

Effect of Entrepreneurial Competence and Expansion Strategies on SMES Performance of Kingdom of Bahrain

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Abstract - The purpose of this research was to investigate the business strategy and performance in Small and Medium-Sized enterprises (SMEs). The research focused on SMEs because of the importance of SMEs in the economy and the high percentage of them in Kingdom of Bahrain's business population. The present research examined the relationship between entrepreneurial capability, expansion strategies and SMEs business success. The entrepreneurial capability consisted of entrepreneurial self-efficacy and improvisational behaviour, and expansion strategies included product development strategy, market penetration strategy and market development strategy. This research used a survey methodology, then analysed by using a descriptive analysis, correlation and regression analysis. Findings showed that each independent variable had mixed results on SMEs business success. This study contributed to the flow of RBV and provided important contributions for practitioners in developing policies and strategies for business success among SMEs in Kingdom of Bahrain.

Keywords: entrepreneurial capability, entrepreneurial self-efficacy, improvisational behaviour, expansion strategies, business success.

INTRODUCTION

During the past four decades the member countries of the Cooperation Council of the Arab States of the Gulf, popularly known as the GCC, which consists of the Kingdom of Bahrain, State of Kuwait, Sultanate of Oman, State of Qatar, Kingdom of Saudi Arabia, and the United Arab Emirates; have witnessed an unprecedented economic and social transformation fuelled by the Oil and Gas sector. The GCC countries are said to hold 45% and 17% of the world's proven oil and natural gas reserves respectively (Bharateesh Kasi, 2016). The Kingdom of Saudi Arabia, United Arab Emirates, Kuwait and Qatar are among the World's top 15 oil producers. The Oil and Gas sector is the prime source of revenues and exports to the GCC countries, constituting 80% of GCC budget revenues (IMF, 2017). Other than this important element, SMEs are also said to make crucial contributions to job creation, income generation and economic growth; they are said to account for two-thirds of all jobs worldwide and provide 33% of national income (GDP) in emerging economies (World Bank, 2018). The contribution made by SMEs to employment was analyzed in a longitudinal study by Ayyagari et al. over the period of 2006 to 2010, covering 99 countries. The results show that SMEs have a large share of employment in all countries, irrespective of the countries' income level and is especially high in developing countries. The median share of employment of the SME size class is 67% (ILO 2016).

Furthermore, Small and medium-sized enterprises (SMEs) and entrepreneurship are essential drivers of economic and social well-being. Representing 99% of all businesses, generating about 60% of employment and totalling between 50% and 60% of value added in the OECD area, SMEs are key for delivering sustainable and inclusive economic growth (OECD, 2019). They are instrumental to ensure that our economies and societies adapt to major transformations, such as digitalisation, globalisation, ageing and environmental pressures. Many countries are focusing on entrepreneurial

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activities that drive the economy and provide job opportunities. SME is a term used for segmenting businesses or firms which are somewhere between micro and large firms. SMEs, constitute more than 99% of all enterprises registered in Bahrain (EDB, 2010; ICTB, 2016). The total contribution of SMEs to Bahrain's GDP stood at 28% and SMEs provided 73% of the total private sector jobs (Annual Economic Review, 2010). Despite the significant role that SMEs play in the growth of the economy, very limited scholarly work has been conducted in Bahrain on their contribution and challenges they face.

In contemporary market conditions, the dynamic business environment may contribute opportunities or harm the organizations. One of the significant impacts is competitive environment where competition equally affects domestic and international firms as well as large firms and SMEs. Most studies have confirmed that large firms reported a nearly 100% survival rate, whereas SMEs do not enjoy such a survival rate due to the phenomenon of the rich are becoming wealthier, and the poor are becoming worst (Chen & Chen, 2018). In the heat of today's competition, most of SMEs are struggling to survive in the market. In order to be successful, SMEs need to possess various types of resources including tangible and intangible resources such as financial, technological, and human and knowledge resources (Brush et al., 2017). Following that, entrepreneurial competence and business strategy has long been considered as the key factors for the survival, growth and served as the competition instrument for firms; in which it become crucial within knowledge-based and technology driven industries (Castro, Delgado-Verde, Navas-López, & Cruz-González, 2018). In today's business, SMEs serve as significant contributors to the economy. SMEs are not only serving as wealth creation but they also provide job opportunity to reduce poverty level (Prajogo & McDermott, 2017). Therefore, it is crucial to study the factors that contribute in the success of SMEs in Bahrain and the key objectives of the study are as follows; 1) to analyse the influence of entrepreneurial self-efficacy on SMEs business success in kingdom of Bahrain, 2) to analyse the influence of improvisational behaviour on SMEs business success in kingdom of Bahrain and lastly 3) to analyse the influence of product development strategy on SMEs business success in kingdom of Bahrain.

