A Study on Innovative Culture, Strategic Planning and SMEs Performance in Punjab, Pakistan

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A Study on Innovative Culture, Strategic Planning and SMEs Performance in Punjab, Pakistan

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ABSTRACT

The main objective of this study was to examine the relationship between innovative culture (IC), strategic planning (SP), and small and medium enterprises' (SMEs) performance in Punjab, Pakistan. Data were collected from selected SMEs operating in Punjab, Pakistan using a cross-sectional study design. This study adopted the simple random sampling of 353 respondents. Questionnaires were distributed to the respondents and the data were collected through the personally-administered method. The Partial Least Squares Structural Equational Modeling (PLS-SEM) was used to test the hypotheses. This study found that innovative cultural values, processes, and success factors have positive influences on SMEs' performance directly but innovative cultural behavior, climate, and resources do not effect SMEs' performance. The study also revealed that SP has a direct positive relationship on SMEs' performance. The study further revealed that SP as a mediating variable has a significant effect on the relationship between SMEs' performance and innovative cultural processes and success. However, SP as a mediating variable has no significant effect on the relationship between SMEs' performance and innovative cultural values, behavior, climate and resources. The results of the study further highlighted important insights to owner-managers, policy- makers and researchers to further understand the effects of IC and SP on SMEs' performance. Owner-managers of SMEs should emphasize IC's values, processes and resources, and SP to enhance SMEs' performance. Strategy planners and policy- makers should encourage and implement such policies which include IC and SP for enhancing SMEs' performance. Lastly, the limitations of the study and avenues for the future research are discussed.

Keywords: Innovative culture, strategic planning, small medium enterprises, SMEs' performance.

ABSTRAK:

Objektif utama kajian ini adalah untuk menyiasat hubungan di antara Budaya Inovatif (BI), Perancangan Strategik (PS) dan prestasi Perusahaan Kecil dan Sederhana (PKS) di Punjab, Pakistan. Data kajian dikutip dengan menggunakan teknik kajian keratan rentasdaripada PKS yang terpilih. Kajian ini mengguna pakai teknik persampelan rawak mudah daripada 353 orang responden. Borang soal selidik diedarkan kepada responden dan data dikutip secara kendiri. Hipotesis kajian ini diuji dengan menggunakan model '*Partial Least Squares* (PLS-SEM)'. Kajian ini mendapati nilai BI, proses dan faktor-faktor kejayaan berpengaruh secara langsung dan positif ke atas prestasi PKS. Namun, sikap BI, iklim dan sumber-sumber tidak memberi kesan kepada prestasi PKS. Kajian ini juga mendedahkan PS berhubung secara langsung dan positif terhadap prestasi PKS. Kajian lanjut mendedahkan bahawa PS sebagai pemboleh ubah pengantara mempunyai kesan yang besar ke atas hubungan antara prestasi PKS dan proses BI dan kejayaan. Walau bagaimanapun, PS sebagai pemboleh ubah pengantara tidak mempunyai kesan yang besar ke atas hubungan antara prestasi PKS dan BI iaitu nilai-nilai, tingkah laku, iklim dan sumber. Keputusan kajian ini juga menunjukkan PS sebagai pemboleh ubah 'pengantara mempengaruhi prestasi PKS, proses BI dan kejayaan. Seterusnya, keputusan kajian ini mengetengahkan maklumat yang penting kepada pemilik-pengurus, pembuat dasar dan pengkaji-pengkaji untuk melanjutkan usaha memahami kesan BI dan PS terhadap prestasi PKS. Pemilik-pengurus PKS seharusnya menitikberatkan nilai BI, proses-proses, sumber-sumber dan PS bagi meningkatkan prestasi perusahaan kecil dan sederhana. Perancang-perancang strategik dan pembuat dasar seharusnya menggalakkan dan melaksanakan polisi sedemikian yang merangkumi BI dan PS bagi meningkatkan tahap prestasi PKS. Akhirnya, dalam tesis ini juga diketengahkan batasan-batasan kajian dan cadangan untuk kajian lanjutan.

Kata kunci: Budaya Inovatif, Perancangan Strategik, Perusahaan Kecil, Prestasi Perusahaan Kecil dan Sederhana

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LIST OF ABBREVATIONS

BR	Behavior
CEO	Chief Executive officer
CL	Climate
DV	Dependent variable
F^2	Effect Size
GDP	Gross Domestic Product
GOF	Goodness of Fit
HP	Hewlett Package
IV	Independent Variable
IQ	Innovation Quotient
ICT	Information Communication Technology
MV	Mediating Variable
MEs	Medium Enterprises
PLS-SEM	Partial Least Squares-Structural Equation Modeling
PR	Processes

P&G	Procter & Gamble
Q^2	Predictive Relevance
RBV	Resource Based View
R^2	Coefficient of Determination
R&D	Research and Development
RS	Resources
SPSS	Statistical Package for the Social Sciences
SBP	State Bank of Pakistan
SMEDA	Small and Medium Enterprises Development Authority
SEM	Structural Equational Modeling
SME	Small and Medium Enterprise
SP	Strategic Planning
SC	Success
VIF	Variance Inflation Factor
VL	Values
WTO	World Trade Organization

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Every country is trying to go ahead by leaps and bounds with drifts of time. In this race every country is trying to be a developed economy, for which every individual is playing a role. Development of a country is decided by its economic growth (Phelan & Sharpley, 2012). Economic growth of the country is dogged by its gross domestic product (GDP) (Yahya, 2012). While having a look over GDPs of many countries, it is quite obvious that SMEs play abundant role in the development of a country, thus every country is giving extra consideration to the SMEs in their countries (Veskaisri, Chan, & Pollard, 2007).

Pakistan is one of those countries, who drives an extraordinary attention to SMEs for joining the rivalry of growth and success (Jasra, Khan, Hunjra, Rehman, 2011). Currently, SMEs are at the major focus in Pakistan because they play a major role in GDP of Pakistan (Lanka, 2009; Subhan, Mehmood, & Sattar, 2013). SMEs contribute 30% to the national GDP of Pakistan (SME SBP, 2011). SMEs are therefore kept the heart of this study. The regulatory and legislative authorities of SMEs of every country focuses to enhance the performance of SMEs (Loo et al., 2013; Morgan & Strong, 2003a; Qureshi, 2012; Subhan, Mahmood, & Sattar, 2014; Wang, Walker, & Redmond, 2007).

It is believed that noble SMEs performance could contribute the increase of GDP of their country. Pakistan's SMEs regulatory and legislative authority known as Small and Medium Enterprises Development Authority of Pakistan (SMEDA) also concentrates majorly on

enhancing SMEs performance (Khan, & Awang, 2013; Qureshi, 2012; Seyal, Awais, Shamail, & Abbas, 2004a; Shuaib, 2008; Sme & Policy, 2005). The prevailing study is also a key step towards this that how the performance of SMEs can be enhanced, and what are the significant factors that affect SMEs performance. Hence, many factors play a role in increasing SMEs performance (Ismail, Mokhtar, Ali, Rahman, 2014; Lavoro et al., 2007; Pushpakumari & Watanabe, 2009; Skokan, Pawliczek, & Piszczur, 2013; Yahya, 2012).

In today's realm, the most important factor that have a major share in enhancing the SMEs performance is the innovation (Abouzeedan, 2011; Sharafat Ali, 2013; Lavoro et al., 2007; Oke, Burke, & Myers, 2007; Subhan et al., 2014, 2013). A renowned statement in business management studies on the performance of the organizations, "*innovate or die"* (Wagner, & Joachim, 2006), which clearly identifies the real significance of the innovation in a life cycle of an organization that ultimately the death and exit edge of the organization will happen, if the innovation does not exist in an organization (Lavoro, Eni, & Mattei, 2007; Courtright & Smudde, 2009). This statement enlightens the importance of the innovation for survival of an organization.

Scholars recommended that the firms with high levels of innovation would always experience the result with the greater organizational outcomes and the better performance of the organizations (Bloch, 2008; Bourgeois, 1980; Bruland, & Mowery, 2004; Cantwell, 2001). This research spots that innovation is required for pleading the business in a thriving way and also identifies that how innovative culture is effecting the strategic planning of the owners of SMEs for making their businesses successful. Contemporary rapid changes of business environment gathered with the existing knowledge-based-economy lead enterprises to confront with more stringent competitive environment in the area of innovation,

innovative ideas, the rightness of the innovation, and the strategic planning (Claver, Llopis, Garcia, & Molina, 2000; Phelan & Sharpley, 2012). Innovation in a defining term includes the propensity of the firm to actively produce new ideas, new techniques, novelty, experimentation, creative solutions in pursuit of an organizations' performance and the competitive advantage (Claver, Llopis, Garcia, & Molina, 2000).

For escalating SMEs performance, not only innovative culture is an important factor but strategic planning is also very significant factor in an organization because strategic planning provides the planning part of an organization (Endlich, Wiswell, & Cline, 2001; Nureni, 2011; Robinson, 1983; Spee & Jarzabkowski, 2011; Young, 1995). Without strategic plans, a firm does not operate effectively and efficiently (Seyed Ali et al., 2012; Ayiecha & Senaji, 2014; Courtright & Smudde, 2009; Jantan, 2003; Ogbonna & Harris, 2000; Swierczek & Thai, 2003). Strategic planning in terms is defined by many authors that it is the way to achieve objectives and goals with the utilization of allocated resources (Dobni, 2010).

Source of aspiration and motivation for this study has come from the previous experiences both by studying and serving in different organizations. Few studies have shown that by observing an organization it is apparent from different industries case studies, innovative culture is always required in a firm's life cycle (Dobni, 2010; Martins & Martins, 2002; Sacramento & West, 2006). Taking the example of Apple incorporation as they started as a small enterprise in 1976 in United States of America and got the major share of the market while staying in the list of SME in 1980. While looking at Apple incorporation which has performed best in its industry while keeping the innovative culture as a foundation of their success, and growth (Burgelman, 2012; Courtright & Smudde, 2009; For et al., 2012; Lee, Ho, Hsieh, & Ryou, 2009; Penker, 2011; Rao & Weintraub, 2013; Sanz & Nicol, 2014;

Teece, 2010; Tellis et al., 2008; Webester, 2009). Looking into the lifecycle of Apple incorporation, it is illustrated that why firms must be converted into an innovative cultural based firms and why the firms must be grounded on the innovative culture (Burgelman, 2012; Courtright & Smudde, 2009; For et al., 2012; Lee et al., 2009; Penker, 2011; Rao & Weintraub, 2013; Sanz & Nicol, 2014; Teece, 2010; Tellis et al., 2008).

Moreover, innovative culture is intensely affected by strategic planning i.e.; innovation is required in the culture of the organization but this innovative culture must be a part of planning segment at the strategic level. This is how the culture of innovation can be incorporated in the organization aligning it with the strategic planning. This twinkling effect of innovative culture is seen in many successful multinational organizations (MNCs). Those MNCs started as SMEs. SMEs acquired major market shares in their respective industries and gradually converted into medium enterprises. These medium sized enterprises converted into multinationals, like Apple Inc., Hewlett Packages (HP) started as an SME, Kohinoor rice mills started as an SME in Sialkot, Paksitan, Premier energy in Lahore, Pakistan started as an SME in solar industries, (Hin, 2012; Kirkman et al., 1999; Morris, 2011; March-Chorda & Moser, 2008; Oswald, 2014; Penker, 2011; Sanz & Nicol, 2014; Schein, 2004; Thompson, 2006).

This clearly identifies that once innovation is in organization's culture, organizational performance start affecting. These practical examples of the organizations created the grounds for this study to be investigated and verified that how the performance of the organizations can be enhanced by examining innovative culture and strategic planning. The relationship must be explored and identified further, which has also been highlighted by many other researchers their past studies (Abouzeedan, 2011; Caldwell, 2009;

Chandrasekhar, 2005; Eppink, 1995; Hamann, Schiemann, Bellora, & Guenther, 2013; Pradesh, 2006; Rose, 2008; Salem, Sarros et al., 2008). Many scholars have also emphasized in their studies to examine the relationships between these factors which are innovative culture, strategic planning, and performance of the organizations (Pradesh, 2006; Rose, 2008; Sarros et al., 2008). This enforced towards this research to investigate the relationship between the firm performance, innovative culture, and strategic planning of the organization.

1.2 Problem Statement

From the last several decades, globally an intense pressure draw attention to the variety of challenges that SMEs are facing in today's changing environment. But to identify the factor that leads towards triumph is always a need of an entrepreneur, top managers, owners of SMEs, and strategists (Clinebell, 2008; Maladzhi, Yan, & Makinde, 2012; Unger, Macq, Bredo, & Boelaert, 2000). Through the literature, the need for this study is obvious i.e.; the connection between a strategic planning and an innovative culture and for the organizations' performance must be identified for the success of an organization (Caldwell, 2009; El-shishini, 2001; Fatimah-Salwa, Mohamad-Azahari, & Joni-Tamkin, 2013; Greenbaum, 2005; Penker, 2011; Perera, 2010).

Previously numerous business management and performance studies have been conducted on the larger organizations (Pushpakumari, 2009; Zulkifflia, & Pererab, 2007; Skokan et al., 2013; Yahya, 2012). Lack studies on SMEs have been remained neglected especially in developing countries (Mobeng et al., 2014; Khan, & Awang, 2013; Pushpakumari & Watanabe, 2009). As compared to developed countries, SMEs are considered as the reasons of their success (March-Chorda & Moser, 2008; Pushpakumari & Watanabe, 2009; Ul et al.,

2013; Veskaisri et al., 2007; Yeşil & Kaya, 2012). Limited studies have been undertaken in Pakistan for identifying the success factors which are crucial for small and medium enterprises success (Batool, 2011; Bhutta, Rana, & Asad, 2008; Hafeez, 2012; Qureshi, 2012; Seyal, Awais, Shamail, & Abbas, 2004; Syed, Ahmadani, Shaikh, & Shaikh, 2012). However, the studies which have been conducted in Pakistan for SMEs success do not specifically examine on innovative culture and strategic perspectives as a reason for success (Batool & Zulfiqar, 2011; Wasim & Khan, 2014). This study is an attempt in that direction.

Researches have revealed that studies must be conducted to identify and analyze those factors which influence SMEs performance and growth of a country (Al-ansari, 2014; Beck & Demirguc-Kunt, 2006; Wang et al., 2007; Nawaz, 2013; Shah & Azam, 2011;Gackstatter et al., 2014; Subhan et al., 2014). However, few studies have been conducted yet which enlightens the innovation driven culture as the strategic foresights in Pakistan (Gackstatter et al., 2014; Martins & Martins, 2002; Vermaas, 2012; Zadeh & Ching, 2007). In the 21st century, this driving force (i.e.; culture enriched with innovation) is becoming the root for success and growth in firms (Dobni, 2010; Sacramento & West, 2006; Zeng, Xie, & Tam, 2010).

Different scholars endorsed that organizations with high levels of innovation always experience the result with the greater organizational outcomes (Birkinshaw, 1997; Bloch, 2008; Cantwell, 2001). Over the past half-century, scholars around the world have produced a vast body of academic research work and writings on the innovation or on the innovation techniques or how to bring innovation in an organization. But most of the work is focused on the technological innovation rather than other innovation categories (Claver et al., 2000; Jantan, 2003; Schein, 2004; Ul et al., 2013; Wallman, 2009). But this study is related to the

enhancement of its performance via culture of innovation as an innovative culture which leads the long term organizational success and growth (Rao & Weintraub, 2013; Sonnentag, 2002).

A lot of pressure has been developed by many researchers and theorists that for enhancing the performance of an organization innovation is always needed and required but not alone, an element is always required along innovation to give a multiplying effect (Bloch, 2008; Gackstatter, Kotzemir, & Meissner, 2014; Jantan, 2003; Mone, McKinley, & Barker, 1998; Notice, 2012; Philanthropy & Impact, 2008; Tellis, Prabhu, & Chandy, 2008; Ven, 1991; Zhu & Engels, 2013). Schumpeter has identified it in his theories that innovation is always required by the organizations for the sustainable development, success, and growth (Cantwell, 2001; Nicholas, 2003). However, many studies have revealed that innovation could not work alone but there is always a need of culture in which innovation must be embedded for the success and growth (Bloch, 2008; Cantwell, 2001; Eppink, 1995; Nicholas, 2003; Ven, 1991).

Studies of late 90s and earlier of 21st century were massively focused over innovation factor only but not on the innovation driven culture in an organization (Abouzeedan et al., 2012; Gackstatter et al., 2014; Garg, 2013; Laegreid et al., 2011; Morris, 2011; Mobeng et al., 2014; Papers, 2013; Penker, 2011; Teece, 2010; Vermaas, 2012; With, 2012). It has been identified that innovation is a temporary and the transitory factor (Nicholas, 2003). Organizations based on the innovative culture always have the perpetual and long lasting growth and performance (Abdi & Senin, 2014; Budapest, 2010; Claver et al., 2000; March-Chorda & Moser, 2008; Yeşil & Kaya, 2012). Nonetheless, very few studies have been conducted over this aspect of innovative cultural to increase the firm performance

(Gackstatter et al., 2014; López-claros & Mata, 2004; Mishra & Program, 2008; Penker, 2011).

Innovation is significant for the organizations in their respective industries for the survival, successful growth and the better performance (Abdi & Senin, 2014; Claver et al., 2000; March Chorda & Moser, 2008; Truijens, 2003). It is shown in the prior business management studies that SMEs emphasize heavily on the innovation which is a provisional and short term because it gives a rapid and fast growth in the industry and SME moves from question marks to stars and cash cows in their respective industries in the BCG matrix (the Boston consulting group companies) (Nureni, 2011).

Several authors have identified that the crucial key for successful businesses is not only the innovation but also needs the strategic insights, which must be kept in view as well (Burgelman, 2012; Caldwel, 2009; Chandrasekhar, 2005; Foresight, 2009). Without these strategic foresights and planning, innovation cannot be nurtured in an organization's culture (Bartholomees, 2008; Gackstatter et al., 2014; Rezvani, Gilaninia, & Mousavian, 2011).

Focus of the study in this academic work is a pathway in which innovation as a cultural component influence strategic planning by involving the organizational performance. In this study the impact of the innovative culture includes all those factors that influence the culture of the organization. Though innovation is taken as a cultural component of the organization which represents that everyone in the organization must innovate something for the success of the organization and this must be the culture of that organization. Culture represents a fundamental component of the work environment in which employees perform their jobs (Alansari, 2014; Grant, 2014; Seyal et al., 2004a). An Organizational culture must be

contented with the factor of innovation that let the organization performs better and makes the organization more successful (Barringer & Bluedorn, 1999; Deshpande, Gackstatter et al., 2014; Markides, 2006; Oke et al., 2007; Pushpakumari, 2009; Swierczek & Thai, 2003; Tremblay & Ph, 2004).

Therefore an innovative culture leads an organization towards such structure, which states that the culture of an organization must be an innovative. And just like learning organization, every employee in the organization must be participating in the innovation for the success of the organization (Hurley & Hult, 1998; Jantan, 2003; Laegreid, Roness, & Verhoest, 2011; Lavoro et al., 2007; Madhani, 2010; Penker, 2011; Rose, 2008; Sackmann, 1992). From other perspectives, innovative culture is "*seen as a relatively stable system of shared meanings of innovation, a repository of meaningful symbols for innovation, which gives structure to experience based upon innovation*" (Hurley & Hult, 1998; Jantan, 2003; Laegreid et al., 2011; Lavoro et al., 2007; Madhani, 2010; Penker, 2011; Rose, 2008; Sackmann, 1992).

Few researchers have also identified that the implementation of the innovative culture in an organization is basically the lack of improper firm strategic planning (El-shishini, 2001; Kirkman et al., 1999; Kurien & Qureshi, 2011; Oke et al., 2007). Subsequently, strategic planning in relationship with innovative culture is considered as a significant factor which is not studied previously in such relationship. Authors have also indicated that any factor which enhances an organizational performance must be aligned strategically with the planning segment of the organization then the effect of the selected factor is intensified (Abouzeedan, 2011; Morgan & Strong, 2003a; Wasim & Khan, 2014)).

For the sustainable growth and better performance of enterprises, strategic planning is the hub of effective operational implementation of every decision taken in an organization (Bloch, 2008; Chandrasekhar, 2005; Lunenburg, 2011; Schein, 2004). It is also the basis of every organization (Ridwan & Marti, 2012; Ugboro, Obeng, & Spann, 2010; Wasim & Khan, 2014; Zadeh & Ching, 2007). Strategic plans not only enlighten the pathways to the senior managers but it also identifies to every employee the strategic goal of the organization (Arasa & K'Obonyo, 2012; Falshaw et al., 2006; Hathway, 2013; Kee-luen et al., 2013; Nureni, 2011; Skokan et al., 2013; Young, 1995). Numerous researchers in their studies on SMEs have proposed that the influence of the strategic planning must be studied (Falshaw et al., 2006; Young, 1995).

Studies have revealed that business failure is largely due to an organizational failure to plan (Serrat, 2009; Skokan et al., 2013; Škrinjar, Vukšic, & Štemberger, 2008; Spee & Jarzabkowski, 2011). Failure to planning clearly predicts that it is the lack of the strategic planning (Young, 1995). Therefore, a good strategic planning enhances the performance of the organizations and for the significant performance the innovative culture is the need of todays. Norman and Thomas (2003) argue that by lacking a clearly defined strategy, a business has no sustainable base for creating and sustaining a competitive edge in the marketplace. Studies indicate that there is a positive relationship between strategic planning, business culture, and organizational performance (Hopkins & Hopkins, 1997; Andersen, 2000; Abouzeedan, 2011; Amorós & Bosma, 2014; Ayiecha & Senaji, 2014; Barach, 2014).

Researchers have suggested that strategic planning is an explicit process (Falshaw, Glaister, & Tatoglu, 2006; Kee-luen, Thiam-yong, & Seng-fook, 2013; Nureni, 2011; Veskaisri et al., 2007; C. Xie & Steiner, 2013). It is also mentioned in many studies that a systematic way is

needed to enhance the performance of organizations (Ayiecha & Senaji, 2014; Barach, 2014). This relationship of the innovative culture and the strategic planning of an organization for escalating the performance of SMEs is the core of this study. Henceforth in this study, the relationship between strategic planning, and innovative culture is identified for the success, growth, and the better SMEs performance. This study helps enterprises to convert through rapid changes in businesses with an involvement of innovative culture and strategic plan.

1.3 Research Questions

Research questions are:

1. What is the effect of innovative culture on SMEs performance in Punjab, Pakistan?
2. What is the effect of strategic planning on SMEs performance in Punjab, Pakistan?
3. Is innovative culture and SMEs performance mediated by strategic planning in Punjab, Pakistan?

1.4 Research Objectives

The main research objective for this prevailing study is to investigate the relationship between the innovative culture, strategic planning, and SMEs performance in Punjab, Pakistan.

This objective is containing three components as sub-objectives:

1. To examine the effect of innovative culture on SMEs performance in Punjab, Pakistan.

2. To investigate the influence of strategic planning on innovative culture in Punjab, Pakistan SMEs.

3. To investigate the relationship between the innovative culture and SMEs performance in Punjab, Pakistan mediated through strategic planning.

1.5 Significance of Research

This study enables the strategists, senior managers, and owners of SMEs to implement an innovative culture in their SMEs for the success and growth. This study gives assistance for enhancing the performance of a firm. Through this research work, it is elaborated that how a firm performance can be enhanced with the help of the two factors that is innovative culture and strategic planning.

Through this study's analyses, researchers get the benefits to work over more on the innovative culture, strategic planning and SMEs performance areas. It exposes many thriving ways in the areas of an SME performance through the innovative culture and the strategic planning. To increase SMEs performance through innovative culture is a new facet of this study (Rao & Weintraub, 2013). Subsequently, this study has broaden the ways to theorists and to researchers to work further on the lacking areas.

This work can also help strategists, and policy makers in an SME to develop such strategies which provides enough support to enhance the performance. Strategic planning in the prevailing study elaborates that which dimension and element of the strategic planning is more significant and which dimension must be kept at first in a firm. Furthermore, this study also helps SMEs employees to be more innovative and also clarify them that how innovation

affects a firm when it is embraced as a culture. With the help of this study, employees get the reason of focusing over the culture of innovation.

This investigation not only benefits the employees of SMEs but this research work also facilitates SMEs employers, owners, CEOs, senior strategists, and top level management to understand the influence of the innovative culture on the employees with reference of their performance. This study not only helps Pakistani's strategists, senior managers, the owners and the top management of SMEs but also helpful for other countries' entrepreneurs and top level managers as well; for converting their organization as an innovative culture based firm by strategically planned while keeping in view the few factors like environmental constraints as constant.

This research work also gives benefits to the new entrepreneurs, senior entrepreneurs, and to the researchers. This study widely opens more fields, path ways, and dimensions for the researchers to be explored, and investigated further. For instance, there is a linkage of innovation with the capability, and the business growth through the efficient development, productivity, quality, competitive advantage, organization capability, and the strategic planning in order to increase the market share (Cohen and Levinthal, 1990). Thus, this study attempts to help SMEs to increase market share by focusing on the innovative culture. It is also beneficial for the SMEs to understand on the involvement of more strategic plans in their businesses.

Study can help the senior managers to have strategic foresights, strategic nodes, and strategic plans for having success and growth in their SMEs. This study lends a hand for those SMEs, who need to implement the innovative culture. No doubt, it gives a pathway to implement

the innovative culture while keeping in view the other factors as persistent. Moreover, it also suggests to owners of SMEs that how they can enhance the performance of their organizations by implementing innovative culture in their organization and make it as a part of their annual, short term, and long term strategic plans. Though, SME performance enhancement techniques in the form of important factors are evolved in this study as well. These factors are explored and elaborated through this study that how the relationship between the innovative culture, strategic planning and SMEs performance are affected.

1.6 Scope of the Study

Priorly, numerous studies have been conducted on the innovation and culture but the current study provides a ground for the new dimensions in the areas of the innovative culture, strategic planning, and SMEs performance. Prevailing work also brings the new prospects and horizons in the development of the innovative culture that how it can be implemented in an alliance with the strategic planning section of an SME. It also explores the relationships among three components of the organization. This study is advantageous for the top level managers, senior managers, strategists, CEOs, and the owners of SMEs as they are involved in the strategic planning aspect.

This supports the employers to identify that how they can make an alliance of the innovative culture with the strategic planning of the organization for the better performance of the organization. This work is quite beneficial for them. New pathways and possibilities in the areas of innovative culture are explored and investigated.

Ultimately, it also provisions for enhancing the profitability of the organization. This study is valuable to the SMEs CEOs, owners, and senior managerial staff for enhancing the firm

performance. It explores more ways to enhance the culture of the organization through the innovation aspect.

This study is conducted on the Punjab province of Pakistan only but the other provinces and federal territories of Pakistan can use this study. However, this study is not only helpful in Pakistani's territory but in the other regions of the world as well. This innovative cultural based study can be used in the other countries' enterprises while keeping in view of the cultural constraints.

In today's world, innovation is the main point for leading in the industry (Seyal, Awais, Shamail, & Abbas, 2004). Studies also says that innovation is also a tool to success, grow, and perform the best in the industry (Chandrasekhar, 2005; Lee et al., 2009; Śledzik, 1942). This research work is based on the innovation.

Thus theorists and strategists can use this work of innovative culture to enhance the performance of the organization. Whereas strategic planning develops the plans for the growth, and success of the organization (Kee-luen et al., 2013). This study features the ways to enhance the performance of the organization by using these two important factors i.e., strategic planning, and the innovative culture of the organization.

1.7 Definition of Terms

Table 1.1
Summary of Definition of Terms

Terms	Definitions
Performance	Capability of SMEs to effectively and efficiently utilize the available resources in order to survive, satisfy customers and contribute to the creation of employment (Murphy & Callaway, 2004).
Financial Performance	It is "*measuring the results of an organization's policies and operations in monetary terms"* like sales, growth, profitability, market share and many other (Murphy & Callaway, 2004).
Non-Financial Performance	It is "*measuring the results of an organization's policies and operations in non-monetary and non-fiscal terms*". It includes to achieve start up goals, provide secure job to employees, and satisfaction with reference to performance (Loo et al., 2013).
Innovation	Innovation is "*not simply getting new ideas but rather it is the generation, adoption and implementation of the new/fresh ideas, procedures, products or services in an organization*". It is also the effective creation,

	development and launching of new merchandise, processes or services (Keskin, 2006).
Innovative Culture	When an organizational culture is enriched and nurtured with the innovation is called as the innovative culture (Rao & Weintraub, 2013).
Strategic Planning	Strategic planning is "*an explicit process for detecting the organization's long term and short term objectives, long and short term goals, mission statements, vision, and procedures for producing*" (Neluheni, Pretorius, & Ukpere, 2014).
SMEs	SME has been defined as a sector, any private economic establishment involved in manufacturing or trading or services having the range of employees maximum up to 250 and annual sales turnover of maximum rupees 400 million (Khan, & Awang, 2013).

1.8 Organization of the Thesis

This chapter was an introduction of this study. The main objective of this chapter was based on the importance of the performance of the organization, innovative culture, and the strategic planning. Problem statement and background of the study were discussed after the introduction of the study. This chapter provides a baseline for researcher to reach from broad problem area to the actual problem of the strategists and owners of SMEs nowadays. The

research objectives and the research questions are discussed in detail for elaborating this research study. The significance of the study for identifying scope and limitations of the research was discussed at the end of this chapter. The whole thesis is organized in this way which entails the following series after the introductory chapter.

In the second chapter, the literature review is described in detail. In which the previous studies from the literature are stated which provides the strong logical background for conducting this research. It also discuss about the underpinning and the supportive theories which support this study strongly and lays the pathway to work more on performance of the organization, innovative culture, and the strategic planning.

In the third chapter, the research methodology is discussed in detail. Research framework is described at first. After research framework, hypotheses are there. Then, research design is discussed. Later on, operational definitions of every variable, dimension, and item are described along the measurement of every variable (instrument to measure every variable is elaborated). The questionnaire, questionnaire design, data collection techniques, sampling, sampling techniques, data collection procedures, and techniques of data analysis are there.

Chapter four is on the research results which are provided after analyzing the data collected from the selected respondents of SMEs in Punjab, Pakistan. Analysis includes the demographics using descriptive analysis, reliability and validity, and as well as the hypotheses results. In this chapter, data normalization, biasedness, preliminary data screening, sample characteristics, scales reliability and the validity, the results of the hypotheses testing and its findings along coefficient determination, effect size, and relevance between the variables are measured and discussed.

Chapter five discuss on the discussions, recommendations and conclusions illustrated on the research objectives, research questions, hypotheses, and literature. Additionally, the chapter provides the theoretical and practical contributions and implications of the findings of this study. The chapter highlights the research limitations and offers direction for future research. Finally, the chapter presents the conclusion of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section is about historical and critical reviews from literature on innovative culture, strategic planning, and organizational performance including SMEs. Through this chapter, the significant critical reviews and theoretical logics are revealed. This chapter explains the relationships among its variables with the details of each variable. This chapter elaborates that SMEs performance is the dependent variable (DV), innovative culture as an independent variable (IV) and strategic planning as a mediating variable. This chapter discuss SMEs in Pakistan, performance, innovative culture, strategic planning and underpinning theories along supportive theories which are under consideration. This chapter proceeds in the designated sequence, starting with the small and medium sized enterprises (SMEs), SMEs performance (DV), then innovative culture (IV), and then strategic planning. Subsequently, this chapter ends up with the strong underpinning and supportive theories which are well debated.

2.2 Small and Medium Enterprises (SMEs)

In today's rapid and fast growing world, every country is trying to lead. While in the struggle of growth and leading, every country is putting an effort in generating outputs from every part of the country. While looking over the gross domestic product (GDPs) of the different countries it is quite obvious that smaller enterprises play a vital and significant role in the growth and the triumph of the country (Yahya, 2012). Small and Medium Enterprises (SMEs) were the focus of the study. Previous studies have claimed that a country's output

and performance can be enhanced through SMEs and ultimately SMEs create the synergic effect in the GDP of a country (Oke et al., 2007).

Thus, this study was focused on the small and medium sized enterprises (SMEs) of the country. This study is on the enhancement of SMEs performance through innovative culture and the strategic planning of the organization.

2.1.1 SMEs in Pakistan

Vibrant and dynamic SMEs are believed to create the opportunities for the employment in the country (Harrison & Wicks, 2013). SMEs also help, to earn extraneous exchange, elevate the work force's quality, increase the business and the management skills, and diffuse the technological education and the information throughout Pakistan (SMEDA, 2005). Pakistan as the developing country, is putting a lot of effort to enhance the performance and number of SMEs because it plays a vital role in a nation's triumph and the economic growth of the country (Kraus, Reiche, & Reschke, 2007; Morgan & Strong, 2003a).

These enterprises always assist a country to utilize the raw resources and convert them into domestic usable products (Hin, Kadir, & Bohari, 2013). Otherwise these raw resources always left as idle and unutilized. Like many developing countries, Pakistan has also felt the need and importance of SMEs to remove the unemployment and to increase output and productivity day by day (Saeed, Khan, Sharif, & Irfan, 2015). Nowadays, the most important challenge is to create the competitive edge in SMEs (Dobni, 2010). Problems faced by SMEs in Pakistan needs a broad based analytical study of the factors that influence the competitive edge in SMEs, both from the industrial perspective and the governmental perspective.

Different studies have indicated about Pakistani owners of SMEs that they intensively focus on the business achievement which depends upon their own internal control (Sharafat Ali, 2013; Mahmood, Jianfeng, Jamil, Karmat, & Khan, 2015; Seyal, Awais, Shamail, & Abbas, 2004a). Hence, for enhancing the performance of SMEs the individual skills and knowledge of business is significant for the existing and forthcoming entrepreneurs.

In Pakistan, SMEs contribute 30% role in the GDP of Pakistan (Jasra, Khan, Hunjra, Rehman, 2011). SMEs face many challenges and problems regarding their performance in Pakistan (Wasim & Khan, 2014). For this purpose every country has its own committees, societies, and authorities to deal with these problems and issues (Omerzel Gomezelj & Kušce, 2013). Like other countries, Pakistan is also devising many committees, directorate of industries and societies for dealing with their financial and non-financial issues and problems (Seyal, Awais, Shamail, & Abbas, 2004b).

One of the society for dealing SMEs in Pakistan is Small and Medium Enterprises Development Authority (SMEDA). It was established in 1998 to take up with the challenges, problems and issues of SMEs (Jasra, Khan, Hunjra, Rehman, 2011). They have the professional management structure with the futuristic approach to resolve the issues, problems, challenges. They also provide the necessary services to overcome the weaknesses in SMEs (Jasra, Khan, Hunjra, Rehman, 2011). SMEDA also provides an encouraging and a regulatory environment in creating and developing SMEs and their development in their prevailing industrial sectors and the provision of business development services to SMEs in all areas of business management (Seyal et al., 2004; Shuaib, 2008; Subhan et al., 2013).

Every country define SMEs in its own way. These definitions are stated by the SMEs regulatory authority of every country which help others to understand their SMEs and larger enterprises (Oke, Burke, & Myers, 2007). Every country deals SMEs based on their specified definition of SMEs (Skokan et al., 2013). Likewise, Pakistan has its own definition for SME (Subhan et al., 2014). Pakistani SMEs are defined by State bank of Pakistan (Bhutta et al., 2008). State bank of Pakistan has issued latest and revised definition of SMEs in 2013. This definition is based on two components which are number of employees, and the annual sales turn over (SME SBP, 2011; State bank of Pakistan, 2013). The older definition of SMEs was based on SMEs tax ordinance 2005. As per the previous definition of SMEs in Pakistan, SMEs are the small businesses with an equity of up to Rupees 25 million and turn over up to Rupees 200 million (Bhutta, Rana, & Asad, 2008).

Currently, SMEs are dealt with the definition given by state bank of Pakistan (SBP). This new definition is based on the number of employees and the annual sales turnover. According to SBP 2013's prudential rules and regulations report, *"SME has been defined as a sector, a sector which means any private economic establishment involved in manufacturing or trading or services having the range of employees maximum up to 250 and annual sales turnover of maximum rupees 400 million"* (State bank of Pakistan, 2013). It has two further categories which are (SME SBP, 2011; State bank of Pakistan, 2013):

1. Small enterprises (SEs)

SEs are those business entities which meet the following criteria.

Table 2.1
Criteria for Small enterprises

Type of SEs	Annual sales Turnover	Number of Employees (Including Contract Employees)
SEs	Till Rupees 75 Million	Up to 20

Source: Adopted from Prudential rules and financial regulations of State Bank of Pakistan (SME SBP, 2011; State bank of Pakistan, 2013).

According to the above table, small enterprises have the maximum number of twenty employees including the contractual employees and the annual sales turn over limit is rupees 75 million (SME SBP, 2011).

2. Medium enterprises (MEs)

MEs are business entities which are not public limited companies and fulfill the following criteria (SME SBP, 2011).

Table 2.2:
Criteria for Medium Enterprises

Type of MEs	Annual sales Turnover (In Rupees)	Number of Employees (Including Contract Employees)
Trading MEs	Ranging from Rs. 75 Million above and till Rs. 400 Million	21 – 50
Manufacturing and Service MEs		21-250

Source: Adopted from Prudential rules and financial regulations of State Bank of Pakistan (SME SBP, 2011; State bank of Pakistan, 2013).

According to Table 2.2, MEs have two categories. These categories vary on the basis of number of employees. Sales turnover remained the same in both categories. In trading MEs, the number of employees remains between 21 up to 50 including the contractual ones and the sales turnover is rupees 75 million till rupees 400 million (SME SBP, 2011; State bank of Pakistan, 2013). In manufacturing and service MEs, the range of employees from 21 till 250 and the sales turnover is rupees 75 million till rupees 400 million (SME SBP, 2011; State bank of Pakistan, 2013).

