STRATEGIC CAPABILITIES, INNOVATION STRATEGY AND THE PERFORMANCE OF FOOD AND BEVERAGE SMALL AND MEDIUM ENTERPRISES

YAKUBU SALISU

DOCTOR OF PHILOSOPHY
UNIVERSITI UTARA MALAYSIA
October, 2019
STRATEGIC CAPABILITIES, INNOVATION STRATEGY AND
THE PERFORMANCE OF SMALL AND MEDIUM
ENTERPRISES

YAKUBU SALISU

Universiti Utara Malaysia

Thesis Submitted to
School of Business Management,
Universiti Utara Malaysia.
In fulfilment of the requirement for the Degree of Doctor of Philosophy
PERMISSION TO USE

In presenting this thesis in fulfilment of the requirements for a postgraduate degree from Universiti Utara Malaysia, I agree that the Universiti Library may make it freely available for inspection. I further agree that permission for the copying of this thesis in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor(s) or, in their absence, by the Dean School of Business Management. It is understood that any copying or publication or use of this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Requests for permission to copy or to make other use of materials in this thesis, in whole or in part, should be addressed to:

Dean of School of Business Management, College of Business
Universiti Utara Malaysia
06010 UUM Sintok
The main objective of this study is to examine the mediating role of innovation strategy on the relationship between strategic capabilities and the performance of Small and Medium Enterprises (SMEs) in the Food and Beverage (F&B) industry. Strategic capabilities, as a construct in this study, consist of top management capability, technological capability, learning capability and relational capability. Equally in the construct are innovation strategy and SMEs performance. After reviewing the available relevant literature on strategic capabilities and innovation strategy, a conceptual framework was developed based on the Resource Based View (RBV) and Dynamic Capability Theory (DCT). Based on the model developed, a questionnaire was constructed and personally administered at random to collect the data from 229 respondents in the study area. Algorithm and bootstrapping techniques of Partial Least Squared Structural Equation Model (Smart PLS-3.0) was used to test the developed hypotheses of the study. The statistical results of the test supported most of the relationship hypothesized for the study. Top management and technological capabilities positively and significantly relates to F&B SMEs performance. Similarly, top management, technological, learning and relational capabilities significantly and positively related to SMEs innovation strategy. Innovation strategy positively impacted on performance. However, no significant relationship between learning capability, relational capability and SMEs performance was established. Moreover, significant mediation effect was established for all the four hypotheses. Consequently, the significant positive impacts of top management, technological, learning and relational capabilities postulate that these variables are valuable in influencing performance directly and indirectly through innovation strategy. On this note, F&B SMEs’ managers are encouraged to develop and maintain these strategic capabilities for outstanding performance. The results of this research have contributed significantly to the body of existing literature, provided a guide to managers and policies makers, and proffered suggestion for future research based on limitation of the study.

**Keywords:** strategic capabilities, innovation strategy, SMEs performance
ABSTRAK


Kata kunci: keupayaan strategik, strategi inovasi, prestasi PK
ACKNOWLEDGEMENT

All praise be to Almighty Allah for His mercy and kindness in sustaining my life to achieve this hallmark in academic pursuit. I am equally indebted to acknowledge the guidance, support and sacrifice of instrumental personalities that make this journey possible and successful. My profound gratitude goes to my supervisor, Associate Professor Dr. Lily Julienti Abu Bakar for imparting in me the art and skills of research and academic writing as well as mentorship. In fact, she has made me to appreciate my course, being in UUM and Malaysia in general. Accordingly, I am grateful to Prof. Dr. Moh’d Rafin Bin Yacoob (External examiner) and Dr. Yeoh Khar Kheng (Internal examiner) for valuable comments and suggestions. Equally, I will not fail to acknowledge the support and prayers of my parents and relatives. I also wish to appreciate the support and assistance of all the members of staff from School of Business and Othman Yeop Abdallah Graduate School of Business UUM.

