009) assessed the effects of market orientation (MO) on performance by the means of neural network model with the purpose of understanding the new relationships. The study found that market orientation and performance have a solid relationship; however, with respect to market intelligence generation (first dimension of market orientation) market orientation's influence is weak. The study, therefore, proposed that managers must pay extra attention to cross-functional co-ordination to enhance market intelligence dimension and responsiveness.

Some studies concentrated on reported on market-oriented and entrepreneurial-oriented plans positively affect performance in the upcoming markets. Also, these authors maintained that direct interaction effects between customer orientation competitor orientation and between competitor orientation and cross-function integration to forecast marketing program novelty. They again found that competitor orientation and cross-functional integration directly interact with one another in bettering marketing program meaningfulness. In Slovakia, Salyova et al. (2015) reported that there is dependence of marketing orientation of businesses and their success on the market-business performance indicators. And that business with high measure of marketing orientation shows tremendous financial and economic outcomes.

The relationship between economic academic and business environment indicated that higher education institutions and business environment have weak relationship. However, both share common benefit and difficulties in actualizing and operating the relationships. Therefore, the study concluded that it is very imperative to adopt best operating business culture to coordinate the factors affecting the marketing orientation of the modern university and to consider the legislative framework

that regulate the relationship of modern university with other stakeholders. Parkman et al. (2012) reported that the relationship of entrepreneurial orientation and two different degree of firm performance in the creative industries is propagated by innovation capacity. The results predict that the success in creative industries needs vital alignment between the entrepreneurial management and creative capabilities of the firm.

Some results of study such Najafi-Tavani et al. (2016) indicated that there is a strong relationship between market orientation, marketing capability, and new product performance. In addition, AC mediates the relationship of market orientation and firms' new product performance. The study also asserted that market players must see AC to be competitive factor in regards to complimentary impact of market orientation and marketing capability. Carbonell et al. (2010), Huhtala et al. (2014) and Jones et al. (2008) concluded that that market orientation and product-related factors have great positive impact on the manufacturers' success and their performance respectively.

This paper focuses on SMEs growth to generate new empirical implications, including the effects of institutional support on marketing orientation and SMEs growth. Another unique implication of the study is how business planning training, procurement procedure training and amounting and bookkeeping training enhance managerial capacity and indirectly affect SMEs growth. From the theories and the empirical literature presented herein the following hypotheses as shown in the Figure 1 are proposed.

RESEARCH METHODOLOGY

RATIONAL FOR THE CONTEXT CHOICE

The Ghana Statistical Service defined SMEs using the number of employees (Culkin & Smith 2000). Thus businesses with less than 10 employees are classified as small businesses while more than 10 employees are regarded as medium enterprises. SMEs grouped into the following categories; businesses with up to 5 employees are considered to be micro businesses, businesses with 6-9 employees are small and 10-29 employees are considered to be medium enterprises. The study was conducted in the natural settings of the Ghanaian SMEs hence it was non-contrived. Ghanaian SMEs were chosen for several reasons. To begin with, SME is the fastest growing sector in Ghana. It contributes the largest proportion of GDP and employs over 90% of Ghanaians (Quartey et al. 2017). Moreover, available evidence suggest that estimated 600million jobs are needed from now till the next 15years to absorb the ever increasing work force particularly in SSA and Asia. SMEs are said to have the exertion to create 4 out of 5 new formal jobs positions within the emerging economies (World Bank 2015). Apparently, Ghana is one of the palpable choices. These reasons are worthy enough to intrigue researchers and business practitioners about the choice of Ghana.