Small enterprises have not only been at the front of the move that leads towards the fiscal progress and prosperity of the free-market western economies. But they have also become the key engine of employment growth in many under developed countries of the world (Mulhern, 1995). Among such countries, Pakistan is a good example for studying smaller enterprises. Pakistan was the first one who faced the rise of entrepreneurs after the separation from India in 1947 and the departure of Hindu businessmen (Papanek, 1972). Just after the partition, the industrial sector growth was nearly to 10 percent of the GDP, powered by the arrival of minority groups and immigrants who shifted in Karachi (Wasim & Khan, 2014).

Pakistan's economic base accounts heavily on SMEs (Khan, & Awang, 2013). Once after defining SMEs, the government start to recognize the numerous differences between the larger and the smaller enterprises when evolving and regulating the policies. But the absence of authorities and policies always stops and holds the creation, and the growth of small businesses in any country (Shuaib, 2008). Currently, Pakistani government has launched

efforts to improve the small business sector of its economy through a succession of educational, political and financial initiatives (Pakistan Ministry of Finance, 2005).

Numerous researchers have notified that the factors responsible for achieving SMEs success are targeted more on enhancing their performance through different tools (Abouzeedan, 2011). Studies highlight that the researchers were focusing more on the SMEs of the developed nations like European countries and the United States and not on the under developed countries (Andersen & Strandskov, 1998; Gackstatter, Kotzemir, & Meissner, 2014; Raj & Srivastava, 2014). Those studies helped SMEs to enhance performances and influence their GDPs in a better way (Andersen & Strandskov, 1998; Gackstatter et al., 2014; Morgan & Strong, 2003a; Raj & Srivastava, 2014).

From last one decade, under developed countries' SMEs are also the focus of the researchers. In the last few years, researchers have initiated to study small enterprises (Pushpakumari & Watanabe, 2009). Among those studies, few studies have been conducted in Pakistan which identify factors critical for the businesses' success (Bhutta et al., 2008; Evan, 1984; SMEDA, 2005). The contemporary study is also an effort in this way.

Studies reveal the significant factors which comprise on the service commitment, commitment to eminence, devotion, hard work, innovation, growth potential, prominence on quality and functional efficiency (Amorós & Bosma, 2014); pertinent managerial contextual experience, flexibility in the operations, convenience of labor, ownership of distinguishable competitive advantage; advanced training and risk taking (Caldwell, 2009); high quality products and services, suitable answer to customer desires and needs, dedication to business, high employee spirit, management's good relations with employees; prior start-

up experience, an effort to decrease business risk, good customer service, giving more time to forecasting, involvement and adaptive organization (Burgelman, 2012).

SMEs in Pakistan are working and sustaining but like developed countries very rare of them perform better and grow to become multinational corporations (Bhutta, Rana, & Asad, 2008; Naqvi, 2011; Khan, & Awang, 2013). In developed countries, SMEs keep on performing better and have such critical success factors which let SMEs to grow fast and gain market share, then later on with the better performance and high growth SMEs converted in to the larger organizations but it rarely happens in any of Pakistani SME (Ahmad & Pirzada, 2014; Qureshi, 2012; Wasim & Khan, 2014) . The reason that why it does not happen with most of Pakistani SMEs, there are many reasons. But most important reason among all reasons is that Pakistani SMEs do not get the enough support both from the internal and external environment to perform better and sustain in the competition (Hafeez, Shariff, & Lazim, 2013; Yahya, Othman, & Shamsuri, 2012).

In under developed countries, SMEs face a lot of challenges for their survival and growth (Hin et al., 2013; Ismail, Mokhtar, Ali, & Rahman, 2014; van de Vrande, de Jong, Vanhaverbeke, & de Rochemont, 2009). Pakistani SMEs are also facing a lot of challenges for performing better (Qureshi, 2012; Sme Sbp, 2011). Studies reveal that if internal systems, culture and structures are strong enough then SMEs can face any challenges and compete with the external environmental factors and in their respective industries (Ebersberger & Herstad, 2013; Pushpakumari & Watanabe, 2009, 2009; Wang, Walker, & Redmond, 2007).

Most of the problems and challenges faced by Pakistani SMEs are due to the lack of proper internal environmental configurations based on the contingent culture which do not allow

Pakistani SMEs to face any difficult situation (Bhutta et al., 2008; Khan, & Awang, 2013). Studies reveal that if SMEs structures are strong enough then SMEs can sustain in any circumstance and situation (Abouzeedan, Klofsten, & Hedner, 2012). Most of the SMEs in Pakistan shut down after some time because they cannot sustain in the industry. There are lot of reasons but lack of innovation and absence of a good culture are most highlighted reasons (Bhutta et al., 2008; Naqvi, 2011).

Authors have identified in many current studies that innovative culture is such a strong structure which let SMEs to survive against any turbulent condition and environment and perform better for its growth and sustainability (Abouzeedan et al., 2012; Kwantes & Boglarsky, 2007; Maladzhi, Yan, & Makinde, 2012; Skokan, Pawliczek, & Piszczur, 2013; Yeşil & Kaya, 2012). This study is based on innovative culture and strategic planning for letting SMEs to perform better. Therefore, this work is a key step for achieving the better performance of SMEs through which SMEs perform better and grow fast while competing with their external environmental factors and also fight in their respective industries in Pakistan by making their internal structure strong enough to cope up with the competition.

Therefore, it is hard to point out a universal success set for SMEs better performance. Most of the ways of enhancing performance frequently used to measure the enterprise's performance are right for larger organizations but they are not suitable for smaller businesses (Ogbonna & Harris, 2000). The real root cause of performance lies in a combination of different factors within which the small business works but most of the factors are based on the innovation and cultural reforms of the systems (Coy, Shipley, & Omer, 2007a; Jasra, Khan, Hunjra, Rehman, 2011a; Veskaisri, Chan, & Pollard, 2007).

Thus this research is helpful for identifying the factors which enhance the performance of smaller enterprises. Factors which are considered worthwhile for performing better are the innovative culture, and the strategic planning which have been under consideration by many researchers but most of the studies were done on the larger organizations and not on the smaller ones (Falshaw, Glaister, & Tatoglu, 2006; Hin et al., 2013; Hitt, Gimeno, & Hoskisson, 1998; Kee-luen, Thiam-yong, & Seng-fook, 2013; Morgan & Strong, 2003a; Neluheni et al., 2014; Rezvani, Gilaninia, & Mousavian, 2011; Wang et al., 2007).

Through this study, it has narrowed down that what is the importance of innovation with reference to culture in smaller enterprises. This factor affect not only to the organizational side but to the strategic planning section of SMEs because both of them made a system all together. This study is more focused on enhancing SMEs performance in Pakistan that in which way the performance of SMEs can be enhanced and what are the factors that influence performance. The results are clearer, apparent, and lucid when once the analyses are done in chapter number four and five. Remaining part of this chapter is based on the critical and theoretical reviews on SMEs performance and the other variables.

2.2 Performance of an Organization

In today's challenging world, the pressure is always on the enhancement of the firm performance that what are the important factors that can enhance the performance of a firm (Falshaw et al., 2006; Keh, Nguyen, & Ng, 2007; Omerzel Gomezelj & Kušce, 2013). Everyone in a firm always try to find out the way to improve the performance. Every employee of the firm tries to escalate the performance by improving the individual performance (Madhani, 2010).

Numerous ways can escalate a firm performance. It can be done by driving the element of innovation in the products and in the services, by changing out the culture of the firm for more output of the employee and by having new strategies in any of the department like marketing, human resources and finance department (Ogbonna & Harris, 2000; Ohyama, Braguinsky, Mellon, & Klepper, 2009). Element performance has always remained as the point of interest both for the academicians and practitioners (Abouzeedan, 2011). Hence, performance was taken as the dependent variable in this study. This study revolves around SMEs performance, innovative culture, strategic planning and the relationship between these variables.

2.2.1Firm Performance

Firm performance is one of the vital issues for every organization (Claudius & Barbosa, 2012). For managers, it has always been critical to distinguish that which factors affect a firm performance in order to select suitable actions to start them (Hamann, Schiemann, Bellora, & Guenther, 2013). Nevertheless, defining, assessing, conceptualizing, evaluating, determining and measuring firm performance has always remained a tough task. Scholars have different thoughts and definitions of performance, which remains to be a debatable matter among researchers around the globe (Lunenburg, 2011; Gomezelj & Kušce, 2013; Škrinjar et al., 2008). Conversely, the dominant issue concerns with the suitability of numerous approaches to the conceptual usage and measurement of firm performance (Enterprises, 2005; Murphy & Callaway, 2004; Pushpakumari, 2009; Swierczek & Thai, 2003).

According to Armstrong and Baron (1998), "*performance is a deliberate, strategic and a unified way to deliver the continual achievements to organizations by refining the productivities of the people who work in them*". Purpose of firm performance studies is to convert the raw potential of human resource into output by removing the intermediary obstacles as well as motivating and refreshing the human resource (Kandula, 2006). A firm competitive capacity can be increased by building up strong people with an effective management and developing people with the crux of the real performance management (Ahmad, 2012).

Firm performance is "*the capability to cope with all the four systemic processes (inputs, outputs, transformations, and feedback effects) relative to its goal seeking behavior*" (Ogbonna & Harris, 2000). A high-performing firm would accomplish its primary tasks efficiently and carry out its maintenance and adaptation functions effectively (Kee-luen et al., 2013). The firm adaptation function requires the environmental changes, structure and processes of the firm to undergo change to meet the new environmental conditions. Innovative organizations tend to do it more (Zeng et al., 2010). They not only adapt to the environmental change, but also use their resources and skills to create new environmental conditions, e.g., by introducing new products or services never offered previously (Claudius & Barbosa, 2012). Innovations are means of providing these internal or external changes and are, therefore, a mean of maintaining or improving organizational performance (Abouzeedan, 2011; Batool, 2011; Cantwell, 2001; Enterprises, 2005; Veskaisri et al., 2007).

Researchers among themselves have different opinions of performance (Honig, 2004; C. Zhu & Engels, 2013). Performance, in fact, continues to be an argumentative issue among organizational researchers (Barney, 1997). For example, according to Javier, "*Performance*

is equivalent to the famous 3Es (economy, efficiency, and effectiveness) of a certain program or activity" (Javier, 2002). However, according to Daft (2000), "*Organizational performance is the organizational ability to attain its goals by using resources in an efficient and effective manner*". Therefore, organizational performance is the ability of the resources efficiently and effectively. It means if SMEs want to increase their performance then it can be done through resources. This is the reason that this study is more focused on the resource development in the form of a culture.

Many researchers have defined firm performance as "*the ability of the firm to achieve its goals and objectives*" (Claudius & Barbosa, 2012; Pushpakumari & Watanabe, 2009; Škrinjar et al., 2008; Yahya, 2012). Firm performance has suffered from not only a definition problem, but also from a conceptual problem (Barney, 2001; Madu, 2011; Rezvani et al., 2011; Wang et al., 2007). Theorists have labeled performance as a concept in modern management (Ayiecha & Senaji, 2014; Barney, Wright, & Ketchen, 2001). Organizational performance suffered from problems of conceptual clarity in a number of areas (Abdi & Senin, 2014; Baumgartner, 2006; Beck & Demirguc-Kunt, 2006; Grant & Teaching, 2014). The term performance was sometimes confused with productivity. According to Ricardo (2001), "*there was a difference between performance and productivity. Productivity was a ratio depicting the volume of work completed in a given amount of time. Performance was a broader indicator that could include productivity as well as quality, consistency and other factors. In result oriented evaluation, productivity measures were typically considered*".

Authors have found in their studies that economic factors represented only 18.5 % of variance in business returns, while organizational factors contributed 38 % in the firm performance variance (Ismail et al., 2014). So, human organizational factors are more

important than the economic factors for increasing the firm performance. This research focuses more on the organizational factors that determine organizational performance as organizational factors which were found to determine more pressure on the performance than economic factors (Trovik & McGivern, 1997; Ra, Vuk, & Indihar, 2012).

2.2.2 Measuring the Firm Performance

There are two means of measuring the firm performance. One is financial and the other is non-financial performance (Rezvani et al., 2011). Besides financial indicators as an evaluation of firm performance in any industry, there are many other industry specific measures of effectiveness which also reflect the success of the firm (Robinson, 1983). Though both of these types of performance are very important indicators. Both financial and non-financial indicators must be used to measure the firm performance (Murphy & Callaway, 2004). The indicators which are used for measuring identifying performance in this study includes profitability, sales growth, market share, overall performance, achieve start up goals, provide secure jobs to employees, and satisfaction with the firm performance (Keh et al., 2007; Murphy & Callaway, 2004).

Callaway and Murphy (2004) has defined financial performance, "*as measuring the results of an organization's policies and operations in monetary terms*". It includes profitability, sales growth, market share, and an overall performance. Non-financial performance is defined, "*measuring the results of an organizational policies and operations in non-monetary and non-fiscal terms"* (Murphy & Callaway, 2004). It includes achieve start up goals, provide secure job to employees, and satisfaction to the company's performance (Keh et al., 2007; Murphy & Callaway, 2004). Each of the element is explained below.

Profitability is defined as the measure that defines the basic goal of the businesses. It is always important to measure the current and the past profits, which is determined by the income statement (Keh et al., 2007; Murphy & Callaway, 2004). It is the state of yielding a financial profit, i.e., measured by the price to earnings ratios (Keh et al., 2007). Profitability is viewed while having the comparison with the current, and the previous years which will help to view where firm is moving of either towards positivity or negativity (Cantwell, 2001).

Sales growth is defined, "an *amount by which the average sales volume of a firm products or services is gaining from year to year. It is determined on yearly, biannually, and quarterly basis*" (Morgan & Strong, 2003b; Murphy & Callaway, 2004). Market share is defined as how much share in the market is captured by the firm thru its products and its services (Madu, 2011). It is determined in the form of percentage of the total sales volume (Keh et al., 2007). A firm usually has an analysis of its market share on annual basis but at times it is also observed on quarterly basis for the purpose of viewing the performance (Arasa & K'Obonyo, 2012).

Firm performance is a such performance in which it is viewed that how an organization is performing overall including all of its departments (Yahya, 2012). It includes that how a firm is performing in general (Keh et al., 2007). Every start up goal must be achieved by every department (Keh et al., 2007; Murphy & Callaway, 2004). Every employee, and every department of the firm must achieve its goals (Murphy & Callaway, 2004). One more element of the performance is that employees' jobs must be secured that every employee must feel his job is secured in the firm (Postma & Zwart, 2001). It is about the assurance of every employee that there is the continuity of the employment (Keh et al., 2007; Murphy &

Callaway, 2004). Everyone who is working in the organization must be satisfied with the firm performance (Claudius & Barbosa, 2012). Though previously described elements are the parts of the financial and the non-financial performance of a firm defined by murphy (Keh et al., 2007; Murphy & Callaway, 2004).

At present, firms are aimed to offer a collection of such innovative products and services which enhance their performance (Ahmad, 2012; Alvesson, 2002; Deshpande et al., 1993). In spite of the main role of this compilation of innovativeness for enhancing the firm performance, firms largely vary in their attention on building up the innovative skills and proficiencies and for the generation of better innovative outcomes (Mone et al., 1998; Watson, 2002; Webster, 2009).

Earlier researches have shown that the relationship between an SME innovation, an SME culture and an SME performance had a substantial increment during the last two decades (Duignan, 2009; Johannessen, Olsen, & Lumpkin, 2001; Lee et al., 2009; MarchChorda & Moser, 2008; Tellis et al., 2008; Ul et al., 2013). In late 1980s and early 1990s, researchers were majorly focused on the strong theories (Alvesson, 2002; Plass, Homer, & Kinzer, 2014; Thompson, 2006). These theories were having a quest for stronger shared norms and values in the organizations which were expected to result in increasing the firm performance. Many authors have pointed out that high performance firms are always distinguished from low performance firms because they possess a specific cultural traits and a strong culture as compared to low performance firms (Falshaw et al., 2006; Swierczek & Thai, 2003). SMEs performance can be enhanced if SMEs have a strong culture

Deal and Kennedy (1982) have suggested, "*The performance of a firm can be increased by the strong values and norms*" (Alvesson, 2002; Thompson, 2006). However, these recommendations are criticized by Carroll (1982), Reynolds (1986), and Saffold (1988), who highly focused over a model which is simply based on the relationship between the firm cultures to performance and suggest that it has no direct fit with each other (Barney, Wright, & Ketchen, 2001; Loo et al., 2013; Tellis et al., 2008; Young, 1995). They have identified that a better understanding of the tie between the culture and performance must be developed in which strategic linkages are incorporated (Abouzeedan et al., 2012; Ahmad, 2012; Alvesson, 2002; Ayiecha & Senaji, 2014; Deshpande et al., 1993; Fatimah-Salwa et al., 2013; Markides, 2006; Martins & Martins, 2002; Sekyere-abankwa, 2011; Siti Nur 'Atikah Zulkifflia and Nelson Pererab, 2007; Swierczek & Thai, 2003; Tellis et al., 2008; Thompson, 2006).

In the earlier of 19th century, there are obsessions in testing the theory of profits and growths about innovation, culture, growth and the firm performance (Ohyama et al., 2009; Piore, 2007; Śledzik, 1942; Teece, 2010; Tremblay & Ph, 2004). As per this theory, innovation brings profits and growth (Cantwell, 2001; Nicholas, 2003; Ohyama et al., 2009; Piore, 2007; Śledzik, 1942). Bringing profits and growths means increasing the performance of the organization (Cantwell, 2001; Nicholas, 2003; Ohyama et al., 2009; Piore, 2007; Śledzik, 1942). Innovation could not work alone as it needs a culture in which it must be impeded to implement it in the organization (Ahmed, 2014; Beck & Kunt, 2006; Bosma, Wennekers, & Amorós, 2012; Bruland & Mowery, 2004; Cantwell, 2001; Dharmadasa, 2009; Lavoro et al., 2007; Nicholas, 2003; Ohyama et al., 2009; Piore, 2007; Śledzik, 1942). However, research by different authors like Gordon and Di Tomaso (1992), Denison (1990) and Kotter

(1992) have found that varying results on the linkage between the culture strengths the firm performance. They also have highlighted that culture must be studied with the innovation factor for the better performance of the organization (Lunenburg, 2011; Rose, 2008; Sackmann, 1992; Sarros et al., 2008).

Most researchers in organizational cultural study have identified a constructive link between a firm culture and performance (Ahmad, 2012; Madu, 2011; Sekyere-abankwa, 2011; Swierczek & Thai, 2003). Stewart (2007) mentioned, "*Performance in any organizational goal and cultural norms in an organization, strongly affect all those who are involved in the organization*". Besides the market competition, both innovation and a cohesive culture determine the appropriateness of a firm activities that can contribute to its performance (Keh et al., 2007). Intrinsically, a firm culture is not only an important factor but it is also the central force which drives superior business performance (Ehtesham, Tahir, & Ahmad, 2011).

Different studies have mentioned that the culture of a firm influence all the activities in which a firm performs (Madu, 2011; Ogbonna & Harris, 2000). It is the core of what the company is in actual, how it functions, what it focuses on, and how it handles its customers, employees and other stakeholders (Ogbonna & Harris, 2000; Oke et al., 2007). Many authors have also specified that between the period of 1990 and 2015, more than 200 studies covering 7,619 companies and small business units across 26 countries have found that different cultures like internal and external culture and business performance are strongly related (Abouzeedan et al., 2012; Alvesson, 2002; Denison, 1984; Deshpande et al., 1993; Lunenburg, 2011; Madu, 2011; March-Chorda & Moser, 2008; Ogbonna & Harris, 2000; Rose, 2008; Thompson, 2006). This positive association is recognized by many performance

measures, including return on investment, growth of revenue, and retention of customer, market share, new product sales, and performance of employees (Butler, Martin, Perryman, & Upson, 2012; Falshaw et al., 2006; Hamann et al., 2013; Kee-luen et al., 2013; Keh et al., 2007; Kurien & Qureshi, 2011).

In line with Porter (1985), and Gallagher and Brown (2008) reported, "*firms with performance enhancing cultures in any organization which have an impact on its own performance*" (Abouzeedan et al., 2012; March-Chorda & Moser, 2008). Prior researches on the firm culture have concerted on the single, and discrete basics of culture (Alvesson, 2002; Falshaw et al., 2006). However, these studies have discounting the multidimensional nature of culture, i.e.; a construct which is composed out of several closely interconnected variables. The example of the variable is the firm culture.

Many studies have mentioned that the firm structure and culture has an impact on constructing the firm response to innovative ideas and its ability to transform these ideas into possibly successful products for the betterment of the firm performance (Lunenburg, 2011; Madu, 2011; Ogbonna & Harris, 2000, 2000; Rose, 2008; Sekyere-abankwa, 2011). It is also revealed in the different studies that a sequence of structural and cultural barriers to the adoption of many new innovations for enhancing the firm performance still exists which needs to be studied (Ogbonna & Harris, 2000; Oke et al., 2007).

2.3Innovative Culture

2.3.1. Innovation

Globalization and information technology advancement has led every firm to have an emerging and very potential element which is called as innovation (Jantan, Nasirudin, and Fadzil, 2003). Innovation can be defined in many ways. But the simplest way is, "*Innovation is a new idea, device or process*" (Keskin, 2006; Tellis, Prabhu, & Chandy, 2008). Innovation is largely defined as, "*producing new or making changes on products, services, methods of production, market, source of supply, and ways of organizing in order to add value to the customers*" (Chesbrough & Rosenbloom, 2002; Claudius & Barbosa, 2012; Wisdom, Chor, Hoagwood, & Horwitz, 2014).

Thru the past thirty years, the terminology "*innovation*" has appeared and evolved as the substitute for the nations' growth, technological progresses and the factor for driving the business success (Al-ansari, 2014; Courtright & Smudde, 2009; Sacramento & West, 2006; Teece, 2010; Vermaas, 2012). Nowadays, innovation is not only the "*foundation of something new*" but it is labeled as a "*panacea*" for providing the solution of a broader range of dilemmas (Johannessen, Olsen, & Lumpkin, 2001). The term "innovation" is intently employed by strategy makers, marketing specialists, branding specialists, advertising specialists and management advisors and consultants. This term is not utilized as a rigid scientific concept but as a metaphor, symbol, and slogan and as a buzzword (Kotsemir, 2013; Sarros et al., 2008; Teece, 2010; West & Gallagher, 2006; Yeşil & Kaya, 2012).

Samanta defined innovation into two typological terms, in order to distinguish the innovation in term of creating new or making changes to something already in existence of

establishment (Samanta, 2000). These two typologies are radical innovation and incremental innovation. Radical innovation means the launch of new ideas in order to create a totally new product, process, or even a market. On the other hand, incremental innovation is to make changes on something that has already been established (Ayiecha &Senaji, 2014; Schein, 2004).

With every passing time, as organization move into a new era, emphasis has been made in letting in the capital for innovation rather than moving in reaction to demands (Al-ansari, 2014). Innovation has been known as an important partner to change and considered as a distinct area within organizational change research (Chesbrough & Rosenbloom, 2002).

In organizational terms, innovation in an organization is a name of change (Alvesson, 2002; Chesbrough & Rosenbloom, 2002; Martins & Martins, 2002; Nnanna, 2009). Innovation is defined and described in different ways. the definition which is given by West and Altink (1996) is "*Innovation is not simply getting new ideas but rather it is the generation, adoption and implementation of the new/fresh ideas, procedures, products or services in an organization. It is also the successful creation, development and launching of new merchandise, processes or services*" (de Jong & Hartog, 2007).

On the other hand, when Morris (2011) defined the innovation he said, "*If innovation as a process goes well, it will also give the results of the process*". But the researchers have also depicted and emphasized that innovation is not merely the concepts, inventions, developments in a product or service or process, or reverse-engineered copies of someone's original concepts (Hofstede, 2011). It is also not somewhat that comes around as the consequence of the very vigorous condition where the inventive and the creative experts

bloom (Raj & Srivastava, 2014). Besides, it is suggested if the requirements of the businesses are weak, then all the innovation in the universe may not be sufficient to preserve it (Martins & Martins, 2002).

Since 1970s, the trend in the interest in innovation has considerably increased; specifically the first ten years of the 21st century researchers and practitioners are working more over innovation (Johannessen et al., 2001; Keskin, 2006; Zeng et al., 2010). Innovation has been defined and described in detail by many researchers (Abdi & Senin, 2014; Claver et al., 2000; Martins & Martins, 2002; Samanta, 2000; West & Gallagher, 2006; Y. Zhu, Wittmann, & Peng, 2012). All of them have defined and discussed in their own way but most of them are focused to increase the firm performance.

Schumpeter, a theorist who defined innovation in 1934 for the very first time (Śledzik, 2013). He is known as the father of innovation (Hafeez, 2012; Johannessen et al., 2001; Mahmood et al., 2015; Saeed et al., 2015; Śledzik, 2013; Wang et al., 2007). Schumpeter's theory of innovation and profits which was presented in 1934, have laid emphasis on the role of entrepreneurship (Wang et al., 2007). The term which he used was the entrepreneurial profits (West & Gallagher, 2006). In his theory, he tried to seek out the options for the different value-enhancing endeavors. Thru these value-enhancing activities the circular flow of income can be expanded and transformed (Ohyama, Braguinsky, Mellon, & Klepper, 2009). But it can happen only when there is an orientation to a distinctive element between invention and discovery at one side. As per his theory there is an orientation of innovation, commercialization, and entrepreneurship is also needed at the other side (Sarros, Cooper, & Santora, 2008). This theory on innovation, culture of innovation and entrepreneurship which is enriched with innovativeness enhance the output/performance of the organization.

Innovation as per Schumpeter enhances the output of the organization (Johannessen et al., 2001; Saeed et al., 2015; Śledzik, 2013).

Schumpeter has stressed that the critical key for commercial enterprises to grow continually is to reserve knowledge that is to read, and increase knowledge input. Essentially, Schumpeter had grounded the theory of innovation economics, which argued differently from the conventional theory by determining that the growth of productivity is based on capital and labor accumulation. Schumpeter hypothesis, however implied that to spur higher productivity, the firm should concentrate on creating knowledge input (Johannessen et al., 2001; Ohyama et al., 2009; Saeed et al., 2015; Śledzik, 2013). In broad-spectrum, knowledge creation can be achieved through innovation activities.

Basically, the essence of innovation is newness (Li, Eden, Hitt, & Ireland, 2008). Schumpeter has conceptualized innovation by naming the phenomenon with five cases of "newness" activities such as the initiation of a new good or new quality; new method of production; opening new markets; new source of material, and process reorganization (Abdi & Senin, 2014; Bosma, Wennekers, & Amorós, 2012).

Schumpeter's definition has provided the fundamentals towards innovation studies. Various researchers have investigated the idea further. For example, Damanpour and Schiender (2006) has stated the innovation as "the generation, development, and adoption of novel ideas on the part of the firms" (Abdi & Senin, 2014; Abouzeedan et al., 2012; Abu-jarad, Yusof, & Nikbin, 2010). Particularly, innovative ideas that have taken part in the firm include the development or adoption of new technology, physical change on the business structure and business operation change. This definition has Damanpour, Mazzarol, and

Rebound (1989) also defined innovation by stating four elements based on the concept 'new', "*These are new processes, new productions, new marketing techniques, and new organization and managerial tactics*" (Abouzeedan et al., 2012; Adalsteinsson & Gudlaugsson, 2007; Aldehayyat & Al Khattab, 2012).

Johannessen, Olsen, and Lumpkin (2001) have defined the concept of innovation in their research even more accurately. They examined innovation activity area from prior research by Schumpeter and Kirzner (2001), and have successfully tested six major areas of activities as to regard to the "innovation" theorized in the business ground. These activities are new products, new services, new methods of productions, opening new markets, new source of supplies, and new ways of organizing (Johannessen et al., 2001). In addition to virtually expose the key of innovation is to create '*new*' to the business (Johannessen et al., 2001).

While discussing the definition of innovation in terms of newness, innovation has often used in conjunction with the concept of the invention (Keskin, 2006; Khalique et al., 2011). Thus invention is defined as creating something new that has never existed before. Even though the definition of 'invention' has the element of '*newness*', but it has to be distinguished from innovative concept (Maladzhi et al., 2012). Sullivan and Dooley defined innovation as a process of making changes to something established by introducing something new that add value to customers (Abouzeedan et al., 2012). The idea traced that the core value of innovation is to add value for the customer rather than just creating new or making changes to something already in existence as established (Khan, & Awang, 2013).

The relationship between organizations and innovation is complex, dynamic and multilevel (Teece, 2010). The terminology organizational innovation mentions the ideation or

implementation of an idea or activities which are new to the organization (McMahon Brian, 2007). Current literature on the organizational innovation is very divergent. It is not described into a rational theory and a framework (Nnanna, 2009). This divergence states the different understandings and underpinnings within the different strands of literature.

Innovation can be studied at the three ranks of analysis; the individual, the group, and the organization one (de Jong, 2007). Furthermore, researchers added "socio-cultural" as a fourth level (Sacramento & West, 2006). Although these levels introduce suitable methods in categorizing the literature on innovation, they indicate misleading boundaries between the three levels (Sacramento & West, 2006). In fact, it must be considered that one of the important inputs of innovation research in the organizational behavior was the opportunity to integrate these three levels of analysis which are beneficial in the areas of organizational innovation (Burgelman, 2012).

2.3.1 Culture

Culture is the main stream of any society (Ogbonna & Harris, 2000). Every individual in a specific region falls in a society. Every country has many regional divisions on the basis of the societal norms, values, conditions, and situations. Every employee of an organization works in a specific values, norms, behavior, circumstances, and conditions. These specific circumstances and conditions are dogged as the culture of an organization (Alvesson, 2002; Spee & Jarzabkowski, 2011).

Interest in organizational culture is not new. Many research works on the organizational culture have been conducted since 1940s but they were sparse and scattered until the corporate culture's boom in the early 1980s. During the last decade, the interest in

organizational culture from both academics and practitioners continued to be relatively high (Burgelman, 2012; Zhu & Engels, 2013). Conceptually, culture has an extensive history in the literature. It was firstly familiarized by the anthropologists. They refer this term as the customs and rituals established by the societies over the period of time (M. S. Ahmad, 2012; Rose, 2008).

From the last decades, culture is facing substantial academic issues through more advances in the descriptions and approaches to culture (Alvesson, 2002). The extensive literature and discussions over culture are considered as significant for these conceptual elaborations but meanwhile it cause difficulties both for academicians and the professionals if the definitions are vague and usages are inconsistent (Kwantes & Boglarsky, 2007).

Studies have revealed that the history of organizational culture research is the history of how a field dominated by scholars immersed in psychology and sociology has learnt from cultural anthropology (Yeşil & Kaya, 2012). This learning has included adding bits of anthropological thinking topics, variables, ways of doing research, ways of thinking to organizational scholarship as well as welcoming new comers with strong anthropological orientations to organizational studies. The topic of organizational culture is becoming a very significant to organizations and firms relevant to the cultural change involvements. This concept is growing accordingly (Alvesson, 2002; Hofstede, 2011; Thompson, 2006; Wu, 2006).

2.3.2 Different Views about Culture

Whole dissertation revolves around one key point. The point is culture makes a difference. The definition of culture is one of the trickiest. To wit, in a study published almost fifty

years ago, Kroeber, and Kluckhohn (1952) found that social scientists use 164 different definitions of culture (Sackmann, 1992; Sarros et al., 2008). But this is not the objective to analyze the notion of culture in this study. The definition of culture which is adopted over here is based on the two general and opposite approaches to cultures, which consists of functional and symbolic (Sackmann, 1992; Sacramento & West, 2006; Sarros et al., 2008).

Firstly, taking the functional view, culture is the set of acquired beliefs, ideas, feelings, symbols, practices, customs, and behaviors that characterize groups of people and that prove useful or beneficial to them (Madu, 2011). The primary defect of this approach to culture is that it is so liberal that everything in the end, can qualify as culture (Schein, 2004; Škrinjar et al., 2008; Tellis et al., 2008). More specific problem with this approach is that it lumps behaviors together with beliefs and ideas (Sackmann, 1992; Sacramento & West, 2006; Sarros et al., 2008).

While holding the symbolic view, culture is that which provides humans with meaning that is, it is the core of great cultural achievements made by the human mind which are categorized by elusiveness of preference and aesthetic mind (Maladzhi et al., 2012). In short, one could say that the symbolic approach deals with "high" culture (Courtright & Smudde, 2009). The main problem with this view is that it is too narrow. It is restricted to the highest manifestations of the human mind. Thus, not only does it rule out the possibility that some productions not characterized by refinement of taste and artistic judgment be part of culture. But it also eliminates non-human animals from the domain of culture. If it will be argued throughout, culture evolved just as hands and eyes did, then it is possible that it is also evolved to some degree in some other species so that restricting it to humans would be mistaken (Boglarsky & Kwantes, 1996). Moreover, it seems arbitrary to exclude some things

from culture just because they are not part of "high culture" (Alvesson, 2002; Baumgartner, 2006; Madu, 2011; Nnanna, 2009; Sackmann, 1992; Schein, 2004; Thompson, 2006; Wu, 2006).

The approach to culture is adopted in this thesis is one which believes, and captures some essential features of both the functional and symbolic ideas, but one which avoids their main pitfalls. This conception is called as the informational approach to culture (Alvesson, 2002; Ogbonna & Harris, 2000; Sarros et al., 2008). On this view, culture is the transmission of units of information through non-genetic means (i.e., through learning, teaching and imitating) over generational time. These sort of units are called as cultural traits, which are essentially ideas and beliefs (Alvesson, 2002; Madu, 2011; Schein, 2004; Abankwa, 2011).

More generally speaking, culture is the pool of cultural traits characterizing a population at a given time in a specific environment (Ayiecha & Senaji, 2014; Bosma et al., 2012; Ogbonna & Harris, 2000; Gomezelj & Kušce, 2013; Serrat, 2009; Seyal et al., 2004b). As this definition of culture is quite abstract, it is worthwhile breaking it down further by explaining its key components. In itself, each component is insufficient to define culture in an adequate manner, but together it has been argued that they provide a satisfactory account. However the components of culture which are in this thesis, are set of beliefs, values, norms, behaviors, and customs (Ali et al., 2012; Bosma et al., 2012; Kurien & Qureshi, 2011; Thompson, 2006).

Clearly, the way the notion of cultural trait is, largely a matter of provision. Theoretically, cultural traits and culture itself are essentially the ideas, beliefs, values, norms, behaviors, and customs and principles (Raj & Srivastava, 2014). So in this thesis, the previously

described definition is captured which is the functional one, and utilized for conducting this research.

Furthermore the culture is defined as, "*a set of core values, behavioral norms, artifacts and behavioral patterns which govern the way people in an organization interact with each other and invest their energy in their jobs and in the organization at large*"(Schein, 2004; Škrinjar et al., 2008, p.54). On the other hand, Schein (2004) who is considered by many researchers as father of organizational culture research provided the following definition for culture, "*a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems*" (Clinebell, 2008, p.71).

Culture's definition is highly dependent on the underpinning philosophical perspective. This is not only emphasized on the theoretical stage but also in practical stage as researchers argued that how defining the culture has significant implications because it includes the attempts to measure and study it (Raj & Srivastava, 2014; Tremblay & Ph, 2004). Culture is viewed as a core metaphor and as a variable (Alvesson, 2002). Culture is viewed as such variable which focuses more on the traditional aspect of a society (Jantan, 2003).

Culture as a variable also presented in a social reality as the objectivist as well as the functionalist view (Sackmann, 1992; Sarros et al., 2008). While comparing with that school of thought who takes culture as a core metaphor, those authors approach organizations as those organizations have the culture in them and also presents with such anthropological developments who concludes with the radical development in the new theories (Ogbonna &

Harris, 2000; Thompson, 2006). According to researchers who viewed culture as a metaphor, culture is not considered as an objective element. This school of thought, authors take culture as a set of core values, norms, beliefs, symbols and so forth. Instead of considering culture as a measureable element, this school consider culture as an intellectual element (Abdi & Senin, 2014; Sackmann, 1992; Sarros et al., 2008).

2.3.3 Innovative Culture

It has always remained a greater interest among academicians, scholars, researchers, and practitioners in the notion of the creativity and the innovation for organizations and enterprises (Sacramento & West, 2006). In fact their specific interest is to make such an organizational culture who turns into an innovative one (Ayiecha & A. Senaji, 2014; Denison, 1984; Kwantes & Boglarsky, 2007; Madu, 2011). Such sort of culture which is enriched with the innovation is called as the "Innovative culture" (Claudius & Barbosa, 2012; Jantan, 2003; Ogbonna & Harris, 2000; Rao & Weintraub, 2013).

Literature provided a robust relationship between the innovativeness and the culture (Claver et al., 2000; March-Chorda & Moser, 2008; Sarros et al., 2008; Yeşil & Kaya, 2012). Authors emphasize in different theories and studies of culture as well as in the level of the innovativeness and about their strong relationship. These studies state that if the culture of an organization pressurizes the innovative aspect and decision making then the organizations gain competitive advantage (Abdi & Senin, 2014; Claver et al., 2000; March-Chorda & Moser, 2008; Samanta, 2000; Sarros et al., 2008; Yeşil & Kaya, 2012). Supporting this line of thought, scholars believed that successful organizations have the capability to engross innovation into the organizational culture and the strategies of the management (Abdi &

Senin, 2014; Pharaon, 2010; Samanta, 2000; Tellis et al., 2008). Innovative culture is chosen as an independent variable in this study.

