MODERATING EFFECTS OF ORGANIZATIONAL LEARNING CAPABILITY ON THE RELATIONSHIP BETWEEN INNOVATION, BRANDING AND SMEs PERFORMANCE IN SPORTS INDUSTRY OF PAKISTAN

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MODERATING EFFECTS OF ORGANIZATIONAL LEARNING CAPABILITY ON THE RELATIONSHIP BETWEEN INNOVATION, BRANDING AND SMEs PERFORMANCE IN SPORTS INDUSTRY OF PAKISTAN

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ABSTRACT

Small and medium enterprises (SMEs) play a catalytic role in strengthening the economy of developing countries. The performance of SMEs depends on various factors. Among those factors include innovation and branding practices. This study aimed to investigate the nature of relationship that exists between Innovation, Branding and SMEs performance in sports industry of Pakistan. Furthermore, the study intended to examine the moderating effects of organizational learning capability on relationship between Innovation, Branding and SMEs performance. A structured questionnaire representing dimensions related to innovation, branding, organizational learning capability and SMEs Performance was designed. Survey method was used to conduct study on 352 SMEs in sports industry of Pakistan. Multiple Regression analysis was employed in order the study the nature and strength of relationship between Innovation and SMEs Performance, as well as between Branding and SMEs Performance. Results indicated that both Innovation and Branding have a significant positive effect on SMEs performance. Hierarchical Regression Analysis was utilized to see the moderating effects of Organizational Learning Capability on relationship between Innovation, Branding and SMEs performance. Findings revealed that Organizational learning Capability does not moderate the relationship between Innovation, Branding and SMEs performance. These results imply that SMEs must emphasize on bringing innovations and embracing branding practices if they desire to enhance their performance. The study also contributed to the theory as it extended Resource Based View, Dynamic Capabilities Perspective and the Theory of the growth of the firm by integrating three distinct literature streams pertaining to Innovation, Branding and Organizational Learning.

Keywords: innovation, SMEs branding, organizational learning capability, SMEs performance, sports industry
ABSTRAK


Kata kunci: inovasi, penjenamaan PKS, kemampuan pembelajaran organisasi, prestasi PKS, industri sukan
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<td>BMP</td>
<td>Brand Management Practices</td>
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<tr>
<td>EIU</td>
<td>Economist Intelligence Unit</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>R&amp;D</td>
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<td>RBV</td>
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<td>SMEs</td>
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<td>Small and Medium Enterprise Corporation</td>
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<td>SMEDA</td>
<td>Small and Medium Enterprise Development Authority</td>
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<td>WEF</td>
<td>World Economic Forum</td>
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CHAPTER ONE
INTRODUCTION

1.1. Background of the Study

Small and medium enterprises (SMEs) are regarded as pillars of economic performance in developed as well as developing nations. In case of developing nations the role of SMEs is further enhanced and magnified as their economy is not built on shoulders of large Multinational Enterprises (MNEs) (Hussain, Si, Xie & Wang, 2010). Developing countries largely rely on the performance of SMEs for the uplift and growth of their economy. Similarly, the economy of Pakistan also depends enormously on performance of SMEs.

In Pakistan, SMEs represent about 99% of total business establishments. They are mostly dealing in wholesale and retailing and restaurant and hotel (53%), social and personnel services (22%) and manufacturing (20%). These SMEs are accounting for 30% of annual gross domestic product (GDP) of the country, employment of 80% of non agricultural labor force, 25% of total exports and 35% of value added manufacturing (Hussain et al., 2010).

It has been identified that despite of magnanimous economic support and contribution towards development, the performance of SMEs remains below expectations in the developing countries (Arinaitwe, 2006). The factors contributing towards low
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