I am also indebted to acknowledge the support, patience, perseverance and sacrifice of my family; Hauwa Saleh, Zainab Zakar, Ismail, Maryam; Halima Yunus and Salisu. Similarly, the contribution of my PhD associates and friends at home are highly appreciated. The supports of secretary and chairmen of Manufacturers Association of Nigeria; Bauchi, Kano and Niger states are unforgettable. I also appreciate the contribution of all the respondents that participated and make the research a successful one. Finally, the support in all kinds from the Vice Chancellor, Professor Yakubu Mukhtar, Director Academic Planning Dr. Ali Manzo Usman, and the management of Yobe State University and Tertiary Education Trust Fund are instrumental to this journey of my PhD program. Jazakumullahu bi khairan.
TABLE OF CONTENTS

CERTIFICATION OF STUDY ii
PERMISSION TO USE iii
ABSTRACT iv
ABSTRAK v
ACKNOWLEDGEMENT vi
TABLE OF CONTENTS vii
LIST OF TABLES xii
LIST OF FIGURES xiii
LIST OF APPENDICES xiv
LIST OF ABBREVIATIONS xv

CHAPTER ONE INTRODUCTION 1
1.1 Background of the Study 1
1.2 Statement of Research Problem 11
1.3 Research Questions 22
1.4 Objectives of the Study 23
1.5 Significance of the Study 24
1.6 Scope of the Study 27
1.7 Definitions of Terms 29
1.8 Structure of the Thesis 31

CHAPTER TWO LITERATURE REVIEW 33
2.1 Introduction 33
2.2 The Concepts of SMEs in Nigeria 33
  2.2.1 Overview of Nigerian Manufacturing Industry 36
  2.3.2 The Performance of Nigerian Food and Beverage Manufacturing Sector 42
2.3.3 Importance of F&B Manufacturing SMEs in the Nigerian Economy 50
2.2.4 Challenges of F&B Manufacturing SMEs in Nigeria 51
2.3 The Concept of SMEs Performance 55
  2.3.1 SMEs Performance Measurement 56
  2.3.2 Variables of Measuring Firm Performance 57
2.4 The Concepts of Strategic Capabilities 59
  2.4.1 Top Management Capability 61
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.4.2 Technological Capability</td>
<td>66</td>
</tr>
<tr>
<td>2.4.3 Learning Capability</td>
<td>74</td>
</tr>
<tr>
<td>2.4.4 Relational Capability</td>
<td>81</td>
</tr>
<tr>
<td>2.5 Relationship between MC, TC, LC, RC and the Performance</td>
<td>88</td>
</tr>
<tr>
<td>2.5.1 Top Management Capability and Firm Performance</td>
<td>88</td>
</tr>
<tr>
<td>2.5.2 Technological Capability and Firm Performance</td>
<td>93</td>
</tr>
<tr>
<td>2.5.3 Learning Capability and Firm Performance</td>
<td>96</td>
</tr>
<tr>
<td>2.5.4 Relational Capability and Firm Performance</td>
<td>101</td>
</tr>
<tr>
<td>2.6 The Concept of Innovation Strategy</td>
<td>107</td>
</tr>
<tr>
<td>2.7 Relationship between MC, TC, LC, RC, RC and Innovation Strategy</td>
<td>121</td>
</tr>
<tr>
<td>2.7.1 Top Management Capability and Innovation Strategy</td>
<td>121</td>
</tr>
<tr>
<td>2.7.2 Technological Capability and Innovation Strategy</td>
<td>127</td>
</tr>
<tr>
<td>2.7.3 Learning Capability and Innovation Strategy</td>
<td>129</td>
</tr>
<tr>
<td>2.7.4 Relational Capability and Innovation Strategy</td>
<td>134</td>
</tr>
<tr>
<td>2.8 Innovation Strategy and Firm Performance</td>
<td>140</td>
</tr>
<tr>
<td>2.9 The Mediating Role of Innovation Strategy</td>
<td>146</td>
</tr>
<tr>
<td>2.10 Recapitulation of the Hypotheses Developed</td>
<td>148</td>
</tr>
<tr>
<td>2.11 The Underpinning Theories</td>
<td>150</td>
</tr>
<tr>
<td>2.11.1 The Resource Based Views</td>
<td>151</td>
</tr>
<tr>
<td>2.11.2 The Dynamic Capability Theory</td>
<td>158</td>
</tr>
<tr>
<td>2.12 The Conceptual Framework</td>
<td>165</td>
</tr>
<tr>
<td>2.13 Summary of the Chapter</td>
<td>169</td>
</tr>
</tbody>
</table>