An organizational culture which is enriched and filled with the innovation is called as the innovative culture (Ali et al., 2012; Ayiecha & A. Senaji, 2014; Claudius & Barbosa, 2012; Courtright & Smudde, 2009; Dobni, 2010; Hurley & Hult, 1998; Jantan, 2003; Laegreid et al., 2011; Lavoro et al., 2007; Lee et al., 2009; Maladzhi et al., 2012; Ogbonna & Harris, 2000; Pfeffer & Fong, 2002; Raj & Srivastava, 2014; Rao & Weintraub, 2013; Zhu & Engels, 2013). This innovative culture is based upon the employees of the organization who is working innovatively for the success, victory, and triumph of the organization (Ali et al., 2012; Ayiecha & Senaji, 2014; Claudius & Barbosa, 2012; Courtright & Smudde, 2009; Dobni, 2010; Hurley & Hult, 1998; Jantan, 2003; Laegreid et al., 2011; Lavoro et al., 2007; Lee et al., 2009; Maladzhi et al., 2012; Ogbonna & Harris, 2000; Pfeffer & Fong, 2002; Raj & Srivastava, 2014; Rao & Weintraub, 2013; Zhu & Engels, 2013).

Innovative culture works best in a climate or environment that is supportive to individual creativity (Jantan, 2003; Maladzhi et al., 2012). Different researchers have claimed the significant critical factors on this aspect are the employees' independent thinking and follow their own ideas rather than following the stern management plans, the reinforcement of the risk taking behavior, the non-critical approval of the catastrophes that conclude and access to a varied stimuli and thoughts, and the better identification of the victory (Bourgeois, 1980; Burgelman, 2012; Hurley & Hult, 1998; Shuaib, 2008; Sonnentag, 2002). These aspects were also supported by Kotter (1995) that it is possible to create a culture that facilitates innovation as a change agent, rather than act as an anchor (Kotter, 1995).

Authors believed that innovation might occur anywhere (Rose, 2008). But it is the permanent innovation which exists in a distinct setting or environment (Acito et al., 2008; Swierczek & Thai, 2003). In studies, it is identified that this specific setting or environment is motioned as a culture in which innovation is deliberately reinforced, purposefully nurtured, thoughtfully measured, and funded (Abdi & Senin, 2014; Piore, 2007; Samanta, 2000; Sekyere-abankwa, 2011). In addition, scholars explained that a culture which comprises innovation and includes such behavior like creativity, values, risk compelling, autonomous, teamwork, value enhancing, solutions learned, communicative, quick on taking decisions, and so on; such type of culture is termed as innovative culture (Martins & Martins, 2002). Everyone desire and expect these behaviors and also demand that these behaviors of culture must be incorporated at the corporate level (Martins & Martins, 2002).

An example of innovative culture can be seen in Cargill Incorporations. Cargill Incorporation is a grain elevator and world's largest privately owned companies (de Jong, 2007). It's headquarter is just outside of Minneapolis with 90 different businesses around the globe and was able to build a powerful innovative culture which was worth the long-term investment in its workforce (de Jong, 2007; Gackstatter et al., 2014). CEO of Cargill incorporation had always raised the potential for employees to come up with creative and new ideas and solutions. It is not just a way to get the most out of them. It is about creating an environment where people are engaged, where they want to come to work, and do more (de Jong, 2007; Gackstatter et al., 2014).

Despite the impact of innovation on the organizations, organizations tend to prefer a usual way of doing things and they tend to give up trying something new. However the market has shown the red alert for the older way (Locke, 1996; Martins & Martins, 2002). In Table 2.3

below, Pharoan (2010) provided a set of 16 attributes of status quo culture versus innovation culture, and challenged managers and organizational leaders to test the presence of these attributes in their organizations and to turn their organizations into an innovation. These attributes are given in the following table in which the traits of the organizational leaders and the managers working in two different cultures (Pharaon, 2010).

Table 2.3
Attributes of Status Quo Culture versus Innovative culture

No.	Status Quo Culture	Innovative Culture
1	Predictable	Unpredictable
2	Always seeks for the stability	Always seek for the novelty
3	Emphasize on the core competency	Emphasize on the edge competency
4	Higher rate of success	Higher rate of failure
5	Focus on the organizational hierarchy	Focus on the organizational networks
6	Frighten from the hierarchy	Emphasize on the creative pulls
7	Elude surprises	Like surprises
8	Concentrate more on the inside knowledge	Concentrates both on the inside and outside knowledge
9	Compatible to work with	Harder to work with
10	Corporate enriched with politics	Combine with cheese
11	Standardization includes Efficiency	Efficiency is based upon the innovation
12	Prolongs the situation of quo	Leaves the situation of quo
13	Escapes from the change	Clinch the change
14	Aspect certainty	Meets ambiguity
15	Search data appropriate for the current models of management	Search data which contradicts the current management model
16	Stability is measured	Innovation is measured

Source: Adapted from (Pharaon, 2010)

As Table 2.1 shows that moving from a status quo culture to an innovative culture requires specific managerial practices and entrepreneurial traits which are exhibited by organizational leaders and change champions throughout the organization for the success of their organizations.

It can further be elaborated through the case of Apple Incorporation (Inc) that how late Steve Jobs, CEO of Apple incorporation successfully incorporated the innovative culture in his organization (Burgelman, 2012; Butler et al., 2012; Kishore & McLean, 1998; News, 1990). Though, he has departed from this world but still no one can compete Apple until now. It is all because of his strong innovative culture which he embedded in Apple Incorporation. (Burgelman, 2012; Butler et al., 2012; Lee, Ho, Hsieh, & Ryou, 2009; Penker, 2011). In short, innovation cannot work independently. It always need a support of the culture to strengthen the innovation and produce a success in the long term (Burgelman, 2012; Courtright & Smudde, 2009; Kishore & McLean, 1998; News, 1990; Sanz & Nicol, 2014; Tellis et al., 2008; Vermaas, 2012; Web, 2008).

2.3.4 Dimensions of Innovative Culture

Studies reveal that there are different ways through which it has checked that innovative culture exists in the organization (Aidemark, 2007; Beck & Kunt, 2006). This checking, and measuring ways or methods or tools are called as the index which have been adopted from various researchers (Claudius & Barbosa, 2012; Saeed et al., 2015; Webster, 2009). These different ways are used to identify, measure, and check that how much innovative is the selected organization's culture is and up to which extent the organizations must be molded to achieve the good levels of the innovation in the organizations by making them innovative cultural based organizations.

There are several indexes exist that attempt to measure innovation but still none of them is defined as the standardized one. These indexes have been listed along their features and descriptions in the following table 2.4.

Table 2.4.
Indexes for the innovative culture

#	Names /Titles	Descriptions
1	**Oslo Manual**	This is purely aimed on the rich economies like North America, Europe, and other rich economies. As this instructions booklet is having dimensions to measure the rich economies only for their further success and growth (OECD, 1996; Salazar-Acosta, 2006).
2	**Bogota Manual**	This is same alike the previous one. It also emphasizes on Latin America and Caribbean countries only and the index is also for the rich and stronger economies (Salazar-Acosta, 2006).
3	**Innovation Capacity Index (ICI)**	This is worked out by the joint and collaborative efforts of many international professors and researchers. The top scorers in the list of ICI ranging the year 2009 till 2010 are: 1. Sweden score rate is 82.2; 2. Finland with the score rate is 77.8; and 3. United States having scores on ICI index is 77.5. This is also focused on the boosting the productivity and not on promoting and enhancing the culture of innovation (López-claros & Mata, 2004).
4	**Innovation index**	Developed and worked out by 'Indian Business Research Centre 'for measuring the capacity for the innovation at the region or the state level only in the United States. Economies based on the Innovation, their progress specifically in the rural

		America have been roofed in the metropolitan areas (Klowden & Wolfe, 2013).
5	**State Technology and Science Index**	Nurtured by Milken Institute. This index is for measuring the science and technological capabilities in U.S. This benchmark identifies and measures the highly paid jobs based on the key components (Klowden, & Wolf, 2013).
6	**Creative Class**	It is fostered by Richard Florida. It is a firm which provides services on data given. This creative class is on contingent basis i.e., it varies from company to company. It has no specific index. It is the group of experts providing solutions to every problem (Boren & Young, 2014).
7	**Global Innovation Index**	This global index measures the level of innovation in a country, was formed with the joint collaboration of Boston Consulting Group (BCG), National association of Manufactures (NAM), and Manufacturing Institute (MI), and NAM's non-partisan research affiliate. NAM explains as the "largest and most comprehensive global index of its kind". But this is not focused on the culture it is focused on the innovation level only (Dutta, Lenvin, and Vincet, 2014).

The indexes which have been stated earlier are not chosen for this study because all of them are focusing on the innovation only. None of them are focusing over the cultural part of the innovation in an organization. The index which is chosen for this study is termed as the innovation quotient. Innovative culture is the core of this study. Therefore, innovation

quotient is chosen because it focuses both on innovation and the cultural part of an organization (Rao & Weintraub, 2013; Zhang, Larkin, & Lucey, 2015).

However, other indexes focus either only on innovation or on the rich economies. Like Oslo manual which is applicable to the rich economies (Bougrain & Haudeville, 2002; Tellis et al., 2008). Bogota manual is focused only on American's economy (Salazar-Acosta, 2006). Innovation capacity index is purely for the strong economies and concentrating more on increasing the productivity only (Amorós & Bosma, 2014; López-claros & Mata, 2004; Raj & Srivastava, 2014). State science and technology is concentrated on the science and technological impact that furnish high pay jobs (Klowden & Wolfe, 2013). This is the reason why all of them are not selected. Creative class is based on the class criteria and targeting to the measurement of the innovation only and it does not focus on any other related feature of innovation (Nicholas, 2003; Vermaas, 2012).

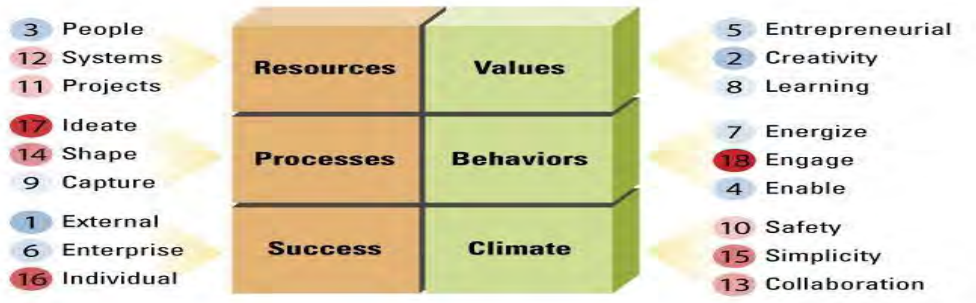
Innovation quotient is defined as "*the ability of the culture to combine all those relationships that draw from their diverse effectiveness towards the creative themes and concepts*" (West & Gallagher, 2006). It includes all those concepts of the culture as well as those creative aspects which promotes and support creativity's elements (Mishra & Sahay, 2008; Rao & Weintraub, 2013). This ability is defined and measured as a firm Innovation quotient (IQ) which is also called as Bloomberg's innovation quotient (Weintraub, and Rao, 2014). It is widely used all around the world.

For this study, innovation quotient (IQ) index was selected which is developed by Joseph Weintraub, and Jay Rao working in Massachusetts institute of Technology (MIT) in 2013 (Rao & Weintraub, 2013). Why this quotient index was chosen because it has all the accurate

dimensions, factors, and elements of the culture and innovation for measuring the innovative culture. The dimensions of the culture are; values, behavior, processes, resources, success, and climate (Weintraub, and Rao, 2014).

The factors of the innovation are the learning, entrepreneurial traits, creativity, engagement of the employees, capability of innovation, energized employees, simplicity, collaboration of the employees, safety (in respect of the values, and conventional and non-conventional ideas,), systems of the firm values, people (which means champions, talents and experts' innovation), shaping the processes based on prototyping, literation between the customers and the organization and the predefined smart failing, projects based on the time, finance and the space, capture based on the flexibility, market oriented and the market initiatives, ideation in the organization, external situation, enterprise's innovation, and individual's satisfaction, growth and reward (Weintraub, and Rao, 2014) (Appendix, A). All these dimensions along their elements are presented in the figure number 2.1.

Figure 2.1
Dimensions and factors of the Innovative Culture



Sources: MIT Innovation quotient (Adopted from Weintraub, and Rao, 2014)

When it comes to further innovation, enterprises have focused on the ways to have innovative culture in them through resources, and climate (Chandrasekhar, 2005). But the

organizations have given more attention for having the innovation through the processes, behaviors and the success (Teece, 2010; Tellis et al., 2008; Whalley, 2010). All of these components are very important to manage out the innovation in an organization which is presented well in the innovation quotient by Weintraub and Rao (2014) which includes both intangible and tangible ways to enhance innovative culture.

2.3.5 Building Blocks of an Innovative Culture

An innovative culture depends upon the six basic blocks which are called as the building blocks of the innovative culture includes "*resources, processes, values, behavior, climate and success*" (Weintraub, and Rao, 2014). All of these blocks are associated with each other shown in figure no. 2.1. Following is the details of the innovative cultural blocks by Weintraub and Rao (2014).

1. Values

Values determine such decisions and priorities, which are shown in spending their time and money (Thompson, 2006; Wisdom, Chor, Hoagwood, & Horwitz, 2014). The values of an organization are represented in their selves and in their doings as well as how they invest instead of stating in their annual reports and CEOs notes (Thompson, 2006; Wisdom et al., 2014; Wu, 2006). Values are manifested in organizations in a way that how the employees of the organization spend and behave in respect of how they express. In IQ, values in an organization are represented in three forms which are entrepreneurial values, creativity value, and learning value (Weintraub, and Rao, 2014).

2. Behaviors

Behaviors determine how employees of the organization act and do in causing the culture which is enriched of innovation (Courtright & Smudde, 2009; Maladzhi et al., 2012; Wu, 2006). Leaders in an organization for causing the innovation includes such behavior which replaces the existing products and the services to the better and the new ones and continuously energize to their employees in their organization for the better performance and creating more innovative culture (Maladzhi et al., 2012; Wu, 2006). And employees in response do such acts which support the innovative activities and overwhelmed the technical blockages after viewing the customers' feedback (Dobni, 2010).

In IQ, behavior in an organization are represented in three forms which are energize, engagement of the employees and enabling them to innovate (Rao & Weintraub, 2013). Energize includes the elements which are inspiration, challenge facing, and model development (Weintraub, and Rao, 2014). Engage includes the elements which are coach, initiative, and the support (Weintraub, and Rao, 2014). Enabling employees include the elements which are influence, adaptation, and gritting (Weintraub, and Rao, 2014).

3. Climate

Climate is the theme of the organizational working environment (Ogbonna & Harris, 2000). An innovative culture based organization includes such climate which have such environment in which the employees work more enthusiastically, face the challenges, trust each other, no beauracracy, no rigidity at workplace, trustworthy environment, teamwork, openness, integrity, and the collaboration between them is more (Maladzhi et al., 2012). In IQ, climate in an organization are represented in three forms which are collaboration

between employees, safety which includes trust, integrity and the openness to the new ideas, and the simplicity in the organization which contains the accountability and the decision making (Rao & Weintraub, 2013).

4. Resources

In IQ, resources in an organization are represented in three forms which are: people means employees of the organization, systems of the organization and the projects contain the finance investment, time allocation and the space (Weintraub, and Rao, 2014). Between these people includes especially "innovation champions" are the most important ones, because they heavily influence the organizational values and climate (Tellis et al., 2008). Resources are the economic or productive factor required to accomplish an activity, and as means to undertake an enterprise and achieve desired outcome. People includes the elements which are champions, experts, and talents. Systems include the elements which are selection, communication, and ecosystem. Projects include the elements which are time allocated, finance investment, and the space (Weintraub, and Rao, 2014).

5. Processes

Processes are the ways and the course of actions in an organization that have to be followed (Chandrasekhar, 2005; Sacramento & West, 2006). Process is a series of progressive and interdependent steps by which an end is attained. In IQ, processes in an organization are represented in three forms which are ideation in an organization, sharpening and capturing the employees (Weintraub, and Rao, 2014). Ideation includes generate, filter, and prioritize (Rao & Weintraub, 2013). Shape is defined in the terms of prototype, effective feedback,

and fail smart (Rao & Weintraub, 2013). Capture includes the elements of flexibility, launching, and scaling (Rao & Weintraub, 2013).

6. Success

In IQ, success includes as the favorable and prosperous termination of attempts and endeavors which includes the accomplishment of one's goals. Success in an organization is represented at three levels which are external, enterprise and individualization of the employees (Weintraub, and Rao, 2014). Externalization of the organization encompasses that what customers take the organization with reference to the innovation and how the organization is leading over the competitors and the other firms in the industry (Miguel & Schwarck, 2014; Rao & Weintraub, 2013). Moreover success in other terms give the ways that which enterprise's values, processes, and behaviors results in driving good decisions and actions that which 'people' and the projects are selected (Miguel & Schwarck, 2014). Although, Individual involves satisfaction, growth, and reward and the enterprises includes the purposing, disciplined and the capabilities (Rao & Weintraub, 2013).

Innovative culture as an independent variable exists in this study. However, SMEs are considered as an important sector because SMEs act as a catalyst for the investment in their country. Studies reveal that SMEs always need an innovation and such culture which is enriched with innovation. Dimensions of IC which are focused of this study are VL, BH, RS, PR, SC and CL, discussed in detail above. These dimensions of IC are the ways to measure IC in an organization developed by Rao & Weintraub in 2013. Where as values and behaviors are considered as the internal traits of the organizations. Climate is an internal environment of the organization with respect to IC. Resources are the

economic or productive factor required to accomplish an activity, and as means to undertake an enterprise and achieve desired outcome (Barney, 2001). Process is a series of progressive and interdependent steps by which an end is attained (Maladzhi et al., 2012). Success includes as the favorable and prosperous termination of attempts for the accomplishment of one's goals (Naqvi, 2011). All these dimensions help to identify the IC in an organization.

2.3.6 Innovative Culture influences the Firm Performance

In the prior studies, few theorists have identified the innovation-culture-performance linkages that the adequate evidence exists to support that organizational culture is associated with the organizational performance (Denison, 1984; Madu, 2011; Ogbonna & Harris, 2000; Rose, 2008). The earliest of the quantitative studies on the culture-performance linkages were conducted by Denison (1984) who performed his studies on the 34 U.S firms over a period of five years. He observed the characteristics of firm culture in these firms and followed their performance over a period of time. In order to measure the performance, data on returns on investment and sales were used (Delisle, 2004). For capturing the firm performance responses, a one-time survey concerning the insights of work group and participation in the decision making process was collected. While, the author found that innovative culture is linked with financial performance, some of his measurement pointers varied in the strength of the association between culture and performance (Denison, 1984). The vital criticisms refer to the use of employee discernments which proposed that the study has acquired a measure of organizational climate rather than a measurement of innovative culture (Sarros et al., 2008).

Authors tried to overcome certain limitations in determining innovative culture (Ogbonna & Harris, 2000). He gathered data from 32 voluntary service organizations and used them as a performance metric towards the sum of money being raised from a recently completed fund-raising campaign (Ogbonna & Harris, 2000, 2000; Reilly, 1991; Tremblay & Ph, 2004). Cooke and Lafferty developed an organizational culture inventory for measuring. However, the outcomes of this study showed no major positive correlations between performance and culture but he identified that there is a relationship which is missing between culture and performance (Boglarsky & Kwantes, 1996; Delobbe, 2002; Kwantes & Boglarsky, 2007).

One of the most widespread studies on the culture-performance link was conducted by Kotter (de Jong, 2007). They used data collected from 207 firms spread across continents over a five years period. They used several measures of innovative culture and long term financial performance data. Their preliminary goal of the study was to find the connection between strong cultures and long term performance in the sample organizations. While they found only a negligible correlation between strong culture and long term performance, subsequent inquiries showed that firms with cultures fit to their market environment have healthier performance than those that are lightly fixed to their environment.

Few authors studied the connection between organizational culture and performance by using data collected from 26 organizations. (Ahmad, 2012; Kwantes & Boglarsky, 2007; Rose, 2008). They estimated a model in which organizational culture was measured using various latent variables like organizational structure, task organization, climate, organizational values, top management leadership, and employees' values and beliefs (Acito et al., 2008; Deshpande et al., 1993; Dobni, 2010; For et al., 2012; Hurley & Hult, 1998; Lunenburg, 2011; Ogbonna & Harris, 2000; Raj & Srivastava, 2014; Subhan et al., 2013;

Zhu & Engels, 2013). Organizational performance was measured by using capital, market and financial indicators (Ayiecha & A. Senaji, 2014; Deshpande et al., 1993; Ogbonna & Harris, 2000).

Ogbonna and Harris studied the linkage between organizational culture and performance by adding leadership style as a third variable in the model. They used a sample of 1000 units of registered British companies (Alvesson, 2002; Ogbonna & Harris, 2000; Sarros et al., 2008; Veskaisri et al., 2007). For measuring performance, they used variables like customer satisfaction, competitive advantage, growth in sales, market share, and volume of sales. In order to measure organizational culture the authors used parameters as bureaucratic culture, competitive culture, innovative culture and community culture. The results highlighted that all four measures of organizational culture were linked in some way with the corporate performance of the organizations being studied (Ogbonna & Harris, 2000; Sarros et al., 2008; Abankwa, 2011; Veskaisri et al., 2007).

Briefly, the innovative and competitive cultures had a direct impact on the performance and accounted for almost 25 percent of the variance in organizational performance (Kwantes & Boglarsky, 2007). In case of the competitive and the innovative cultures, they were outwardly oriented in line with the assumption that organizational culture must be adjustable to external environment for a sustainable competitive advantage (Sarros et al., 2008). Few studies have been conducted on innovative culture. Hence, bureaucratic and community cultures are internally focused and were directly linked to performance (Abouzeedan, 2011; Morgan & Strong, 2003a.).

Researchers say that one of the main reasons for the common popularity and interest in the study of organizational culture is due to the argument or assumption that certain organizational cultures lead to superior organizational performance and it is always the need of time that for the better performance of the organization a culture is always needed which is concentrated on enhancing the outputs of the organization (Batool, 2011; Claudius & Barbosa, 2012; Evan, 1984; Jantan, 2003; Kee-luen et al., 2013; Skokan et al., 2013).

Researchers, theorists, and practitioners are working to have new ways, techniques, and methods which must be impeded in the culture of the organization for having the better performance of the organization (Ehtesham et al., 2011; Madu, 2011; Rose, 2008). These new ways and techniques are in the forms of innovative culture, learning culture as learning organizations, ICT (information communication technology) based organizations and many more (Endlich et al., 2001; Engineering, 2011; Hurley & Hult, 1998; Raj & Srivastava, 2014; Shabbir & Shabbir, 2011). When innovation is impeded in the culture of the firm it ultimately generates the better outputs and revenue (Maladzhi et al., 2012; Seyal et al., 2004b; Wu, 2006). Therefore the success of the firm lies in a cultural based organizations which are impede with those traits who intensely influence the performance of the organizations (Madu, 2011; Maladzhi et al., 2012).

Hence, studies have shown that researchers and theorists are continuously working to enhance the performance of an organization. As literature has revealed that innovative culture is a significant factor for enhancing the performance of an organization but studies have identified that an element is needed to strengthen the effect of innovative culture (Honig, 2004; Kwantes & Boglarsky, 2007; Ogbonna & Harris, 2000; Ohyama et al., 2009; Oke et al., 2007). This element is strategic planning because researchers have identified that

when innovative culture is lined up with the planning of a strategy in a firm then ultimately the growth rate of the organization increases (Cantwell, 2001; Cusumano, 1991; Delobbe, 2002; Denison, 1984; Denning, 1982; Pushpakumari & Watanabe, 2009; Sciences, 2012). This study is a step towards this.

2.4 Strategic Planning

2.4.1. Defining Strategic Planning

Keeping in view a firm success and growth, employers and management always diligent with their organizational strategy namely strategic planning (Ugboro et al., 2010). Strategic planning is a significant component in a firm life because it strengthens the growth, success, and focuses on the better performance (Pushpakumari & Watanabe, 2009; Ugboro et al., 2010; Wang et al., 2007). Strategic plan in an organization identifies and manifests the pathways and approaches to work over (Denning, 1982; Morgan & Strong, 2003a). Strategic plans play a crucial role in the life cycle of a firm (Delobbe, 2002; Harrison & Wicks, 2013; Ugboro et al., 2010). Research and Development (R&D) department of an organization always create the opportunities to develop more and new strategic plans for the firm better performance (Pushpakumari & Watanabe, 2009). While captivating the performance of an organization, strategic planning can never be neglected (Gallimore, 2004; Kee-luen et al., 2013; Morgan & Strong, 2003a; Wang et al., 2007).

Strategic management discipline was formed in 1980s which focused more over the strategic planning in the start (Pushpakumari & Watanabe, 2009; Ugboro et al., 2010; Wang et al., 2007). Now strategic planning is targeted as the long-term plans (at least three years) and move towards the forthcoming yield potentials, significant and predominantly linked with

the highest management level which pinpoints the vision, mission, and goals of the firms (Arasa & K'Obonyo, 2012; Robinson, 1983). From a corporate viewpoint, strategy is defined as a way to access the corporate goals for becoming successful on a long term (Veskaisri et al., 2007).

Strategic planning is an attempt to prepare for the contingencies of the complication and the dynamics of the environment (Arasa & K'Obonyo, 2012; Falshaw et al., 2006; Robinson, 1983). SP requires situation building against the alternative future scenarios and structures. Future cannot be foreseen, but it is possible to prepare for the future and align the enterprise accordingly by doing strategic planning (Arasa & K'Obonyo, 2012; Falshaw et al., 2006; Robinson, 1983). SP visions provide guidelines and programs for the achievement of specific goals and objectives (Gallimore, 2004; Morgan & Strong, 2003a; Serrat, 2009). Consequently, SP not only postulates the basic conditions for the future business activities but it is also a central instrument for strategic management, which in turn is responsible for goals, visions, mission statements, objectives and strategies (Chesbrough & Appleyard, 2007; Fernandes, 2011; Teece, 2010; Veskaisri et al., 2007; Xie & Liang, 2013)

Development of strategies in an emergent way is a step of strategic planning (Oke et al., 2007; Sorensen, 2005). In line with researchers and authors, stages of the strategic planning can be outlined as simple and clear but after having the forecasts planning. SP for the corporate future is a pro-active planning which is done instead of reactions to market-based changes (Pizur, 2005). SP is a systematic instrument of strategic management (Ali et al., 2012; Pizur, 2005; Skokan et al., 2013; Yarger, 2006).

Studies have shown that business failure is primarily due to a firm failure to plan aptly (Serrat, 2009; Skokan et al., 2013; Škrinjar, Vukšic, & Štemberger, 2008; Spee & Jarzabkowski, 2011). Therefore, a good strategic planning enhances the performance of the firms and also emphases on the cultural development (Claudius & Barbosa, 2012; Falshaw et al., 2006; Lunenburg, 2011; Skokan et al., 2013; Ven, 1991). Norman and Thomas (2003) argue that by lacking a clearly defined strategic plan, a business has no sustainable base for creating and maintaining a competitive advantage in the market (Divan, 2012).

Prior studies have suggested that SP is a clear process for detecting the firm long term objectives, goals, strategies and procedures for producing (Ayiecha & Senaji, 2014). Few theorists say that there are three modes of formal SP; one is the entrepreneurial mode, second one is the planning mode, and the third one is the adaptive mode (Nureni, 2011; Whattam & Stern, 2011). While discussing about the entrepreneurial level, the organizations are controlled by the single owners. These are the smaller organizations which produce a limited number of products or services. In such organizations, strategic evaluation is informal, spontaneous, and restricted but needs a formal SP (Rezvani et al., 2011; Whattam & Stern, 2011). In the larger organizations that make strategic planning a part of their comprehensive and formal planning system are in the planning and evaluation level (Rezvani et al., 2011). Studies have revealed that the adaptive mode is associated with medium sized firms only. For those organizations that follow the adaptive mode, the identification and evaluation of alternative strategies are closely related to existing strategies (Unger et al., 2000).

In firms there is an external instability which leads to greater informality. Many researchers have suggested that increased rates of external change tend to increase the flexibility of planning practices (Arasa & K'Obonyo, 2012; Nureni, 2011; Oke et al., 2007; Rezvani et

al., 2011; Unger et al., 2000). It is also pointed out that the firms have always attempted to counter uncertainty with greater planning efforts through SP. Unger (2000) have argued that firms expect more chances to succeed when there is SP.

Researchers have continued to reason that without a clearly defined strategy, a business has no sustainable basis for creating and maintaining a competitive edge in the market place (Arasa & K'Obonyo, 2012). In other words, strategic planning can lead to increase in performance whereas performance can lead to a business success (Lunenburg, 2011; Unger et al., 2000; Wu, 2006).

2.4.2 Strategic Planning and its Components

SP is the driving force in growing a firm and a company (Ogbonna & Harris, 2000). SP is more like developing a road map towards reaching a goal. There are a number of concepts that can be used to help to develop a strategic plan. SP is the process that guides us through strategy making and strategy deployment (Murphy & Callaway, 2004; Tremblay & Ph, 2004; Veskaisri et al., 2007). It should be consistent, measurable, and flexible enough to adapt and learn from losses and triumphs of a firm (Ogbonna & Harris, 2000, 2000; Tremblay & Ph, 2004; Young, 1995). There are many components of SP defined by Charles P. Sitkin in 1998 which are company mission and values, strategic visions, strategic goals, objectives and strategies including short term and long term. All of these components are discussed in detail.

2.4.2.1 Company Mission and Values

In a firm, SP always need to be guided by the missions (Dermol, 2012). Mission statements of the organization include, "*what an organization do, and why an organization is doing this*" (Bennis & O'Toole, 2005, p. 112). Values of an organization are described as how the things truly manipulates our beliefs (Wisdom et al., 2014). It is necessary to review the company mission in light of internal and external changes in a firm strategic plans (Bennis & O'Toole, 2005; Evan, 1984; Rezvani et al., 2011). If any modifications are required in the values and the mission statements then they are modified over time (Pushpakumari & Watanabe, 2009). Such changes require long term strategic thinking (Arasa & K'Obonyo, 2012; Bennis & O'Toole, 2005; Rezvani et al., 2011).

Critical issues can reflect long-standing problems in the firm (Li et al., 2008). Though these mission statements and the values are the most important component of strategic planning and they also present the firms way to proceed (Oswald, 2014; Rezvani et al., 2011; C. Xie & Steiner, 2013). A firm mission statement is an opportunity to define the firm goals. A mission statement defines a firm goals in at least three dimensions which are what the company does for its customers, what it does for its employees, and what it does for its stakeholders (Oswald, 2014).

2.4.2.2 Strategic Visions: 5-10 years' out

Researchers have described visions as, "*what an organization wants that the organization to look like in ideal terms in the future*" (Courtright & Smudde, 2009, p. 89). Strategic visions include all those outputs that a firm will be achieving (Li et al., 2008). Strategic visions are characteristics that an organization need to possess in order to achieve the results (Courtright

& Smudde, 2009; Veskaisri et al., 2007). Studies say that strategic visions are those statements which defines about the organizational ideal situations, which the employers and employees of an organization want their organization to be in the future (Skokan et al., 2013; Kotter, 2001; Young, 1995). It describes about the future position of an organization. Though it pinpoints in the form of a statement that which position the organization must be in the near time. It is focused and developed based on the next five to ten years (Morris, 2011; Ohyama et al., 2009; Young, 1995).

2.4.2.3. Goals: 3-5 Years' out

Goals are the broad statements of what the organization hopes to achieve in the next 3 years (Clinebell, 2008; Wang et al., 2007). Goals focus on the outcomes and the results (Rahman & Ramli, 2014). Though there are many parts of the strategic planning but the goals are the most important ones because they lay grounds for the objectives and the strategies. These are the connecting link between the mission statement, values and the visions (Clinebell, 2008; Evan, 1984; Morris, 2011; Madu, 2011; Rezvani et al., 2011; Wang et al., 2007; Yarger, 2006).

Confusing part of the goals with the other sections of the strategy is that they are defined as the ends (Carolina & Care, 2000). Wang (2007) stated goals as, "*any ends (or goal) can be a means to achieve another goal or end, and that goal can in turn be a mean and way to achieve yet another higher up goal*" (Wang, 2007, p. 61). Thus, when it is planned strategically and operationally, it ends up with a goal chain (Carolina & Care, 2000; Denning, 1982; Jantan, 2003; Teece, 2010). When that goal chain gets specific result, then the goals and objectives at the bottom are detailed and specific (Teece, 2010). Those goals

which are taken together comprise the strategic planning of a firm (Carolina & Care, 2000; Dobni, 2010; Jantan, 2003; Morgan, 1997; Teece, 2010).

Usually most senior managers take the time to develop and make the appropriate strategic goals for the firms. It defines to the employees that what are the plans and visions for the firm which employees must achieve (Morgan, 1997). Strategic goals are achievable and always reflect a realistic assessment of the current and projected business environment of an organization. Although these goals are also very important.

2.4.2.4 Objectives: 1-Year out

Wang (2007) defined objectives of a firm as "*the specific, concrete, and measurable statements of what will be done to achieve a goal generally within a one year time frame*" (Wang, 2007, p. 43). Objectives are broadly defined in an organization that must be achieved to make its strategy successful (Aldehayyat & Al Khattab, 2012). Management guru Peter F. Drucker (1998) has defined strategic objectives and categorized them "*as they are always externally focused*" (Drucker, 1998, p. 61).

Strategic objectives must be clear, vivid, apparent and lucid (Wallman, 2009). These strategic objectives are developed by the owners, senior employees, and strategists of the organization (Arasa & K'Obonyo, 2012; Personal et al., 2012; Wallman, 2009). These are meant to follow and to achieve the goals, vision, and mission statements of the organization. An organization usually develop the objectives in two ways, one in short term and the other one is in the long term (Moberg et al., 2014).

Long term objectives are more than a year and the short term objectives are for less than a year. Indeed, every department in an organization has its own objectives (Barringer & Bluedorn, 1999). Though both type of objectives are reviewed after some span of time but any changes and amendments in the objectives are based upon the changes done in the goals (Evan, 1984; Rezvani et al., 2011; Vermaas, 2012; Yarger, 2006). If there is any change in the goals is done, then obviously changes in the objectives are also required because these are based upon the goals.

Every organization always establishes a clear and meaningful SP process. Management engage all levels of employees to ensure success and to increase the performance of the organization through these components (Arasa & K'Obonyo, 2012; Kurien & Qureshi, 2011). SP is always communicated to employees throughout the organization for enhancing the performance.

2.4.2.5 Strategies: 1-5 Years' out

Strategies are statements in which it is described in depth about the major approaches and methods for attaining the goals (Friga, Bettis, & Sullivan, 2003; Hin, 2012; Pushpakumari & Watanabe, 2009; Unger et al., 2000). It also tries to resolve the specific issues of a firm (Friga et al., 2003; Hin et al., 2013). These strategies are the overall plan of action which defines the competitive positioning of a firm (Wang et al., 2007). Firm performance is described by the strategy which a firm adopts to perform (Barringer & Bluedorn, 1999).

Every organization has its own strategy based on the objectives and goals. These strategies are defined in the two ways; one is for the long term strategies and the other one is in the short term strategy (Denning, 1982; Friga et al., 2003; Hin et al., 2013; Oswald, 2014; Unger

et al., 2000). These long term strategies are focused over the long term and futuristic pathway to proceed by the organization.

Though the other strategy, short term strategy is the way of action to proceed in a short term called as the business strategy (Jalali, 2012; Syed et al., 2012). These short term or the business strategies are plans of action and the ways of actions to proceed in every department of the organization i.e., in human resource department, finance department, marketing and sales department, production department, procurement department, and many more (Nureni, 2011; Sacramento & West, 2006).

Research has consistently shown that most SMEs do not engage in strategic planning (Berman, Gordon & Sussman 1997; Orser, Hogarth-Scott & Riding 2000; Sandberg, Robinson & Pearce 2001; Beaver 2003). This is at odds with much of the strategy literature that dictates that enterprises "*must actively plan for the future*" to compete effectively and survive (Ennis, 1998). Accordingly, SME owner-managers have been accused of being "*strategically myopic*" and lacking the "*long-term vision as to where their company is headed*" (Mazzarol, 2004). The concern is that by neglecting strategic planning, SMEs may not achieve their full performance and growth potentials, and their survival could be placed at risk (Berry, 1998). Consequently, considerable research effort has been expended on identifying '*barriers*' that hinder planning in order that these may be overcome or else mitigated to encourage strategic planning in SMEs.

Moreover, SMEs that engage in strategic planning are also more likely to be those enterprises that are more innovative, that have more newly patented products, that employ new process and management technologies, and that achieve international growth (Upton, Teal & Felan

2001; Beaver & Prince 2002; Stewart 2002; Gibbons & O'Connor 2005). Perhaps most importantly, SMEs that engage in strategic planning are less likely to be those that fail (Gaskill, van Auken & Manning 1993; Perry 2001).

Every firm makes its own strategies which are developed by the management. Mostly top management staff, CEO, owners, and strategists are involved in developing the strategies of the firm (Martins & Martins, 2002). Employees follow the strategies of their firms to achieve their defined goals and the objectives. These strategies are based upon the objectives, goals, vision, and mission statement (Harrison & Wicks, 2013).

Thus these strategies give the ways to proceed in an organization to achieve those futuristic positions which have been defined earlier in the objectives and goals for increasing the performance of the firm.

2.4.3. Strategic Planning as a Mediating Variable

SP includes mission statements, values, visions, goals, objectives and strategies of a firm. Studies reveal that strategists develop strategic plans based on the beliefs, norms, attitudes and behavior which an owner and stakeholders want to have in their firms (Kraus, Reiche, & Reschke, 2007; Ogbonna & Harris, 2000; Swierczek & Thai, 2003). This set of beliefs, norms, attitudes and behavior is called as culture (Abdi & Senin, 2014; Tellis et al., 2008). Strategic plans promote the organizational culture because strategic plan make the pathways for the aimed culture to be implemented (Arasa & K'Obonyo, 2012; Kurien & Qureshi, 2011; Morris, 2011; Vermaas, 2012).