RESEARCH DESIGN

Quantitative research design was employed in this study. Quantitative design involves the use of numbers and estimations to measure the degree of occurrence. This design also has the following attributes; collection of numerical data, it's based on positivism and objectivity conception of social reality. In view of this numerical data were gathered to measure the impact of institutional support in managerial capacity building on SMEs growth by considering the mediating effect of marketing orientation. Moreover, this study was classified as an explanatory research. This is because the researchers
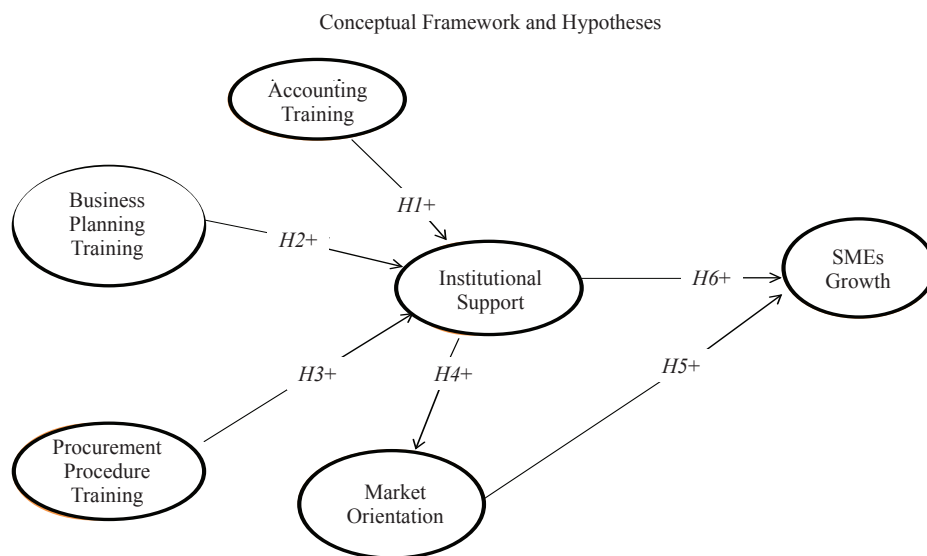
Conceptual Framework and Hypotheses

FIGURE 1. Proposed Framework and Hypotheses

aim was to examine cause- and- effects relationships. Although individuals answered the questionnaire the unit of analysis for the study is organizational level. This study is a cross sectional since the time consideration is given to the present situation unlike longitudinal studies which usually requires long time period.

POPULATION AND SAMPLING DESIGN

The population of the study was made up of SMEs registered with National Board for Small Scale Industries (NBSSI) in Ghana. Specifically, SMEs within the following categories are considered: manufacturing, retailing and service. Regarding population sampling two main categories are known. Namely; probability and non-probability sampling- the former provides zero chance of been included in the study whereas the later chooses specific member of population to be included in the study. The rule of ten was used to select the respondents. Overall, 385 questionnaires were distributed to the selected SMEs in the Kumasi metropolis. Meanwhile 147 useable questionnaires were returned, recording 38.2%. Stratified sampling technique was used conterminously with sample random –which forms part of the probability (randomization) sampling techniques. To adequately use the stratified sampling technique, the SMEs industry (Manufacturing, retailing and services) were used as strata. The respondents were randomly selected. These sampling techniques were considered more effective due to its ability to drastically reduce sampling errors and also ensure greater representatives

RESEARCH INSTRUMENT/MEASURES

The study deployed self-administered structured questionnaires which were developed based on human capital theory, resource based-view theory, knowledge based-view theory, and dynamic capability theory, MO and SMEs growth from recent empirical researches (Ambrosini et al. 2009; Grant 1996a; Halfat et al. 2007; Penrose 1959; Kogut & Zander 1992) and modified to reflect the demand of the present study. These comprised of five (5) determinants of SMEs Growth, namely; Accounting and Book Keeping Training (ABKT), Business Plan Training (BPT), Procurement Procedure Training (PPT), Institutional Support (IS) and Marketing Orientation (MO). The detail measurement items for each of the determinants are shown in the Table II.

ADMINISTRATION OF THE RESEARCH INSTRUMENTS

The questionnaires were subjected to pre-test before the actual survey using 10% of the estimated sample size of 450. This was carried out to address the following: Face validity, construct validity and content validity.

The objective of the study was explained to the participants after which consent forms were used to seek their permission. All the participants were assured of anonymity and confidentiality of their responses. The study made use of 5-point Likert was used because it has strong predictive power like 7-point, 9-point and 11-point likert scales (see Mbawuni & Nimako 2017). The 5-point likert scale ranges from strongly disagree to strongly agree which were respectively coded 1 to 5. The questionnaires also made provision for SMEs profile data: Business stability, business location, business size, capital investment, business registration status, industrial type and customer size.