**CHAPTER THREE RESEARCH METHODOLOGY**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Introduction</td>
<td>171</td>
</tr>
<tr>
<td>3.2 Research Design</td>
<td>171</td>
</tr>
<tr>
<td>3.3 Operational Definition of the Study Variables</td>
<td>174</td>
</tr>
<tr>
<td>3.4 Measurement of the Study Variables</td>
<td>177</td>
</tr>
<tr>
<td>3.4.1 Measurement of Firm Performance</td>
<td>179</td>
</tr>
<tr>
<td>3.4.2 Measurement of Top Management Capability</td>
<td>180</td>
</tr>
<tr>
<td>3.4.3 Measurement of Technological Capability</td>
<td>180</td>
</tr>
<tr>
<td>3.4.4 Measurement of Learning Capability</td>
<td>181</td>
</tr>
<tr>
<td>3.4.5 Measurement of Relational Capability</td>
<td>182</td>
</tr>
<tr>
<td>3.4.6 Measurement of Innovation Strategy</td>
<td>182</td>
</tr>
</tbody>
</table>
3.5 Population of the Study 183
3.6 Sample Size 186
3.7 Sampling Techniques 190
3.8 Procedure for Data Collection 192
3.9 Reliability and Validity Test of the Study Instruments 193
  3.9.1 Reliability Test 193
  3.9.2 Validity Test 195
  3.9.3 Content Validity 198
3.10 Data Analysis Technique 199
3.11 Unit of Analysis 202
3.12 Pilot Study 203
3.13 Summary of the Chapter 205

CHAPTER FOUR DATA PRESENTATION AND ANALYSIS 206
4.1 Introduction 206
4.2 Response Rate 206
4.3 Profile of the Respondent 208
4.4 Data Screening and Preliminary Analysis 210
  4.4.1 Management and Analysis of Missing Data 210
  4.4.2 Management and Analysis of Outliers 212
  4.4.3 Analysis of Non-response Bias 213
  4.4.4 Common Method Bias 216
  4.4.5 Normality Test 218
4.5 Evaluation of the Measurement Model 220
  4.5.1 Reliability Test 223
  4.5.2 Validity Test 225
    4.5.2.1 Convergent Validity 225
    4.5.2.2 Discriminant Validity 227
  4.5.3 Multicollinearity 230
  4.5.4 Pearson Correlation of the Study Variables 232
4.6 Assessment of the Structural Model 233
  4.6.1 The Assessment of the Coefficient of Determination ($R^2$) 235
  4.6.2 The Assessment of the Predictive Relevance ($Q^2$) 237
  4.6.3 The Assessment of the Path Coefficients 238
CHAPTER FIVE DISCUSSION