Organizational research does reveal differences in philosophical positions regarding the variation of culture within an agency. Culture exists across an entire organization (Frost, *et*

al., 1991; Martin, 2004; Rainey, 2009). SP in this study is taken as a mediating variable. Mediating variable is a variable which effect on the direct causal relationship between the independent variable and the dependent variable (Raj & Srivastava, 2014). A mediation model proposes that the independent variable influences the mediator variable, which in turn influences the dependent variable (Tellis et al., 2008).

In statistics, a mediation variable is one that seeks to identify and explain the mechanism and process that underlies an observed relationship between an independent variable and a dependent variable via the inclusion of a third variable whose existence is necessary to manipulate the result, known as a mediator variable (Neluheni et al., 2014; Skokan et al., 2013). Strategic planning is a mediator variable between innovative culture and performance because it is a need of the organizational culture to achieve a good performance through a plan (Aldehayyat & Al Khattab, 2012; Arasa & K'Obonyo, 2012; Kraus et al., 2007; Rezvani et al., 2011; Wang et al., 2007).

Innovative culture needs a strategic fit with the planning process for the success, profit, growth, and ultimately for the performance (Aldehayyat & Al Khattab, 2012; Dobni, 2010; Fernandes, 2011; Pushpakumari & Watanabe, 2009). Organizations perform if they are approaching through a strategic planning because strategic planning jeopardizes the pathways to proceed in the short and the long term to achieve its goals, mission statement, values, objectives, and strategies (Dobni, 2010).

In most studies, strategic planning is considered as a mediating variable because when the independent variables become the strategic planning's aims, mission statements, values, visions, goals, and objectives (Bourgeois, 1980; Raj & Srivastava, 2014; Rezvani et al., 2011). It is a good option to consider strategic planning as a mediator then a moderator

because it mediates the IV and DV to achieve the purpose of the research (Arasa & K'Obonyo, 2012; Kraus et al., 2007; Neluheni et al., 2014; Robinson, 1983; Skokan et al., 2013; Suklev & Debarliev, 2012). Hence, innovative culture of a firm must pass through the strategic planning to achieve the performance of a firm (Christensen & Donovan, 2012; Jantan, 2003; Ugboro et al., 2010).

Innovative culture is such set of beliefs, values, behaviors, and attitude which is focused on innovation. Studies reveal that when SP is in relationship with IC then SP acts like feedback loops. Peter senge (2010) said organizations which are focused on the learning elements if are in line with the vision, mission statements, beliefs, attitudes and norms then they become feedback loops which are communication mechanisms that support systems thinking and forces critical evaluation of processes, policies, and decisions. He further said that both systems thinking and feedback loop constructs disrupt status-quo patterns of thinking (mental models) providing an ability to change and how things are done. In other words, SP as a feedback loop is a circular communication style purposed to continually detect problems in generating a better performance in this study.

IC in relationship with SP and performance creates a shared vision and mission which creates a core set of managerial values serving to moderate the way in which business is executed (Bryson, 2004). Henry Mintzberg and Frances Westley (1992) characterize shared vision as a step in organizational change and performance involving a forced synthesis of individual initiatives into a common mission, common goals, and shared objectives that code eventually guides decision-making in the form of strategies. Shared vision answers what an employer and owner want to create and where ideals establish in the discipline of performance answers and what do a firm wants to produce and serve (Senge, 2006). Finally, a culture of vision

centered firm makes it easier to clarify outcomes and identify personnel responsibilities by equipping members with a clear direction (Senge, 2006).

Baron and Kenny (1986) recommend three tests for the variable to be a mediator which are as follows. A variable functions as a mediator when it meets the following conditions like variations in levels of the independent variable significantly account for variations in the presumed mediator, variations in the mediator significantly account for variations in the dependent variable and when both are in significant in relation between the independent and dependent variables with the strongest demonstration of mediator. As Barron and Kenny's justifications are fulfilled by SP as a mediator. SP promotes the culture (Kraus et al., 2007; Robinson, 1983; Ugboro et al., 2010). Hence, SP is taken as a mediating variable because SP existence between IC and performance will make this relationship as a significant in the form of shared values, shared mission statements, shared visions, shared goals, shared objectives, and shared strategies for the better performance of SMEs.

2.4.4 Relationship between Innovative Culture, Strategic Planning and SMEs Performance

Role of SMEs is becoming increasingly prominent throughout the world which is identified by practitioners and by many academicians too (Butler et al., 2012; Denison, 1984; Keskin, 2006; Morgan & Strong, 2003a, 2003b; Oke et al., 2007; Postma & Zwart, 2001; Pushpakumari & Watanabe, 2009; Rezvani et al., 2011). Similarly, in the developing countries, SMEs are the most important source of new employment opportunities (Kee-luen et al., 2013). SMEs do significant contributions to employment and include the majority of businesses in every country (Harrison & Wicks, 2013; Khan & Awang, 2013). For example, in the United States, SMEs represent an overwhelming majority of all the businesses and

account for almost one-half of the gross national product (Programs, 2012). SMEs create two-thirds of all the new jobs and invent more than one-half of all technological innovations in United States (Regulation, 2012).

Therefore, SMEs play a substantial role in causing the businesses in a country. From the literature it is also obvious that strategic planning plays a significant role in enhancing the performance (Butler et al., 2012; Denison, 1984; Keskin, 2006; Morgan & Strong, 2003a, 2003b; Oke et al., 2007; Postma & Zwart, 2001; Pushpakumari & Watanabe, 2009; Rezvani et al., 2011).

Literature widely accepts that strategic planning is a substantial success factor for small or medium sized ventures (Keh et al., 2007; Oke et al., 2007; Swierczek & Thai, 2003). According to few authors, strategic planning increases not only the rate, but also the extent of success. Meta analyses conducted by Robinson and Pearce (1984) showed that the existence of strategic planning is significantly positively correlated with the success of an enterprise (Salwa, Azahari, & Tamkin, 2013). Small firms can benefit from strategic planning particularly if it involves long-range thinking and systematic screening of opportunities (de Jong, 2007; Kee-luen et al., 2013).

Numerous studies indicate a positive relationship between strategic planning and success in their investigation of small business enterprises (Kurien & Qureshi, 2011; Morgan & Strong, 2003a, 2003b). It is also found that small business planners were shown to be more successful measured by return on assets than no planners (Falshaw et al., 2006; Kee-luen et al., 2013; Nureni, 2011; Wang et al., 2007).

Few studies reveal that many CEOs and SMEs owners say that real entrepreneurs need a timely plan (Kraus et al., 2007; Mazzarol, 2004). They also assumed that they use their limited time resources more effectively for the operational or sales activities (Kraus et al., 2007; Mazzarol, 2004). Numerous authors have indicated three major objectives with respect to strategic planning for the CEOs and owners of SMEs who work unplanned (Beck & Demirguc-Kunt, 2006; Kraus et al., 2007; Mazzarol, 2004; Skokan et al., 2013; Sme & Policy, 2005; Spee & Jarzabkowski, 2011; Ugboro et al., 2010; Veskaisri et al., 2007). These objectives are expressed against the use of strategic processes in SMEs.

Firstly, strategic planning identifies, measures and instruments constrain flexibility and the ability for improvisation. Secondly, it makes more sense to use the limited time resources for operational, sales activities, and research and development rather than not using it. Lastly, strategic planning is too significant to use it for enhancing the performance of an organization because strategic planning has involved strategic objectives, strategic goals, and mission statements, visions of the organization, and step by step long term and short term goals (Kee-luen et al., 2013; Nureni, 2011; Young, 1995). All of these elements of strategic planning help to enhance the growth and performance of SMEs.

Prior studies have also identified that at the time of uncertainty and dynamics, it is significant to highly stay alert about our organizational goals and objectives, and achieving them on the consistent basis (Zadeh & Ching, 2007). It is always endorsed to prioritize the strategic planning as a forthcoming ability (Kee-luen et al., 2013; Nureni, 2011; Wang et al., 2007).

Most of the renowned strategic planning ideologies, studies and concepts have produced and originated in the early 1980s (Kee-luen et al., 2013; Gomezelj & Kušce, 2013; Pushpakumari

& Watanabe, 2009; Pushpakumari, 2009; Subhan et al., 2014; Swierczek & Thai, 2003; Syed et al., 2012). But majorly studies were focused on the medium enterprises, which explores a high awareness for their current issues and problems related to their growth output (Ali, 2013; Kee-luen et al., 2013; Pushpakumari, 2009). But these studies and research work seems to be quite beneficial for SMEs. These readings accounts a lot to SMEs and are supportive to their situations and problems related to their performance (Syed, Ahmadani, Shaikh, & shaikh, 2012). That is why this study is also better for allocating resources to SMEs performance and generating output (Swierczek & Thai, 2003; Wang et al., 2007; Yahya, 2012).

SMEs comparing to the larger companies offer and produce a limited array of products and services in a limited number of markets and practice market penetration and product development strategies rather than market development (Hin et al., 2013; Pushpakumari & Watanabe, 2009, 2009). SMEs largely deal with a limited market and limited range of products and services (Bourgeois, 1980; Friga et al., 2003; Wu, 2009). SMEs have a lesser resource as well as minimum access to financial and human capital for generating the output and better performance (Maladzhi et al., 2012; Khan, &Awang, 2013). Particularly up to a specific critical size, the practice of a formal planning mechanisms is often absent because of which SMEs cannot be converted in to successful enterprises (Hathway, 2013). If SMEs are successful and they receive more orders then small enterprises can be converted in to medium enterprises and then later on into larger organizations for which smaller enterprises need strategic plans (Hin et al., 2013; Neluheni et al., 2014).

Significant factor for the success of small business owners is time (Hafeez, 2012; Hathway, 2013). Thus, it has a huge influence on the result of any activity optimizing concerns of the

owners (Wang et al., 2007; Web, 2008). Authors have suggested in their studies that the capacity for the innovative culture through strategic planning involvement will be the next competitive advantage for the organizations around the globe (Maladzhi et al., 2012; Penker, 2011; Subhan et al., 2013; Swierczek & Thai, 2003). It is also referred that strategy itself does not lead to innovation (Hathway, 2013; Raj & Srivastava, 2014).

Strategic plan needs a backbone of a culture to result in a good performance (Barringer & Bluedorn, 1999; Burgelman, 2012; Ogbonna & Harris, 2000; Webster, 2009). If that force is an innovative culture then the mission statements, values, vision, objectives, and strategies will be based on innovative cultural values, behaviors, climate, success, processes and resources. Rare studies have been done on innovative culture. Therefore, innovative culture values, behaviors, processes, resources, climate, and success are hardly linked with any variable in the previous studies but few studies show the positive linkages with the strategic planning (Barringer & Bluedorn, 1999; Hafeez, 2012; Honig, 2004; Soto-acosta, Popa, Palacios-marqués, Popa, & Palacios-marqués, 2015; van de Vrande, de Jong, Vanhaverbeke, & de Rochemont, 2009; Wang et al., 2007; Webster, 2009).

Few studies also show the relationship between the Innovative cultural values, behaviors, processes, resources, climate, and success with performance of a firm in a positive way (Ardjouman et al., 2015; Ebersberger & Herstad, 2013; Hafeez, 2012; Hafeez, Shariff, & Lazim, 2013; Keskin, 2006; Li et al., 2008; Oke et al., 2007; Soto-acosta et al., 2015; Yeşil & Kaya, 2012; Zeng et al., 2010). Strategic planning with the innovative culture and the performance is logical and rational (Bourgeois, 1980; de Jong, 2007; El-shishini, 2001; Hathway, 2013; Kotsemir, 2013; Swierczek & Thai, 2003; Teece, 2010; With, 2012; Zadeh & Ching, 2007).

Prevailing studies have stated that strategic planning and innovation in an organization are often coined together (El-shishini, 2001; Ogbonna & Harris, 2000). Understanding the differences and the relationships between them is foundation to become innovative. What it is in due course have been discovered that strategy and innovation are mutually exclusive both in description and at the functional level. Yet, with the proper prospective, they are complementary, harmonized, and powerful when they co-exist and are effectively and efficiently leveraged (Hamel, 1997).

2.5. Theoretical Background

A theoretical support is provided through different theories. Theoretical support is always needed while determining the relationships between different variables. Different supportive theory and underpinning theory of this study are described below with the relationship with each dependent variable (DV), mediating variable (MV), and independent variable (IV).

2.5.1 Schumpeter's theory of Profits and Growth

Main underpinning theory of this study is Schumpeter's theory of Profits and Growth through Innovation (Cantwell, 2001; Johannessen et al., 2001; Ohyama et al., 2009; Śledzik, 2013). Schumpeter's original theory of innovative profits was presented in 1934, emphasized the role of entrepreneurship and the seeking out of opportunities for novel value-generating activities which would expand (and transform) the circular flow of income, but it did so with reference to a distinction between invention or discovery on the one hand and innovation, commercialization, and entrepreneurship on the other hand (Cantwell, 2001; Ohyama et al., 2009; Śledzik, 2013; Sweezy, 1943). Our independent variable in this study is innovative culture which is discussed in detail. This theory says that a culture which is

enriched with innovation enhances the output and performance of the organization. Innovation as per Schumpeter enhances the output of the organization (Cantwell, 2001; Ohyama et al., 2009; Śledzik, 2013).

However, the basic interpretations of his theory based on the equisetic monopoly positions of the markets which are developed by the entrepreneurial firms for having the first mover advantages. This approach to Schumpeter's theory makes it clear within the old concepts and theories of the market based analysis (Cantwell, 2001; Ohyama et al., 2009; Piore, 2007; Śledzik, 2013).

In 1934, the innovative profits theory highlighted the role of entrepreneurship (notioned as entrepreneurial profits). This theory identifies the need for the new opportunities and for the values is needed (Gackstatter et al., 2014; Teece, 2010). It also needs to produce activities which converts the flow of income, but it did so with the orientation to a distinctive relationship between the invention and the discovery on the one side and on the other side the innovation and the entrepreneurship (Cantwell, 2001; Ohyama et al., 2009; Śledzik, 2013). This partition of the invention and the innovation revealed out the typical nineteenth century's institutional model of innovation which represents that the inventors stereotypically fed out the discoveries as potential inputs to the entrepreneurial firms (Seyal et al., 2004b; Subhan et al., 2014; Yahya, 2012).

In the twentieth century after Schumpeter's basic workings on the entrepreneurship, he was renowned too for in house research and development (R&D) in the larger organizations. His two models titled as Mark I and II were distinguished for the innovation (Cantwell, 2001; Nicholas, 2003; Ohyama et al., 2009). Mark I model is linked with Schumpeter's earlier

works in 1934 over the innovation was issued in 1911. Mark II model with his advance workings over innovation was from innovation to the market power in the larger firms. In many cases, the current studies have shown the stronger relationships between the market power, innovation and the firm size. These recent studies have identified that smaller organizations are very innovative especially when they are competing with the larger organizations in the same industry (Barringer & Bluedorn, 1999; Bracker, 1988; Claudius & Barbosa, 2012).

Furthermore, the larger organizations have more skilled workers and teams which are always busy in solving out the problems in these organizations at times by using the innovation concept. These organizations have also helped out the smaller firms to understand the innovation abilities (Barringer & Bluedorn, 1999; Bracker, 1988; Bruland & Mowery, 2004; Wang et al., 2007). This other outlook moves out to the Schumpeter's original thoughts and workings over creating new activities which are enriched with the new values for generating more profits through this innovation (Nicholas, 2003; Piore, 2007).

Schumpeter's workings have also been acknowledged that the innovation is the most critical element for causing the economic change (Chesbrough & Rosenbloom, 2002). He has also proved out the significance of the innovation, market power, and the entrepreneurial activities in the economic revolution (Swierczek & Thai, 2003). Schumpeter's studies have shown the remarkable effect of the innovation generated market power provides the consequences bitterly as compared to the price competition concept of products and services in an industry (Cantwell, 2001; Nicholas, 2003; Ohyama et al., 2009; Piore, 2007; Zhu & Engels, 2013). He contends the significance of the technological innovation which generates the monopolies temporarily and allows the abnormal revenues to come in but this sooner

replaced by the rivals and the imitators (Chesbrough & Rosenbloom, 2002; Swierczek & Thai, 2003). These temporarily created monopolies were competent enough to give the basic incentives for the organizations to go for the new products, services and processes (Mone et al., 1998; Vermaas, 2012).

This concept that organizations enriched with the culture of innovation is taken from this theory of profits and growth which strongly supports the innovative sorts of culture in an organization is needed to generate the profits, growth and revenue is adopted from this theory. So, an organization whose culture is enriched with innovation (Innovative Culture, as an IV) ultimately enhances the output of the organization (Performance, as a DV) which is the basic crux of the Schumpeter's theory of the innovation. Hence, this theory is strongly smeared in this study and becomes the primary and underpinning cause of this study.

2.5.2 Resource Based Theory (RBV)

Resource based view (RBV) is a theory that links the performance of organizations to its resources and capabilities which the organization has. The RBV approach was introduced by Werner felt in 1984. The main theme of RBV is that every organization differs from the other one because of the difference in the resources (Madhani, 2010; Truijens, 2003). The main point of RBV is that it is beneficial in understanding and defining that why few organizations perform extraordinary as compared to others (Whalley, 2010).

In prior works, resources of an organization have demarcated in many ways (Ismail et al., 2014). Studies have shown that resources is illustrated as anything that can be taken as a strength or weakness of a selected organization (Wu, 2009). An organizational resources are those elements which are either tangible or intangible assets that are winded up either

temporarily or permanently in an organization (Barney et al., 2001; Rahman & Ramli, 2014).There are many examples of it like their brand names, in-house knowledge of technology, employees as human resources, trading contracts, machineries, efficient and effective procedures in production and income(Barney et al., 2001; Claudius & Barbosa, 2012; Rahman & Ramli, 2014; Whalley, 2010).

Previous studies have defined resources as frameworks of knowledge, physical assets, human capital, many tangible and intangible aspects that a business have and manipulates, which makes an organization to produce better and have such offerings that value their products and services (Ismail et al., 2014; Truijens, 2003; Whalley, 2010; Wu, 2009).

RBV is used to study the effectiveness and competitive advantage inferences of an organization with reference to its resources like entrepreneurship, culture and organizational routines (Amorós & Bosma, 2014; Claudius & Barbosa, 2012). RBV also says that organizations have resources and most of these resources benefits strongly to achieve the competitive advantage through the effective and efficient work of resources to gain the organizational performance. This link of RBV supports the relationship of this study (Barney et al., 2001). It consequences out that not every resource gives the organizational competitive edge.

So this theory is taken as a supportive theory which supports to the relationships of this study very strongly. It says about the relationship between resources and output as performance of an organization which is widely used in the performance management studies. Hence, performance of an organization is the core of this study and this theory highlights and enlightens the relationship between the performance of the organization and its resources.

2.6 Summary of the Chapter

This chapter describes the literature on SMEs, firm performance, innovative culture, and strategic planning. This chapter includes the details on small and medium sized enterprises, their situations in Pakistan, their structures, SMEs performance and studies about them. It also includes the descriptions on the firm performance, performance definitions, different types of performance, and theories on the performance of the organizations. Although, it also entails the details on the strategic planning, innovative culture, their relationships, their prior studies and theories. Literature builds the foundations for the research model. Next chapter is on the research methodology which describes about the methodology, methods of study, and research design of this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter indulges the comprehensive specifics of the research methods that how this study is carried out and what steps are followed. The sketch of the methodology that has been followed for conducting this study is; at first the research framework, hypotheses, research design, operational definitions, measurement of variables/instruments, data collection, sampling details, data collection procedures, and lastly the techniques of data analysis are discussed. Research methodology and research design of this study are discussed in this chapter in detail.

3.1 Research Framework

Research framework was not somewhat, which was already existed in the literature. It was developed through the previous studies and accurate research findings from theories and analytic models that are relevant to the current research problem of innovative culture, strategic planning, and SMEs Performance in Punjab, Pakistan. Selection of the theory is always contingent with its relevance, ease of solicitation, and explanatory influence from the literature. A theoretical and a logical framework of this study was developed at first, is described in the subsequent ways:

Firstly, few explicit statements were made. Explicit statements are based on theoretical assumptions called as hypotheses (Rose, 2008). Hypotheses of this study, permitted to evaluate the relationships critically among innovative culture, strategic planning and SMEs performance.

Secondly, framework of this study was developed. It was led by the relevant theories, which are given in the literature in detail i.e., Weintraub and Rao's work on Innovation Quotient in 2014 (Weintraub, and Rao, 2014). Keeping in view the theoretical assumptions of a research, this study impelled to address the research questions.

With the help of theory, the researcher determines the limits to the generalizations of the study (Rose, 2008). A theoretical framework explains that which one of the significant variables effect a concerned phenomenon of the study and underlines the basic need to study those key variables. And how those significant variables might differ and under which conditions (Benson & College, 2004).

Following is the research framework:

Figure 3.1.
Part A- Theoretical framework of SMEs performance, innovative culture, and the strategic planning

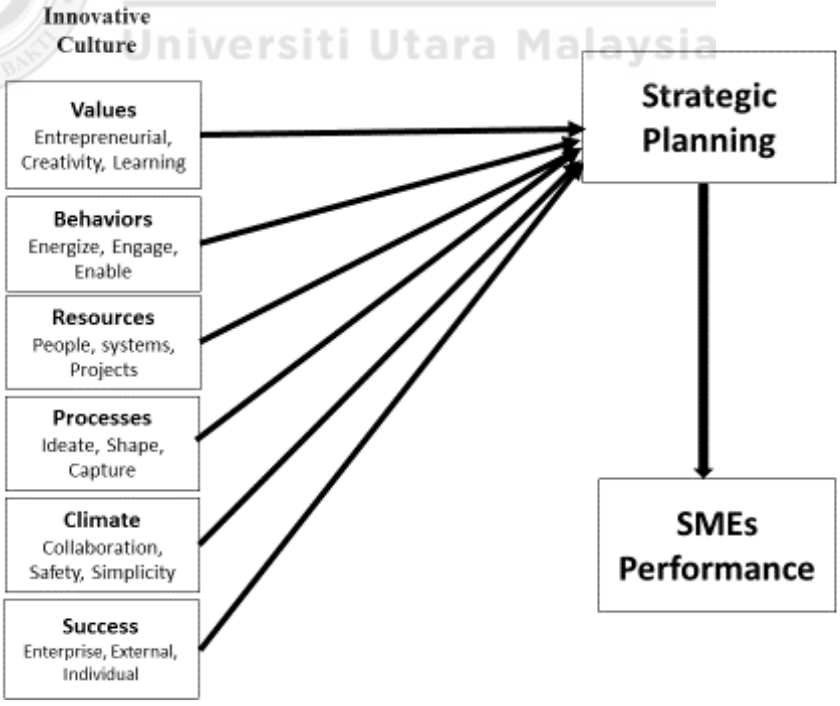


Figure 3.1 represents the relationship between innovative culture, strategic planning, and the performance of SMEs. This model depicts the innovative culture as independent variable (IV), strategic planning as mediating variable (MV), and SMEs performance as the dependent variable (DV).

Figure 3.2.
Part B-Presenting the relationship of SMEs Performance, innovative culture, and the strategic planning

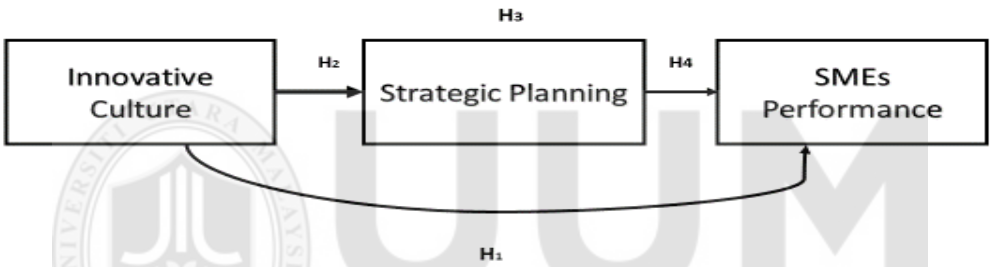


Figure 3.2 part B, explains the relationship between innovative Culture (IC) as an independent variable, strategic planning as a mediating variable, and SMEs performance as the dependent variable. The previously drawn theoretical framework is based upon the Schumpeter's theory of profits and growth, and the RBV (Cantwell, 2001; Madhani, 2010).

3.2 Hypotheses

Followings are the hypotheses of this study:

H_{1a} =Value as an innovative culture has a positive effect on the SMEs performance.

H_{1b} =Behavior as an innovative culture has a positive effect on the SMEs performance.

H_{1c} = Climate as an innovative culture has a positive effect on the SMEs performance.

H_{1d} =Processes as an innovative culture has a positive effect on the SMEs performance.

H_{1e} = Resources as an innovative culture has a positive effect on the SMEs performance.

H_{1f} =Success as an innovative culture has a positive effect on the SMEs performance.

H_{2a}=Values as an innovative culture positively effects the strategic planning of the organizations.

H_{2b}=Behavior as an innovative culture positively effects the strategic planning of the organizations

H_{2c}=Climate as an innovative culture positively effects the strategic planning of the organizations.

H_{2d} =Processes as an innovative culture positively effects the strategic planning of the organizations.

H_{2e} =Resources as an innovative culture positively effects the strategic planning of the organizations.

H_{2f} =Success as an innovative culture positively effects the strategic planning of the organizations.

H_{3a}= The positive relationship between values and SMEs performance is mediated by the strategic planning.

H_{3b}= The positive relationship between behaviors and SMEs performance is mediated by the strategic planning.

H_{3c} = The positive relationship between climate and SMEs performance is mediated by the strategic planning.

H_{3d} = The positive relationship between processes and SMEs performance is mediated by the strategic planning.

H_{3e}= The positive relationship between resources and SMEs performance is mediated by the strategic planning.

H_{3f} = The positive relationship between Success and SMEs performance is mediated by the strategic planning.

H_4=Strategic planning has a positive effect on the SMEs performance.

The above stated hypotheses are formulated on the basis of the previously developed theoretical framework of the Performance of SMEs, Innovative culture, and the Strategic planning for testifying this study. Hypotheses are the testifiable and measurable statements (Honig, 2004). So, these stated hypotheses are tested after collecting the data through data analyses.

3.3 Research Design

Research design explains what are the modes and methods of conducting a study in a scientific way (Macdonald & Headlam, 2009). A researcher choses such a research design, which is appropriate for the study. This study is based on small and medium sized enterprises

(SMEs). This study specifically aims to comprehend the relationships between SMEs performance, innovative culture, and strategic planning.

There are two types of research based on the purposes, one is theoretical and the other one is empirical. Theoretical research is such research which is based on building up a theory. Empirical research is a way of gaining knowledge by means of direct and indirect observations and experiences (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Thus, it is an empirical study because this study is not focused on building up a theory as this study is focused on direct and indirect observations and experiences in SMEs.

Empirical research on the basis of nature of investigation, there are two types. It is either qualitative research or quantitative research. Qualitative research is conducted in such type of investigation where researchers asks broad questions and collects word data from participants (Hamann et al., 2013; Hitt et al., 1998). This study is not qualitative. On the other hand, quantitative research is the systematic empirical investigation of observable phenomena via statistical, mathematical, and computational techniques. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to phenomena. The researcher looks for themes and describes the information in themes and patterns exclusive to that set of participants (Hamann et al., 2013; Hitt et al., 1998). In this study, quantitative mode of research was chosen.

In this study, the process of measurement was central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships between the variables. This study is using the

quantitative mode of research which comprehends the questionnaire survey method combined with the quantitative analysis and as well as the explanatory way.

The term explanatory research implies that the research in question is intended to explain, rather than simply to describe, the phenomena studied (Podsakoff et al., 2003). Traditionally, the research denoted by the term explanatory research has been quantitative in nature and has typically tested prior hypotheses by measuring relationships between variables (Hamann et al., 2013). Hence, this study is an explanatory study.

Type of the study in this research is a cross-sectional research. The cross-sectional mode of study is such study in which the data is collected at once from the chosen respondents (Macdonald & Headlam, 2009). The time duration for collecting the data from the respondents was the period of three months. Although one week was given to every respondent for responding out the questionnaire. In research design many other elements of this study are discussed furthermore like, unit of analysis, population of the study, sample, sampling design, sampling unit, sample size, and sampling technique.

3.3.1. Unit of Analysis

Unit of observation or the unit of analysis is the major entity that is being analyzed in a study (Sekaran & Bougie, 2010). The unit of observation or the unit of analysis of this study is the organizations. The individuals of the organizations are the respondents of the study who are senior managerial staff, strategists, and the owners of SMEs because only those individuals were selected who were involved in the strategic planning, SMEs performance and influencing and molding the culture of the organization.

3.4 Population and Sampling

According to Sekaran, *"A research population is also known as a well-defined collection of individuals or objects known to have similar characteristics. All individuals or objects within a certain population usually have a common, binding characteristic or trait"* (Sekaran, 2003, p. 89). Population always brings up such group of people, events, or points of interest that can be a focus point for the researcher to investigate in the study (Sekaran, 2003). A sample is always a subset of the chosen population (Sekaran & Bougie, 2010). Sample always includes members, which are selected from the chosen population. Sampling is the way of selecting a suitable number of elements from the particular population so that the results can be generalizable over the population (Macdonald & Headlam, 2009).

3.4.1 Population of the Study

As described in the chapter one, the target population for this study is SMEs operating in Pakistan's major province Punjab. Province Punjab was chosen as the population of the study because it is enriched with maximum SMEs (Batool & Zulfiqar, 2011; Subhan, Mehmood, & Sattar, 2013; Wasim & Khan, 2014). Pakistan has four provinces and four federal territories which are described in the following tables.

Table 3.1.
Percentages of the Country's Population based on Provinces

No.	Name of the Provinces	Capital	Percentage of the Country's Population
1	Punjab	Lahore	53.7
2	Baluchistan	Quetta	4.8
3	North Western Federal Province	Peshawar	12.9
4	Sindh	Karachi	22.2
5	Islamabad capital territory	Islamabad	0.6
6	Federally administered tribal areas	Peshawar	2.3
7	Azad Kashmir Muzaffarabad	Muzaffarabad	2.2

8	Gilgit-Baltistan	Gilgit	1.3

Source: Adapted from Ministry of Economic Affairs and Statistics of Pakistan, 2014

Table 3.2.
Provincial Percentages of SMEs in Pakistan

Provinces Name	**Percentages of SMEs on Provincial basis**
Punjab	65.4
KPK	45.3
Sindh	18
Baluchistan	2.3
Total number of SMEs in Pakistan	3.2 million

Source: Adopted from Ministry of Economic Affairs and Statistics of Pakistan, 2014

Tables 3.1 and 3.2 are the details of the total population as per the percentage ratio of each of the province and the federal territories in Pakistan. SMEs of Pakistan are handled by a department namely SMEDA (Small and Medium Enterprises Development Authority) of Pakistan. Furthermore, every province has its own SMEDA working under one main SMEDA of Pakistan. As per registered SMEs in SMEDA of Pakistan, the total numbers of SMEs in Pakistan is 3.2 million as per Ministry of Economic Affairs and Statistics of Pakistan in 2014.

3.4.2 Sample of the Study

Every province and every federal territory has its own culture and subculture in Pakistan which influences SMEs culture (Saeed et al., 2015). If the culture varies then the VL, BR, norms, PR, resources, people, and climate vary (Aidemark, 2007). Pakistan's provinces and territories are having constraints and hindrances to access in all the cities of them. Few of the territories because of the cultural constraints are unable to access and are having language

issues as every province has its own sub-languages like Sindh people speaks Sindhi, Baloch people speaks Balochi, KPK people speaks Pushtoo and so on (Sharafat Ali, 2013). This is not possible to translate questionnaire into many languages. One more reason for selecting Punjab province is that other provinces and territories are having terrorist threats as well (Qureshi, 2012). Therefore, this study is limited to the Punjab province only. The most important reason for selecting Punjab province as a sample is that this province Punjab has 65.4% of the total SMEs which is indicated in Table 3.2.

3.4.3 Sample size

As far as the selection of sample is concerned, the population and culture are divided into different parts. Because of the cultural hindrances the study is limited to the Punjab province only. However, other provinces of Pakistan e.g. Khyber Pakhutoon kha, and Baluchistan which are lesser populated and have lesser number of SMEs, were not selected for the study. The law and order situation does not allow the researcher to collect the data from those provinces.

Another reason for selecting this province, as a sample is its population i.e.; 53.7% of the total country's population (Ministry of Economic Affairs and Statistics of Pakistan, 2014*)*. Maximum population and maximum number of SMEs exist in this province as Table 3.3 shows the total number of SMEs in Punjab are 65.4 %. Therefore, SMEs employers working in Punjab were selected for sampling.

Determining the sample size is very crucial. However, the sample size was calculated through the widely accepted formula of Mendenhall, Reinmuth, and Beaver (1993).

$$\frac{NZ^2{}_{\alpha/2}\, pq}{(N-1)e^2 + Z^2{}_{\alpha/2}\, pq}$$

As per the formula, n represents sample size and N represents population size (19272). Refers to the critical value of a two-tailed Z test at 95% confidence interval which is {(1.96) [2] or 3.8416}, pq corresponds to the component of sample proportion variance (assuming maximum variance, p=0.5 and q=0.5), e refers to margin of error (0.05) at 95% confidence interval.

$$n = \frac{3200000Z^2{}_{\alpha/2}\, pq}{(3200000-1)e^2 + Z^2{}_{\alpha/2}\, pq}$$

$$n = \frac{3200000(3.8416)\ (0.5)(0.5)}{(3200000-1)(.0025) + (3.8416)\ (0.5)(0.5)}$$

$$n = \frac{18508.73}{4339.7875 + 0.9604}$$

$$n = \frac{18508.73}{49.7479}$$

n = 450.03

As per the formula proposed by Mendenhall, Reinmuth and Beaver (1993), the sample size was 450. The calculated value is 450. This sample size is quite suitable, as this study intends to use SEM for data analysis. Most of the SEM applicants have used samples between 250 and 500 (Lei & Lomax, 2005). Questionnaires were sent to Punjab's SMEs CEOs and senior managers to give their responses.

3.4.4 Sampling Technique

Sample was collected through the simple random sampling technique of SMEs operating in Punjab, Pakistan. For accuracy, time and convenience, the researcher decided to use probability sampling. When probability sampling is used, each unit in the population has a chance to be selected randomly and independently (Buckingham & Saunders 2004; Kumar 2005; Sekaran 2010). This sampling technique helps the researcher to reduce biasedness from the selection sample, as unequal sampling effects the accuracy of the study (Zikmund 2003). Probability sampling techniques are often associated with quantitative research tradition. It involves generation of numeric data. Hence, the study has used simple random sampling (Sekaran 2010).

The simple random sampling is used, as it is the simplest technique of all the sampling methods to reduce biasedness (Sekaran 2010). Simple random sampling technique is a suitable method for population that are not highly differentiated (Zikmund 2003;Bryman 2004;Kumar 2005). Sampling units were SMEs senior managers, CEOs, and directors.

3.5 Operational Definitions

Operational definition is the concept to render it measureable which is done by looking at the dimensions, elements, and items. Followings are the operational definitions of the identified variables.

3.5.1 SMEs Performance

According to Daft (2000), organizational performance is the organization's ability to attain its goals by using resources in an efficient and effective manner. Performance can be divided

as financial and non-financial performance which are discussed in details with the operational definitions.

Measuring the results of an organizational policies and operations in monetary terms is called as financial performance (Murphy & Callaway, 2004). And measuring the results of an organizational policies and operations in non-monetary terms is called as Non-financial Performance (Murphy & Callaway, 2004).

Following Table 3.3 shows dimensions of SMEs Performance.

Table 3.3.
Dimensions of SMEs Performance's, Author, and Value of Cronbach Alpha

No.	Dimensions	factors	Items	Source	Cronbach alpha
1	Financial Performance	Profitability	It is the state of yielding a financial profit or gain.	Adapted From Murphy & Callaway, 2004)	0.892
		Sales growth	It is the average sales volume of an organizational products or services is gaining from year to year.		
		Market share	It is determined in the form of percentage share gained by the total sales volume.		
		Overall performance	It is that how an organization is performing overall including all of its departments.		

2	Non-Financial Performance	Achieve start up goals	Goals defined at the start must be achieved by every department.
		Provide secure job to employees	It's about the assurance of every employee that there is the continuity of the employment.
		Satisfaction with the company's performance	Everyone who is working in the organization must be satisfied with the company's performance.

3.5.2 Innovative Culture

An innovative culture depends upon on a foundation of six building blocks, resources, dimensions processes, values, behavior, climate and success (Weintraub, and Rao, 2014). The item measures of the dimension was adapted by Weintraub and Rao (2014) with high value of 0.8651 Cronbach alpha.

Followings are the operational definitions of the innovative cultural dimensions, elements, and items.

3.5.2.1 Values

Values are defined as a total or relative and ethical value, the assumption of which can be on the basis for innovative action (Weintraub, and Rao, 2014).

It can be operationalized as follows.

Table 3.4
Values' Dimensions, Elements, and Items

No.	Dimensions	Elements	Items	Source
1	Entrepreneurial	Desire	We are having a burning desire to explore opportunities and to create new things.	Adapted From Weintraub, and Rao, 2014
		Vagueness	We have a healthy appetite and tolerance for ambiguity when pursuing new opportunities.	
		Action based	We avoid analysis paralysis, when we identify new opportunities by exhibiting a bias towards action.	
2	Creativity	Thoughts	We encourage new ways of thinking and solution from diverse perspectives	
		Autonomous	Our workplace provide us the freedom to peruse new opportunities	
		Playful	We take delight in being spontaneous and are not afraid to laugh at ourselves.	
3	Learning	Curiosity	We are good at asking questions in the pursuit of the unknown.	
		Testing	We are constantly experimenting in our innovation efforts.	
		Failure Ok	We are not afraid to fail, and we treat failure as a learning opportunity.	