LITERATURE REVIEW

This chapter discussed the literature review of SMEs setting, SMEs success, entrepreneurial capability and growth strategy. It is useful to review the related areas of the current studies to understand the perspective of independent variables used in this study, and its relationship with dependent variable.

Business Success

Business success has several definitions in the study of entrepreneurship. According to Zinger et al. (2015) and Rhodes and Butler (2016), the success of entrepreneurs has been identified in two factors which are the financial and nonfinancial. Entrepreneurial success is measured by financial performance in term of return on assets (Masuo et al., 2018), the return of investment (Gadenne, 2016), assests (Paige and Littrell, 2018; Lampadarios et al., 2017), income (Paige and Littrell, 2018; Qasim, Haq, Hussain, & Roshan, 2019). Several researchers who are interested in the relationships between entrepreneurship and success have emphasized the significance of the entrepreneur in the process of entrepreneurial success. Prior studies have shown that human and financial capital (Unger et al., 2017) and social capital (Liao and Welsch, 2016; Laureani and Antony 2018) are essential for the formation, success, and survival of small businesses (Shah, Shahzad, & Abrar Ul Haq, 2015).

Richard et al. (2019) identified 207 different variables of performance in their review of 213 papers published from 2006 to 2019. They stated that organization performance comprises the actual output of an organization as measured against its intended outputs, which encompass three specific areas of firm outcomes: (1) Financial performance (profit, return on assets, return on investment, etc.); (2) Product market performance (sales, market share, etc.); and (3) Shareholder return (total shareholder return, economic value added, etc.). Masuo et al. (2018) stressed that business success is measured by financial revenue, profits, return of assets, employees and rates; and no financial measures, such as personal fulfillment, customer satisfaction and individual development (Shah, Abrar Ul Haq, & Farooq, 2015).

However, some scholars (Taormina & Lao, 2017; Moha Asri & Ferdous, 2015) revealed that business success measures were based on the ability to handle the company in more than three years. In addition, business success also denotes to include an entire business or even to control unanticipated state of affairs element within a stated parameter, where the financial and non-financial items can be the parameter (Moha Asri & Ferdous, 2015). Meanwhile, Rogoff et al. (2014) determined the non- financial measures which derived from the internal factors and external factors influence the business success. The internal elements involve entrepreneur's characteristics and business owner; the size and years in business; the competence to execute foreign capital investment, management, financing, planning, experience, and skills; to carry out such project identified (Rehman et al., 2013). Meanwhile the external factors or environment is such as resource availability, business opportunities, government regulations, economic conditions, competition, mortgages, corporate debt and market conditions (Rogoff et al., 2014). Therefore, this study conceptualizes business success as financial and non-financial performance of the SMEs. Success of business in this present study will be presented by

financial and non-financial business performance; where performance can be a good proxy to explain the success of a business (Johannessen, Olaisen, and Olsen, 2014).

Entrepreneurial Competence

He and Tian (2018) list entrepreneurs' capabilities as strategic competence, management competence, government service competence, and social competence. Most importantly, Tu and Yang (2013) categorizes entrepreneurs' capabilities as knowledge management competence, innovative competence, learning competence, and decision-making competence. Based on previous research, Zhang (2006) lists three types of entrepreneur capabilities: conceptual capabilities (including understanding, judging, analyzing, and decision-making capabilities), interpersonal capabilities (including expressing, relationship-dealing, and concerning public affairs capabilities) and leading and operating capabilities (Mahmood et al., 2014; Malik et al., 2019; Waqas et al., 2014).