5.1 Introduction 259
5.2 Summary of the Major Findings 259
5.3 Relationship between MC, TC, LC, RC and the Performance of Manufacturing SMEs in Nigeria. 260
  5.3.1 Top Management Capability and the Performance of SME in Nigeria 261
  5.3.2 Technological Capability and the Performance of SMEs in Nigeria 262
  5.3.3 Learning Capability and the Performance of F&B SMEs in Nigeria 264
  5.3.4 Relational Capability and the Performance of F&B SMEs in Nigeria 268
5.4 The Relationship between MC, TC, LC, RC and F&B SMEs Innovation Strategy in Nigeria 273
  5.4.1 Top Management Capability and the Innovation Strategy of SMEs in Nigeria 274
  5.4.2 Technological Capability and the Innovation Strategy of F&B SMEs in Nigeria 276
  5.4.3 Learning Capability and the Innovation Strategy of F&B SMEs in Nigeria 277
  5.4.4 Relational Capability and the Innovation Strategy of F&B SMEs in Nigeria 279
5.5 Innovation Strategy and the Performance of F&B SMEs in Nigeria 280
5.6 The Mediating Role of Innovation Strategy on the Relationship between MC, TC, LC, RC and F&B Manufacturing SMEs performance 284
5.7 Implication of the Study 288
5.7.1 Theoretical Implications 289
5.7.2 Managerial/Practical Implications 295
5.7.3 Methodological Implications 305
5.8 Limitations and Suggestions for Future Research 307
5.9 Conclusion 310

REFERENCE 312
LIST OF TABLES

Table 2.1 Definitions of Nigerian SMEs .................................................. 36
Table 3.1: Measurement of SMEs Performance ....................................... 179
Table 3.2: Measurement of Top Management Capability ....................... 180
Table 3.3: Measurement of Technological Capability ............................. 181
Table 3.4: Measurement of Learning Capability ..................................... 181
Table 3.5: Measurement of Relational Capability .................................... 182
Table 3.6: Measurement of Innovation Strategy ...................................... 183
Table 3.7: Population of study ............................................................... 184
Table 3.8: Determination of Dispropotionate Sample Size ...................... 188
Table 3.9: Reliability Test ...................................................................... 204
Table 4.1: Questionnaire Distributed and Response Rate ......................... 208
Table 4.2: Demographic Profile of the Respondent .................................. 209
Table 4.3: T-Test for None Response Bias ............................................... 215
Table 4.4: Skewness and Kurtosis Statistic .............................................. 220
Table 4.5: Cronbach’s Alpha, Composite Reliability, and Average Variance Extracted .................................................................................................................. 224
Table 4.6: Construct Convergent Validity and Reliability ......................... 227
Table 4.7: Factor Loading and Cross-loading .......................................... 229
Table 4.8: Correlations of Study Variables and AVE Square Roots (Fornell-Larcker criterion) .................................................................................................................. 230
Table 4.9: Tolerance and Variance Influential Factor (VIF) ....................... 231
Table 4.10: Pearson Correlation of the Study Variables ............................ 232
Table 4.11: $R^2$ of the Independent Variable ........................................ 237
Table 4.12: Result of the Predictive Relevance ........................................ 238
Table 4.13: Path Coefficient .................................................................... 239
Table 4.14: Effect Size of the Independent Variables on Performance ........ 240
Table 4.15: Effect Size of the Independent Variables on Innovation Strategy ................................................................. 240
Table 4.16: ............................................................................................. 243
Table 4.17: Specific Indirect Effects of Study Variable ............................. 253
Table 4.18: Recapitulation of the Study Major Finding ............................. 257
LIST OF FIGURES

Figure 1.1 Quarterly Real Growth of Nigerian F&B Manufacturing Sector 2015-2016 12

Figure 2.1: Conceptual framework 167

Figure 3.1: G-Power Analysis 190

Figure 4.1: PLS Algorithm for IVs-DV Direct Relationship 244

Figure 4.2: Bootstrapping of direct IV-DV relationship 245

Figure 4.3: PLS Algorithm of Indirect Relationship IV-MV-DV 254

Figure 4.4 PLS Bootstrapping for Indirect Relationship IVs – MV – DV 255
LIST OF APPENDICES