3.5.2.2 Behaviors

Behaviors describe how people do in the cause of innovation (Weintraub, and Rao, 2014).

Table 3.5 represents the operational definition of the behavior.

Table 3.5

Behaviors' Dimensions, Elements, and Items

No.	Dimensions	Elements	Items	Source
1	Energize	Inspiration Challenges Model making	We have a vision for the future and articulation of opportunities for the organization We think and act entrepreneurially. We have the right for the innovation behaviors for others to follow.	
2	Engage	Coaching Initiatives Supportive	We devote time to coach and provide feedback in our innovation efforts. We at all levels proactively take initiative to innovate. We provide support to project team members during both successes and failures.	Adapted From Weintraub, and Rao, 2014
3	Enable	Inference Adaptation Gritting	We use appropriate influence strategies to help us navigate around organizational obstacles We modify and change course of action when needed. We persist in following opportunities even in the face of adversity.	

The above table describes the details of the elements and items.

3.5.2.3 Climate

Climate is the tone of the organization's life where people perform (Weintraub, and Rao, 2014). Table 3.6 is the operational definition of the climate.

Table 3.6:
Climate's Dimensions, elements, and items

No	Dimensions	Elements	Items	Source
1	Collaboration	Community	We have a community that speaks a common language about innovation.	
		Diversity	We appreciate, respect and control the differences that exist within our community.	
		Teamwork	We work well together in teams to capture opportunities.	
2	Safety	Trust	We are consistent in actually doing the things that we say we value.	Adapted From Weintraub, and Rao, 2014
		Integrity	We question decisions and actions that are inconsistent with our values.	
		Openness	We are able to freely voice our opinions, even about unconventional or controversial ideas	
3	Simplicity	No bearecracy	We minimize rules, policies, bureaucracy and rigidity to simplify our workplace.	
		Accountability	People take responsibility for their own actions and avoid blaming others	
		Decision making	Our people know exactly how to get started and move initiatives through the organization	

The above table describe the details of the elements and items.

3.5.2.4 Resources

An economic or productive component which is needed to fulfill an activity with reference to the innovation (Weintraub, and Rao, 2014). Table 3.7 is the dimensions, elements and items of the resources.

Table 3.7
Resources' Dimensions, elements, and items

No.	Dimensions	Elements	Items	Source
1	People	Champions	We are committed and willing to be champions of innovation	Adapted From Weintraub, and Rao, 2014
		Experts	We have access to innovation experts who can support our projects.	
		Talents	We have the internal talent to succeed in our innovation projects.	
2	Systems	Selection	We have the right recruiting and hiring systems in place to support a culture of innovation.	
		Communication	We have good collaboration tools to support our innovation efforts.	
		Ecosystem	We are good at leveraging our relationships with suppliers and vendors to pursue innovation	
3	Projects	Time	We give people dedicated time to pursue new opportunities.	
		Money	We have dedicated finances to pursue new opportunities	
		Space	We have dedicated physical and/or virtual space to pursue new opportunities	

3.5.2.5 Processes

Processes are the route that innovations follow as they are developed (Weintraub, and Rao, 2014). Table 3.8 is the dimensions, elements and items of the processes.

Table 3.8
Processes' Dimensions, elements, and items

No.	Dimensions	Elements	Items	Source
1	Ideate	Generation	We systematically generate ideas from a vast and diverse set of sources	
		Filter	We methodically filter and refine ideas to identify the most promising opportunities	
		Prioritization	We select opportunities based on a clearly articulated risk portfolio.	
2	Shape	Prototyping	We move promising opportunities quickly into prototyping	Adapted From Weintraub, and Rao, 2014
		Feedback	We have effective feedback loops between our organization and the voice of the customer	
		Failing Smartly	We quickly stop projects based on predefined failure criteria.	
3	Capture	Flexibilities	Our processes are tailored to be flexible and context-based rather than control and beaurecracy based	
		Launching	We quickly go to market with the most promising opportunities.	
		Scaling	We rapidly allocate resources to scale initiatives that show market promise.	

3.5.2.6 Success

Success includes the recognition of an organization that how well a company is regarded as being innovative by its customers and competitors (Weintraub, and Rao, 2014). Table 3.9 is the dimensions, elements and items of the success.

Table 3.9.
Success's dimensions, elements, and items

No.	Dimensions	Elements	Items	Source
1	External	Customers	Our customers think of us as an innovative organization.	Adapted From Weintraub, and Rao, 2014
		Competitors	Our innovation performance is much better than other firms in our industry.	
		Financials	Our innovation efforts have led us to better financial performance than others in our industry	
2	Enterprise	Purpose	We treat innovation as a long-term strategy rather than a short-term fix	
		Discipline	We have a deliberate, comprehensive and disciplined approach to innovation	
		Capabilities	Our innovation projects have helped our organization develop new capabilities that we didn't have three years ago.	
3	Individual	Satisfaction	We are satisfied with the level of participation in our innovation initiatives.	
		Growth	We deliberately stretch and build our people's competencies by their participation in new initiatives.	
		Reward	We reward people for participating in potentially risky opportunities, irrespective of the outcome.	

Innovative culture as an independent variable was used in this study.

3.5.3 Strategic Planning

Strategic planning is a process of evolving a road map towards reaching the goals of the organization (Suklev & Debarliev, 2012). Table 3.10 is the operational definition of the strategic planning factors.

Table 3.10
Strategic Planning's Dimensions, elements, and items

No.	Dimensions		Items	Source
1	Visions	Clear	The key values for which the employees are standing for in the organization are clear. Must be clear and must not be ambiguous.	Adapted From Charles P. Sitkin in 1998 (Cronbach alpha 0.762)
		Ideology	We want the organization to be the best in the industry in the next 5 years. We want the organization to be the best in the industry in the next 10 years. The organization looks like the best one when we have achieved the vision.	
2	Mission statements	Clear and obvious	Our organizational mission statements are clearer and obvious.	
		Based on visions	Our mission statement is based on the vision of our organization.	
		Must be changed	It must be changed.	
3	Goals	Long term	Long terms goals are clear to every employee.	
		Short term	Short terms goals are clear to every employee.	
		Clear and obvious	Our organizational goals are clearer and obvious.	
		Based upon	Our goals are based on the mission statement of our organization.	
		Must be changed	It must be changed.	
4	Objectives	Long term	Long term objectives are clear to every employee.	
		Short term	Short term objectives are clear to every employee.	
		Clear and obvious	Our organizational objectives are clearer and obvious.	
		Basis	Our objectives are based on the goals of our organization.	
		Must be changed	It must be changed.	

5	Strategies	Long term	Long term strategies are clear to every employee.
		Short term	Short term strategies are clear to every employee.
		Clear and obvious	Our organizational strategies are clearer and obvious.
		Basis	Our strategies are based on the objectives of our organization.
		Must be changed	It must be changed.

Source: Adapted from Charles P. Sitkin in (1998)

3.6 Questionnaire design

This study was conducted by using a questionnaire. Each item is clearly asked in the questionnaire so that respondent can understand well. Developed questionnaire is attached in the appendix A. Each respondent in this survey received a nine page questionnaire (with a cover letter attached). The nine page questionnaire consisted of five sections; namely Section A is Respondent's Profile, Section B is Organization's profile, Section C is Innovative Culture, Section D is Strategic planning, and Section E is SMEs Performance. The details of the sections are shown in the following table 3.12.

Table 3.11
Summary of Questionnaire Design

Section	Variables	No. of Items	Items
A	Respondent's Profile (Demographics)	4	Section A: Item 1-4
B	Organization's profile (Demographics)	5	Section B: Item 5-10
C	Innovative Culture Of the organization	54	Section C: Item 11-65
D	Strategic planning	27	Section D: Item 66-81
E	SMEs Performance	9	Section E: Item 81- 91

In questionnaire, the respondents were asked to mark their option as a check in the box provided in front of every question and fill it with great care. Each box in front of every

question is devising a five Likert scale. Every box of Likert scale has a degree of agreement option from one till five. From sections C-E, the Likert scale boxes ranges, one as Not at all, two as To a small extent, three as To a moderate extent, four as To a great Extent, and five as To a very great extent.

3.6.1 Bilingual Questionnaire

Many studies have conducted on Pakistani SMEs which identified that most of SMEs owners do not understand English language because it is not a main language in Punjab, Pakistan (Khalique et al., 2011; Khan, & Awang, 2013; Saeed et al., 2015). For this purpose, the whole questionnaire was translated into main language of Pakistan which is Urdu (Ahmad & Pirzada, 2014; Andersen & Strandskov, 1998; Khan, & Awang, 2013).

Questionnaire was prepared in dual languages i.e., Urdu and English (See Appendix A and D). Questionnaires based on two languages are called as bilingual questionnaires (Levinson & Peng, 2007). Bilingual questionnaire for this study was prepared which authentically verified from the expert translator (see appendix B for the translator's profile). Translation process was followed by the standards recommended for the academic research (Potaka & Cochrane, 2004). Following steps were covered in this regard:

1. Step one was the translation of questionnaire from English to Urdu by an expert translator.
2. Review of translation by a separate expert.
3. Re-translation of Urdu questionnaire to English by a person who was having English as a primary language and Urdu as a secondary language.
4. Review of re-translated version by expert or panel of experts.

Firstly, translation into Urdu was done by Mr. Asim Butt (see appendix B for his profile). Revisions of questionnaires were done by Prof. Dr. Ata-ur-Rehman (see appendix C for his profile). Then the Re-translation from Urdu to English was done by Mr. Usama (Ex Pakistani who was brought up in US and have English as a primary language and Urdu was a main language of him).

3.7 Data Collection Procedures

Data was collected through simple random technique from the selected SMEs operating in Punjab, Pakistan (Batool & Zulfiqar, 2011). Data was collected through Questionnaires from the senior managers of the SMEs, owners of SMEs, and senior strategists from the major city of Pakistan as per the carrying % of the total population i.e., Lahore. Lahore is the second major city of Pakistan. Both of them are enriched with SMEs. And most of the SMEs fall in these cities that are why they were selected. A questionnaire was developed through which data was collected. This data was collected personally visiting to them through the questionnaire distributed to them. One week was given to each respondent.

At first, the data was collected through pilot study for testing and then it was circulated in the selected sample size. The data collection procedure was the primary data. All the data was gathered through questionnaire. This data collection method was advantageous because of the no biasedness and the facts of anonymity among respondents.

The data was collected through structured questionnaires which was consisting of 103 questions including demographic questions. This questionnaires were circulated into owners and the senior managerial staff of the selected sample size of the SMEs. The questionnaire were given to the respondents and were allotted time to complete the questionnaires without

any hurry. Then the questionnaires were collected from the respondents within the stipulated time for the researcher's analysis.

3.8 Analysis Techniques

Data was collected via questionnaires provided to them personally. Data analysis were conducted using a statistical analytical software SPSS (SPSS version 20) and PLS-SEM 2.0. The results confirm that which relationship exists between strategic planning and their innovative culture and SMEs performance.

Firstly, the pilot study was done and then after analyzing the results of pilot study, the data was distributed into the selected sample. Different analyses were applied for the data analysis. The analysis techniques which were used for this study were descriptive statistics, frequency, percentage, mean, standard deviations, descriptive analysis, factors analysis, simple regression model, and structure equation modeling (SEM). Henceforth, analyses results indicate that what relationships SMEs performance, innovative culture, and strategic planning are linked.

3.9 Pilot Study

A pilot study is conducted to test the validity and reliability of the instrument. Secondly to have a glimpse of the real assessment of the instrument which helps to researcher to identify the problems and solve them before conducting the real study (Sekaran & Bougie, 2010). Pilot study was also conducted in this research. According to Sekaran and Bougie (2010), "*validity measures the extent to which an instrument is measuring what it should be*

measuring, while the reliability measures the extent to which an instrument is free from error, consistent and stable across various items of the scale".

3.9.1 Validity

Sekaran defined validity for measuring its extent. A panel of experts were used to judge the items appropriateness chosen for this study. Experts which were consulted included senior lecturers, associate professors and professors in the School of Business, Universiti Utara Malaysia and Quaid e Azam University, Islamabad, Pakistan. Furthermore, few Ph.D. students who are accustomed with the environmental context of the study were consulted to test the clarity of the study instrument. Additionally, some SMEs owners and managers were also consulted for their input. On account of this, some items were re-worded to measure the construct and also to be understood by the respondents. Within two weeks in the month of February 2016, this process was completed.

After taking into account the experts' opinion, the researcher adapted a better version of the instrument, which was administered for the pilot study. Usually, small sample is taken for the pilot study (Fink, 2003). But it is usual to increase it to 100 responses (Dillman, 2007). Hence, total 60 copies of the questionnaires were randomly personally administered. Out of the distributed questionnaires, fifty were collected and ten were not properly completed. Only fifty responses were considered for analysis. Few questionnaires were received after the closing date. They were not included for the analysis. The high response rate of about 77.7% was achieved due to the distribution and collection of questionnaires personally.

3.9.2 Reliability Test

Different types of tests are used for reliability. According to Sekaran and Bougie (2010), "*the most popular method used by researchers to test the inter-item consistency and reliability is the Cronbach's alpha coefficient. It indicates the extent to which answers of the respondents to all the items are consistent."* It was done in this study too. After running reliability test using SPSS v18 for Windows, it was found that all the measures had a high reliability standard ranging from 0.72 to 0.95. According to Sekaran and Bougie (2010), "it is in line with the criterion that a Cronbach's alpha coefficient of 0.60 is considered an average reliability, while a coefficient of 0.70 or higher indicates that the instrument has a high reliability standard". It was achieved in this study.

Table 3.12

Reliability Test

Construct	No of Items	Cronbach's Alpha
Values	9	0.881
Behaviors	9	0.884
Climate	9	0.869
Processes	9	0.83
Resources	9	0.871
Success	9	0.851
Strategic Planning	27	0.923
SMEs Performance	17	0.934

3.10 Summary of the chapter

This chapter describes on the methodology part of the research. It contains the framework of the study, hypotheses based on the framework, research design, research technique, and study type, unit of analysis, population, sampling, sample size determination, sampling

technique, and details about the questionnaire. This chapter is also explained the details about the data collection method, data collection techniques, data analyses, and data analyses techniques. Forth coming chapters entails on the analyses, different statistical tests, results of analyses, discussions, hypotheses analyses, recommendations, implications, limitations, and conclusions.

CHAPTER FOUR

ANALYSIS AND FINDINGS

4.1 Introduction

The main objective of this chapter is to discuss the research results after analyzing the data which is collected from the selected respondents of SMEs in Punjab, Pakistan. Analysis includes the demographics using descriptive analysis, reliability and validity, as well as the hypotheses results. In this chapter firstly, the data details with its normalization, and biasedness is discussed that on how the biasedness was handled as well as the late and the earlier responses from the respondents. Secondly, preliminary data screening is presented with the details of the sample characteristics. Thirdly, the scales reliability and the validity was measured and narrated in the model. Fourthly, the results of the hypotheses testing and its findings along the coefficient determination, the effect size, and the relevance between the variables are measured and discussed.

4.2 Response Rate

The data used for this research was collected from owners, CEOs, and senior managers of SMEs from Punjab, Pakistan who are considered as the decision maker of SMEs. Questionnaires were personally managed. Free consultations were provided wherever required. Efforts were made to incline the response rate for which calls, emails, messages and visits were done to remind for quickening the process (Sekaran & Bougie, 2010). A total number of questionnaire sent for the data collection were 450 based on the Mendenhall, Reinmuth, and Beaver's (1993) formula discussed in chapter three under determining sample size. Out of 450, only 373 questionnaires were returned making a response rate of 83.2%.

Out of the returned questionnaires, only 353 questionnaires were used for further analysis which made a valid response rate of 79.35% out of 450 (Yehuda, 1999). It was done because out of the 353 questionnaires were collected, twenty questionnaires were identified as wrongly filled, and disqualified for further analysis. The response rate is considered comparable with the other past studies (Mohammed & Obeleagu-nzelibe, 2014; Muthuvelayutham & Jeyakodeeswari, 2014; Voss & Voss, 2000).

Table 4.1
Response Rate of the Questionnaires

Response	Frequencies/Rate
Number of distributed questionnaires	450
Returned questionnaires	373
Returned and usable questionnaires	353
Returned and excluded Questionnaires	20
Response rate	83.25%
Usable response rate	79.35%

4.3 Non Response Bias Test

This test is needed when the surveys are received, when few respondents' answers vary in a meaningful way from the non-respondents. This test is used when few respondents fail to answer the questionnaires because of some reasons and refuse to participate completely. This test includes and measures such biasedness which includes the inability to take response from the respondents (Deming, 1990). Results of these tests highlight that either biasedness exists or not between the responses given by the respondents and those who did not response (Armstrong & Overton, 1977). Thus, if non-response bias occurs, the researcher is unable to say how the total sample responded. Successively, the generalization of the sample to the

population may affect due to nonresponse bias. Thus, assessing the nonresponse bias is an important preceding step towards major analysis as this study based on survey.

According to Salkind (1997), 50% sample should be increased in order to assess the problem of nonresponse bias in the study. Despite of high response from the respondents of the study, the early and late responses were compared using the study variables. An independent sample t-test was conducted for variables of the study; innovative culture towards SMEs performance, strategic planning towards SMEs performance, and innovative culture mediated through strategic planning towards SMEs performance to find out if there is any bias among early and late responses. For equality of variance, Levine's test was used to determine whether the variances between the early and late respondents differ or not. Furthermore, based on Levine's test, the two-tailed equality of means t-test was used to identify the exact p-value associated with the hypotheses, to conclude that is there any significant differences exist between the two groups.

Table 4.2
Group Statistics

	ELRB	N	Mean	Std. Deviation	Std. Error Mean
Values	Early response	353	3.4894	.62940	.04205
	Late response	20	3.1583	.65753	.10396
Behaviors	Early response	353	3.4213	.65410	.04370
	Late response	20	3.0306	.70632	.11168
Climate	Early response	353	3.3846	.62024	.04144
	Late response	20	2.9476	.69971	.11063
Resources	Early response	353	3.4072	.64655	.04320
	Late response	20	2.9111	.64701	.10230
Process	Early response	353	3.3992	.55886	.03734
	Late response	20	2.9422	.75111	.11876
Success	Early response	353	3.4656	.62646	.04186
	Late response	20	3.1051	.60969	.09640
Vision	Early response	353	3.7886	.60567	.04047
	Late response	20	3.3680	.77638	.12276

Mission statement	Early response	353	3.4713	.62116	.04150
	Late response	20	3.2180	.73244	.11581
Goals	Early response	353	3.6306	.67031	.04479
	Late response	20	3.3841	.74312	.11750
Strategies	Early response	353	3.3819	.73816	.04932
	Late response	20	2.9313	.89512	.14153
Objective	Early response	353	3.5881	.56174	.03753
	Late response	20	3.3143	.70744	.11186
Performance	Early response	353	3.5478	.57001	.03809
	Late response	20	3.5583	.62713	.09916

Table 4.3
Independent Samples Test

Independent Samples Test		Levine's Test for Equality of Variances		t-test for Equality of Means					95% confidence interval of the difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Upper	Lower
Values	Equal variances assumed	1.21	0.27	3.04	262.00	0.00	0.33	0.11	0.12	0.55
	Equal variances not assumed			2.95	52.56	0.00	0.33	0.11	0.11	0.56
Behaviors	Equal variances assumed	0.06	0.81	3.44	262.00	0.00	0.39	0.11	0.17	0.61
	Equal variances not assumed			3.26	51.65	0.00	0.39	0.12	0.15	0.63
Climate	Equal variances assumed	0.35	0.56	4.02	262.00	0.00	0.44	0.11	0.22	0.65
	Equal variances not assumed			3.70	50.54	0.00	0.44	0.12	0.20	0.67
Resources	Equal variances assumed	0.10	0.75	4.47	262.00	0.00	0.50	0.11	0.28	0.71
	Equal variances not assumed			4.47	53.85	0.00	0.50	0.11	0.27	0.72
Process	Equal variances assumed	8.67	0.00	4.50	262.00	0.00	0.46	0.10	0.26	0.66
	Equal variances not assumed			3.67	47.01	0.00	0.46	0.12	0.21	0.71

Success	Equal variances assumed	0.13	0.72	3.37	262.00	0.00	0.36	0.11	0.15	0.57
	Equal variances not assumed			3.43	54.75	0.00	0.36	0.11	0.15	0.57
Vission_values	Equal variances assumed	8.39	0.00	3.86	262.00	0.00	0.42	0.11	0.21	0.63
	Equal variances not assumed			3.25	47.84	0.00	0.42	0.13	0.16	0.68
Mission_statement	Equal variances assumed	2.73	0.10	2.31	262.00	0.02	0.25	0.11	0.04	0.47
	Equal variances not assumed			2.06	49.52	0.04	0.25	0.12	0.01	0.50
Goals	Equal variances assumed	4.16	0.04	2.11	262.00	0.04	0.25	0.12	0.02	0.48
	Equal variances not assumed			1.96	50.97	0.06	0.25	0.13	-0.01	0.50
Strategies	Equal variances assumed	2.28	0.13	3.44	262.00	0.00	0.45	0.13	0.19	0.71
	Equal variances not assumed			3.01	48.92	0.00	0.45	0.15	0.15	0.75
Objective	Equal variances assumed	11.77	0.00	2.72	262.00	0.01	0.27	0.10	0.08	0.47
	Equal variances not assumed			2.32	48.17	0.02	0.27	0.12	0.04	0.51
Performance	Equal variances assumed	0.21	0.65	-0.11	262.00	0.92	-0.01	0.10	-0.21	0.19
	Equal variances not assumed			-0.10	51.16	0.92	-0.01	0.11	-0.22	0.20

Table 4.2 reveals the early and late responses of the respondents of the variables, the means, and the standard deviations. Table 4.3 depicts the independent sample t-tests, Levine's test, and the significances of the variables like values, behaviors, climate, resources, processes, success, visions, mission statements, goals, objectives, strategies, and SMEs performance. Levine's test based on these variables show that the early and the late responses of the respondents is the same. In general, the values of the t-test of the early and the late respondents is not significantly different which says that they do not have the significant difference between the early and late responses.

With respect to SMEs performance, the value of mean and the standard deviation (SD) of the early respondents (Mean=3.54, SD=0.57) and the late respondents (Mean=3.55, SD=0.62) are closed enough which shows that both of the values are not significantly different. The result indicates that there is no significant difference between the early and the late respondents ($t=-0.105$, $p<.05$). Similarly, mean and SD based on IC's values of the early respondents (Mean=3.48, SD=0.62) and the late respondents (Mean=3.15, SD=0.65) are nearby. Both have no significant difference. The result indicates that there is no significant difference between the early and the late respondents ($t=-3.04$, $p<.05$).

Based on IC's behaviors, mean and SD of the early respondents (Mean=3.42, SD=0.65) and the late respondents (Mean=3.03, SD=0.70) have no significant difference which indicates that there is no significant difference between the early and the late respondents ($t=3.43$, $p<.05$). Based on climate, mean and SD of the early respondents (M=3.38, SD=0.62) and the late respondents (Mean=2.94, SD=0.69) have no significant different. The result

indicates that there is no significant difference between the early and the late respondents (t=0.557, p<.05).

Similarly other variables like resources, mean and the SD of the early respondents of resources Mean=3.40, SD=0.64 and the late respondents have Mean=2.91, SD=0.64, resulting in no significant difference between the early and the late respondents (t=4.47, p<.05). Results based on processes, the mean and the SD of the early respondents (Mean=3.39, SD=0.55) and the late respondents (Mean=2.94, SD=0.75) are closer ones. These values have no significant different between the early and the late respondents. The two tailed test also indicates the same (t=4.50, p<.05).

Furthermore, the results of success for mean and SD of the early respondents (Mean=3.46, SD=0.62) and the late respondents (Mean=3.10, SD=0.60) are nearby. Their two-tailed test's result also indicates that there is no significant difference between the early and the late respondents (t=3.36, p<.05). Outcomes for vision through mean and the SD of the early (Mean=3.78, SD=0.60) and the late respondents (Mean=3.36, SD=0.77) are slightly different but this is not a significant difference which is also shown by the two-tailed test result between the early and the late respondents values (t=3.86, p<.05).

For the mission statement, the mean and the SD of the early respondents (Mean=3.47, SD=0.62) and the late respondents (Mean=3.21, SD=0.73) are lesser different. The result indicates that there is no significant difference between the early and the late respondents (t=2.30, p<.05). Results of goals shows the mean and the SD of the early respondents (Mean=3.63, SD=0.67) and the late respondents (Mean=3.38, SD=0.74) shows no

significant different. The two-tailed test results shows the same yield for both respondents ($t=2.10$, $p<.05$). So, alternative hypothesis is rejected.

To end with results of strategies, mean and SD of the early respondents (Mean=3.38, SD=0.73) and the late respondents (M=2.93, SD=0.89) are same. Both have no significant different. Levine's test result indicates that there is no significant difference between the early and the late respondents ($t=3.43$, $p<.05$). Finally, discussing the objectives of the strategic planning's mean and the SD of the early respondents (Mean=3.58, SD=0.56) and the late respondents (Mean=3.31, SD=0.70) are having the alike values which shows that they also have no significant difference. Levine's test result indicates that there is no significant difference between the early and the late respondents ($t=2.72$, $p<.05$).

Taking into consideration of all the results discussed above of the independent sample t-test, it is concluded that the there is no significant difference between the early respondents and the late respondents. Hence, there is no issue concerning the non-response biasedness of all the variables.

4.4 Initial data Examination, Screening, and Preparation

Screening, editing and preparing the initial data for the multi variate analysis is an initial step. It is important to conduct data screening to identify is there any violation of the rule in the data before applying any analysis to avoid any problem regarding analyses' results (Hair, Black, Babin, Anderson, & Tatham, 2006). Preliminary data examination gives researcher a deeper view and understanding of the data. For this purpose few steps were performed by the researcher like missing values handling, checking outliers, managing the normality of the data and the multicollinearity and treated accordingly.

4.4.1 Handling of Missing values

Keeping in view the negative effects of the missing values in the analysis perspective, the few steps were taken by the researcher. Firstly, after receiving the questionnaires from the respondents the questionnaires were handled for the missing values. A request was made to all the respondents that the questionnaires must be filled accurately and appropriately. But the missing data was still found in the questionnaires. To manage the missing values, they were replaced by mean calculated through SPSS Version 18. In the data set, the missing values were ranging from the 0.2% till 1.5% per each item. Hair, Black, Babin, & Anderson, (2006) have suggested that if missing data is lesser than 5% per each item then the researcher should replace it with the mean calculated. Hence, it was appropriate for the researcher to do the replacement on the missing value via mean calculated in SPSS which was 0.2% till 1.5% in each item. Therefore, missing values were replaced by the means.

4.4.2 Normality Test

After examination of outliers, the next step was to check out the normality of the data which prepares data for the better analysis at the stage of model making. The normal distribution was a key assumption for the statistical analysis and structural equation modeling (Hair, Black, Babin, & Andreson, 2009). Although, PLS-SEM is a lenient model and it does not require any assumptions. Normality of the data is checked because the non-normality of the results such as standard errors can be generated at the time of the bootstrapping (J. Hair et al., 2009; Hair, Black, Babin, Anderson, 2006).

According to different authors, normality refers to the proper distribution of the data for an individual metric available and its correspondence to the normal distribution of the yardstick

for the statistical methods (J. Hair et al., 2009; Hair, Black, Babin, Anderson, 2006). For checking the normal distribution of the data the skewness and kurtosis are used as statistical methods. In this study, the skewness and kurtosis were used to examine the data for normalization.

Statistical studies say that the normally distributed data has the specific ranges. For skewness the value must be lesser than two (<2) and the kurtosis value must be ranging till seven (<7) (Wang et al., 2007). If skewness and kurtosis values are crossing its ranges more than two and seven respectively then the data is not normalized. As per the few authors the kurtosis value more than 10 is a serious issue in the data and its crossing 20 then the issue is very serious (Hair et al., 2009). In this study the rages of the skewness and the kurtosis are within the parameters like <2 and <7 respectively.

Table 4.4
Skewness and Kurtosis of the Study

Variables	Mean	Std. Deviation	Variance	Skewness	Kurtosis
Values	3.4392	0.64354	0.414	-0.333	1.056
Behaviors	3.3621	0.67561	0.456	-0.411	0.531
Climate	3.3184	0.65072	0.423	-0.546	1.102
Resources	3.3321	0.66955	0.448	0.137	0.581
Process	3.3300	0.61274	0.375	-0.466	1.701
Success	3.4110	0.63613	0.405	0.179	-0.100
Vision	3.7249	0.65058	0.423	-0.700	0.298
Mission	3.4329	0.64419	0.415	0.007	0.201
Goals	3.5932	0.68608	0.471	-0.340	0.161
Strategies	3.3136	0.77913	0.607	-0.279	0.318
Objective	3.5466	0.59283	0.351	-0.725	0.801
Performance	3.5494	0.57778	0.334	0.046	0.321

Table 4.4 shows the values of the skewness and the kurtosis of this study. This table indicates the skewness of all the variables is lesser than two and kurtosis is lesser than seven. It represents that the data of all the variables are normalized means ranging in a normalized range for both skewness and kurtosis.

4.4.3 Multicollinearity

Multicollinearity of the data refers to the checking of the correlation ship between two or more independent variables of the study. A little correlation between the two independent variables is acceptable but not more than a specific limit. If collinearity exists, it indicates that the different items measuring the same aspects on the different variables and those items are highly correlated. If those items are highly correlated then it also indicates that these items have a lot of unnecessary information (Pushpakumari, 2009; Pushpakumari & Watanabe, 2009). Those items must be removed because errors will be inflated in the analysis.

Hair et al., (2009) the multicollinearity is measured through the two steps. Firstly, through the correlation matrix and secondly through the tolerance and the variance indication factor (VIF) (Hair et al., 2009). According to different authors multicollinearity exists when the correlation between the independent variables is higher than 0.9 (Hair et al., 2009). Following table indicates that none of the independent variables' multicollinearity value is higher than 0.9. All the values from table 4.5 shows that these variables are having no correlation.

Table 4.5
Correlation Matrix

Variables	**VL**	**BR**	**PR**	**RS**	**CL**	**SU**	**SP**	**PF**	
Values	1.00								
Behaviors	0.61	1.00							
Processes	0.56	0.57	1.00						
Resources	0.58	0.56	0.68	1.00					
Climate	0.60	0.63	0.67	0.70	1.00				
Success	0.62	0.62	0.51	0.49	0.59	1.00			
Strategic planning	0.59	0.55	0.62	0.74	0.70	0.47	1.00		
SMEs performance	0.55	0.74	0.57	0.55	0.68	0.64	0.51	1.00	
	0.48	0.57	0.58	0.56	0.67	0.45	0.53	0.64	1.00

Note: VL: values, BR: behavior, PR: processes, RS: resources, CL: climate, SP: Strategic planning, PF: performance

Multicollinearity is measured through the tolerance and VIF. It is stated by different authors that the tolerance value must be ranging more than 0.1 and the VIF value must be ranging lesser than 10 then the variables will not be correlated to each other (Pushpakumari, 2009; Pallant, 2001). This is the most recommended test to check the multicollinearity between the independent variables (Pallant, 2001). So, the multicollinearity among the independent variables were measured through SPSS by using the regression test to see the tolerance and the VIF. Following table indicates that the tolerance of the variables is greater than 0.1 and the VIF is lesser than 10. Hence, the VIF results in Table 4.4 shown that there is no correlation exists among the independent variables of this study.

Table 4.6
Variable Inflation Factor

Model	VIF
Values	2.403
Behavior	2.748
Climate	3.08
Processes	3.228
Resources	2.447
Success	2.200

4.5 Sample Characteristics

All the respondents were enquired to answer the number of characteristics related to their SMEs. The characteristics were, such as job position, gender, age, educational background, industry information, number of employees, ownership, sales turnover, and operating years. Following are the results of the features of the respondents.

Firstly, to ratify whether the respondents were eligible to complete the survey and to know who is managing and actually responsible for managing and handling IC, SP and SMEs performance, respondents were asked to specify their position in their SMEs. Respondents were questioned to specify their job position by selecting one option out of the total options provided in the questionnaire. The options specify whether SME is handled and managed by the owner or by the senior manager, respectively. Descriptive analysis revealed that 57% of SMEs are handled by the owner; while 43% are managed by the manager. This indicates more than half of the SMEs in Punjab, Pakistan are managed by the owners. Besides job position, respondents were also asked to indicate that what is SMEs main line of business means either service sector or the manufacturing one. While 42% of the SMEs refer to the

manufacturing SMEs, the remaining 57% are the service oriented ones. As the gender is concerned, 89 % of the total respondents were male and 11% respondents were female which indicates the dominancy of male and as well as the facilities which females get to run an SME were missing.

With respect to the operating years, 23.73% of the respondents replied that their SMEs are less than three years in operation; 36.8% of the SMEs have been operating for less than 6 years and more than 3 years; 19% indicated that their SMEs are 7 to 10 years in operation, 11% respondents answered that their SMEs belong to 11 till 13 years of operation, and 2% were under 15 years and more than 13 years. Finally, only 8% have been in existence for more than 15 years.

Regarding the query of number of employees, most of the respondents replied that represents the SMEs size in this study. Respondents were asked to indicate the size of their firm by selecting one of two options provided in the questionnaire. The two options indicate whether the firm is small having employees 2 till 20; or medium 20 to 250. The descriptive analysis were shown that the majority of SMEs operating in Punjab, Pakistan were smaller enterprises with an average of 73.3%; and only 26.6% are medium sized enterprises.

Type of ownership is another aspect that was investigated as part of the questionnaire. Based on the categorization provided in the questionnaire, namely 1) sole proprietorship; 2) Partnership 3) a limited liability company that is not publicly traded; and 5) joint venture or Joint Stock Company. Respondents were asked to indicate the option that represents their SMEs type of ownership. All the five types are represented in the sample, with 64.8% as sole proprietorship; partnership 19%; 11.6% limited liability companies that is not publicly

traded; and 3% are joint venture companies that is publicly traded. All 353 respondents answered the question about the sales turnover in the current and previous two more years.

Table no: 4.7
Summary of Respondents' Profile

Item	Frequency	Percentage %
Job position in the firm		
CEO	201	57
Others managers	152	43
Gender of the respondent		
Male	314	89
Female	39	11
Ownership		
Sole proprietorship	229	64.8
Partnership	70	19
Limited Company	41	11.6
Joint Venture	13	3
Sales Turnover		
In year 2015-till Rupees 75 Million	274	77.6
In year 2015-between Rupees 75-400 Million	79	22.3
Years of Operation		
1-3 years	84	23.7
3-6 Years	130	36.8
7-10 years	67	19
10-13 years	39	11
less than 15 years	38	10
Number Of Employees In 2015		
less than 20	259	73.3
21-250 employees	94	26.6
Main Line of the business		
Manufacturing	151	42
Services	202	57

4.6 Evaluation of PLS-SEM result

In this section of the study, PLS-SEM and factor analysis report is discussed. It is discussed in the chapter three about the variables that they are adapted which have their reliability and validity measured priory in the previous studies.

4.6.1 The Measurement Model

The measurement model is "*the portion of the model that specifies how the observed variables depend on the unobserved, composite, or latent variables*" (Sarros et al., 2008). Each one of the constructs under consideration including values, behaviors, climate, processes, resources, success, strategic planning, and SMEs performance were analyzed in a measurement model. The measurement model aims to specify which items correspond to each latent variable. The basic aim of employing measurement model is to assess construct and convergent validity of the constructs (Barringer & Bluedorn, 1999). A confirmatory factor analysis (CFA) using PLS-SEM was conducted to assess the convergent and discriminant validity of the constructs in the research model. Hair & Sasted (2010) suggested that construct validity can be established by undertaking content validity, convergent validity and discriminant validity.

4.6.1.1 Content Validity

Content validity can be defined as the degree to which the items have the ability to measure a particular construct and how closely these items measure the concept they were designed to measure (Hair, 2010). It would expect that the items measuring a construct would have higher factor loadings compared to their loadings on other constructs.

These items were correctly assigned to their specific construct based on the factor analysis conducted on these items.