ANALYTICAL TOOL FOR STRUCTURAL MODEL

The study adopted Structural Equation Modelling (SEM) and Smart-Partial Least Square (PLS) version 3.0 to model and analyzes the data and tests the hypotheses. The determinants of SME growth are freely distributed; predictive in focus, exploratory in nature hence the study used PLS-SEM to build a model. The rule of ten was employed in determining the sample for the PLS-SEM as proposed by Hair et al. (2011). According to the rule, the minimum sample size must be ten times higher compared to the number of structural paths as indicated at the latent constructs at a time (Hair et al. 2011). The study proposed three models at the highest number of structural paths as a latent construct. This suggests that the current study have three model constructs by ten making 30 minimum cases as a sample size. Meanwhile, 147 sample size was used which is deemed adequate for the study. To estimate the significance of t-values, 500 bootstrap resamples were conducted. A two-step approach was used for the PLS-SEM analyses (Hair et al. 2011); estimation of the measurement (outer) model before fitting the structural (inner) model.

RESULTS AND DISCUSSIONS

Table 1 presents the profile of the Ghanaian SMEs. From the survey the mean age of SME Businesses was 15years (range 10-20), slightly above a third (39.5%) of the SMEs had exited over 20 years and the smaller proportion of the SMEs had operated between 1-10years (36.1%). Regarding business size, majority (42.9%) were small size business (>=5 and <=19), about one-quarter (26.5) were micro size business (<5), slightly below one-quarter (23.1) were medium size business, 4.1% were large size business and the least (3.4%) were the unknown size business. Concerning location of businesses, majority (72.8%) was located in the urban areas and the lease (27.2%) was located in the Peri-urban areas. With reference to business structure, almost half 46.3% were Sole proprietorship owned business,

TABLE 1. Profile of the Ghanaian SMEs

Variables	Category	No.	(%)
Business age	1-10 years	36	24.5
	> 10-20 years	58	39.5
	>20 years	53	36.1
Business ownership	Shareholding company	21	14.3
	Sole proprietorship	68	46.3
	Partnership	21	14.3
	Limited partnership	26	17.7
	Other	11	7.5
Customer size	Large exceeding 1000	27	18.4
	Medium >500 < 1000	52	35.4
	Small < 500	68	46.3
Industry	Manufacturing	22	15.0
	Retail	71	48.3
	Service	54	36.7
Business registration status	Registered	142	96.6
	Unregistered	5	3.4
Location of business	Urban	107	72.8
	Peri-Urban	40	27.2
Business size	Micro<5	39	26.5
	Small >=5 and <=19	63	42.9
	Medium >=20 and <=99	34	23.1
	Large >=100	6	4.1
	Unknown Size	5	3.4
Investment capital	<10,000	115	78.2
	>10000	32	21.8

Note: N=147
Source: Field Survey, 2017

TABLE 2. Descriptive Statistics

	Mean	Std. Deviation	Skewness	Kurtosis
BPT1	4.43	0.67	-0.19	1.89
BPT2	4.48	0.58	-0.59	-0.62
BPT3	3.82	0.81	0.34	-1.40
BPT4	2.43	0.32	0.46	-0.99
BPT5	4.35	0.67	-0.57	-0.71
ABKT1	4.15	0.63	-0.12	-0.49
ABKT2	3.19	0.74	-0.55	0.71
ABKT3	3.95	0.69	0.07	-0.87
ABKT4	3.89	0.73	0.17	-1.07
ABKT5	3.74	0.78	0.49	-1.17
PPT1	3.84	0.69	-0.14	-0.15
PPT2	3.97	0.78	0.05	-1.32
PPT3	4.13	0.68	-0.16	-0.81
PPT4	4.16	0.89	-0.77	-0.29
PPT5	4.22	0.58	-0.06	-0.34
IS1	3.97	0.68	0.04	-0.76
IS2	4.04	0.68	-0.06	-0.82
IS3	3.28	0.33	-0.62	-0.93
MO1	4.13	0.68	-0.17	-0.81
MO2	4.16	0.89	-0.77	-0.29
MO3	4.22	0.58	-0.06	-0.34
MO4	4.06	0.64	-0.06	-0.48
MO5	3.96	0.64	0.34	-0.49
MO6	4.05	0.86	-0.58	-0.35
MO7	3.96	0.64	0.03	-0.49
MO8	3.96	0.54	-0.04	0.62
MO9	4.06	0.64	0.16	-0.48
SME_G1	3.96	0.53	-0.04	0.62
SME_G2	3.89	0.69	0.16	-0.92
SME_G3	4.06	0.64	-0.60	-0.48
SME_G4	3.84	0.77	0.29	-1.23
SME_G5	3.96	0.64	0.03	-0.49
SME_G6	3.93	0.75	0.12	-1.18
SME_G7	4.00	0.73	0.00	-1.09
SME_G8	3.72	0.93	-0.98	1.72
SME_G9	4.05	0.86	-0.59	-0.35
SME_G10	3.84	0.77	0.29	-1.23