Taking all of these studies into account, it can be concluded that entrepreneurial capabilities are the exploitation of various resources and abilities of the entrepreneurs. Previous scholars defined entrepreneurial capabilities as underlying characteristics such as generic specific knowledge, motives, traits, self-images, social roles, and skills which result in venture birth, survival, and/or growth, whereas Baum et al. (2016) defined this concept as individual characteristics such as knowledge, skills, and/or abilities required to perform a specific job. Building on this view, Kiggundu (2018) conceptualized entrepreneurial capabilities as the total sum of entrepreneurs' attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, expertise and behavioural tendencies needed for successful and sustaining entrepreneurship (Malik, H. A. M., Mahmood, Usman, Rziwan, & Abid, 2019; Qamri, Abrar-ul-haq, & Akram, 2015). Steffens, Davidsson and Fitzsimmons, (2019) revealed that the entrepreneurial capabilities or competencies consist of 1) components that are more deeply rooted in the entrepreneur's background (i.e. traits, personality, attitudes, self-image, and social roles, behavior) and; 2) components that could be acquired at work or through theoretical or practical learning (i.e. skills, knowledge, and experience) Torrès, Gurău and Khedhaouiria, (2014). This study highlighted the components that entrenched from entrepreneur's background, in which deemed into entrepreneurial self-efficacy and improvisational behaviour (Bumjaid, Abid, & Malik, 2019).

Expansion Strategy

Growth strategy refers to a strategic plan formulated and executed to expand firm's performance (Andrews, 2017). Ansoff (1965) cited in Andrews (2017) invented a scheme that businesses commonly use to pursue growth and expansion. The scheme consists of two dimensions which namely the market and the product. Market can be explained as a demand-side dimension in which one looks at the size and composition of the product market and the level of the firm's penetration of that market. On this dimension, Ansoff claimed that a company might seek growth opportunities either in an existing market or in new markets. The product dimension is essentially a supply-side dimension in which one looks at the strength of the firm's product lines and the core competencies of the firm in marketing its product offerings in the chosen market (Watson, Horgarth-Scott & Wilson, 2017) On the product dimension, Ansoff also classified two ways of seeking corporate growth; either through the firm's existing products or by introducing new products (Murtaza, Abrar Ul Haq, & Ali, 2015). Based on two dimensions, product and market, growth strategies can be categorized into three major forms that is, product development strategy, market penetration strategy and market development strategy.

The Relationship between Entrepreneurial Competence and Business Success

In predicting future performance, entrepreneurial competence shows an extensive theoretical and empirical research support (Miao et al., 2016). According to Bandura (2017), entrepreneur's self-efficacy can conduct to task-specific effects. This means that a person who organized the business that have the self-efficacy construct can strong hold on the believe that in their own capabilities to accomplish task in entrepreneurial activities (Cumberland, Meek, & Germain, 2015). There are various studies have been explored on the relationship between entrepreneur's self-efficacy (ESE) and business success. The study revealed that entrepreneur's ESE is positively connected with firm performance (Miao et. al., 2016). Other study that support that ESE and business performance is positively related and that ESE influence business performance (Cumberland et al., 2015; Hallak, Assaker, & O'Connor, 2014; Rosli & Hatinah, 2016; Akram, Murugiah, & Arfan, 2017). Otherwise, there are a contradictory finding has also been revealed in the literature on the relationship between ESE and firm performance. Hardy (2016) explored the influenced of ESE towards entrepreneurial success that is measure by entrepreneurial performance among entrepreneurs in Tunisia. Result indicated that ESE is not significantly related to entrepreneur performance. This study recommends the use of specific context of self-efficacy to explain entrepreneurial success because it has been shown to have a greater predictive power when describing entrepreneurial activity (Cassar & Friedman, 2019; Miato et al., Rosli & Hatinah, 2016; Ullah, Abrar-ul-haq, & Shah, 2016)). Bandura notes that general self-efficacy has the least predictive power and that task specific self-efficacy is most useful in predicting behavior related to a narrowly defined task (Schjoedt & Craig, 2017). Thus, since there is inconclusive stand on this relationship due to inconsistent findings, there is a need for further research on this linkage.