Table 4.8
Factor Loadings and Cross-Loadings

Items	VL	BR	CL	PR	RS	SC	SP	PF
VL1	**0.860**	0.400	0.350	0.370	0.410	0.430	0.194	0.420
VL2	**0.640**	0.310	0.320	0.210	0.430	0.260	0.171	0.350
VL3	**0.770**	0.280	0.410	0.260	0.390	0.310	0.148	0.320
VL4	**0.710**	0.420	0.370	0.310	0.270	0.110	0.125	0.410
VL5	**0.690**	0.350	0.210	0.110	0.190	0.410	0.102	0.370
VL6	**0.650**	0.320	0.260	0.410	0.000	0.430	0.420	0.210
VL7	**0.710**	0.410	0.310	0.430	0.170	0.390	0.350	0.370
VL8	**0.750**	0.370	0.110	0.390	0.011	0.270	0.320	0.210
VL9	**0.830**	0.210	0.410	0.270	-0.052	0.190	0.410	0.260
BR10	0.190	**0.706**	0.430	0.190	-0.116	0.000	0.370	0.310
BR11	0.346	**0.746**	0.390	0.000	0.171	0.170	0.210	0.110
BR12	0.292	**0.757**	0.270	0.170	0.157	0.171	0.260	0.410
BR13	0.289	**0.771**	0.190	0.171	0.350	0.157	0.310	0.430
BR14	0.286	**0.622**	0.346	0.157	0.320	0.350	0.110	0.390
BR15	0.284	**0.699**	0.292	0.143	0.410	0.320	0.410	0.270
BR16	0.420	**0.780**	0.289	0.130	0.370	0.410	0.430	0.190
BR17	0.350	**0.700**	0.286	0.122	0.210	0.370	0.390	0.000
BR18	0.320	**0.687**	0.284	0.111	0.263	0.210	0.270	0.170
CL19	0.410	0.420	**0.710**	0.100	0.420	0.263	0.190	0.171
CL20	0.370	0.350	**0.726**	0.090	0.350	0.240	0.346	0.157
CL21	0.210	0.320	**0.757**	0.079	0.320	0.217	0.353	0.143
CL22	0.350	0.410	**0.759**	0.068	0.410	0.194	0.360	0.130
CL23	0.320	0.370	**0.706**	0.057	0.370	0.171	0.368	0.350
CL24	0.410	0.210	**0.684**	0.046	0.210	0.148	0.375	0.320
CL25	0.370	0.202	**0.617**	0.036	0.257	0.125	0.382	0.410
CL26	0.210	0.077	**0.670**	0.025	0.231	0.102	0.389	0.370
RS27	0.263	0.410	0.490	**0.661**	0.205	0.079	0.397	0.210
RS28	0.240	0.370	0.310	**0.671**	0.180	0.056	0.404	0.263
RS29	0.217	0.210	0.180	**0.790**	0.154	0.033	0.411	0.240
RS30	0.194	0.263	0.220	**0.683**	0.128	0.010	0.418	0.217
RS31	0.171	0.240	0.290	**0.730**	0.202	-0.013	0.426	0.194
RS32	0.148	0.217	0.151	**0.672**	0.077	-0.036	0.433	0.171
RS33	0.125	0.194	0.102	**0.673**	0.051	-0.059	0.440	0.148
RS34	0.102	0.171	0.180	**0.762**	0.125	0.350	0.447	0.125

RS35	0.420	0.148	0.254	**0.696**	0.000	0.320	0.455	0.102
RS36	0.350	0.125	0.128	**0.673**		0.410	0.370	0.420
PR37	0.320	0.102	0.202	0.202	**0.630**	0.370	0.210	0.350
PR38	0.410	0.420	0.077	0.077	**0.696**	0.210	0.260	0.320
PR39	0.370	0.350	0.194	0.370	**0.651**	0.263	0.310	0.410
PR40	0.210	0.320	0.171	0.210	**0.608**	0.240	0.110	0.370
PR45	0.260	0.229	0.148	0.260	**0.745**	0.217	0.410	0.210
SC46	0.310	0.226	0.125	0.310	0.370	**0.732**	0.430	0.260
SC47	0.110	0.223	0.102	0.110	0.210	**0.786**	0.390	0.263
SC48	0.410	0.220	0.420	0.410	0.260	**0.697**	0.270	0.225
SC49	0.430	0.217	0.350	0.430	0.310	**0.671**	0.190	0.262
SC50	0.390	0.214	0.320	0.390	0.110	**0.676**	0.000	0.261
SC51	0.270	0.210	0.410	0.270	0.410	**0.710**	0.170	0.260
SC52	0.190	0.207	0.370	0.190	0.430	**0.634**	0.171	0.252
SC53	0.000	0.204	0.210	0.000	0.390	**0.646**	0.157	0.258
SC54	0.170	0.201	0.260	0.170	0.270	**0.610**	0.143	0.289
SP55	0.171	0.198	0.310	0.171	0.190	0.114	0.130	0.235
SP56	0.157	0.157	0.110	0.157	0.000	0.105	**0.713**	0.255
SP57	0.143	0.143	0.410	0.143	0.170	0.097	**0.568**	0.254
SP58	0.130	0.130	0.430	0.130	0.171	0.088	**0.582**	0.253
SP59	0.390	0.116	0.390	0.210	0.157	0.079	**0.610**	0.210
SP60	0.270	0.102	0.270	0.260	0.143	0.070	**0.705**	0.260
SP61	0.190	0.179	0.190	0.310	0.130	0.061	**0.682**	0.310
SP62	0.000	0.176	0.000	0.110	0.114	0.130	**0.652**	0.110
SP63	0.170	0.173	0.170	0.410	0.105	0.390	**0.709**	0.410
SP64	0.171	0.169	0.171	0.430	0.097	0.270	**0.662**	0.430
SP65	0.157	0.166	0.157	0.390	0.088	0.190	**0.700**	0.423
SP68	0.143	0.163	0.143	0.270	0.079	0.000	**0.692**	0.462
SP69	0.070	0.160	0.130	0.190	0.070	0.170	**0.733**	0.245
SP70	0.210	0.157	0.114	0.000	0.061	0.171	**0.717**	0.171
SP71	0.260	0.154	0.105	0.170	0.130	0.157	**0.682**	0.157
SP73	0.310	0.151	0.097	0.171	0.390	0.143	**0.667**	0.143
SP74	0.110	0.147	0.088	0.157	0.270	0.070	**0.657**	0.070
SP75	0.410	0.144	0.079	0.143	0.190	0.210	**0.686**	0.210
SP76	0.430	0.141	0.070	0.130	0.000	0.260	**0.685**	0.260
SP77	0.390	0.105	0.059	0.114	0.170	0.310	**0.671**	0.310
SP81	0.270	0.097	0.050	0.105	0.171	0.194	**0.684**	0.238
SP82	0.190	0.088	0.040	0.097	0.157	0.195	**0.716**	0.237
Q83	0.362	0.079	0.031	0.088	0.143	0.195	0.196	**0.549**
Q85	0.379	0.070	0.021	0.079	0.070	0.196	0.197	**0.588**
Q87	0.397	0.059	0.012	0.070	0.210	0.196	0.198	**0.659**

Q88	0.415	0.050	0.397	0.059	0.260	0.197	0.198	**0.619**
Q90	0.433	0.199	0.415	0.050	0.310	0.198	0.199	**0.703**
Q91	0.451	0.229	0.433	0.028	0.194	0.198	0.199	**0.573**
Q92	0.468	0.233	0.451	0.015	0.195	0.199	0.229	**0.744**
Q93	0.486	0.237	0.468	0.003	0.195	0.199	0.233	**0.759**
Q94	0.157	0.241	0.486	-0.009	0.196	0.229	0.229	**0.760**
Q95	0.143	0.245	0.157	-0.021	0.196	0.233	0.234	**0.769**
Q96	0.070	0.249	0.143	-0.034	0.197	0.237	0.239	**0.741**
Q97	0.210	0.468	0.070	-0.046	0.198	0.241	0.244	**0.832**
Q98	0.260	0.486	0.116	-0.058	0.198	0.245	0.249	**0.744**
Q99	0.310	0.157	0.072	-0.070	0.199	0.249	0.254	**0.756**
Q100	0.194	0.143	0.028	-0.083	0.199	0.253	0.259	**0.728**

Note: VL: Values, BR: Behavior, CL: Climate, PR: Processes, RS: Resources, SC: Success, SP: Strategic Planning, and Q: Performance.

Factor analysis and cross loadings are shown in Table 4.5, offers a two-prong evidence of the content validity of the measures used.

Firstly, it indicates that the items aimed to measure a specific construct provide evidence of having higher factor loadings on their respective constructs as compared to the other constructs in the measures. Secondly, the factor analysis reveals the significant loading of the items on their respective constructs, and validating the content validity of the constructs (Butler et al., 2012; Hamann et al., 2013; Ogbonna & Harris, 2000). The results are exhibited in Table 4.8.

4.6.1.2 Convergent Validity

According to Fornell & Larcker (1981), convergent validity can be described, as the degree to which the items of a particular scale measure the same construct. To assess the convergent validity of all the variables, there were examined the composite reliability, the Average

Variance Extracted (AVE), and the item factor loadings (Fornell & Larcker, 1981) and the significance of the outer loadings (Gefen & Straub, 2005).

Convergent validity is shown when the AVE for each construct is greater than 0.5, the composite reliability is greater than 0.7, the items loaded on their respective construct greater than or equal to 0.7, and the t-statistic of the outer loading is greater than 1.96 (Gefen & Straub, 2005).

The internal consistency of the scales used to measure each construct is assessed via cronbach's alpha and composite reliability (Fornell & Larcker, 1981). Measures of internal consistency are only calculated for the first-order reflective scales (Staples & Seddon, 2004). Nunally (1978) suggests that values of 0.7 or higher are adequate for Cronbach's alpha.

In Table 4.9, Cronbach's alpha for values, behaviors, processes, resources, climate, success, strategic planning, and SMEs performance are all above the 0.7 recommended to cut-off. Composite reliability is another measure of internal consistency. Composite reliability of 0.7 or higher is considered acceptable (Agarwal & Karahanna, 2000; Staples & Seddon, 2004). As shown in Table 4.6, composite reliability for VL, BR, PR, RS, CL, SC, SP, ad SMEs PF are all above the 0.7 recommended cut off.

Table 4.9
Measures of Internal Consistency

Construct	No of Items	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Values	09	0.881	0.905	0.516
Behaviors	09	0.884	0.906	0.518
Climate	09	0.869	0.890	0.510
Processes	09	0.830	0.861	0.528
Resources	09	0.87	0.899	0.598

Success	09	0.85	0.887	0.571
Strategic planning	28	0.930	0.942	0.520
SMEs performance	18	0.926	0.932	0.562

Note: a: Composite Reliability (CR) = (Σ factor loading)^2 / {(Σ factor loading)^2) + Σ (variance of error)} b: Average Variance Extracted (AVE) = Σ (factor loading)^2 / (Σ (factor loading)^2 + Σ (variance of error)}

Furthermore evidence of convergent validity, the average variance extracted for each construct should be more than 0.5 (Fornell & Larcker, 1981). The AVE shows the percent of variance captured by a construct (Gefen & Straub, 2005). As shown in Table 4.6, all the constructs measured have an AVE greater than 0.5, provides evidence of strong convergent validity (Chin, 1998b; Fornell & Larker, 1981).

To show convergent validity, all the item loadings (outer loadings) should be greater than 0.6, indicating that more than half of the variance is captured by the constructs (Bassellier & Benbasat, 2004). Table 4.10 shows the item loadings for every item in this study. All items with their associated loadings, were removed because their respective loadings were below 0.5 (Bassellier & Benbasat, 2004). Therefore, 4 items from values, 2 items from behaviors, 2 items from climate, 3 items from processes, 1 item from success, 2 items from strategic planning and 6 items from SMEs performance were removed.

Table 4.10
Loadings, Reliability, and Convergent Reliability Values

Variables	Items	Loadings	Indicator Reliability	Cronbach's alpha	CR	AVE	Discriminant reliability
	VL1	0.860	0.73				
Values	VL2	0.640	0.76	0.888	0.905	0.516	Yes
	VL3	0.770	0.71				
	VL4	0.710	0.69				
	VL5	0.690	0.68				
	VL6	0.650	0.44				
	VL7	0.710	0.40				

	VL8	0.750	0.54				
	VL9	0.830	0.62				
Behaviors	BR10	0.706	0.68	0.880	0.906	0.518	Yes
	BR11	0.746	0.60				
	BR12	0.757	0.41				
	BR13	0.771	0.43				
	BR14	0.622	0.51				
	BR15	0.699	0.58				
	BR16	0.780	0.57				
	BR17	0.700	0.44				
	BR18	0.687	0.40				
Climate	CL19	0.710	0.54	0.864	0.896	0.491	Yes
	CL20	0.726	0.62				
	CL21	0.757	0.68				
	CL22	0.759	0.60				
	CL23	0.706	0.41				
	CL24	0.684	0.43				
	CL25	0.617	0.51				
	CL26	0.670	0.58				
	CL27	0.661	0.57				
	CL28	0.671	0.76	0.874	0.899	0.498	Yes
	CL29	0.790	0.71				
	CL30	0.683	0.69				
	CL31	0.730	0.68				
	CL32	0.672	0.44				
	CL33	0.673	0.71				
	CL34	0.762	0.72				
	CL35	0.696	0.49				
	CL36	0.673	0.46				
Processes	PR37	0.630	0.54	0.830	0.869	0.428	Yes
	PR38	0.696	0.67				
	PR39	0.651	0.53				
	PR40	0.608	0.63				
	PR43	0.745	0.49				
	PR44	0.742	0.53				
	PR45	0.642	0.69				
Success	SC46	0.732	0.72	0.850	0.888	0.471	Yes
	SC47	0.786	0.49				
	SC48	0.697	0.46				
	SC49	0.671	0.54				
	SC50	0.676	0.67				
	SC51	0.710	0.53				
	SC52	0.634	0.68				
	SC53	0.646	0.49				
	SC54	0.610	0.53				
SP	SP55	0.647	0.69	0.920	0.932	0.380	Yes
	SP56	0.713	0.61				

	SP57	0.568	0.59				
	SP58	0.582	0.59				
	SP59	0.610	0.47				
	SP60	0.705	0.54				
	SP61	0.682	0.53				
	SP62	0.652	0.56				
	SP63	0.709	0.74				
	SP64	0.662	0.71				
	SP65	0.700	0.70				
	SP68	0.692	0.73				
	SP69	0.733	0.64				
	SP70	0.717	0.68				
	SP71	0.682	0.66				
	SP73	0.667	0.69				
	SP74	0.657	0.59				
	SP75	0.686	0.68				
	SP76	0.685	0.49				
	SP77	0.671	0.53				
	SP81	0.684	0.69				
	SP82	0.716	0.61				
SMEs Performance	Q83	0.549	0.59	0.934	0.942	0.442	Yes
	Q85	0.588	0.59				
	Q87	0.659	0.47				
	Q88	0.619	0.54				
	Q90	0.703	0.53				
	Q91	0.573	0.56				
	Q92	0.744	0.74				
	Q93	0.759	0.53				
	Q94	0.760	0.69				
	Q95	0.769	0.61				
	Q96	0.741	0.47				
	Q97	0.832	0.54				
	Q98	0.744	0.53				
	Q99	0.756	0.46				
	Q100	0.728	0.44				

Note: VL: Values, BR: Behavior, CL: Climate, PR: Processes, RS: Resources, SC: Success, SP: Strategic Planning, and Q: Performance.

4.6.1.3 Discriminant Validity

It is discussed in the previous sections that establishing the discriminant validity of the constructs are important to confirm the construct validity of the outer model. Discriminant validity can be defined as the degree to which the items of a particular scale measure only the construct they should measure (Whitley, 2002).

Discriminant validity was assessed for values, behaviors, climate, processes, resources, success towards behavior, perceived behavioral control, entrepreneurial intentions, stakeholder's supports system, technical skills, managerial skills, leadership skills, personal maturity skill, and entrepreneurial personal skills.

Discriminant validity can be assessed through determining whether the square root of the AVE of a given construct is larger than its correlation with any other construct (Gefen & Straub, 2005). For a construct to demonstrate the discriminant validity, each square root of the AVE should be larger than its correlation with the other constructs (Gefen & Straub, 2005). As shown in Table 4.11, all constructs meet this requirement, thereby indicating discriminant validity.

After establishing the construct validity of the outer model, it is assumed that the obtained results pertaining to the hypotheses' testing should be valid and reliable.

Table number 4.11
Discriminant validity

Constructs	VL	BR	CL	PR	RS	SC	SP	PF
VL	**0.718**							
BR	0.676	**0.77**						
CL	0.67	0.74	**0.731**					
PR	0.636	0.668	0.721	**0.744**				
RS	0.609	0.624	0.677	0.718	**0.705**			

SC	0.607	0.48	0.593	0.691	0.596	**0.686**		
SP	0.573	0.537	0.599	0.704	0.628	0.691	**0.801**	
PF	0.323	0.307	0.397	0.517	0.443	0.482	0.524	**0.67**

Note: VL: values, BR: Behaviors, CL: climate, PR: Processes, RS: Resources, SC: Success, SP: Strategic planning, PF: SMEs Performance
Note: (√Ave) 2 > Correlation

Having established the construct validity of the outer model, it is assumed that the obtained results pertaining to the hypotheses testing should be valid and reliable.

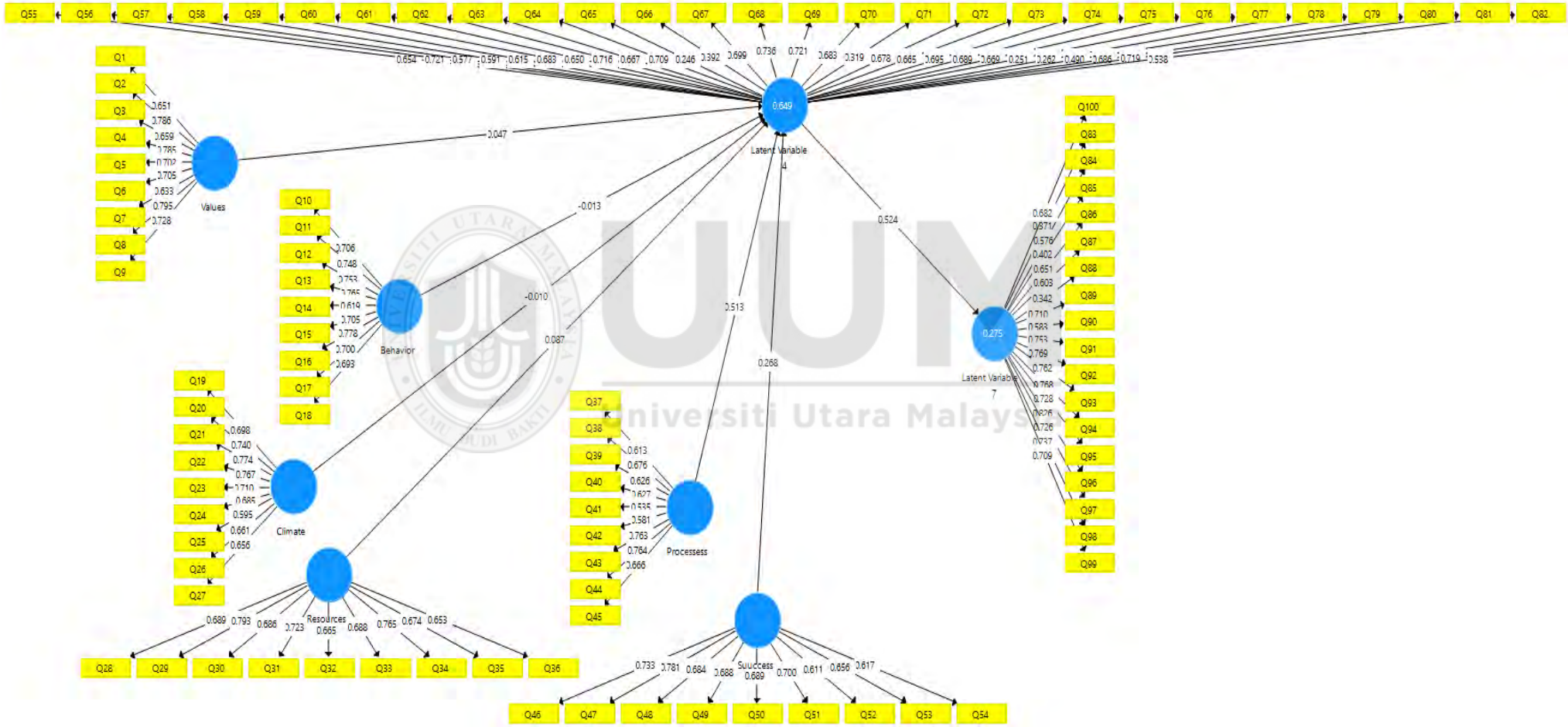


Figure 4.1
The Measurement Model

4.6.2 The Structural Model

Measurement model is discussed for identifying the validity and the reliability of the model of this study. The next step is to move towards the evaluation of the structural model which includes the discussions of the direct relationships between the independent and the dependent variables as well as the mediator's relationships with the dependent variables. The multicollinearity must be checked before undergoing through the direct relationships (Hair et al., 2009). Multicollinearity is checked through VIF and tolerance which have determined previously (see table number 4.3 and 4.4).

Main objective of studying structural model is to test the hypothesis based on the research questions given in chapter umber one. There are 19 hypotheses which are tested through this model. The key method to check the structural model in PLS-SEM is through the significance of the path coefficients, coefficient determination (R), effect size (f), and the predictive relevance (Q) (Hair, Black, Babin, Anderson, 2006).

4.6.2.1 Direct relationships

A logical model analysis of the structural model was done to give an over view on the results and an analysis to test hypothesis from 1 till 14. Evaluation of the structural model begins with the study of the direct relationships between the dependent and the independent variable. Sizes of the path coefficients were determined by the PLS-SEM algorithm and the PLS-SEM bootstrapping. These were used in determining the significances of the relationships between the independent and depend variables.

Bootstrapping is actually a non-parametric test and distribution free approach for measuring the significances of the path coefficients in this structural model (Hair et al., 2009). T-

statistics is used for checking the significances of the path coefficients through bootstrapping in PLS-SEM. Both PLS-SEM algorithm and the PLS-SEM bootstrapping are performed in the Smart PLS 3.0 in which actual number of cases were taken as the number of cases and the 5000 were used as the bootstrapping samples (J. Hair et al., 2009; Hair, Black, Babin, Anderson, 2006).

The analysis of the direct relationships between the dependent and the independent variables is shown in the first model which is from H1a through to H1f. In the other model, the analysis between the mediator and independent variables is carried out which is from H2a through to H2f. In the figure number 4.2, the direct relationships between the dependent and the independent variables is shown through PLS-SEM algorithm for measuring the sizes of the path coefficients and in the figure 4.3, PLS-SEM bootstrapping is presented for the measurement of the significances of the path coefficients. Both of the figures 4.2 and 4.3 are showing the direct relationships.

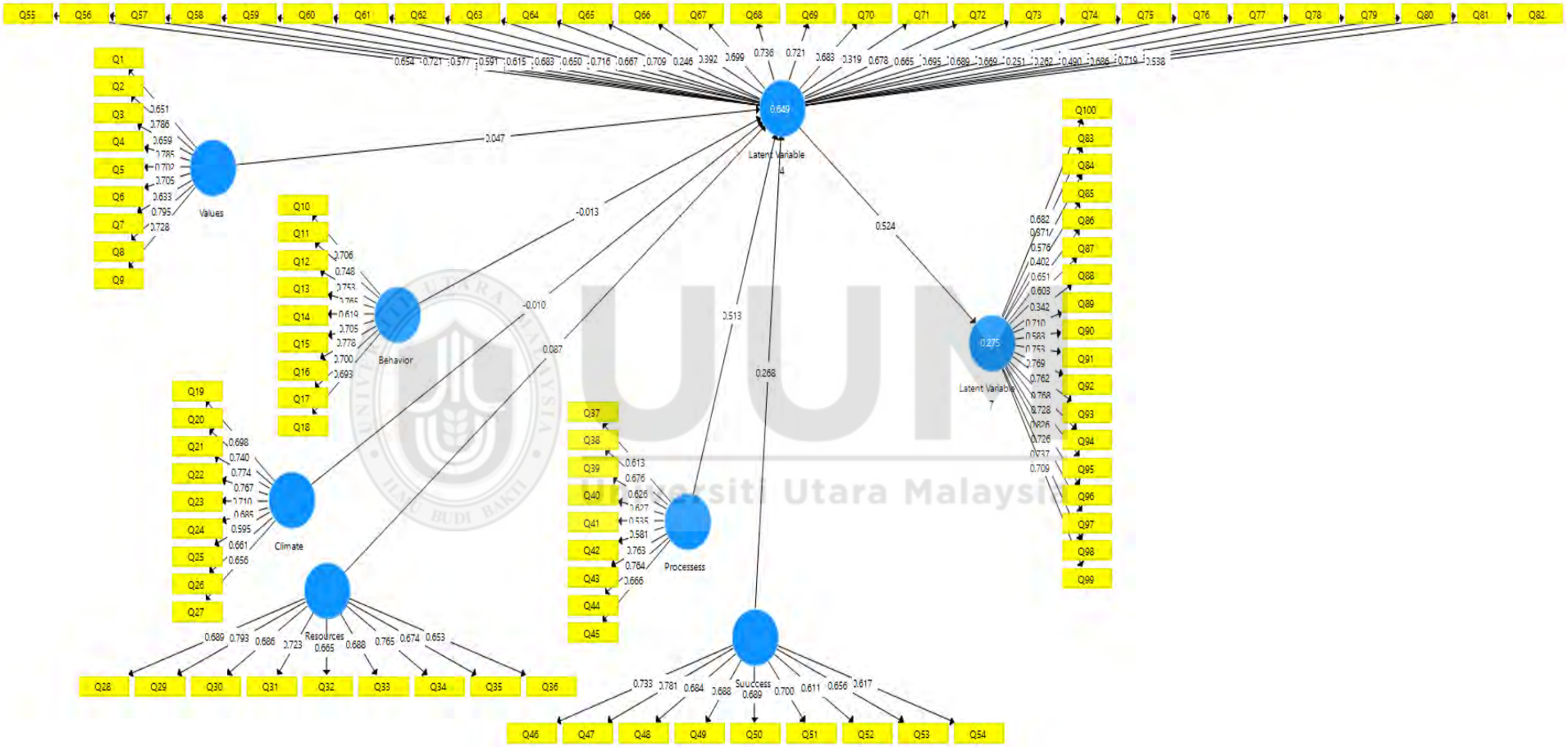


Figure no. 4.2:

PLS-SEM Algorithm Direct relationships

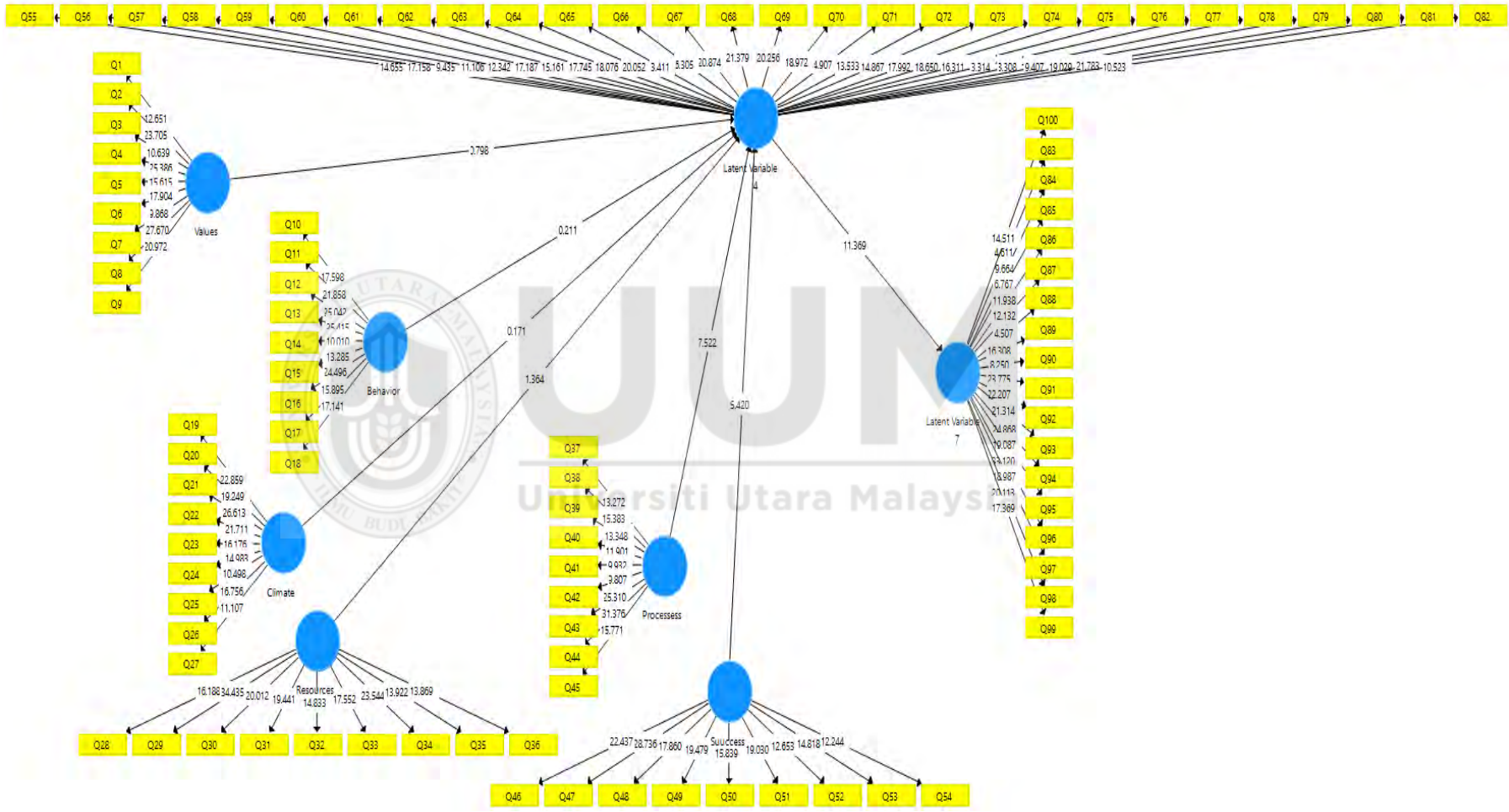


Figure no. 4.3:

PLS-SEM Bootstrapping Direct relationships

Using the PLS-SEM algorithm and the PLS-SEM bootstrapping technique as mentioned above, figure shows the path coefficients of the independent and the dependent variables. The result indicates that all the independent variables have a positive effect on the dependent variables except the two independent variables of the innovative culture. PLS-SEM bootstrapping is used to identify the t-statistics values. PLS-SEM algorithm is used to see the path coefficient's size. Hair suggests that t-statistics values must be greater than 1.96 and p value must be lesser than 0.05 for hypothesis to be accepted and if the value of t is lesser than 1.96 and p is greater than 0.05 than hypothesis is rejected (Hair, Black, Babin, Anderson, 2006; Hair et al., 2009). Table 4.9 shows the path coefficients, t-statistics and p values as well as the supported and not supported hypotheses.

Starting with the H1a, the result indicates that values have a positive effect on the performance of SMEs (β= -0.163, t=2.15, p=0.001); hence H1a is supported. The next hypothesis H1b, the outcome indicates that values have a negative effect on the performance of SMEs (as β= -0.163, t=1.26, p= 0.200); so H1b is not supported. H1c's result indicates that values have a negative effect on the performance of SMEs (β=0.08, t=1.06, p= 0.230); the t-statistics and p-value are not in the acceptable range. Therefore, H1c is also not supported. About H1d, the result indicates that values have a positive effect on the SMEs performance (β=0.24, t=2.65, p=0.001); so H1d is supported. Results of H1e indicates that values have a negative effect on performance of SMEs (B= 0.04, t=0.53, p=0.439); hence H1e is not supported as well. With respect to H1f, the result indicates that values have a negative effect on the SMEs performance (β=0.25, t=3.21, p=0.000); as the results of t-statistics and p-value is highly supporting to H1f.

With respect to H2a, the result indicates that values have a negative effect on the strategic planning (β= 0.023, t=0.46, p=0.301); thus H2a is not supported. Referring to H2b, the result indicates that behaviors have a negative effect on the strategic planning (β= -0.027, t= 0.58, p=0.114); so H2b is not supported as the statistics are not in the acceptable range. H2c's result indicates that climate has a negative effect on the strategic planning (β= -0.0038, t=0.075, p=0.176); therefore H2c is not supported as the statistics are not in the acceptance range. About H2d, the analysis indicates that processes have a positive effect on the strategic planning (β= 0.534, t=9.96, p=0.006); H2d is highly supported as the statistics are in the highly acceptable range. Resources' hypothesis H2e's result indicates that resources have a negative effect on the strategic planning (β= 0.078, t=1.517, p=0.400); so H2e is not supported as the statistics are not in the acceptable range. With respect to H2f, the analysis indicates that processes have a positive effect on the strategic planning (β= 0.282, t=6.8, p=0.001); H2f is supported as the statistics are in the acceptance range.

Last hypothesis (H4) which states that strategic planning has an influence on the SMEs performance. H4 is also supported, as it is in the acceptable range (β= 0.218, t=2.81, p=0.000).

Table no 4.12
Hypotheses –Direct relationships

Hypothesized path		Path coefficients	Standard Error	t-statistics	p-value	Decision
H1b	BH -> PF	-0.10	0.08	1.26	0.200	Not supported
H2b	BH -> SP	-0.02	0.05	0.50	0.114	Not supported
H1c	CL -> PF	0.08	0.07	1.06	0.230	Not supported
H2c	CL -> SP	-0.003	0.04	0.07	0.176	Not supported
H1d	PR -> PF	0.24	0.09	2.65	**0.001**	**Supported**
H2d	PR -> SP	0.53	0.05	9.96	**0.006**	**Supported**
H1e	RS -> PF	0.04	0.08	0.53	0.439	Not supported
H2e	RS -> SP	0.078	0.05	1.51	0.400	Not supported

H1f	SC -> PF	0.25	0.07	3.21	**0.000**	**Supported**
H2f	SC -> SP	0.28	0.04	6.85	**0.001**	**Supported**
H4	SP -> PF	0.21	0.07	2.81	**0.000**	**Supported**
H1a	VL -> PF	-0.16	0.07	2.15	**0.000**	**Supported**
H2a	VL -> SP	0.02	0.05	0.46	0.301	Not supported

*****: P<0.001; **: P<0.01,*: P<0.05**

Total hypotheses were thirteen for the direct relationships. Table 4.9 and in Figures 4.2 and 4.3 show hypotheses H1b, H1c, H1e, H2a, H2b, H2c, and H2e which are not supported, while hypotheses H1a, H1f, H1d, H2d, H2f, and H4 are supported

4.6.2.2 Mediation test-Indirect relationships

Mediation analysis takes place when the mediator is introduced as intervening the relationship between the dependent and the independent variables (Raj & Srivastava, 2014). So, Figures 4.1, 4.2, and 4.3 are indicating the relationships between the mediating variable, dependent and the independent variables along their path sizes and the significances of the path coefficients. Few of the path coefficients in the relationships are positive and few of them are negative which are explained later on. Direct relationships are explained previously in the direct relationships segment and indirect relationships between the dependent, mediator and the independent variables are explained in this segment.