Appendix A: Questionnaires 367
Appendix B: List of Members Manufacturers Association of Nigeria (MAN); Bauchi state; Kano state and Niger state 372
# LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>ATPC</td>
<td>African Trade Policy Center</td>
</tr>
<tr>
<td>AVE</td>
<td>Average Variance Extracted</td>
</tr>
<tr>
<td>BCG</td>
<td>Boston Consulting Group</td>
</tr>
<tr>
<td>BERD</td>
<td>Business enterprises research and development spending</td>
</tr>
<tr>
<td>BSC</td>
<td>Balanced Scorecards</td>
</tr>
<tr>
<td>CAMA</td>
<td>Company and Allied Matter Act</td>
</tr>
<tr>
<td>CBN</td>
<td>Central bank of Nigeria</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief executive officer</td>
</tr>
<tr>
<td>CMD</td>
<td>Centre for Management Development</td>
</tr>
<tr>
<td>CMV</td>
<td>Common Method Variance</td>
</tr>
<tr>
<td>CR</td>
<td>Composite Reliability</td>
</tr>
<tr>
<td>DCT</td>
<td>Dynamic Capability Theory</td>
</tr>
<tr>
<td>DV</td>
<td>Dependent Variable</td>
</tr>
<tr>
<td>EEP</td>
<td>Entrepreneurship education program</td>
</tr>
<tr>
<td>ERGP</td>
<td>Economic Recovery and Growth Plan</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>F&amp;B</td>
<td>Food and Beverage</td>
</tr>
<tr>
<td>FCT</td>
<td>Federal Capital Territory</td>
</tr>
<tr>
<td>FIIR</td>
<td>Federal institute of industrial research</td>
</tr>
<tr>
<td>FP</td>
<td>Firm Performance</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GII</td>
<td>Global Innovation Index</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
</tr>
<tr>
<td>IDC</td>
<td>Industrial Development Centre</td>
</tr>
<tr>
<td>ITF</td>
<td>Industrial Training Fund</td>
</tr>
<tr>
<td>IPR</td>
<td>Intellectual Property Right</td>
</tr>
<tr>
<td>IS</td>
<td>Innovation Strategy</td>
</tr>
<tr>
<td>IV</td>
<td>Independent Variables</td>
</tr>
<tr>
<td>LC</td>
<td>Learning Capability</td>
</tr>
<tr>
<td>MAN</td>
<td>Manufacturing Association of Nigeria</td>
</tr>
<tr>
<td>MC</td>
<td>Top Management Capability</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>MOSTI</td>
<td>Malaysian Ministry of Science, Technology and Innovation</td>
</tr>
<tr>
<td>MSMEs</td>
<td>Micro Small and Medium Enterprises</td>
</tr>
<tr>
<td>MV</td>
<td>Mediating Variable</td>
</tr>
<tr>
<td>NACRDB</td>
<td>Nigerian Agricultural, Cooperative and Rural Development Bank</td>
</tr>
<tr>
<td>NOTAP</td>
<td>National Office for Technology Acquisitions and Promotion</td>
</tr>
<tr>
<td>NBCI</td>
<td>Nigerian Bank for Commerce and Industry</td>
</tr>
<tr>
<td>NBS</td>
<td>National Bureau of Statistic</td>
</tr>
<tr>
<td>NDE</td>
<td>National Directorate of Employment</td>
</tr>
<tr>
<td>NEEDS</td>
<td>National Economic Empowerment and Development Strategy</td>
</tr>
<tr>
<td>NERFUND</td>
<td>National Economic Reconstruction Fund</td>
</tr>
<tr>
<td>NIDB</td>
<td>National Industrial Development Bank</td>
</tr>
<tr>
<td>NIRP</td>
<td>National Industrial Revolutions Plan</td>
</tr>
<tr>
<td>NITDA</td>
<td>National Information Technology Development Agency</td>
</tr>
<tr>
<td>NLC</td>
<td>Nigerian Labour Congress</td>
</tr>
<tr>
<td>NSB</td>
<td>National Science Board</td>
</tr>
<tr>
<td>NSE</td>
<td>Nigerian Stock Exchange</td>
</tr>
<tr>
<td>NSRC</td>
<td>National Science Research Council (Malaysia)</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic and Cooperative Development</td>
</tr>
<tr>
<td>OYA</td>
<td>Othman Yeop Abdallah Graduate School of Business</td>
</tr>
<tr>
<td>PRODA</td>
<td>Project Development Agency</td>
</tr>
<tr>
<td>PLS</td>
<td>Partial Least Square</td>
</tr>
<tr>
<td>PLS-SEM</td>
<td>Partial Least Square-Structural Equation Modeling</td>
</tr>
<tr>
<td>RC</td>
<td>Relational Capability</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>RMRDC</td>
<td>Raw Material Research and Development Council</td>
</tr>
<tr>
<td>ROA</td>
<td>Return on Assets</td>
</tr>
<tr>
<td>ROE</td>
<td>Return on Equity</td>
</tr>
<tr>
<td>ROS</td>
<td>Return on Sales</td>
</tr>
<tr>
<td>SAP</td>
<td>Structural Adjustment Program</td>
</tr>
<tr>
<td>SMEEIS</td>
<td>Small and Medium Enterprise Equity Investment Scheme</td>
</tr>
<tr>
<td>SMEDAN</td>
<td>Small and Medium Enterprises Development Agency of Nigeria</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>SON</td>
<td>Standard Organization of Nigeria</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Science</td>
</tr>
<tr>
<td>SSICS</td>
<td>Small Scale Industry Credit Scheme</td>
</tr>
<tr>
<td>SSM</td>
<td>Second tier Security Market</td>
</tr>
<tr>
<td>STI</td>
<td>Science, Technology and Innovation Policy</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>Standard and Poor</td>
</tr>
<tr>
<td>TC</td>
<td>Technological Capability</td>
</tr>
<tr>
<td>TQM</td>
<td>Total Quality Management</td>
</tr>
<tr>
<td>UAE</td>
<td>United Arab Emirate</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nation Committee on Trade and Development</td>
</tr>
<tr>
<td>US</td>
<td>United State of America</td>
</tr>
<tr>
<td>UUM</td>
<td>Universiti Utara Malaysia</td>
</tr>
<tr>
<td>VRIN</td>
<td>Valuable, Rare, Inimitable, Non-substitutable</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
<tr>
<td>YOUWIN</td>
<td>Youth Enterprise with Innovation in Nigeria</td>
</tr>
</tbody>
</table>
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