In addition, a study on the influence of ESE especially among SMEs in Kingdom of Bahrain is still limited. Therefore, study will try to fill the gap by investigating the influence of ESE towards business performance of SMEs in the context of Kingdom of Bahrain. With regards to entrepreneurial improvisational behaviour, some studies revealed that improvisation has significant relationship towards performance. There a numerous study identify that improvisation has significant relationship towards firm performance (Arshad, Razali, Julienti, Ahmad, & Mahmood, 2015; Hatinah et al., 2015; Rosli & Hatinah, & Nik Nor Hasimah, 2015); corporate entrepreneurship (Ibrahim et al., 2016). However, Rosli and Hatinah (2016) restate that there is still less of investigation on the relationship between improvisation and performance.”

The Relationship between Growth Strategy and Business Success

In small business and entrepreneurship studies, scholars have often discussed firm growth at the center of their inquiry, whilst scholars such as Sexton and Smilor (1991) have gone as far as to place growth at the heart of entrepreneurship theory (Steffens et al., 2009). Similarly, the business media and policy-makers have also remained fixated by the issue of small firm growth (Storey, 2017). Growth is one of the primary goals of most firms (Mishina et al., 2014), and studies have evidenced the importance of growth (Nason, Wiklund, McKelvie, Hitt, and Yu, 2019). Penrose (1959) cited in Nason et al., (2019) highlighted growth as containing a double-sided strategy of diversifying into new markets and new products within the constraints of a firm’s pool of available resources. She further indicated that to grow in a business, a firm can enter new markets with current products or introduce new products into current markets (Akram, Abrar ul haq, & Raza, 2018). However, without deploying a growth strategy to take advantage of these opportunities, a firm can hardly capitalize on market orientation to achieve higher performance. A lot of researchers have highlighted the challenges which SME are facing all around the world to run their business in a successful manner (Gupta et al., 2017). Researchers have explained that when business move from their start-up phase to another, then growth is compulsory, and company should think about the external opportunities by keeping in mind their internal strengths. If companies fail to do so, then their competitors will steal their market share by availing opportunities (Akram, Abrar-ul-Haq, & Surjit, 2018). Therefore, SME should develop long-term plans for their business growth because these strategies always have a direct impact on business success (Kamasak, 2015) Since there is an inconclusive finding on the previous study on the relationship between growth strategy and business success, this study will further investigate the relationship between growth strategy and business success among SMEs” in Kingdom of Bahrain.

Conceptual Framework

This study focused on examining the influence of independent variables, namely entrepreneurial capability (entrepreneurial self-efficacy, entrepreneur improvisational behaviour), growth strategy (product development, market penetration, market development) on SMEs business success as the dependent variable.

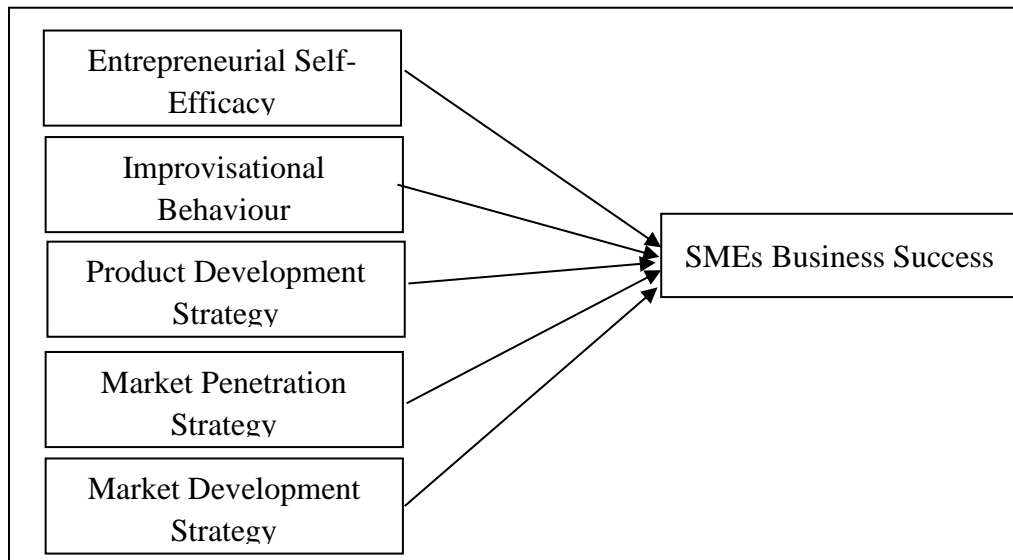


Figure 1: Conceptual framework

Hypotheses

- H₀₁: The entrepreneurial self-efficacy has a positive significant influence on SMEs business success.
- H₀₂: The improvisational behaviour has a positive significant influence on SMEs business success.
- H₀₃: The product development strategy has a positive significant influence on SMEs business success.
- H₀₄: The market penetration strategy has a positive significant influence on SMEs business success.
- H₀₅: The market development strategy has a positive significant influence on SMEs business success.