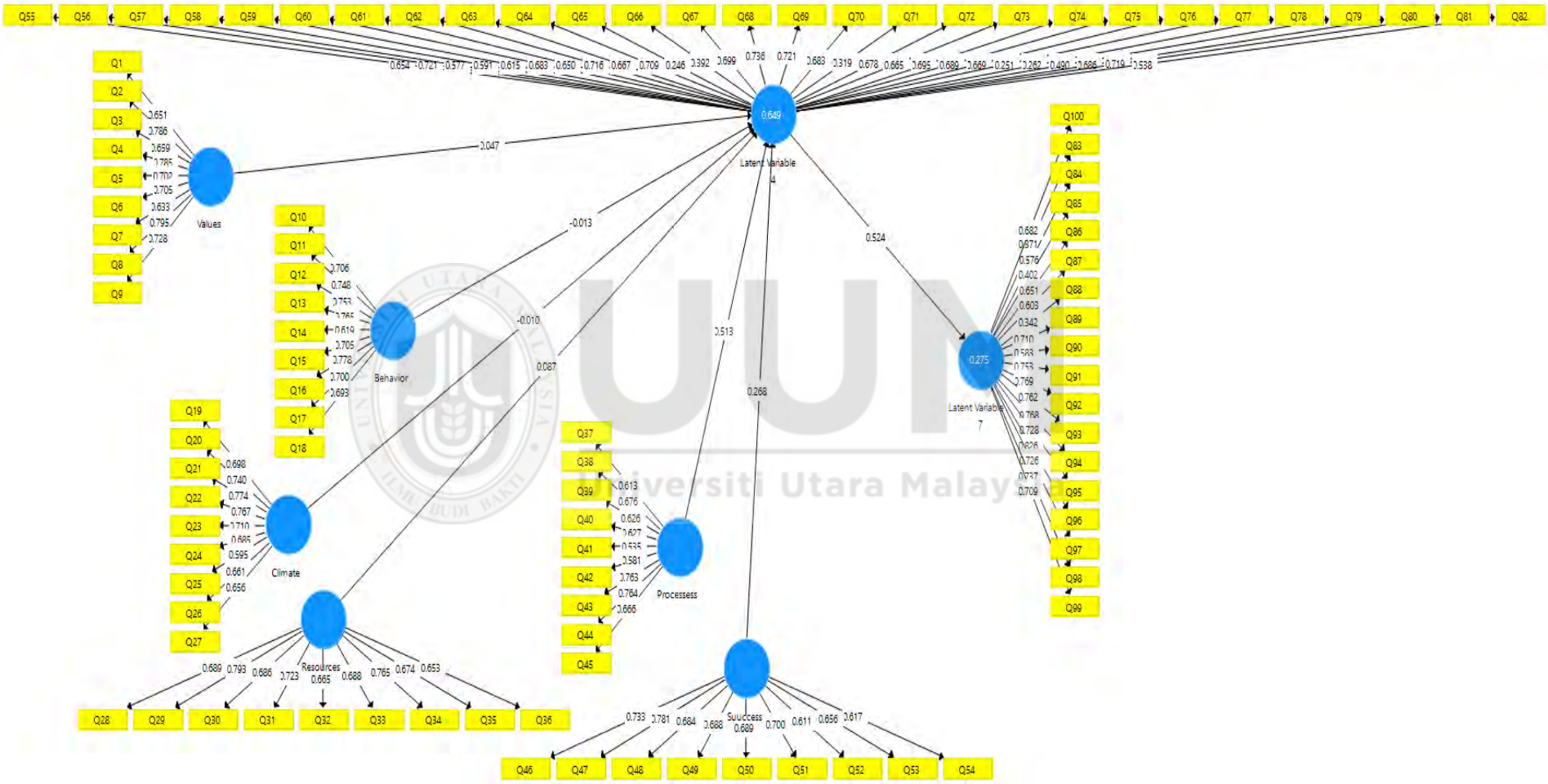


Figure no. 4.4
PLS-SEM Algorithm Indirect Relationships

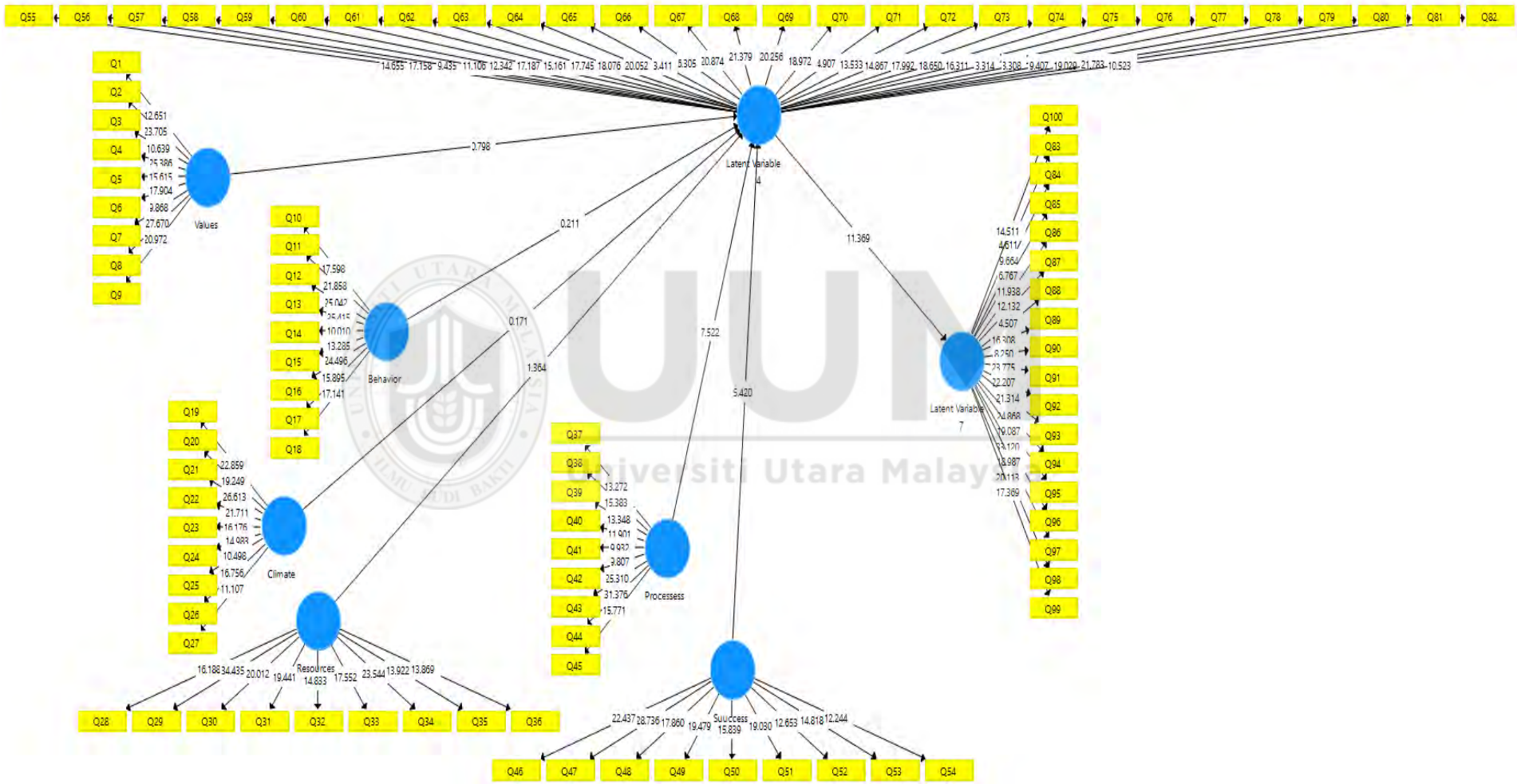


Figure No. 4.5
PLS-SEM Bootstrapping-Indirect Relationships

As discussed earlier, mediating variable is the variable which intervenes the relationships between the exogenous and the endogenous variables (Raj & Srivastava, 2014). In this study, strategic planning exists as a mediator. Many authors have suggested many ways to measure the mediating variables (Preacher and Hayes, 2008). Like the causal steps strategy or serial approach which is also identified by Hoyle & Robinson which also ascertains the four conditions of Baron and Kenny (Hoyle & Robinson, 2004; Baron & Kenny, 1986).

There are many other ways for mediation analysis which includes the product of coefficient method or Sobel test (Sobel, 1982); like distribution of the product approach (MacKinnon, Fairchild, & Fritz, 2007; MacKinnon, Fritz, Williams, & Lockwood, 2007; MacKinnon, Lockwood, & Williams, 2004); and bootstrapping approach (Hayes, 2009; Preacher & Hayes, 2004). Latest mediation analysis approach says that it is the bootstrapping method which is used in this study. Bootstrapping generates an empirical representation of the distribution of the sample of the indirect effect (Hayes, 2009; Rucker, Preacher, Tormala, & Petty, 2011).

Baron and Kenny (1986) says that generally for mediation there are four steps for which some conditions need to be met. The very initial condition is defining the total effect (X-Y) relationship between the independent variables and the dependent variables (c). It is not always compulsory for the total effect to be the significant one. Significant indirect effects can happen in its absence and mediation can happen (Hayes, 2009; MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002; Rucker *et al.*, 2011; Shrout & Bolger, 2002; Zhao, Lynch, & Chen, 2010).

Second condition is the significant effect of the indirect relationships. In other way, the effect of the independent variables on the dependent variable through the mediator variable (Preacher & Hayes, 2008). This is basically the effect of the independent variables on the mediator variable and the influence of the mediator variable on the dependent variable (a and b). Thus, if any of the indirect relationship effects through the mediator variable is not significant enough, then the mediator variable cannot mediate/intervene the effect of independent variables on the dependent variable (Preacher & Hayes, 2008).

Finally, the direct effect of independent variables on the dependent variable should be insignificant or smaller than the relationship prior the inclusion of the mediator variable (c'). However, Rucker *et al.* (2011) question the emphasis on the importance of change in the direct relationship after including the mediator variable and the use of terms, such as full versus partial mediation.

In this study strategic planning as the mediator was tested towards the innovative culture and the SMEs performance with the Smart PLS 3.0 (Yeşil & Kaya, 2012) using the bootstrapping procedure with the 353 cases and 5,000 as sub-samples. After conducting PLS-SEM algorithm and PLS-SEM bootstrapping on the smart PLS 3.0 the following table number appears in which the path coefficients, t-statistics, p-values and the standard errors are shown for the hypotheses' acceptance or the rejection. T-statistics must be greater than 1.96 and p-value must be lesser than 0.05 to be accepted.

With respect to the H3a, strategic planning is negatively mediating the relationship between the values of the innovative culture and the SMEs performance (b=0.005, t=0.447, p=0.32); so H3a is not supported. As H3b's results of the analysis, strategic planning is negatively

mediating the relationship between the behaviors of the innovative culture and the SMEs performance (b=0.005, t=-0.442, p=0.673); so H3b is not supported.

With reference to H3c's results of the mediating analysis, strategic planning is positively mediating the relationship between the processes of the innovative culture and the SMEs performance (b=0.11, t=2.59, p=0.004); so H3c is supported.

As, H3d's results of the mediating analysis, strategic planning is negatively mediating the relationship between the resources of the innovative culture and the SMEs performance (b=0.01, t= 1.37, p=0.004); so H3d is not supported. With reference to H3e's results of the mediating analysis, strategic planning is negatively mediating the relationship between the climate of the innovative culture and the SMEs performance (b= -0.005, t= -0.044, p=0.517); so H3e is not supported. However, H3f's results of the mediation, strategic planning is negatively mediating the relationship between the success of the innovative culture and the SMEs performance (b=0.06, t=2.7, p=0.003); so H3f is supported well. Out of the six indirect relationships only two hypotheses H3c, and H3f are accepted hypotheses and the four hypotheses H3a, H3b, H3d, and H3e are not accepted because the statistics were not in an acceptable range.

Table no. 4.13
Mediating hypotheses

	Hypothesized Path	Path coefficients	Standard deviation (STERR)	T Value	P Value	Decision
H3a	**VL-> SP-> PF**	0.005	0.012	0.440	0.032	Not supported
H3b	**BR-> SP-> PF**	0.005	0.013	-0.440	0.670	Not supported
H3c	**PR-> SP-> PF**	0.110	0.045	2.590	0.044	**Supported**
H3d	**RS-> SP-> PF**	0.010	0.012	1.370	0.080	Not Supported

H3e	**CL-> SP-> PF**	-0.055	0.011	-0.044	0.517	Not Supported
H3f	**SC-> SP-> PF**	0.066	0.022	2.700	0.033	**Supported**

Note: VL: Values, BR: Behaviors, PR: processes, RS: Resources, CL: Climate, SC: Success, SP: strategic planning, and PF: SMEs performance.

4.7 Other Measurements

4.7.1 Coefficient of Determination (R^2)

The most currently and the generally used criteria for measuring and determining the structural model is coefficient of determination (R2) of endogenous latent variables and mediating variables (Hair et al., 2009). According to few authors like Cohen says about R^2 values are 0.27, 0.13 and 0.02 which identifies that the model is carrying the substantial, moderate and weak values respectively (Sekyere-abankwa, 2011). Results in Figure indicates that the R^2 value of strategic planning (0.64) is substantial and SMEs performance (.27) is slightly substantial as well. These R2 values are higher than the one reported by Hakala (2013) and Mahmoud and Yusif (2012), respectively.

R2 value of this study represents that all the four exogenous variables (like values, behaviors, processes, resources, climate, and success) combined together in the model explain 66% variance in the mediating variable access to strategic planning of SMEs. In the same way, the holistic R2 value indicates that all the six exogenous variables and the mediating variable (values, behaviors, processes, resources, climate, and success access to strategic planning) combined together in the model explain 33% variance in the endogenous variable (SMEs performance). Therefore, based on the values of the R2 of the endogenous latent variables SMEs performance (0.33) and strategic planning (0.66), it is concluded that the model has substantial predictive validity.

4.7.2 Assessment of Effect Size (f^2)

Having assessed the coefficient of determination of the endogenous constructs (access to strategic planning and SMEs performance), the next step is to assess the effect size (f2) for checking the structural model as suggested by many authors (Hair et al., 2009). Effect size is basically the difference in R2 between the main effects when the specific exogenous construct is in the model and when it is omitted from the model. This is done with intent to evaluate whether the omitted independent construct has a substantial effect on the dependent variables (Hair Jr. *et al.*, 2013). The following formula is utilized to calculate the effect size for the independent/exogenous construct. Whereas the values for f^2 0.02, 0.15, and 0.35 have been suggested as small, moderate and large effects respectively (Cohen, 1988). However, Chin *et al.* (2003), pressurized that even the lowest strength of f^2 should be considered that it can affect the dependent/endogenous variables.

$$F^2 = \frac{R^2 \text{ Included} - R^2 \text{ Excluded}}{1 - R^2 \text{ Included}}$$

In the current study, the effect size for the exogenous construct found to be significant to affect the endogenous variables are evaluated and stated. Result in the table 4.14 displays the effect size of the exact exogenous construct on the respective endogenous construct. The result also shows that most of the independent variables have small, moderate and large effect size on their respective endogenous construct (SMEs performance).

Table number. 4.14
Effect size (F^2)

Construct	F2	Effect
VL-SP	0.64	Large
BR-SP	0.64	Large
PR-SP	0.41	Large
RS-SP	0.00	-
CL-SP	0.64	Large
SC-SP	0.00	-
VL-PF	0.27	Large
BR-PF	0.27	Large
PR-PF	0.04	small
RS-PF	0.00	-
CL-PF	0.27	Large
SC-PF	0.18	moderate

Note: VL: Values, BR: Behaviors, PR: processes, RS: Resources, CL: Climate, SC: Success, SP: strategic planning, and PF: SMEs performance.

4.7.3 Assessment of predictive relevance (Q^2)

Another assessment tool of the structural model is the model's predictive relevance ability. The predictive relevance can be measured using Stone–Geisser criterion, which assumes that an inner model must be able to provide evidence of prediction of the endogenous latent construct's indicators (Henseler *et al.*, 2009). Hence, predictive relevance Q2 assessment can be conceded using Stone-Geisser's Q2 test which can be measured using blindfolding procedures (Hair Jr. *et al.*, 2013; Henseler *et al.*, 2009). Therefore, in this study researcher used Stone-Geisser test to measure the values of Q2 through blindfolding procedure to obtain the cross-validated redundancy measure for endogenous latent construct (Hair Jr. *et al.*, 2013). Following boons the cross-validated redundancy for strategic planning and SMEs performance.

Table 4.15
Predictive Relevance (Q2)

Total	SSO	SSE	1-SSE/SSO)
SP	1820.00	1261.69	0.31
PF	2184.00	1583.07	0.28

Results in the above table confirms that all the Q2 values are greater than zero access to strategic planning (0.31) and SMEs performance (0.28); this proposes a substantial predictive relevance of the model. This is also supporting the suggestion by Hair Jr. *et al.* (2013) and Henseler *et al.* (2009) that Q2 values must be greater than zero indicate the model has predictive relevance, while Q2 values less than zero, indicate the model lacks predictive relevance.

4.7.4 Assessment of goodness-of-fit index (Gof)

Another important assessment criterion is the global Goodness-of-Fit (GoF) Index. There are many arguments on the effectiveness of this criterion on the validating model (Hair Jr. *et al.*, 2013; Henseler & Sarstedt, 2013). On one side, many authors like Tenenhaus, Amato and Esposito Vinzi (2004) proposed that GoF can be applied to PLS-SEM to compare performances produced by models. As suggested by Tenenhaus *et al.* (2004), GoF is the geometric mean of the average communalities (outer measurement model) and the average R2 of endogenous latent variables. Though, others say that no such global measure of GoF is available for PLS-SEM (Hair Jr *et al.*, 2014; Hair Jr. *et al.*, 2013; Henseler & Sarstedt, 2013; Sarstedt *et al.*, 2014). Additionally, Henseler and Sarstedt (2013) challenged the applicability of GoF in PLS-SEM as their simulation result indicated that it is not useful for

model validation, but can be beneficial to evaluate how well the model can describe the different sets of data.

Table number 4.16
Goodness of fit index (Gof)

Construct	R Square	AVE	GOF
VL		0.516	
BR		0.518	
SP	0.640	0.380	
PR		0.428	
RS		0.498	
PF	0.270	0.442	
CL		0.491	
SC		0.471	
Average	0.455	0.468	46%

Formula for Gof: square root (R^2*AVE).

The values of goodness of fit are 0.1, 0.25, and 0.36 which says that Gof is small, medium and large (Hair et al., 2009). The above table shows the Gof for the model which is 0.46, a large one. So, this model has a larger fitness.

4.8 Chapter Summary

In this chapter, data analysis and findings are discussed in detail. In which, the different statistical analyses were applied on the data collected and elaborated in detail. This chapter presents the outcomes of the response rate test and test of non-response bias. Furthermore, the initial data examination and data screening were conducted, including missing value

analysis, assessment of outliers, and tests of normality and multicollinearity assessments and their results. Then, sample characteristics were discussed, followed by the measurement model as well as the structural model which were assessed with PLS-SEM using the Smart PLS 3.0 software package developed by Ringle *et al.* (2014). Subsequently, results from hypotheses testing based on the evaluation of the inner model are reported. Lastly, goodness of fit was discussed. In the next chapter, discussion, conclusions, recommendations and suggestions are done based on this chapter's analyses.

CHAPTR FIVE

DISCUSSIONS, RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

In this chapter, the discussions, recommendations and conclusions are illustrated based on the research objectives, research questions, and hypotheses of the study. This chapter describes about the concluding section of the study which means that how every research objective is checked in the form of hypothesis. In this chapter, hypotheses acceptance and rejections are also discussed in detail. Additionally, the chapter provides the theoretical and practical contributions and implications of the findings of this study. The chapter highlights the research limitations and offers direction for future research. Finally, chapter presents the conclusion of the study.

5.2 Executive Summary

This segment presents the summary of the research findings based on the objectives of the research. Objective of this study was to examine the mediating role of strategic planning on the relationship between values, behaviors, processes, resources, climate, and success as innovative culture and SMEs performance in Punjab, Pakistan. More specifically, innovative culture's dimensions, namely values, behaviors, processes, resources, climate, and success are hypothesized to have a positive effect on SMEs performance, and the link is also hypothesized through mediation of strategic planning.

Based on main objective of this study, a total of three objectives were developed which were stated and formulated according to the research questions developed from the problem statement in the chapter one. Studying these relationships provide ways to enhance SMEs' performance. This framework is supported by Schumpeter's theory of profits and growth through innovation, , and resource based view. Nineteen hypotheses were formulated and tested statistically based on PLS-SEM using Smart PLS 3.0. The empirical results provide support for eight hypotheses out of which six are direct and two are mediating hypotheses.

Nos.	Hypotheses	Acceptance/Rejection
H_{1a}	Value as an innovative culture has a positive effect on the SMEs performance.	Accepted
H_{1b}	Behavior as an innovative culture has a positive effect on the SMEs performance.	Rejected
H_{1c}	Climate as an innovative culture has a positive effect on the SMEs performance.	Rejected
H_{1d}	Processes as an innovative culture has a positive effect on the SMEs performance.	Accepted
H_{1e}	Resources as an innovative culture has a positive effect on the SMEs performance.	Rejected
H_{1f}	Success as an innovative culture has a positive effect on the SMEs performance.	Accepted
H_{2a}	Values as an innovative culture positively effects the strategic planning of the organizations.	Rejected
H_{2b}	Behavior as an innovative culture positively effects the strategic planning of the organizations.	Rejected
H_{2c}	Climate as an innovative culture positively effects the strategic planning of the organizations.	Rejected
H_{2d}	Processes as an innovative culture positively effects the strategic planning of the organizations.	Accepted

H_{2e}	Resources as an innovative culture positively effects the strategic planning of the organizations.	Rejected
H_{2f}	Success as an innovative culture positively effects the strategic planning of the organizations.	Accepted
H_{3a}	The positive relationship between values and SMEs performance is mediated by the strategic planning.	Rejected
H_{3b}	The positive relationship between behaviors and SMEs performance is mediated by the strategic planning.	Rejected
H_{3c}	The positive relationship between climate and SMEs performance is mediated by the strategic planning.	Rejected
H_{3d}	The positive relationship between processes and SMEs performance is mediated by the strategic planning.	Accepted
H_{3e}	The positive relationship between resources and SMEs performance is mediated by the strategic planning.	Rejected
H_{3f}	The positive relationship between success and SMEs performance is mediated by the strategic planning.	Accepted
H_4	Strategic planning has a positive effect on the SMEs performance.	Accepted

5.3 Discussions

In this section, results are discussed along hypotheses. Firstly, all the direct hypotheses are discussed like IC dimensions with SMEs performance and SP with SMEs performance. Secondly, all the mediating hypotheses are discussed.

5.3.1 Direct Relationships between Innovative Culture (Values, Behaviors, Processes, Resources, Climate and Success), Strategic Planning and SMEs Performance in Pakistan

First objective of the study is to investigate the positive relationship between IC (values, behaviors, processes, resources, climate, and success) and SMEs performance in Punjab, Pakistan. Therefore, six hypotheses were developed, based on the positive relationship between values and SMEs performance, behaviors and SMEs performance, processes and SMEs performance and resources and SMEs performance, climate and performance, and success and performance.

To begin with the first hypothesis, values are defined as the value is a total or relative and ethical value, the assumption of which can be the basis for innovative action (Rao & Weintraub, 2013). H1a hypothesized that value of innovative culture is positively related to SMEs performance and as postulated, the relationship was found to be positively significant. This empirical result coincides with the findings of the former studies that discuss value that has a positive influences on the SMEs performance (Harrison & Wicks, 2013; Johannessen et al., 2001; Pushpakumari, 2009; Rahman & Ramli, 2014; Subhan et al., 2013). As the findings validates the hypothesis H1a, it also gives a reply to the respective research question. In general, the result provides further support for the assertion of the Schumpeter's theory of profit and growth through innovation as a theory on performance by confirming the positive influence of this variable on the SMEs performance.

As mentioned in the literature review, values contains interrelated components of entrepreneurial activities (desire, vagueness, and action based), creativity aspects (thoughts,

autonomous, and playful) and learning (curiosity, testing, and failure), and these elements allow SMEs to be bold in taking business decisions (Miguel & Schwarck, 2014; Rao & Weintraub, 2013). Therefore, this study highlights the importance of SMEs to possess values, as the SMEs performance can be realized. In a nutshell, this result tends to suggest that SMEs, in the context of Pakistan need to have values as it can help them to identify more entrepreneurial activities, creativity and learning to achieve higher performance.

Secondly, H1b hypothesized that behaviors positively related to SMEs performance which was tested through this hypothesis. Behavior is defined as how people do in the cause of innovation through energizing, engaging and the enabling affects (Rao & Weintraub, 2013). Contrary to values, the finding was not supported; it revealed that behaviors does not affect SMEs performance; in which this result does not support previous studies by Ashkanasy (2004), Bracker (1988), Harrison & Wicks (2013), Honig (2004), Schein (2004), and Thompson (2006). This finding is consistent with those who found no relationship between behaviors and SMEs performance by Abouzeedan (2011), Claudius & Barbosa (2012), Delisle (2004), Ra, Vuk, & Indihar (2012) and Yahya (2012).

A possible explanation for this finding may be based on the assertion that behaviors, as a part of innovative culture, is contextually sensitive and does not support in Pakistani context and the environment (Diamantopoulos & Hart, 1993; Ellis, 2006). For instance, in a traditional, relatively low-industrialized country, the products, processes and business systems are not integrated with one another, and therefore, behaviors may not be considered important in influencing the SMEs performance specifically in Pakistani context. Additionally, it is also a result of the fact that behavior which reflects SMEs study their employees' needs and actions for increasing SMEs performance, is not considered vital by

SMEs owners and managers in Pakistan (Bhutta et al., 2008). Another reason for this supposition not to hold may be related to the cultural constraints of Pakistan. Nonetheless, this does not indicate that behavior is not fundamental for SMEs performance. This hypothesis also conclude, behavior has no direct relationship with SMEs performance.

Thirdly, this objective was also achieved by testing H_{1c} which states climate is positively related to SMEs performance. It is worthy to note, processes as part of the innovative culture is viewed as the quality of SMEs (Rao & Weintraub, 2013). Based on the analysis of this study, climate is found to have no relationship with SMEs performance, as H_{1c} is not supported. In other words, climate involves SMEs ability to understand and attains information about innovative culture through collaboration (community, diversity, and teamwork), safety (trust, integrity, and openness) and simplicity (no bureaucracy, accountability, and simplicity) are not related to SMEs performance.

Findings observed in this study through H1c does not mirror those of the prior studies who have reported positive effect of climate on SMEs performance like Bosma et al., (2012), Cornwell (2001); Hussain Naqvi (2011), Maladzhi et al., (2012), Postma & Zwart (2001); Swierczek & Thai (20030; van de Vrande, de Jong, Vanhaverbeke, & de Rochemont (2009), and Veskaisri et al., (2007). This outcome does not give support for theoretical explanations of SMEs performance based on SMEs climate as postulated by Schumpeter's theory of profits and growth through innovation in Pakistani SMEs.

H1c's rejection reveals Pakistani SMEs does not provide an innovative environment to employees increasing SMEs performance. It is because an innovative climate is not considered significant by SMEs owners and senior managers in Pakistan. Another reason for

this supposition not to be supported is may be related to the procedural differences, and cultural reluctances for an innovative climate in Punjab, Pakistan.

H1d states, processes (PR) as an innovative culture has a positive effect on SMEs performance. PR includes the few elements like ideate (generation, filtration, and the prioritization), shape (prototyping, failing, smartly, feedback) and the capture (flexibilities, launching, and scaling) (Rao & Weintraub, 2013; Sarros et al., 2008). Results show another important finding that there is a positive significant relationship between PR and SMEs performance. Therefore, this result validates the empirical linkage between PR and SMEs performance. Hence, H1d is supported.

In accordance with the result of this study, previous studies have demonstrated the reflection of this study, PR has a direct relationship with SMEs performance like Johannessen et al., (2001), Kongolo (2010), Maladzhi et al., (2012), van de Vrande, de Jong, Vanhaverbeke, & de Rochemont, (2009), Wasim & Khan (2014), and Zeng et al. (2010). This finding further supports the concept of RBV theory. PR has a positive direct relationship with SMEs performance in Punjab, Pakistan.

Hypothesis 1e states that resources (RS) are positively associated to SMEs performance. It is worthy to note that resources as a fragment of the innovative culture is regarded as an economic and a productive component which is needed to fulfill the innovative culture (Rao & Weintraub, 2013). Result of the analyses of this study is, RS relationship with SMEs performance is found to be insignificant. Hence, H1e is rejected. In other words, RS involves SMEs ability to understand and obtains information about the innovative culture through people (champions, experts, and talents), systems (selection, communication, and

ecosystem) and projects (time, money, and space) are not related to SMEs performance (Rao & Weintraub, 2013).

Findings does not support prior studies that have reported positive effect of RS on SMEs performance like Claudius & Barbosa (2012), Ismail, Mokhtar, Ali, & Rahman in 2014, Jasra, Khan, Hunjra, and Rehman (2011), Mazzarol (2004), Moberg et al., (2014), Reigeluth & Carr-Chellman (2008), Rose (2008), and Sacramento & West (2006). Also, this outcome does not support for theoretical explanations of SMEs performance based on SMEs RS as postulated by the theory RBV in Pakistani context.

However, it may be as a conclusion that RS which reveals that it is such an economic or productive component which is needed to fulfill an activity with reference to the innovation for increasing the SMEs performances is not considered vital by SMEs owners and managers in Punjab, Pakistan. Another reason for this supposition not to hold may be related to organizational structural differences. Rejection of hypothesis does not support that RS as a part of the innovative culture is not fundamental for SMEs performance. RS is also comprehended in an indirect relationship with SMEs performance through the access to strategic planning.

H1f states, success (SC) is positively related to SMEs performance. Analyses indicate important findings that there is a positive significant relationship between SC and SMEs performance. Therefore, this result validates the empirical linkage between SC and SMEs performance.

In accordance with the result of this study, previous studies have demonstrated the reflection of this study that SC influences SMEs performance and enhances SMEs performance while

using SC of innovative culture. This dogma is also supported by many researchers and authors in their study like, Dobni, 2010, Sarros et al., (2008), Swierczek & Thai (2003), Webster (2009), and Rao & Weintraub (2013). This finding also supports Schumpeter's theory of profits and growth through innovation. So, SC influences SMEs performance positively in Punjab, Pakistani context, as this hypothesis is supported and accepted.

Therefore, all directly related hypotheses of innovative culture (VL, BR, CL, PR, RS and SC) and SMEs performance in Pakistan are discussed above based on the analysis conducted on the data collected. Above discussed hypotheses either supported or not supported are discussed in detail which accomplishes the objective one of the study.

Hypotheses showing the relationships between an IC and SP were H_{2a}, H_{2b}, H_{2c}, H_{2d}, H_{2e}, and H_{2f} stating that VL have positive relationships with SP, BR have positive influence on the SP, CL has a positive relationship with the SP, PR have positive relationships with the SP, RS have positive relationship with the SP, and SC has a positive relationship with the SP respectively. Among these hypotheses, H_{2d} and H_{2f} are accepted. Many authors have suggested that SP have successful relationship in firms with the PR of the firms like Barringer & Bluedorn in 1999, Li et al., in 2008, Raj & Srivastava in 2014, Rezvani et al., in 2011, and Wang et al., in 2007. Preceding studies on SC of IC in line with SP supported this study's analyses like Barringer & Bluedorn (1999), Honig (2004), Neluheni et al. (2014), Rezvani et al. (2011), and Wang et al. (2007).

H2a, H2b, H2c, and H2e are rejected. It may be as a conclusion that VL, BR, CL, and RS were revealed because of lack of proper economic and productive components which is needed to fulfill an activity with reference to the innovation for snowballing the SP. Reason

for the rejection is may be because of the environmental setting, cultural reluctancy, lack of Improper education on these dimensions, and social behavior for IC.

The last direct hypothesis which states that SP has a positive relationship with SMEs performance, was accepted. Hypothesis (H4) was also supported by many researchers previously who agreed for this relationship like Divan in his work in 2012, Endlich, Wiswell, & Cline in his work in 2001, Falshaw, Glaister, & Tatoglu in their work in 2006, Hathway in 2013, Murphy & Henderson in 2013, Nureni (2011), Whalley (2010), and Youngs (1995).

5.3.2 Mediating Relationships between Innovative Culture (VL, BR, CL, PR, RS, and SC), SMEs Performance and Strategic Planning (SP)

Second objective of this study was to investigate the relationship between innovative culture variables and their relationships with the mediating variable. These hypotheses were supported by RBV and , this objective formulated six hypotheses on the positive relationship between VL and SMEs performance mediated by SP, BR and SMEs performance mediated by SP, CL and SMEs performance mediated by SP, PR and SMEs performance mediated by SP, RS and SMEs performance mediated by SP, and SC and SMEs performance mediated by SP.

For this purpose, five mediating hypotheses were developed and then tested using bootstrapping method (Preacher & Hayes, 2008). Specifically, H3a, H3b, H3c, H3d, H3e and H3f were tested to achieve this mediating objective that either SP is mediating between innovative culture and SMEs performance. Relationships were tested firstly independent variable with mediator and then mediator with dependent variable (Preacher & Hayes, 2008).

Firstly, aforementioned objective resulted in H3a, which states that there is a positive relationship between VL and SMEs performance mediated by SP in Punjab, Pakistan. Results indicate H3a is rejected. This study does not find support for the mediating relationship in Pakistani environment. Reasons for this rejection are the lack of proper resources for IC, lack of proper strategic planning, can be lack of environmental settings, lack of creative thinking for the performance, and because of the strong relationship is missing between IC with SMEs performance. At times, mediator reduces this effective relationship. Few researchers have not agreed this relationship VL-SP-P like Honig (2004), Kwantes & Boglarsky (2007), Tellis et al., (2008) and Wu's work (2006).

Moreover, H3b states that behaviors of IC and SMEs performance is mediated by SP. The results of the analysis shows that this hypothesis is rejected. One of the reason is, BR as a part of IC is in a direct relationship with SMEs performance but in H1b this relationship was also rejected. Therefore, it is clear that SP does not play a role in developing any relationship between behavior and SMEs performance in Pakistani context. Previous studies have shown that it plays a mediating role but this study is not supporting to them.

H3c states that CL and SMEs performance is mediated by the SP. But this hypothesis is also not supported and the reason is because of operational differences, constraints and SP has no mediating influence. Few authors have also rejected SP existence as a mediating as Neluheni et al., (2014), Robinson (1983), Skokan et al., (2013), Suklev & Debarliev (2012) and Wang et al., (2007).

H3d identifies that processes and SMEs performance are mediated by the strategic planning. Analysis indicates that this hypothesis is supported which highlights that this relationship

works in SMEs. Also added by many preceding studies like Barringer & Bluedorn (1999), Hin et al., (2013), Honig (2004), Kraus, Reiche, & Reschke (2007), Neluheni et al., (2014), Rezvani et al., (2011), Unger, Macq, Bredo, & Boelaert (2000), and Wang et al., (2007).

On the other hand, H3e postulates that resources and SMEs performance is mediated through SP is not supported. Reason for this is resources are not enough to mediate through strategic planning for influencing SMEs performance. The reason is because strategic planning mission statements, vision, objectives, have a less influence and connectivity with resources. This connection of resources with SP is not supported by many research workings like of Arasa & K'Obonyo (2012), Bourgeois (1980), Honig (2004), Neluheni et al., 2014; Wang et al., (2007).

Last hypothesis of mediation H3f proves that the relationship between success and SMEs performance is mediated by SP. This hypothesis is also supported. Many authors have also supported the relationship of strategic planning with success of innovative culture like Barringer & Bluedorn (1999), Claver et al., (2000), Li et al., (2008), Neluheni et al., (2014), Samanta (2000), and Soto-acosta, Popa, Palacios-marqués, Popa, & Palacios-marqués (2015). Many authors have supported the relationship between SP and SMEs performance as Haroon Hafeez (2012), Li et al., (2008), Pushpakumari & Watanabe (2009), and Skokan et al., (2013).

As seen priorly H_{3a}, H_{3b}, H_{3c}, and H_{3e} are not supported and H_{3d} and H_{3f} are accepted. Accepted hypotheses indicate that PR and SC in relationship with SMEs performance are mediated by SP. Few theories support these relationships of performance with IC, and SP like Schumpeter's theory of profits and growth respectively. Schumpeter's theory states the

profit is generated through innovation (Ali, Ahmadi, & Salamzadeh, 2012; Cantwell, 2001; Johannessen et al., 2001; Moberg et al., 2014; Nicholas, 2003; Ohyama, Braguinsky, Mellon, & Klepper, 2009; Piore, 2007; Śledzik, 1942).

Those hypotheses which are not supported and are contrary to the theoretical support points out that Pakistani context do not support those relationships between the variables. Although, few theoretical arguments and empirical research supports the idea of this mediation relationship. Consequently aligned with literature, it is concluded that SP has a mediating effect in a relationship between IC and SMEs performance.

5.4 Implications for Theory and Practice

Governments, public and private institutions, practitioners and academic researchers in the area of innovation, entrepreneurship, strategic planning, and the cultural studies have given a lot of attention to SMEs performance, SP, and the exogenous factor IC. Based on the findings and the analysis of this research work, the study has more than a few important implications, especially in terms of SMEs performance and innovative culture in the context of Pakistan. The consequences of this study provides practical and theoretical implications. These implications are discussed in the following sub-sections.

5.4.1 Theoretical Implications

Accepted hypotheses of this study indicate the theoretical association of the variables SMEs performance, IC, and SP. This study is found considerably substantial because it highlights the different theories and models. It also pinpoints them as more significant ones. Additionally, this study gives a better understanding of the mediating effect of SP towards

IC sets and SMEs performance including both financial and the non-financial performance. This study was based on Schumpeter's theory of profits and growth through innovation, and resource based view.

This study concludes that IC's values, processes and success have a direct effect on SMEs performance. But IC's behaviors, resources and climate are not considered significant to effect SMEs performance. Hence, SMEs must utilize values, processes and success to generate a better performance through IC.

IC's processes and success are considered significant to effect SP. However, values, behaviors, resources, and climate are not considered significant to effect SP. This relationship of values, behaviors, resources, and climate with SP was supported by many studies but this study implicate that IC's processes and success contribute more on SP.

This study also highlights that SP as a mediated variable has an influence when IC's processes and success are deliberated as substantial to generate SMEs performance but other dimensions of IC are not important. Furthermore this study also states that SP has an effect on SMEs performance which is supported by RBV.

5.4.2 Practical Implications

The practical perspective findings in this research are significant to the small and medium enterprises (SMEs) in Pakistan, particularly their CEOs, owners, and the strategists in improving its policies, strategies and systems in terms of innovative culture and the strategic planning with the reference of performance. This current study contributes significantly to SMEs, forcing SMEs to realize the importance and significance of SP and IC to increase SMEs performance.

Through this study, SMEs can enhance the performance through incorporating SP and IC. The present study contributes significantly to the strategic elements of SMEs systems from different sectors. This study also contributes to the innovative culture based programs, skills development approaches in SMEs, strategic planning of firms, and the stakeholders of the SMEs. The study could assist both internal and external stakeholders in understanding the better employment situation of the country and how innovative cultural elements along SP can enhance SMEs performance.

This study helps SMEs to use the significant elements of IC. It also identify to SMEs stakeholders that values, behaviors, resources, processes, climate, and success are important while impeding IC in SMEs. This study also elaborates that SP is important to impede with IC to generate a better performance. This study was conducted in Punjab province only but other provinces SMEs can take the grounds from this study to implement in their SMEs. On the other hand, this study is generalizable and is utilizable by the other SMEs of the world.

5.5 Recommendations and Suggestions

5.5.1 Approach of SMEs CEOs and others towards Innovative Culture and Strategic Planning

Individuals relevant to SMEs fields, usually are considered as proactive, creative and innovative learners, and should have exceptional personality traits and skills, directed to entrepreneurship for running them successfully (Hussain Naqvi, 2011). SMEs CEOs and others who are directly linked with for incorporating the innovative culture they must be stay update to the latest theories, methodologies, concepts, and IT techniques relevant to their

industry. This is a most important element which is found missing in Pakistani SMEs. Most of CEOs and others do not know the latest techniques in their relevant industry.

All CEOs and other senior members of SMEs should have such approaches and intentions which focus on the latest techniques of IC and SP, new researches on IC and SP, and new model developments because this will help their SMEs to have most recent knowledge on IC and SP's relationship with performance. While gathering data this was the major issue that CEOs and others of SMEs were lacking of the knowledge of innovative culture and its dimensions like values, behaviors, climate, processes, and resources. SMEs CEOs and directors, strategists were lacking behind their latest concepts of strategic planning and their processes. This study will help them to have such model which increase the SMEs performance through IC and SP. It is also suggested that IC's few dimensions should be implement for better SMEs performance.