The impacts of small and medium enterprises (SMEs) on economic growth have been sufficiently outlined in the management and economics literature and recognized by many governments as strategic avenue for economic transformation (Al-Ansari, Bederr, and Chen, 2015, Eniola and Entebang, 2015, Atsu, and Cornelius, 2014, Rosli and Hanafi, 2013). SMEs have been identified as indispensable instruments in the course of industrialization by both the developed, emerging and developing economies (Shamsudeen, Keat, and Hassan, 2016, Aminu and Shariff, 2015, Atsu and Cornelius, 2014, Minai, Ibrahim, and Kheng, 2012). Apart from enhancing output and per capita income, SMEs bring about opportunities for employment and promote effective exploitation of home-grown resources which are considered fundamental to the growth and development of an economy (Aminu and Shariff, 2015, Kofan Mata, and Shehu, 2014, Ogujiuba, Ohuche, and Adenuga, 2004).

SMEs are generally regarded as drivers of economic growth and industrial development of both developing and industrialized economies (June, Kheng, and Mahmood, 2013, SMEDAN, 2013, Nguyen, et al., 2008). Most Asian economies such as Japan, Korea, Malaysia, Singapore, India, Thailand, China, Vietnam use SMEs as instrument for technological development and industrial growth (Eniola, et al., 2014, Nguyen, Alam and Prajogo, 2008, Chen, 2006). Specifically, in Malaysia, SMEs account for 97.3% of industrial activities, and contribute more than 31% to
The contents of the thesis is for internal user only
REFERENCE


Alan, S., Parker, A., Stockport, G., & Sohal, A. (2017). Towards an adapted MHP strategic capabilities model for moderating challenges to quality music festival


of Management Studies, 46(3), 2022–2380.