Source: Field Survey, 2017

about one- quarter 17.7% were limited partnership owned business, 14.3% ownership each was recorded for shareholding company with non-traded shares or shares traded privately and Partnership, the least 7.5% were unclassified business ownership. Slightly below half had 46.3% small customer size (<500), about a third had 35.4% had Medium customer size (>500 < 10000) the least 18.4% had large customer size (exceeding 1000). Majority (48.3%) had operated in the retail sector, slightly more than a quarter (36.7%) had operated within the service sector and the least (15.0%) indicated operations in the Manufacturing. A whopping Majority (96.6%) had reported registered business status, whereas minority (3.7%) had unregistered business registration status. A large majority (57.1%) had investment capital of less than GHC 40,000, and the smaller proportion of the sample (42.9%) had over GHC 50, 000 investment capital.

DESCRIPTIVE STATISTICS

The significance of data screening and clearing in research studies had been categorically stated (Hair et al.

2011). On the basis of this assertion the data for the study had been subjected through series of data clearing and screening process. On basis of these all issues relating to unengaged responses, missing data and outliers had been addressed in this study. The normality assumptions had been met as three rules of the central theorem were vehemently applied in this study. The likert scale items as shown in Table 2 are evidence that no extreme skewness and kurtosis issues were recorded. The values observed for skewness ranged from -0.04 to 0.49 whiles kurtosis values ranged from –0.34 to 1.89. From the

analysis the Mean and SD values ranging from 4.48 to 2.43 and 0.33 to 0.93 respectively which obviously show likeable pattern of responses to the items used for this paper. The study had revealed that there were no traces of multicollinearity problem because the values for Variance Inflatory factor test were less than 10.

DISCRIMINANT VALIDITY AND CONVERGENT VALIDITY

Convergent validity explains the collective construct in the model (Hair et al. 2010). It is evaluated through average variance extracted (AVEs) with a minimum loading of 0.50 together with composite reliability (CR) with a minimum loading of 0.70 (Hair et al., 2010). As found in Table III, all the AVEs for the constructs were above 0.50 which means all the variables are adequate and explain construct validity. The CR values ranged from 0.78 to 0.82 which is above the minimum value of 0.70. in addition, Rho_A was determined to validate the scores of CR. Discriminant validity shows how measures explain their own constructs other than other constructs in the structural model (Hair et al. 2010). This is attained when the square roots of each AVEs construct is higher than their inner-construct (Hair et al. 2010). In Table 3, the square roots of AVEs are higher compared to their inner constructs. There is enough evidence to conclude that the discriminant validity of the

TABLE 3. Discriminant Validity and Convergent Validity

	1	2	3	4	5	6	AVE	CR
BPT1	0.875							
BPT2	0.943							
BPT3	0.742						0.70 (0.84)	0.81
BPT4	0.771							
BPT5	0.899							
ABKT1		0.785						
ABKT2		0.770						
ABKT3		0.690					0.71 (0.84)	0.82
ABKT4		0.572						
ABKT5		0.716						
PPT1			0.963					
PPT2			0.852					
PPT3			0.987				0.93 (0.96)	0.78
PPT4			0.941					
PPT5			0.920					
IS1				0.888				
IS2				0.950			0.89 (0.94)	0.82
IS3				0.845				
MO1					0.874			
MO2					0.958			
MO3					0.940			
MO4					0.989			
MO5					0.954		0.95 (0.97)	0.82
MO6					0.931			
MO7					0.964			
MO8					0.968			
MO9					0.976			
SME_G1						0.989		
SME_G2						0.954		
SME_G3						0.874		
SME_G4						0.958		
SME_G5						0.940	0.95 (0.97)	0.81
SME_G6						0.989		
SME_G7						0.954		
SME_G8						0.931		
SME_G9						0.964		
SME_G10						0.968		

Note: The Square root of AVEs are in the parenthesis; AVE-Average Variance Extracted, CR- Composite Reliability

constructs on the proposed model was adequate with no further argument.