METHODOLOGY OF THE STUDY

This study focused on examining the influence of independent variables, namely entrepreneurial capability (entrepreneurial self-efficacy, entrepreneur improvisational behaviour), growth strategy (product development, market penetration, market development) on SMEs business success as the dependent variable and this study has selected owners and managers of SME as a target population in Bahrain and used simple random sampling because of its convenience to select any elements or respondents in the population to be a subject, a total of 380 respondents filled the questionnaire and all of them were owners and managers of the SME manufacturing firms of Kingdom of Bahrain. The instrument of Business Success Measurements is adopted from Sok et al. (2013) and the instrument of Entrepreneurial Capability Measurement consist on two dimensions namely, Entrepreneurial Self Efficacy and Improvisation Behaviour, this instrument was adopted from McGee et al., (2009) and Vera and Crossan (2015). Lastly, Growth Strategy Measurements also had three dimensions namely, Product Development, Market Penetration and Market Development and this instrument was adopted from Nancy Adhiambo (2013). The feedback on these measurements will be given using the 7-point Likert Scale (from 1 = strongly disagree to 7 = strongly agree). These items employ to measure business success construct for SMEs along with their sources are illustrated in appendix.

Statistical tools and Techniques for Data Analysis

After getting the study “data using the questionnaire survey method, Data analysis has been carried out to obtain meaning from the collected data. Analysis was done through a number of data analysis techniques including descriptive statistics, correlation analysis and regression analysis. A statistical package (SPSS version 22.0 for Windows) used to analyze the data for this study (Abrar ul Haq, Akram, Ashiq, & Raza; Abrar ul haq, Jali, & Islam, 2018, 2019).

RESULTS AND DISCUSSION

Table 1: Frequency Distribution

Position	Frequency	Percent	Valid Percent	Cumulative Percent
OWNER	49	34.0	46.7	46.7.
MANAGER	56	38.9	53.3	100
Total	105	100	100	

Based on Table 1, the respondents are only from the owners of- a firm who comprised of 49 (46.7%) and the managers are 56 (53.3%) respectively.

Table 2: Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	40	27.8	38.1	38.1
Female	65	45.1	61.9	100
Total	105	100.0	100.0	

Based on the result showed in Table 2, the largest respondents were female comprising of 65 respondents (61.9%) and the rest were male respondents comprising of 40 (38.1%).

Table 3: Age

	Frequency	Percent.	Valid Percent	Cumulative Percent
26-30	10	6.9	9.5	9.5
31-35	15	10.4	14.3	23.8
36-40	49	34.0	46.7	70.5
41-45	19	13.2	18.1	88.6
46-50	12	8.3	11.4	100.0
Total	105	100.0	100.0	

Table 4: Industries

	Frequency	Percent	Valid Percent	Cumulative Percent
Food	63	43.8	60	69.5

Chemical	7	4.9	6.7	7.6
Household Appliance	28	19.4	26.7	73.9
Electrical	2	1.4	1.9	100.0
Total	105	100.0	100.0	

Based on the Table 3, 10 of (9.5%) the respondents were aged of 26-30 year old. This was followed by 15 (14.3%), 49 (46.7%) and 19 (13.2%) of the respondents were aged about 31-35 year old, 36-40 year old and 41-45 year old respectively. The result showed 12 (11.4%) of the respondents were at age 46-50 year old. Based on the Table 4.6, most of the companies have 5-49 employees, 77 (73.3%) while other companies have less than 5 employees, 28 (26.7%). Moreover, based on the Table 4, the popular industries lead by food, tobacco, 63 (60%), then household appliances 28 (26.7%), furniture 4 (3.8%), Chemical 7 (7.6%) and lastly electrical 2 (1.9%).