Cooke, P. (2001). Regional innovation systems, clusters, and the knowledge


Getz, D., & Carlsen, J. (2000). Characteristics and goals of family and owner-


332


Ibrabim, N. M. N. (2016). Moderating and Mediating Roles of Human Capital and


Khan, Y. K., & Terziovski, M. (2014). The effects of intellectual capital on performance in Australian small and medium enterprises (SMEs). In *ANZAM* (pp. 1–29).


distribution (2) using skewness and kurtosis. Restorative Dentistry & Endodontics, 37(4), 245.


344


Morgan, R. E., & Strong, C. A. (2003). Business performance and dimensions of...


Natalicchio, A., Petruzzelli, A. M., & Garavelli, A. C. (2017). The impact of


NIRP. (2014). *Nigeria Industrial Revolution Plan*.


Management Innovation, 27(7), 735–753.


Oxford Economies. (2013). SMEs: Equipped to compete how successful SMEs are reinventing global business.


in social science research and recommendations on how to control it. *Annual Review of Psychology, 63*, 539–569.


Ramayah, T., Lee, J. W. C., & In, J. B. C. (2011). Network collaboration and


Yusr, M. M. (2016). Innovation capability and its role in enhancing the relationship


Appendix A:
Questionnaires

Othman Yeop Abdallah Graduate School of Business
School of Busines, Universiti Utara Malaysia,
Sintok, Darul-Aman, Kedah, Malaysia
Email: oyagsb@uum.edu.my
Tel: (+604)

Dear Respondent,

ACADEMIC SURVEY INSTRUMENT

I am a PhD candidate in the above named prestiuousuniversity currently conducting a research on a topic titled “Strategic Capabilities, Innovation Strategy and the Performance of Food and Beverage SMEs:”. Can I ask you to utilize your valuable time to help me fill in this questionnaire objectively and accurately as there is no right or wrong answer. Please be rest assured that information provided will be confidentially and strictly used for academic purposes.

As I anticipate your kind cooperation, please accept my utmost regard.

Yours sincerely,

Yakubu Salisu

PhD Research Candidate
School of Busines, Universiti Utara Malaysia,
Sintok, Darul-Aman, Kedah, Malaysia
Email: ysalisu76@gmail.com
Tel: (+2348033905152) + (+601111914468)
This questionnaire consists of two (2) sections (A and B). Section A contains questions that will help us evaluate how Innovation Strategy mediate the relationship between Strategic Capabilities and the performance of F&B manufacturing SMEs in Nigeria. While section B provides questions related to the bio-data of the companies. This will help me evaluate the nature and characteristic of F&B SMEs in Nigeria.

All the statements in section A will be measured on a five point likert scale ranging from 1-5(with 1 indicating strongly disagree and 5 strongly agree). You are required to tick the appropriate option in both section A and B.

SECTION A

Please use the boxes below to indicate your stand on the following statements

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Firm Performance

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Items</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Over the past few years, our firm have being recording success</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Our firm profit have improved over the past few years</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Over the past few years, our employees satisfactions have improved.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Over the past few years, our customer’s satisfactions have improved.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Over the last few years, our firm’s social performance have improve</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Over the past few years, our firm’s performance in environmental protection have improved</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Top Management Capability

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Items</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Our company’s management has adequate knowledge of industry we serve</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Our company’s management has the required technical skills in industry we serve.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Our firm’s management team has a cordial relationship with customers and suppliers.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Our firm’s management has the appropriate leadership skills</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
required to operate in a rapidly changing environment.