CONSTRUCTS RELIABILITY

Construct reliability defines the extent of internal consistency which is measured through loading of item factors with an accepted Cronbach's alpha at a level of 0.7 (Hair et al. 2011). Table 4 presented Cronback alpha at a threshold above 0.7 which means the measures are reliable. Construct validity focuses on the degree to

TABLE 4. Constructs Reliability

Constructs	No. of Items	Cronbach's Alpha
Business Plan Training	5	0.73
Institutional Support	3	0.76
Procurement Procedure Training	5	0.74
SMEs Growth	10	0.78
Accounting and Book Keeping Training	5	0.79
Market Orientation	9	0.75

which the observed items logically connect and satisfy a proposed theory. It is assessed through convergent validity and discriminant validity (Hair et al. 2010) as indicated in Table 3.

INDIRECT EFFECTS ON SMES GROWTH

All the three dimensions which were used as proxies to determine institutional support in building managerial capacity have indirect significant effects on SMEs growth. The study found that accounting and book keeping training ($\beta = 0.57$) is a significant determinant of institutional support in managerial capacity building. Therefore, H1 is supported. Institutions uses two major approaches in accounting; comparative economic forces and relative, cognitive and normative cultural pillars. Although the accounting functions may be segregated, they can be combined to form a unit function, which is distinct from using them in isolation. More so, the results could be linked to Hassan (2005) who reported that the decision for the institution to undergo transformation in the management accounting department in the public institution are regarded as an entrepreneurial processes intended to trigger revolution. Again the results affirm Jalaludin et al. (2011) that institutional pressure and environmental management accounting (EMA) adoption. Institutions pose some level of pressure on departments to adopt new methods through the normative way of training its members on emerging concepts.

The study found a significant effect of business planning and implementation training ($\beta = 0.34$) on institutional support. The H2 is also supported. This result corroborates with Ferreira etal. (2017) that the motivations for entrepreneurs, business planning and risk support. Entrepreneurs have diverse motivation for supporting different course. Emerging institutions are most likely to support new and emerging technologies compared to experienced institutions due to established rigid culture. The act of developing rigid culture by institutions prevents them from being innovative and becomes myopic in their operational decisions.

The study also found a significant effect of procurement procedure training ($\beta = 0.22$) on institutional support. The H3 is supported. Relatedly, Procurement plays a vital role in every organization hence there is the need to develop the mechanism of ambidexterity to track and monitor possible risks that may occur in an organization. The use of the ambidexterity mechanism considers the two aspects of every process by considering the pros and cons in the chosen process.

DIRECT EFFECTS ON SMES GROWTH

The main purpose of this study is to determine the impact of institutional support in managerial capacity building on SMEs growth (comparative advantage and performance) and marketing orientation The study found higher predictive power for the proposed model (Hair et al. 2011) thus 96% and 68% respectively for marketing orientation and SMEs growth (Chen Mu 2016; D'Arcy 2009; Wonglimpiyarat et al. 2014; Zhang et al.2017). The study found that institutional support in managerial capacity building has insignificant ($\beta = 0.09$) effect on marketing orientation. Surprisingly, Therefore the H4 is not supported. The study also revealed that marketing orientation has significant ($\beta = 0.51$) effect on SMEs growth. Again the H5 is supported. The study further found that institutional support in managerial capacity building had positive and significant ($\beta = 0.49$) impact on SMEs growth. Therefore, the H6 is supported. Hence both H5 and H6 support number of past studies (Farja et al. 2016; Malshe et al. 2017; Naidoo 2010). Meanwhile, the results further suggest that institutional support exert no significant effect on marketing orientations therefore H4 is unsupported.

CONCLUSIONS

This study examined the effect of institutional support in managerial capacity building on marketing orientation and SMEs growth. The study found that institutional support in managerial capacity building had positive and significant impact on SMEs growth. The study further revealed that marketing orientation has significant on SMEs growth. However, the study revealed that institutional support in managerial capacity building

TABLE 5. Indirect effects on SMEs growth

	Hypothesized Relationship	Regression weight	Standard Error	*t-statistics*	*p-value*	Remarks
H1	ABKT > IS	0.57	0.57	13.88	0.000***	Supported
H2	BPT > IS	0.34	0.05	7.37	0.000***	Supported
H3	PPT > IS	0.22	0.23	4.71	0.000***	Supported
R^2	Institutional Support	0.96				

Source: Field Survey, 2017

Notes: * Significant at 0.05, ** significant at 0.01, *** significant at 0.000. NB: ABKT=Accounting and book keeping Training, BPT=Business Planning Training, PPT=Procurement Procedure Training and IS=Institutional support.