5.5.2 Learning, Training and Coordination Networks for SMEs

One of the most key hurdle which the researcher faced during this study was unavailability of the learning and the coordination networks for the help of SMEs. Through these learning centers and networks, SMEs can coordinate and learn the concepts of innovation, cultural paradigms, strategic levels, strategic plans and many more. Although many departments which are working in Pakistan like SMEDA who are helping SMEs, but these coordination centers are located in the major cities of Pakistan but not in every district of Pakistan. SMEs were lacking of the knowledge on SMEs nonfinancial performance, innovative cultural elements and SP. These centers must be flourished and prospered throughout Pakistan in the form of network to introduce the knowledge through workshops or short courses to introduce

IC, SP and non-financial performance. It is further suggested that at every center of learning and coordination center, government must provide the new learning techniques and tactics regarding any issue.

It is further recommended that these centers must be learning oriented and their aims must be delivering and conducting such orientations and learning sessions which help new and old SMEs owners regarding new updated knowledge. The themes of these learning programs and sessions must be on how to run an SME successfully. Pakistani government must be responsible to provide all basic facilities to SMEs, where not only develop numerous qualities in the employees but also create positive impact on economic improvement of an SME.

Emerging entrepreneurs cannot survive without having an adequate infrastructure like electrical energy, water, roads and rail network, transportations, telecom services, necessary proficiency training, adequate educational system at all stages for an innovative culture and SP. The government is accountable to provide all these facilities to these enterprises. It is also very essential at all the levels including district level, provincial level and at federal government which are responsible to provide above mentioned facilities for developing new SMEs in the country for raising their GDP because SMEs increase GDPs.

It is suggested that further research should include the role of government to support towards SMEs performance because SMEs need a financial help to generate the better performance both financially and non-financially. Government has a realistic role to provide a supportive environment that facilitates individuals in identifying and developing entrepreneurial innovative skills, strategic skills and capabilities in them. This role of facilitation and

supporting includes, but not specifically provide financial assistance policies and schemes, establishment of entrepreneurship incubation centers, structural support to the individuals for creating new SMEs, providing safe and crime free society to let entrepreneurs grow. These government policies not only assist embryonic entrepreneurs to establish their own business and generating revenues for the government but also helps in combating with the unemployment in the country because it will motivate the citizens to run an SME with an advice and help.

To encourage SMEs professional, the government can support them by providing interest free loans, access to the financial institutions, access to the finance and credit for entrepreneurs with easier access to funds for all businesses, free trade facility for both local and international market. It is also required of the government to provide the excellence of mentoring facilities for SMEs and strategic professionals, particularly with consideration to counsel at start-up, expanding market for entrepreneurs, support entrepreneurship development programs, and funding for support information, the consciousness of business prop up opportunities, to turn out to be a facilitator, the government should be supposed to perform a source of resources to prop up the advisory bodies.

5.5.3 Promote Cyber Entrepreneurship and Cyber Strategies

Future research should study in the context of cyber entrepreneurship and cyber strategies because of its effect on SMEs performance because this study focuses on SMEs performance through IC and SP. SMEs must pay attention to cyber entrepreneurship due to its ability for preparing Pakistani entrepreneurs to penetrate into the global markets. Low entry cost of cyber entrepreneurial activities can stimulate Pakistani SMEs owners to enter in to cyber

entrepreneurship and become a self-employed and contribute in becoming job creator rather than job seekers. It is found a latest trend in every industry but Pakistani SMEs do not have. SMEs employees do not focus on the cyber feature. This cyber activity force Pakistani SMEs to become a part of global SMEs which will help them to become more innovative, creative, and strategically planned.

It is also recommended further that In the long run cyber entrepreneurship can lead to nation's growth and better SMEs performance. To see fast impact, government should provide start up fund so that potential entrepreneur can utilized it for training and consultancy. Through these cyber entrepreneurs millions of new online SMEs are found almost in every country to promote their businesses through internet and which ultimately increases the SMEs performance. More cyber strategies must be employed to run SMEs more successfully and competitively for having a better performance. Cyber strategies must be planned to run the SMEs online in an innovative way. This must be implemented to every member of SME to participate fully. For having innovative values, innovative behaviors, and innovative climate, there must be an innovative process and an innovative resource.

5.5.4 Training Programs for SMEs Employees

During this study, it is experienced that SMEs employees in the smaller cities are lacking of many new innovative cultural and strategic planning activities. For this purpose, SMEs employees must be trained through special trainings. Training on entrepreneurial and planning activities is essential for the professionals running them. The training programs should be more practical-orientated and should provide a lucrative career opportunities for the individuals. The training programs should emphasize the pre-start and start-up stages of

business creation, as they are the most challenging stages for getting on a business venture. This would prepare the individuals with the adequate knowledge and skills for entrepreneurial careers and skills to run SMEs more successfully.

5.5.5 Other Provinces

Considering the limitations of the present study, there are promising avenues for future research. It is proposed that further research should consider the following areas or aspects. The present study was conducted to examine the mediating effect of strategic planning towards innovative culture and SMEs performance in Punjab, Pakistan. Future research may be conducted in other provinces modifying some of the dimensions found in the present study. Such studies could enrich knowledge on variables in the evaluation of innovative culture, SMEs performance and strategic planning.

The present study is limited to only SMEs in Punjab, Pakistan. Future research could be conducted outside Punjab i.e.; in different provinces of Pakistan. The study is also limited to only province of Punjab in Pakistan. There is a likely tendency that further research needed to be conducted to assess the employees in other geographic areas in Pakistan.

Present study was conducted in the province of Punjab, Pakistan and most of the data were collected from Lahore districts. There are other provinces and big cities of Pakistan and can be focused for assessing innovative culture and SMEs performance, but not included in this study. Thus, the study is limited to only Punjab province in Pakistan. The study examined the relationships between SMEs performance, innovative culture and strategic planning.

5.5.6 Other Measurement Tools

The present study employed the survey method that used a set of questionnaires as a measurement scale. It is highly recommended that future studies should consider the use of other tools like triangulation techniques (both qualitative and quantitative) which will help researchers to observe the respondents' behavior more closely.

Future research should emphasize on what the respondents do by using qualitative method because the primary benefit of this method is that it allows the researcher to employ the direct interaction, whereby the researcher has the direct contact with the respondents. Through this method there will be a two-way communication, where any unclear questions and doubts can be answered.

5.5.7 Longitudinal study

Further research should be conducted to examine SMEs performance, innovative culture and strategic planning on a longitudinal way to evaluate this relationship because this study was not conducted on cross-sectional method. The model could be expanded through this way. A longitudinal study is an observational research method in which data is gathered for the same subjects repeatedly over a period of time. It is extend over years. In a longitudinal cohort study, the same individuals are observed over the study period.

5.6 Limitations of the Study and the Suggestions for the future Research

The findings in the present study display some shortcomings. These limitations need to be recognized when interpreting the findings of this study, while at the same time recognizes the opportunities which it presents for further research. The limitations are discussed below.

The methodology employed was the survey method using a set of questionnaires. Through this method the research attempts to predict innovative culture, strategic planning and SMEs performance through the registered SMEs in director of industries in Punjab, Pakistan by questioning what they do, or what assumptions they would make about their likely behavior, based on how they have answered the questionnaires. Thus, the limitation of the interpretation of the results is limited to the survey research method only. But other researchers can use other methods to conduct this study.

The study utilizes the systematic sampling techniques to determine the sampling size. Due to the sampling technique employed, the finding is limited to the sampling technique. The sample of the population might have underrepresented because there were many other SMEs working through out Pakistan. The population of this study was a small percentage of the total population. The finding is limited to the sample population. Samples of the study are SMEs registered in the director of industries Punjab and SMEDA of Lahore, Pakistan. The study does not take into account of all the views of SMEs working with other than SMEDA and Punjab director of industries registered SMEs in Pakistan.

This research is limited to one province of Pakistan because the other provinces have the variation in their culture and many other reasons. The sub-culture may impede the findings of the study. Henceforth, Punjab province which amounted 53.7% of the total country's population of SMEs (Sme Sbp, 2011) was chosen as a sample of this study. Researchers can imped this study in the other districts and provinces of Pakistan.

This study was limited to the Punjab Province only because of the cultural constraints, language hindrances, and terrorism attacks but other researchers can use this research in the

other provinces of the country for enhancing the performance of the SMEs. As no industry was selected for this study but for future researchers can select a specific industry and analyze the IC and SP relationship for the SMEs performance.

This study was limited to quantitative method, explanatory method and the cross sectional mode of data collection in Punjab, Pakistan. However other researchers can use other methods like quantitative, exploratory method, and the longitudinal method.

The results of the findings are limited to the views of individuals, CEOS, strategists, and senior managers working with SMEs in Punjab only. The study used 5-point Likert-type scale for respondents to indicate their degree of agreement with the statements on SMEs performance, innovative culture and strategic planning. Thus, the content of the study is limited to the understanding that all respondents understand the statements in the questionnaires used for the study. In the present study, the instrument measured perceptions. It has been assumed that the respondents were telling the truth about their perceptions about their personal skills. The present study used a cross-sectional study, and not a longitudinal study to view innovative culture, SMEs performance and strategic planning among SMEs owners, CEOs, senior managers and strategists. The finding of the research is limited to a cross-sectional study. Factors like behaviors and values are likely to change over time and could be influenced by other factors not covered in the research study. The constructs were measured with multi-items scales and may result in loss in scale validity and reliability.

5.7 Conclusion

The main purpose of this research is to examine the relationship between innovative culture and SMEs performance along with mediating role of strategic planning in Punjab, Pakistan. This research has achieved all the three objectives as discussed in chapter 1 in detail.

The conclusion and findings of this study has discussed the three research objectives developed for this study in the context of Punjab, Pakistan. The first objective of this study was to examine SMEs performance through innovative culture. The second objective was to examine the effect of innovative culture on strategic planning. Lastly, the third objective was to examine the strategic planning, as a mediator between the innovative culture and SMEs performance.

Data were collected from the selected SMEs operating in Punjab, Pakistan using a cross-sectional study design. This study adopted the simple random sampling from 450 respondents. Questionnaires were distributed to the respondents and the data was collected through personally-administered method. Partial Least Squares Structural Equational Modeling (PLS-SEM) was used to test the hypotheses. This study finds that innovative cultural values, processes, and success factors have a positive influence on SMEs performance directly but innovative cultural behavior, climate, and resources do not effect SMEs performance.

Study also reveals that SP has a direct positive relationship on SMEs performance. Study further reveals that SP as a mediating variable has a significant effect on the relationship between SMEs performance and innovative cultural processes and success. Considerable

evidence shows that strategic planning leads to increased firm performance. Yet, the majority of SMEs do not plan and the reasons why are not well understood and failed.

However, SP as a mediating variable has no significant effect on the relationship between SMEs performance and innovative cultural values, behavior, climate and resources. The results of the study further highlights the important insights to owner-managers, policy makers, and researchers to further understand the effects of IC and SP on SMEs performance. Owner-managers of SMEs should emphasize on IC's values, processes and resources and SP to enhance SMEs performance. Strategy planners and policy makers should encourage and implement such policies which includes IC and SP for enhancing SMEs performance.

Findings contribute to some of the theories related to both strategic variables, innovative cultural variables and SMEs performance. The implications of the theory with regard to theoretical, methodological and practical implications were discussed in detail which elaborates this study. The limitations of this study are discussed in detail. The recommendations in the result of this study are also discussed in detail which includes the stimulating SMEs, cyber entrepreneurship, cyber strategies, and university, school institutions and education system roles in SMEs have been discussed. Limitations of the present study were presented and suggestions for further research have been proposed, concluding that exploring the relationship between SMEs performance, strategic planning and the innovative culture is necessary and appropriate. If this relationship is used then SMEs can have more and better performance.

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APPENDIX

Appendix A Questionnaire

A STUDY ON INNOVATIVE CULTURE, STRATEGIC PLANNING, AND SMEs PERFORMANCE IN PUNJAB, PAKISTAN

Dear Sir/Madam

A Study on Innovative Culture, Strategic Planning, and SMEs Performance in Pakistan

I am pleased to inform you of the aforementioned study, which is currently undertaken by UUM. Mainly this study aims to enhance the performance of Small and Medium Enterprises (SMEs) in Pakistan while keeping in view that how Innovative Culture (IC) and Strategic Planning influences the Performance of an organization. This study entails that how Innovation as a part of a culture in an organization effects SMEs. This study also entails that how Strategic planning of an organization in relationship with innovative culture influence the performance of the organization. For this purpose, I am approaching a number of organizations to participate in a survey relating to their experiences in implementing this relationship in various areas. The intended outcome is to develop a model which can assist organizations in their quest for achieving the high performance of an organization and as well as the innovative culture, and the best strategic planning.

The analysis of all the questionnaires will provide the basis for identifying best practices, highlighting the key critical factors and building a proposed model for the implementation.

I would highly appreciate your participation, since the success of the research is dependent upon receiving the maximum number of responses. Your answers will of course be treated confidentially and the information will only be used for the purpose of this study. The questionnaire has been designed to make completion simple, easy and speedy.

I am pleased to send you an executive summary once the key research findings are published. If you would like to receive one, **Please fill in the box at the end of the questionnaire.**

I am looking forward to receive your completed questionnaire as soon as possible and many thanks for your kind support and the cooperation.

Yours sincerely,

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A- Profile of A Respondent

1.Position:

o	CEO		Senior manager
o	Strategist		Other (please Specify)
			……

2.Gender

Male
Female

3.Age:

o	< 21 years old	o	26-30 years old	o	31-35 years old
o	21-25 years old	o	41-45 years old	o	46-50 years old
o	36-40 years old	o	56-60 years old	o	> 60 years old
o	51-55 years old				

4.Educational background:
(Please tick the maximum one you attained)

Matriculation or equivalent	Intermediate or equivalent	Diploma or equivalent
Bachelor degree (2 years)	Bachelor degree (4 years)	Master's degree
Doctoral degree		
Other (please specify)……		

B-About your Organization

1 **Your Industry category**
Please choose one according to your main business.

Agriculture	Whole sale Trade	Education
Retail Trade	Manufacturing	Finance and Insurance
Communication services	Construction	Accommodation
Property and business services	Culture and recreational services	Food industry
Foundry	Horticulture	Transport and storage
Ceramics	Leather industry	Health services
Fishes	weaving	Community services
Dairy	Hardware	Engineering products services
Livestock	Software products and services	
Textile		
Others		

_____

2 **No of employees**
Please choose the specific range.

No. of employees	**Years**		
	2012	**2013**	**2014**
> 10			
10- 20			
20-50			
51-100			
101-150			
>250			

3 **Ownership**
Please choose one only.

Sole proprietorship
Partnership
Joint venture
limited company
Join Stock
Corporation

4 **Sales Turnover (Rupees in million)**
Please choose the exact range.

Sales turnover	**Years**		
	2012	**2013**	**2014**
>50			
50-75			
76-100			
>100			
<400			

5 **Years of operation:**
Please choose the maximum one.

>1	8-11 years	12-15 years
1-3	>20 years	
4-7 years		
15-20 years		

C-Innovative Culture of an Organization

Do your organization innovate? Yes No

If yes, then please can you list the innovation of your organization?

A-VALUES The following statements describe the **values** in the Innovative Culture in your organization. Please encircle the right option: 1=Not at all; 2=To a Small Extent; 3=To a moderate extent; 4=To a Great Extent; 5=To a very great Extent					
We are having a burning desire to explore opportunities and to create new things.	1	2	3	4	5
We have a healthy appetite and tolerance for ambiguity when pursuing new opportunities	1	2	3	4	5
We avoid analysis paralysis, when we identify new opportunities by exhibiting a bias towards action	1	2	3	4	5
We encourage new ways of thinking and solution from diverse perspectives	1	2	3	4	5
Our workplace provide us the freedom to peruse new opportunities	1	2	3	4	5
We take delight in being spontaneous and are not afraid to laugh at ourselves.	1	2	3	4	5
We are good at asking questions in the pursuit of the unknown.	1	2	3	4	5
We are constantly experimenting in our innovation efforts.	1	2	3	4	5
We are not afraid to fail, and we treat failure as a learning opportunity.	1	2	3	4	5

B.BEHAVIORS The following statements describe the **behavior** in the Innovative Culture of your organization: Please circle the right option 1=Not at all; 2=To a Small Extent; 3=To a moderate extent; 4=To a Great Extent; 5=To a very great Extent					
We inspire with a vision for the future and articulation of opportunities for the organization	1	2	3	4	5
We think and act entrepreneurially.	1	2	3	4	5
We have the right for the innovation behaviors for others to follow.	1	2	3	4	5
We devote time to coach and provide feedback in our innovation efforts	1	2	3	4	5
In our organization, people at all levels proactively take initiative to innovate.	1	2	3	4	5
We provide support to project team members during both successes and failures.	1	2	3	4	5
We use appropriate influence strategies to help and navigate around the organizational obstacles	1	2	3	4	5
We are able to modify and change course of action when needed.	1	2	3	4	5

We persist in following opportunities even in the face of adversity.	1	2	3	4	5

C.CLIMATE

The following statements describe the **Climate** in Innovative Culture of your organization:
Please encircle the right option
1=Not at all; 2=To a Small Extent; 3=To a moderate extent; 4=To a Great Extent; 5=To a very great Extent

We have a community that speaks a common language about innovation.	1	2	3	4	5
We appreciate, respect and control the differences that exist within our community.	1	2	3	4	5
We work well together in teams to capture opportunities.	1	2	3	4	5
We are consistent in actually doing the things that we say we value.	1	2	3	4	5
We question decisions and actions that are inconsistent with our values.	1	2	3	4	5
We are able to freely voice our opinions, even about unconventional or controversial ideas	1	2	3	4	5
We minimize rules, policies, bureaucracy and rigidity to simplify our workplace.	1	2	3	4	5
People take responsibility for their own actions and avoid blaming others	1	2	3	4	5
Our people know exactly how to get started and move initiatives through the organization	1	2	3	4	5

D.RESOURCES

The following statements describe the **Resources** in Innovative Culture of your organization:
Please encircle the right option
1=Not at all; 2=To a Small Extent; 3=To a moderate extent; 4=To a Great Extent; 5=To a very great Extent

We are committed leaders willing to be champions of innovation	1	2	3	4	5
We have access to innovation experts who can support our projects.	1	2	3	4	5
We have the internal talent to succeed in our innovation projects.	1	2	3	4	5
We have the right recruiting and hiring systems in place to support a culture of innovation	1	2	3	4	5
We have good collaboration tools to support our innovation efforts.	1	2	3	4	5
We are good at leveraging our relationships with suppliers and vendors to pursue innovation	1	2	3	4	5
We give people dedicated time to pursue new opportunities.	1	2	3	4	5
We have dedicated finances to pursue new opportunities	1	2	3	4	5
We have dedicated physical and/or virtual space to pursue new opportunities	1	2	3	4	5

E.PROCESSES The following statements describe the **Processes** in Innovative Culture of your organization: Please encircle the right option 1=Not at all; 2=To a Small Extent; 3=To a moderate extent; 4=To a Great Extent; 5=To a very great Extent					
We systematically generate ideas from a vast and diverse set of sources	1	2	3	4	5
We methodically filter and refine ideas to identify the most promising opportunities	1	2	3	4	5
We select opportunities based on a clearly articulated risk portfolio.	1	2	3	4	5
We move promising opportunities quickly into prototyping	1	2	3	4	5
We have effective feedback loops between our organization and the voice of the customer	1	2	3	4	5
We quickly stop projects based on predefined failure criteria.	1	2	3	4	5
Our processes are tailored to be flexible and context-based rather than control and beaurecracy based.	1	2	3	4	5
We quickly go to market with the most promising opportunities.	1	2	3	4	5
We rapidly allocate resources to scale initiatives that show market promise.	1	2	3	4	5

F. SUCCESS The following statements describe the **Success** in Innovative Culture of your organization: Please encircle the right option 1=Not at all; 2=To a Small Extent; 3=To a moderate extent; 4=To a Great Extent; 5=To a very great Extent					
Our customers think of us as an innovative organization	1	2	3	4	5
Our innovation performance is much better than other firms in our industry.	1	2	3	4	5
Our innovation efforts have led us to better financial performance than others in our industry	1	2	3	4	5
We treat innovation as a long-term strategy rather than a short-term fix	1	2	3	4	5
We have a deliberate, comprehensive and disciplined approach to innovation	1	2	3	4	5
Our innovation projects have helped our organization develop new capabilities that we didn't have three years ago.	1	2	3	4	5
We are satisfied with the level of participation in the innovation initiatives.	1	2	3	4	5
We deliberately stretch and build our people's competencies by their participation in new initiatives	1	2	3	4	5
We reward people for participating in potentially risky opportunities, irrespective of the outcome.	1	2	3	4	5

D-Strategic planning of the Organization

The following statements describe the **Strategic Planning** in your organization.
Please encircle the right option

1=strongly disagree; 2=Disagree; 3=Neutral; 4= Agree; 5=strongly Agree

Vision and values					
The key values we are standing for in the organization are clear.	1	2	3	4	5
The key message or phrase that describes the organization is clear and not ambiguous.	1	2	3	4	5
We want the organization to be the best in the industry in the next 5 years.	1	2	3	4	5
We want the organization to be the best in the industry in the next 10 years.	1	2	3	4	5
The organization looks like the best one when we have achieved the vision.	1	2	3	4	5
We have a personal vision of how the organization must look or provide the services in the future	1	2	3	4	5
Our "market position" must separate us as the clear choice.	1	2	3	4	5
Mission statement					
Our Mission statement is clear and rigid	1	2	3	4	5
Our Mission statement contains all the visionary items	1	2	3	4	5
Mission statements fits with the future vision	1	2	3	4	5
Mission statement must be changed	1	2	3	4	5
Mission statement is contingent	1	2	3	4	5
Goals					
Our organization has a defined goals	1	2	3	4	5
Our organization has the strategic goals as per the mission statements	1	2	3	4	5
Our goals are clear and rigid	1	2	3	4	5
Goals are clear for short term an long term	1	2	3	4	5
Goals must be changed	1	2	3	4	5
Objectives					
Our organization has a defined objectives	1	2	3	4	5
Every department has its own sub-objectives	1	2	3	4	5
Our organization has the objectives based on the goals	1	2	3	4	5
Our objectives are clear and rigid	1	2	3	4	5
Objectives are clear for short term and long term	1	2	3	4	5

Short term objectives must be changed	1	2	3	4	5
Long term objectives must be changed	1	2	3	4	5
Strategies					
Our organization has a short term strategy for less than 3 years	1	2	3	4	5
Our organization has a long term strategy for more than 3 years	1	2	3	4	5
Our organization has a strategy for every department	1	2	3	4	5
Our organization has a contingent strategy as per the environment	1	2	3	4	5

Organizational Performance:

The following statements describe the performance of your organization.

Please encircle the right option:
1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5= strongly agree

Performance					
We measure the profitability of the organization.	1	2	3	4	5
The profitability of the organization in the current year is high.	1	2	3	4	5
The profitability of the previous year is higher than the current year.	1	2	3	4	5
The profitability for the upcoming year is expected well than the current year.	1	2	3	4	5
The sales growth of the current year is good.	1	2	3	4	5
The sales growth of the last year is better than current year.	1	2	3	4	5
The sales growth is expected more in the upcoming year.	1	2	3	4	5
The sales growth of our organization is ranked in the industry at which level.	1	2	3	4	5
The organization is performing well.	1	2	3	4	5
Every department of the organization is performing well.	1	2	3	4	5
Every employee of the organization is performing well.	1	2	3	4	5
Every department in the organization is achieving its goals.	1	2	3	4	5
Every employee is achieving its goal assigned to him/her.	1	2	3	4	5
Our organization is achieving its goals.	1	2	3	4	5
Every employee feels its job is secured in the organization.	1	2	3	4	5
Every employee performs well while keeping in view that his/her job is secured.	1	2	3	4	5

Every employee in the organization is satisfied with the organization's performance.	1	2	3	4	5
). We are satisfied with the organization's performance.	1	2	3	4	5

Comments/Suggestions:

_____

_____

_____

Thank you for your time and kind cooperation.

Appendix B- Profile of Translator

Mr. Muhammad Asim Butt

Research & Development

- In the field of research and development **21** books and a number of articles are to my credit. The books fall into three major categories: creative writing, translation and research.

Creative writings:

I am an established fiction writer having one novel and two collections of short stories to my credit. My writings appeared in magazines both in Pakistan as well as abroad. Some of my writings have also been translated in Hindi, English and Punjabi.

1. *Daira* (novel), Aaj Ki Kitaabein, Karachi 2001. pp.**254**.
2. Dastak (a collection of short stories), Shahrazaad, Karachi 2009, pp:**210**.
3. *Ishtihaar Aadami*(a collection of short stories), Fiction House 1998, Lahore, pp.**128**.
4. *'Naatamaam'* (novel), Sung-e-Meel Publications, Lahore 2014, pp 160.

Translations:

Have been working with *British High Commission* (Pakistan), *Asian Development Bank, Office of the Special Project Facilitator* (Philippines), *UNDP*'s project DTCE (Pak), Friedrich Naumann Foundation (Pak), *Quilliam (Britain)*, *Bargad* (Pak), *Consumer Rights Commission* of Pakistan (Pak), etc as a free lancer translator and researcher.

10 books of translations from English into Urdu and vice versa are to my credit. Topics of these books are versatile spreading from literature to globalization, consumer movement, human rights, journalism, history, etc. The details are as follow:

(From English into Urdu):

5. *Kafka Kahanian*: (150 short stories of great writer Franz Kafka), Jang Publishers, Lahore. Pp. **618**.
6. '*Borgese Kahanian'*, (short stories of Gorge Luis Borges), Readings Publications, Lahore, **pp 200**.
7. *So Azeem Aadami*: (Life sketches and accounts of achievements of hundred great personalities, whose accomplishments caused to change the direction of human history: written by Michael Hart),Takhleeqat, Lahore. pp. **525**.
8. *Muhammad* (a biography of the prophet Muhammad (PBUH) by Karen Armstrong), Tekhleeqat, Lahore. pp. **428**.
9. *Mukhtasar Tareekh-e-Alam* (A short history of the world by H G Wells), Takhleeqat, Lahore. pp. **365**.
10. *Toahamat ki Dunya* ('Superstitions' by Karl Sagan), Mashal, Lahore. Pp. **276**.
11. *Jarey Key Phool* (A collection of Japanese stories), Mashal, Lahore. pp. **212**.
12. *Marco Polo Ka Safarnama* (world famous travelogue of Marco Polo), Takhleeqat, Lahore. pp. **328**.
13. *Muhabbat Key Khatoot* (love letters by Khalil Jibran to his beloved Mey Zaidah), Takhleeqat, Lahore. pp. **287**.
14. *Sarif Nama*, (introduction of consumer rights movement, consumer rights, and consumer issues) TheNetwork for Consumer Protection, Islamabad, 2007, pp. **112**.
15. Fidelio (An opera by Beethoven), Friedrich Naumann Foundation, Islamabad, 2011
16. Taaleem Ka Liberal Nuqta-e-Nazar (Liberal writings on education) Friedrich Naumann Foundation, Islamabad, 2012

(From Urdu into English)

17. *Tale of Four Saints* (Retelling of Persian classic tale 'Qissah Chahaar Darvaish' in easy English for younger school going generation), in printing process, pp. **146**.

Research/Analytical writings:

Main areas of my interest in the field of research are human rights, politics, history and literature. **5** books fall into this category:

18. Pakistan Sal Ba Sal (a chronology of important events took place in Pakistan during first 25 years after its independence in 1947), published by National Language Authority, Government of Pakistan, Islamabad. pp.**680**.
19. Muqaami Hakoomatein (coauthored – a collection of articles on the system of local governments in Pakistan with a historical perspective), Jamhoori Publications, Lahore. pp. **287**.
20. Doosra Aadami (a collection of interviews with 20 prominent literary personalities), Jang Publishers, Lahore. Pp. **235**.
21. Abdullah Hussein: Shakhsiat Aur Fun, (life sketch and critical analysis of literary works of the great novelist Abdullah Hussein), Pakistan Academy of Letters, Govt. of Pakistan, Islamabad, 2009, pp. **140**.
22. 'Jamhooriat: Pakistan kay liay kyun zaroori hai', (Democracy: why essential for Pakistan), Liberal Forum (in collaboration with Friedrich Naumann Foundation), Islamabad, pp. **52**.
23. 'Insaani Haqooq aur Urdu Sahaafat', (co-author) a training manual (human rights and Urdu journalism) for a nation wide workshop on 'Journalism and human rights', arranged by TheNetwork for Consumer Protection in collaboration with British High Commission, at Islamabad, Pakistan, pp. **125**.

Other publications:

1. Published articles, stories, translations in national as well as international magazines abroad.
2. Edited a quarterly Urdu magazine 'Book Post', a journal focused on publishing industry of Pakistan and the world wide, containing book reviews, interviews of writers, news related to book world, etc.
3. Edited magazines on consumer and women rights like bi monthly Sarifeen, bimonthly Sahat Aur Sarifeen, Sarif ki Pasand, etc.
4. Regular contributions in English periodicals and dailies: daily The News, weekly The Friday Times, daily Dawn and daily Frontier Post.
5. Regular contribution in the daily Jinnah, daily Pakistan, weekly Hum Shahri and monthly 'Awami Jumhoori Forum' as a columnist.
6. Recently compiling a voluminous book on Urdu short story writers.

Trainings/Distinctions:

1. Presented paper in a seminar 'Historical Legacy and Writing in the Commonwealth' held at Delhi by Sahitya Akademy from 4th to 13th October 2010.
2. Attended four-day 'Saarc Writers' Festival 2010' in Delhi arranged by Saar Foundation of Writers and Intellectuals in March 2010 and presented a paper there.
3. Attended a three-day 'Pen Peace Conference' at Delhi, organized by Jamia Millia Islamia, New Delhi in April 2006 and presented a paper there.
4. Attended as a delegate a six-day WSF (World Social Forum) meeting at Mumbai in Jan. 2004

5. Attended a six-day training workshop on 'Producing publications and newsletters', held at Delhi, India in Dec. 1999, arranged by Amar Jyoti, Delhi and Health Links, UK.
6. Coordinated a national training workshop on 'Journalism and Consumer Rights' at Islamabad in Dec. 2004 for TheNetwork for Consumer Protection.
7. Completed a two month web designing course conducted by SDNPk, Lahore in 1995.
8. Elected as Secretary of Halqa Arbab-e-Zouq, Rawalpindi (from 2003 to 04), one of the most prestigious literary institutions in the subcontinent.

Experience:

Present

Duputy Director Director/ Editor 'Adabiyat' ,Pakistan Academy of Letters, Ministry of Education, Government of Pakistan, Islamabad**,** since April 2006.

Responsibilities include:

- Editing of quarterly magazine 'Adabiyat', one of the most prestigious periodicals of Urdu.
- Supervision of PAL's publications and circulation department
- Supervision of PAL's website project.

Previous

Project Coordinator/Editor, Information and Publications Unit, The Network for Consumer Protection, Islamabad, (July 2002 to May 2006).

Major responsibilities included:

1. Editing of Urdu consumer magazines 'Sarifeen' (bimonthly) & 'Sarif ki Pasand'(monthly).
2. Supervision of the production of research papers, books, and other material on consumer issues, and their marketing and dissemination process as well.

Program Officer, Documentation and Resource Unit, Aurat Foundation, Lahore (from June 2000 to June 2002).

Responsibilities included:

1. Preparation of quarterly, six monthly and annual national reports of 'Advocacy and Action Program', (a country wide project working for the empowerment of women along with 100 district level committees) for the donor UNICEF.
2. Preparation of informative and motivational material to enhance women participation in local government system.

Associate Editor: **The Network -Association of Rational Use of Medication in Pakistan, Islamabad** (from August 1997 to June 2000).

Responsibilities included:

1. Editing of a bi monthly Urdu magazine 'Sarifeen Aur Sahat' (Consumers & health) and translate medical texts.

Translation Officer: **National Language Authority, Islamabad** (from July 1996 to August 1997). Responsibilities included:

1. Preparation of a voluminous chronology of important events occurred during the first 25 years of Pakistan's life. The research was published by the institution.
2. Translation of legal and other terms into Urdu.

Production Editor: Jang Publishers, Lahore (from Nov. 1992 to June 1996).

Responsibilities included:

1. Editing of the manuscripts and supervision of book's production process.

2. Designing and preparation of media promotional campaigns for the marketing of books.
   Sub editor cum Translator: **Daily 'The News', Lahore** (from Dec. 1991 to Nov. 1991).
   Responsibilities included:
1. Translation and editing of news for the paper.
2. Assistance in the preparation of 'Art & Culture' edition of the newspaper.
   Creative Writer: **From East Communications, Lahore** (from March 1990 to Dec. 1990).
   Educational Qualification

Degree	Subject	Institution	Year
MA	Philosophy	Government College University, Lahore	1990
BA	Philosophy & Journalism	Punjab University, Lahore	1987
B.Com	Commerce	Hailey College of Commerce, Punjab University, Lahore	1986
I.Com	Commerce	Govt Hashmi Memorial College, Lahore	1983
Matric	Science	Lahore Board	1981

Personal Details:

Name: Muhammad Asim Butt
Date of Birth: 19/12/1966
Pakistan Academy of Letters, Government of Pakistan, H-8/1, Islamabad, Pakisatan. Ph: 0092 51 9250572, Fax: +92 51-9250590, Mobile: 0092 336 5265810.
muhammadasimbutt99@gmail.com

Appendix C- Profile of an Expert

Dr. Muhammad Ata Ulah Khan

NIC No.: 61101-1831230-9
Date of Birth: January 21, 1943
Permanent address 669-E, Service Road, G-6/2, Islamabad.
Nationality Pakistani
Profession Assistant Professor (Retired)
Islamabad College for Boys, (Federal Govt. Institution G-6/3, Islamabad.

Qualification

1. In 2001, **Ph.D. (Urdu)** Thesis submitted in Karachi University.
   Topic: Relationship between Urdu and Persian.
2. In 1989, **M. Phill. (Urdu)** Allama Iqbal University, Islamabad.
3. In 1981**, M.A (Urdu)** The Punjab University, Lahore.

Extra Qualification

4. Persian Language Course. (Organized by PNC, Islamabad).
5. Persian Refresher Course, Organized by Cultural Center, Iran in Karachi.
6. Testing Students Achievement, Organized by Pakistan Education Foundation, Islamabad.
7. Boy Scouts Training, Organized by Boy Scouts Association, East Pakistan at Bogra in 1965.
8. American History, Organized by the American Center, Islamabad.
9. Completed the course of Cost Accountant (Part first), conducted by the Pakistan Institute of Cost Accountants, Karachi (1971)

Professional Experience

Teaching :

In Islamabad Model Colleges, (Federal Govt. Institutions) (1981to2001) (20 Years).
In Secondary schools, (1964 to1974) (10 Years).
In National Assembly of Pakistan as Senior Translator, 1975 to 1981.
In Allama Iqbal Open University, Islamabad, 10 years as Visiting Professor of Urdu, 1982 to 1994.

Translation & Editing:

In National Assembly of Pakistan as Senior Translator, 1975 to 1981.
In Radio Pakistan, News Reader cum Translator & News Monitor. (Part time)
Editor, Navy News, Islamabad, Published by Pakistan Navy.
(Part time)
Copy Writer & Editor, Adgroup Advertising (Pvt) Ltd. (Part time)
College Magazines, Various Books & Periodicals.

Accounting:

Worked as Accounts Assistant, Synthetical Chemical Company, Karachi (1974).

on

1. Member of the Review Committee for Urdu Text Book, Class VI under Middle School Project, Ministry of Education.
2. Member of the Review Committee for Integrated Book-1, meant for class-1, under Prime Minister Literacy Commission, Islamabad.
3. Member of the Review Committee for Integrated Book-1, under Ministry of Education, Islamabad.
1. Resource Person as an expert in during Summer Courses for training Urdu teachers, organised by Pakistan Education Foundation, Islamabad. تدریسِ اردو
2. Educational Advisor, Sultana Foundation, Islamabad.

Hobbies & Sports

1. Secured Certificate of Proficiency in Inter School Sports.
2. Got first prize in Pole Jump in Quid-e-Azam College's Annual Sports. (1965).
3. Composing of Verses & Writing articles in news papers & periodicals.

Works

1. Innovated a new and an original system of Urdu Shorthand, which has been approved and recommended for teaching by Federal Ministry of Education (Curriculum Wing), Islamabad. نظامِ شکستہ
2. Designed and proposed a New Key Board for Urdu Typewriter.
3. Originated a New System of Cursive Urdu Shorthand

a. (Khat-e-Shikasta) which may be learnt in a month.

4. Composed Urdu Sentences consisting of all Urdu Alphabets along with its different characters for Typing Practice. It is the first effort of its kind in Urdu.

Board's Result

1. Ever Cent Percent and average Grade of students vary from A to B

Publications

Year	Title	Publisher
1983	اردو زُود نویسی (Urdu Shorthand).	National Book Foundation, Islamabad.
1991	قانونی دستاویز نویسی (Conveyancing Writing).	National Language Authority, Islamabad
1991	رسول اکرم صلی اللہ علیہ وسلم اور بنی نوع انسان (The Prophet (P.B.U.H.) & the Mankind).	Maktaba-e-Halqa-e-Islahy Fikr
1992	اِنضباطی کاروائیاں (The rules & communications, Regarding disciplinary actions in offices).	National Language Authority, Islamabad.
1993	اَصنام (The Idols)	National Book Foundation, Islamabad.
1996	اردو زُود نویسی کا اِرتقاء (The Development & Evaluation of Urdu Shorthand)	National Language Authority, Islamabad.
2001	اردو اور فارسی کے روابط (Relationship between Urdu & Persian) (Manuscripts)	

♣ اردو زُود نویسی بطرز پٹمین (Urdu shorthand based on the Pitman system)

♣ نظامِ برق رفتار (A new cursive Urdu writing system)

Manuscripts

(Relationship between Urdu & Persian).

(Urdu shorthand based on the Pitman system).

(A new cursive Urdu writing system)**.**