Reliability Analysis

The measure of reliability was established to test for consistency and stability (Sekaran, 2010). In order to do so, Cronbach alpha is being used. Cronbach alpha is computed in terms of the average inter-correlation among the items to measure the concept. It is also a reliability coefficient that indicates how well the terms of a set are positively correlated to one another. The closer the Cronbach alpha is to 1, the higher is the internal consistency reliability.

Table 5: Cronbach's Alpha

	No. of Items	Cronbach's Alpha
Growth Strategy	9	0.787
Entrepreneurial Capability	25	0.905
Business Success	10	0.807

Correlation Analysis

The researcher used Pearson's Correlation Analysis to predict whether the innovation practices has a relationship with SMEs performance or not. Correlation analysis able to predict the relationship between two variables only.

Table 6: Correlation

	PD	MP	MD	EFE	IB	BS
PD	1					
MP	0.586	1				
MD	0.453	0.543	1			
EFE	0.453	0.547	0.353	1		
IB	0.244	0.549	0.519	0.123	1	
BS	0.857	0.152	0.251	0.259	0.589	1

Result in table 6 shows that improvisation ($r = .635$, $p = .000$) has a moderate positive relationship with business success, marketing development ($r = .564$, $p = .000$) has a moderate positive relationship with business success and also entrepreneurial self-efficacy ($r = .539$, $p = < .000$) product development and market penetration has a weak positive relationship with business success ($r = .291$, $p = < .005$) and ($r = .374$, $p = < .000$).

Multiple Regression Analysis

If more than two variables used to make a prediction towards dependent variable, the multiple regression analysis is appropriate to analyze the data. The purpose of using multiple regression analysis was to analyze whether the independent variables (i.e., product development, market penetration, market development, entrepreneurial self-efficacy, and improvisational behaviour) influence the dependent variables (business success).

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.835	0.697	0.683	0.560

As shown in table 4.8, criterion validity was checked by examining the R square value (0.697). These values suggested that the model used in this study has an acceptable degree of criterion validity where it can explain 69.7 percent of the variance in manufacturing SMEs performance. Where the F value = 45.215 ($p = 0.000$), it means that the growth strategy and entrepreneurial capability model are able to influence business success.

Table 8: Descriptive analysis

Model	Sum Squares	Df	Mean Square	F	Sig.
Regression	70.971	5	14.192	45.215	0.000
Residual	31.097	99	314		
Total	102.028	104			

Table 9: Regression analysis

	Unstandardized Coefficients		t-test	Sig.	Collinearity Statistics	
	B	Std. Error			Tolerance	VIF
(Constant)	4.517	0.359	12.65	0.00		
Self-efficacy	0.252	0.229	1.101	0.270	0.297	3.377
Improvisational Behavior	0.251	0.029	9.032	0.017	0.297	3.378
Product Development	0.297	0.053	5.826	0.001	0.163	6.075
Market Development	0.281	0.028	10.035	0.000	0.297	3.377
Market Penetration	0.193	0.049	4.136	0.000	0.241	4.168

However, the individual results of analysis vary between independent variables. Hypothesis 1 shows an insignificant relationship, with entrepreneurial self-efficacy dimension scored $\beta = 0.252$, $t = 1.101$ ($p > 0.10$). For hypothesis 2, the improvisational behaviour has a positive significant link with business success, with $\beta = 0.251$, $t = -9.032$ ($p < 0.000$). With regard to the link between growth strategy and SMEs success, three hypotheses were tested. For the dimension of product development strategy showed $\beta = 0.297$, $t = 5.826$ ($p = 0.000$), which means that this strategy has a positive significant relationship with SME success. Secondly, the dimension of market penetration gave a result of $\beta = 0.193$, $t = 4.136$ ($p < 0.000$) shows that it has a significant relationship with SME performance in a positive direction. Thirdly, the dimension of market development also has a significant and positive relationship with SME performance with $\beta = 0.281$, $t = 10.035$ ($p < 0.000$).

Multiple regression analysis gave variations of the hypotheses results in this study. Overall, the result showed 69.5 percent of the variance in business success were explained by growth strategy and entrepreneurial capability. However, the empirical analysis showed variation in result where two hypotheses (H2 and H5) were accepted which means the dimensions have positive significant relationships and the ability to influence business success (dependent variable). Moreover, the other two hypotheses (H3 and H4) have also positively significant influence on business success. One hypothesis (H1) result was rejected due to insignificant relationships thus unable to influence the dependent variable.