TABLE 6. Direct effects on SMEs growth

	Hypothesized Relationship	Regression weight	Standard Error	*t-statistics*	*p-value*	Remarks
H4	IS > MO	0.09	0.15	0.58	0.558	Not Support
H5	MO > SMEs_G	0.51	0.16	31.9	0.000***	Supported
H6	IS > SMEs_G	0.49	0.05	9.19	0.000***	Supported
R^2	SME_Growth	0.68				

Source: Field Survey, 2017

Notes: * Significant at 0.05, ** significant at 0.01, *** significant at 0.000. NB: IS=Institutional support, MO=Marketing orientation and SMEs G=SMEs Growth

has insignificant effect on marketing orientation. Our results imply that institutional support is a determinant of SME growth. Our results further suggest that marketing orientation is a determinant of SMEs growth. To a greater extent our results are consistent with those of Salyova et al. (2015); They found that institutional support in managerial capacity building has significant impact on SMEs growth. They also found that marketing orientation has significant on SMEs growth. However, indicated that institutional support in managerial capacity building has no significant impact on marketing orientation.

The findings from this study have important implications on investment, policy and future research. Hence this document will serve as a practical guide to investors, policy makers and researchers. Governments and other development agencies like the World Bank Group; International Monetary Fund (IMF) must keep supporting SMEs in various capacities to enhance their growth. Moreover, SMEs must put concentrated effort to improve their comparative advantages to enable them enhance their productivity. This study has number of limitations as it only focuses on institutional support, marketing orientations and SMEs growth. This study could be improved by including entrepreneurship orientation, firm level variables (viz. age, credit access, capital size. information and corruption) and more countries.

REFERENCE

Abor J. & Quartey, P. 2010. Issues in SME development in Ghana and South Africa. International Research Journal of Finance and Economics 39: 218-28.

Ahmad T., Farrukh F. & Nazir S. 2015. Capacity building boost employees' performance. Industrial and Commercial Training 47(2): 61-66.

Ambrosini, V., Bowman, C. & Collier, N. 2009. Dynamic capabilities: an exploration of how firms renew their resource base. British Journal of Management 20(1): 9-24.

Ahmed, O. E. & Bodner, G. M. 2017. Developing occupational standards and their impacts on capacity building. Journal of Management Development 36(3): 390-400.

Angulo-Ruiz, F., Dianthus, N. Prior, D. & Riap, J. 2017. How does marketing capability impact abnormal stock returns? The mediating role of growth. Journal of Business Research 42: 380-399.

Ayyagari, M., Demirgüç-Kunt, A. & Maksimovic, V. 2011. Small vs. Young Firms Across the World – Contribution to Employment, Job Creation, and Growth. The World Bank Development Research Group Policy Research Working Paper No. 5631.

Basu, A. 1998. The role of institutional support in Asian entrepreneurial expansion in Britain. Journal of Small Business and Enterprise Development 5(4): 317-326.

Barney, J. B. 1991. Firm resources and sustained competitive advantage. Journal of Management 17(1): 99-120.

Becker, G. S. 1964. Human capital: A theoretical and empirical analysis, with special reference to education. New York: Colombia University Press.

Bongomin, G. O. C., Ntayi, M. J. & Munene, C. J. 2017. Institutional framing and financial inclusion: Testing the mediating effect of financial literacy using SEM bootstrap approach. International Journal of Social Economics 44(12): 1727-1744.

Chen Mu, H. 2016. Influence of institutional and moral orientations on relational risk management in supply chains. Journal of Purchasing and Supply Management 22: 110-119.

Costa, E. et.al. 2017. Information management for network transformation in industrial enterprises associations: The case of the internationalization process. In G. L. Jamil,

A. L. Soares, & C. R. M. Pessoa (Eds.), Handbook of Research on Information Management for Effective Logistics and Supply Chains (pp. 415–436). Hershey, PA: IGI Global. http://doi.org/10.4018/978-1-5225-0973-8.ch022

Cui, L., Fan, D., Guo, F. & Fan, Y. 2017. Explicating the relationship of entrepreneurial orientation and firm performance: Underlying mechanisms in the context of an emerging market. Industrial Marketing Management 54: 19-26.

Culkin, N., & D. Smith. 2000. An Emotional Business: A Guide to Understanding the Motivations of Small Business Decision Takers' Qualitative Market Research 3(3): 145-157.