5  Our firm’s management has understood the changing business environment.  1  2  3  4  5

6  Our firm’s top management is in good relations with employees.  1  2  3  4  5

7  Our firm’s management shares firm’s vision with all stakeholders.  1  2  3  4  5

8  Our firm’s management have strategic planning abilities  1  2  3  4  5

Technological Capability

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Items</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Our firm is one of those firms in the industry that establish technology standard</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Our firm is one of those firms in our industry to upgrade technology standard</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Our firm have superior competitive technology strategy in the industry</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Our firm have robust technological skills in several fields of operation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Our firm leads in technology innovation in the industry we operate</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Our firm is competent in applying innovative technology to problem solving</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Our firm have the monitoring capacity to accurately predict changes in the technological environment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>Our firm have strong abilities to integrate internal and external technological resources</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>9</td>
<td>Our firm have the capacity to attract and hire talented experts</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>Our firm makes sufficient investment in R&amp;D activities</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>11</td>
<td>Our firm improves technical skills through continuous training programs</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Learning Capability

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Items</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Our firm have been encouraging knowledge sharing among employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Our firm encourages participatory decision making</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
3  Our firm management are committed to effective learning  1 2 3 4 5
4  Our firm is committed to internal dialogue  1 2 3 4 5
5  Our firm encourages experimentation and openness  1 2 3 4 5
6  Our firm always strive toward knowledge transfer  1 2 3 4 5
7  Our firm support new idea from employees  1 2 3 4 5

**Relational Capability**

<table>
<thead>
<tr>
<th>S/No</th>
<th>Items</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Our firm has the capability to create relationship with new relevant partners</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Our firm has the ability to maintain relationship with existing partners</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Our firm has the capability to develop mutual trust with strategic partners</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Our firm have the ability to develop mutual goals and commitment with strategic partners</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Our firm have the capability to build on the strength of our strategic partners</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Our firm have develop the capacity to effectively communicate with relevant partners</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Our firm have the ability to engage with partners collectively in problem solving</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>Our firm have the capacity to achieve target while negotiating with relevant partners</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>9</td>
<td>Our firm has the capability to achieve win-win with relevant partners</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

**Innovation Strategy**

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Items</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Over the past few years, our firm have relentlessly set its operating system to global standard</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>To increase productivity, our firm have constantly updates its work practice over the past few years.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Over the past few years, our firm have been regularly using technology in improving the quality of our product</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Over the past few years, our firm have been investing adequately in developing new operating system</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
Over the past few years, our firm have been regularly training its employees on new technology

Over the past few years, our firm have presents numerous new product to the market

Over the past few years, our firm have been modifying its product

Over the past few years, our firm have been regularly assessing the need for new product

Over the past few years, our firm have introduces many new product than competitors

Over the past few years, the new product we have been introducing has cause substantial changes in a positive fashion within th industry we serve

Over the past few years, our firm has been regularly introducing new ways of managing our affairs

Over the past few years, our firm have been investing substantially in updating administrative techniques

Over the past few years, our firm have been empowering employees to initiate

Over the past few years, our management have been regularly assessing for new administrative system

Over the past few years, our administrative system has served as a benchmark to competitors

SECTION B: Demographic Information

1. Age: Less than 20 [ ] 20-29 [ ] 30-39 [ ] 40-49 [ ] 50-Above[ ]
2. Gender : Male[ ] Female[ ]
3. Qualification: Primary [ ] SSCE [ ] Diploma/NCE [ ] BSc/HND [ ] Post Graduate [ ]
4. Location: Bauchi state [ ] Kano state [ ] Niger state [ ]
5. Position in business: Owner/manager [ ] Middle manager [ ]
6. Number of fulltime employee: Less than 10 [ ] 10-49 [ ] 50-199 [ ]
7. Value of assets excluding land: Less than N5m [ ] N5m-49 [ ] N50m- N500m [ ]
8. Year in business: 0-5 years [ ] 6-10 years [ ] 11- Above [ ]
9. Type of business: Food [ ] beverage [ ]
10. Form of ownership: Sole Proprietorship [ ] Partnership [ ] Company [ ]
11. Source of capital: Equity [ ] Debt [ ] Equity/debt [ ]
Appendix B:

List of Members Manufacturers Association of Nigeria (MAN); Bauchi state;

Kano state and Niger state