Table 9: Hypotheses results of this study

Hypotheses	Result
H ₀₁ The entrepreneurial self-efficacy has a positive significant influence on SMEs business success	Rejected
H ₀₂ The improvisational behaviour has a positive significant influence on SMEs business success	Accepted
H ₀₃ The product development has a positive significant influence on SMEs business success	Accepted
H ₀₄ The market penetration has positive significant influence on SMEs business success	Accepted
H ₀₅ The market development has positive significant influence on SMEs business success	Accepted

This study attempted to determine the relationship between the independent variables which are entrepreneurial capability (improvisational behaviour, entrepreneurial self-efficacy) and growth strategy (product development, market penetration, market development) towards the dependent variable which is business success. The main focus of this study was SMEs business success. Business success is important so as to determine if business success is explained by

entrepreneurial self-efficacy, improvisational behaviour, product development, market penetration and market development. If the answer was yes, SMEs can focus on these determinants of their business success.

The first objective deals with the relationship between entrepreneurial self-efficacy and business success. The dimension of entrepreneurial self-efficacy has demonstrated significant correlation towards business success with $r = .539$, ($p = < .000$). However, regression analysis shows insignificant influence with $\beta = 0.438$, $t = 0.800$ ($p > 0.1$). Therefore, hypotheses H1 has been rejected. The outcome was contradicted from the prior studies by Miao et al. (2016) and Johnson (2016) who found that there were a positive association between entrepreneurial self-efficacy and business success. This finding perhaps indicates that the entrepreneur's confidence has not a significant dimension to develop a business success of a firm. Other dimensions may be more suited to be used for entrepreneurial capabilities.

Second objective deals with the relationship between improvisational behaviour and business success. Hypothesis 2 states, "There is a significant relationship between improvisation and business success". The study found that improvisation is a predictor of business success and it is positively and significant with business success which supported the research hypothesis 2. This study supports the previous research findings that evidently prove the positive significant association between improvisation and business success (i.e. Arshad, et al., 2015; Hatinah et al., 2015; Rosli & Hatinah, Hasimah, 2015). This means that the more improvisational action of the entrepreneur, the stronger the achievement to business success.

This study also discussed on the relationship between growth strategy and business success. Third objective deals with the relationship between product development and business success. Overall, growth strategy variable has demonstrated significant correlation result towards business success independently. Product development strategy has shown positive significant regression with thus accepting hypothesis H3.

Interestingly, the positive effects of product development strategy showed that the more SMEs focus on product development, the lesser the business success of a firm. From the result, it can be concluded that the entrepreneurs who focus more on product development will find less business success. It may be entrepreneurs has to spend more on cost in product development and the sales price will increase with relate to quality improvement that need to meet customer demands.

Fourth question deals with the relationship between market penetration and business success. Formal structure dimension has demonstrated significant correlation result towards business success positive significant regression with thus accepting hypothesis H4.

Last question deals with the relationship between market penetration strategy and business success. Hypothesis 5 states, "There is a significant relationship between market penetration strategy and business success". The study found that market penetration has a significant relationship with business success in a positive direction which supported the research on hypothesis 5. This study thus in line with result from prior scholar (Mishina et al., 2017) which reveals that expansion into new market could boost the firm performance.

CONCLUSION AND RECOMMENDATIONS

The findings of the research discovered that entrepreneurial capability and growth strategy has an influence on SMEs success. Individual results, however, showed that dimension of improvisational behaviour and market development were able to influence SMEs performance. The product development strategy and market penetration strategy show also positive significant results; thus, this study agrees with extensive development and penetration from the company would support the business success within SMEs. Curiously, entrepreneurial self-efficacy does not give significant influence towards business success which calls for more studies to achieve greater performance.

Through this study, the researcher found that improvisational behaviour and market development were the most fundamental internal resources firm should instill before gearing towards other steps. In a highly competitive environment, an SME is considered as a collection of evolving capabilities that is managed vigorously in search of profits and reputation, with the aims to become a larger player in the future. Considering that SMEs as an essential element in most economies, it is appropriate for future research to emphasize SMEs capabilities and resources in expanding academic knowledge. Finally, this study accomplished its objective in studying the determinant factors of business success among SMEs that provide significant implications in both theoretical and managerial.