D'Arcy, E. 2009. The evolution of institutional arrangements to support the internationalization of real estate involvements: Some evidence from Europe. Journal of European Real Estate Research 2(3): 280-293.

Eisenberger, R. R. Huntington, S. H. & Sowa, D. 1986. Perceived organisational support. Journal of Applied Psychology 71: 500-507.

Ellis, D. P. 2005. Market orientation and marketing practice in a developing economy. European Journal of Marketing 39(5/6): 629-645.

Eng, Y. T. 2011. Six Sigma: insights from organizational innovativeness and market orientation. International Journal of Quality and Reliability Management 28(3): 252-262.

Farja, Y., Gimmon, E. & Greenberg, Z. 2016. The effect of entrepreneurial orientation on SMEs growth and export in Israeli peripheral regions. New England Journal of Entrepreneurship 19(2): 6.

Framptom. 2017. What is business growth, and what does it mean to you? Retrieved from https://www.cciq.com.au/news/what-is-business-growth/

Hair, J.F., Black, W.C., Babin, B.J. & Anderson, R.E. 2010. Multivariate Data Analysis. Prentice Hall, Englewood Cliffs, NJ.

Hair, J., Ringle, C.M. & Sarstedt, M. 2011. PLS-SEM: Indeed, a silver bullet. Journal of Marketing Theory and Practice 19(2): 139-151.

Halfat, C. E., Finkelstein, S., Mitchell, W., Peteraf, M., Singh, H., Teece, D. J. & Winter, S. G. 2007. Dynamic capabilities: understanding strategic change in organizations. Oxford: Blackwell.

Harris, A. 2011. System improvement through collective capacity building. Journal of Educational Administration 49(6): 624-636.

Hassan, M.K. 2005. Management accounting and organizational change: an institutional perspective. Journal of Accounting and Organizational Change 1(2): 125-140.

Huhtala, P. J., Sihvonen, A., Frösén, J., Jaakkola, M. & Tikkanen, H. 2014. Market orientation, innovation capability and business performance: Insights from the global financial crisis. Baltic Journal of Management 9(2): 134-152.

Hur, W. M., Moon, T. & Jun, J. K. 2016. The effect of workplace incivility on service employee creativity: the mediating role of emotional exhaustion and intrinsic motivation. Journal of Services Marketing 30(3): 302-315.

Grant, R. M. 1996a. Toward a knowledge-based theory of the firm. Strategic Management Journal.17(S2): 109-22.

Kogut, B. & Zander, U. 1992. Knowledge of the firm, combinative capabilities and the replication of technology. Organization Science 3(3): 383-97.

Jalaludin, D., Sulaiman, M. & Ahmad, N. N. A. 2011. Understanding environmental management accounting (EMA) adoption: A new institutional sociology perspective. Social Responsibility Journal 7(4): 540-557.

Jones, C. S., Knotts, T. L. & Udell, G. G. 2008. Market orientation for small manufacturing suppliers: The importance of product related factors. Journal of Business and Industrial Marketing 23(7): 443-453.

Jaworski, Bernard J. & Ajay K. Kohli.1990. Market orientation; the construct, research propositions and management implications. Journal of Marketing 54(April): 1-18.

Keskin, H. 2006. Market orientation, learning orientation, and innovation capabilities in SMEs: An extended model. European Journal of Innovation Management 9(4): 396-417.

Kshetri, N. 2009. The development of market orientation: a consideration of institutional influence in China. Asia Pacific Journal of Marketing and Logistics 21(1): 19-40.

Kunasegaran, M., Ismail, M., Rasdi, M. R., Ismail, I. A. & Ramayah, T. 2016. Talent development environment and workplace adaptation: The mediating effects of organisational support. European Journal of Training and Development 40(6): 370-389.

Lucas, R. 1990. Why doesn't capital flow from rich to poor countries? American Economic Rewiew 80(2): 92-96.

Malshe, A., Friend, B. S., AL-Khatib, J., AL-Habib, M. I. & AL-Torkistani, M. H. 2017. Strategic and operational alignment of sales-marketing interfaces: Dual paths within an SME configuration. Industrial Marketing Management 66: 56-63.

Mavondo, F. T., Chimhanzi, J. & Stewart, J. 2005. Learning orientation and market orientation: Relationship with innovation, human resource practices and performance. European Journal of Marketing 39(11/12): 1235-126.