The researcher proposes that future research would extend the study into a specific type of industry in order to understand more specifically result base on single industry study. For example, the study that focused only in SMEs' food and beverage manufacturing industry only. Future research also may examine other dimensions of entrepreneurial like supporting by government in area of product development, working capital and marketing, so that will improve the understanding of this topic from different lenses.

This research study might be useful to many parties due to its significance to the entrepreneurs in SME sector. Thus, the finding provided contribution and implications that were classified in the following section. In the field of strategic

management, RBV has gained popularity to understand firm's performance and its competitive advantage. However, the field of SME, entrepreneurial capability and growth strategy are an emerging subject in strategic management studies. This research contributes to the research in entrepreneurial capability and growth strategy by providing further supportive evidence to substantiate the significant practice of these variables into a business success. Specifically, this study contributes to add to the body of knowledge pertaining to the relationship between SME's entrepreneurial capability and growth strategy toward SMEs success. The findings of this study which relate to SMEs resource performance confirmed the growth strategy and entrepreneurial capabilities as influential determinants that drive firm performance. Good strategies able to re-align and coordinate diverse groups within an organization.

The strategy also clarifies objectives and priorities, helping management team and employees to focus. In addition, entrepreneurial capabilities are also an antecedent factor which could lead to business success. The findings of the study can be utilized by entrepreneurs in their effort to enhance the possibility of business success by considering the factors involved in this study particularly in focusing on the self-efficacy, improvisation, product development, market penetration and market development to achieve business success.

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APPENDIX

Business Success Measurements

No.	Measurement Items	Source
1	Numbers of product	Sok et al. (2013)
2	Success of new product launch	
3	Reduction in waste	
4	Improved product innovations	
5	Improved work methods and processes	
6	Increased overall quality	
7	Sales growth	

Entrepreneurial Capability Measurement

No.	Measurement Items	Source
Entrepreneurial Self Efficacy		
1	We can brainstorm (come up with) a new idea for a product or service.	Mcgee et al., (2009) Vera and Crossan (2015).
2	We can identify the need for a new product or service.	
3	We can design a product or service that will satisfy customer needs and wants.	
4	We can estimate customer demand for a new product or service.	
5	We can determine a competitive price for a new product or service.	
6	We can design an effective marketing/advertising campaign for a new product or service.	
7	We can get others to identify with and believe in my vision and plans for a new business.	
8	We can clearly and concisely explain verbally or in writing my business idea in everyday terms.	
Improvisation Behaviour		
1	We can supervise employees efficiently.	
2	We can recruit; hire employees and delegate tasks and responsibilities to employees.	
3	We can deal effectively with day-to-day problems and crises.	
4	We can Inspire, encourage, and motivate my employees.	
5	We can train employees and maintain the financial records of my business.	
6	We deal with unanticipated activity immediately.	

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| 7 | We adjust effectively and intelligently to new product / services development or changing circumstances. |
| 8 | We can manage the financial assets of my business. |
| 9 | We try new approaches to solve problems. |
| 10 | We respond in the moment to unexpected problems. |
| 11 | We take risks in term of producing new idea. |
| 12 | We demonstrate originality in my work. |
| 13 | We identify opportunity for new work process. |
| 14 | We get a lot of support from my team if I want to try new ways of doing things. |
| 15 | We do things in a different way. |
| 16 | We are willing to try new ways of doing things and seek unusual and novel solutions. |
| 17 | We think and behave in original and novel ways. |
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Growth Strategy Measurements

No.	Measurement Items	Source
Product Development		
1	We achieved high growth by identifying new markets for new but related product	Nancy Adhiambo (2013)
2	Our product development strategy targets a specific group of people	
3	We have evolved from our main core activity into more complex business since we embarked on product development strategy.	
Market Penetration		
1	Our firm has penetrated deeper into the markets to capture a larger share of the market	Nancy Adhiambo (2013)
2	We have increased the firm's existing share of product and markets as a way of market penetration strategy.	
3	We have improved our product and services by branding, labeling and packaging to attract various market segments.	
Market Development		
1	We have increased sales by selling present products in the new market.	Nancy Adhiambo (2013)
2	Through market development we remain competitive and grow in the markets.	
3	We have improved our products by branding, labelling and packaging so as to attract new customers in the new market.	