Mbawuni, J. & Nimako, S.G. 2017. Determinants of Islamic banking adoption in Ghana. International Journal of Islamic and Middle Eastern Finance and Management 10 (2): 264-288.

Naidoo, V. 2010. Firm survival through a crisis: The influence of market orientation, marketing innovation and business strategy. Industrial Marketing Management 39(8): 1311-1320.

Najafi-Tavani, S., Sharifi, H. & Najafi-Tavani, Z. 2016. Market orientation, marketing capability, and new product performance: The moderating role of absorptive capacity. Journal of Business Research 69(11): 5059-5064.

Ndubisi, N.O. 2012. Relationship quality: upshot of mindfulness-based marketing strategy in small organisations. International Journal of Quality and Reliability Management 29(6):626-641.

Parkman, I. D, Holloway, S. S & Sebastiao, H. 2012. Creative industries: aligning entrepreneurial orientation and innovation capacity. Journal of Research in Marketing and Entrepreneurship 14(1): 95-114.

Penrose, E. 1959. The theory and growth of the firm. 3rd edition. New York: Oxford University Press.

Quartey, P., Turkson, E., Abor, J.Y. & Iddrisu A.M. 2017. Financing the growth of SMEs in Africa: What are the

constraints to SME financing within ECOWAS? Review of Development Finance 7: 18-28.

Reijonen, H., Hirvonen, S., Nagy, G., Laukkanen, T. & Gabrielsson M. 2015. The impact of entrepreneurial orientation on B2B branding and business growth in emerging markets. Industrial Marketing Management 51: 35-46

Salyova, S., Tabrecka, J., Gabrielle, P. & Dad'o, J. N. 2015. Effect of Marketing Orientation on Business Performance: A Study from Slovak Foodstuff Industry. Economics and Finance 34: 622-629.

Shaltoni, M. A. & West, C. D. 2010. The measurement of e-marketing orientation (EMO) in business-to-business markets. Industrial Marketing Management 39(7): 1097-1102.

Shams, S. M. R. 2016. Capacity building for sustained competitive advantage: a conceptual framework. Marketing Intelligence and Planning 34(5): 671-691.

Silva, M., Moutinho, L., Coelho, A. & Marques, A. 2009. Market orientation and performance: modeling a neural network. European Journal of Marketing 43(3/4): 421-437.

Skuras, D., Caldas, C. J., Meccheri, N., Psaltopoulos, D. &Viladomiu, L. 2003. Institutional support to strategic business orientations: An empirical analysis of rural businesses in four countries of southern Europe. European Business Review 15(4):235-244.

Strang, D. K. 2017. Needs assessment of international capacity building using a Delphi technique. World Journal of Entrepreneurship Management and Sustainable Development 13(4): 286-302.

Talaja, A., Miočević D., Alfirević N. & Pavičić J. 2015. Market Orientation, Competitive Advantage and Business Performance: Exploring The Indirect Effects. Croatian Scientific and Professional Journal 26(4): 583-604.

Tajeddini, K., Elg, U. & Ghauri, N. P. 2015. Enhancing organizational performance of international SMEs through inter-firm marketing collaborations. International Marketing in the Fast Changing World 26:109-133.

Todres, M., Cornelius, N., Janjuha-Jivraj, S. & Woods, A.2006. Developing emerging social enterprise through capacity building. Social Enterprise Journal 2(1): 61-72.

Wernerfelt, B. 1984. A Resource-Based View of the Firm. Strategic Management Journal 5(2): 171-180.

Wonglimpiyarat, J. 2014. Incubator policy to support entrepreneurial development, technology transfer and commercialization. World Journal of Entrepreneurship, Management and Sustainable Development 10(4): 334-351.

World Bank. 2015. World Development Indicators retrieved from www.worldbank.org/SME, accessed 13th August, 2017.

Zhang, S., Wang, Z., Zhao, X., & Zhang, M. 2017. Effects of institutional support on innovation and performance: Roles of dysfunctional competition. Industrial Management and Data Systems 117(1): 50-67.

Bayu Taufiq Possumah*
School of Social and Economic Development
Universiti Malaysia Terengganu
MALAYSIA
E-mail: bayu@umt.edu.my

Michael Karikari Appiah
School of Social and Economic Development
Universiti Malaysia Terengganu
MALAYSIA
E-mail: kofikarikari@yahoo.com

Corresponding Author*