Strategic Management of Metal Fabrication MSMEs in Gujarat, India

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Abstract

Mediation Regression (Hayes Model 6) test was conducted to determine if Porter's Five Forces had impact on Performance of firm through the mediation of Strategic Agility and Resource Based View. The target population was Micro, Small, and Medium Enterprises (MSMEs) in Metal Fabrication Industries (MFI) in Gujarat, India. A sample study was conducted by randomly selecting 300 sample units from the target population. The total effect of Porter's Five Forces on Performance of firm is significant (b = 0.32, t (298) = 6.20, p < 0.001). The direct effect of Porter's Five Force on Performance of Firm is significant (b=0.26, t (298) =3.65, p <0.001) The three indirect effects-i) Porter's Five Forces mediated through Strategic Agility on Performance of Firm (b = -0.02, Boot LLCI = -0.10, Boot ULCI = 0.08) is not significant; ii) Porter's Five Forces mediated through Resource Based View on Performance of Firm (b = 0.04, Boot LLCI = 0.01, Boot ULCI = 0.09) is significant; and iii) Porter's Five Forces serially mediated through Strategic Agility and Resource Based View on Performance of Firm (b = 0.04, Boot LLCI = 0.01, Boot ULCI = 0.07) is significant. These results suggest that the MFI-MSMEs are not applying the rules of strategic sensitivity, leadership unity, and resource fluidity in the strategic management of firm. Further, the results suggest that the firms are effectively applying the strategic rules of management for product and process innovation.

Keywords: Hayes Model 6, Mediation, MSME, Porter's Five Forces, Strategic Management.

INTRODUCTION

The Government and policymakers have repeatedly reiterated the need to increase Micro, Small, and Medium Enterprises' (MSMEs) contribution in almost every sphere, from exports to GDP. The vision of the Government is commendable, but there are some fundamental problems plaguing the whole MSME ecosystem. The challenges include expensive finance, inadequate infrastructure, poor market linkages, lack of information about appropriate technology, lack of skilled workforce, inability to procure raw materials at competitive prices, and poor strategic leadership at the top management. The hindrances have constrained the growth of MSMEs, particularly the creation of new entrepreneurial ventures in the country (State Bank of India Research, January 2022).

PROBLEM STATEMENT

Micro, Small, and Medium Enterprises (MSMEs) typically start with an idea, a new product, or a competitive service. They initially have a limited customer range and low product diversification but often successful in their operations. Due to the firm's small size, many MSMEs have little influence on suppliers and buyers. The investment required is small and does not create entry barriers. MSMEs do not avail of trademark and patent protection, as the expenses are high and the documentation process is discouraging. It is observed that entry barriers to compete with an existing MSME are minimal. Many are ancillary units for large firms supplying a few fabricated parts, machinery, or providing support services. Under such circumstances, creating and implementing a sustainable long-term strategy is a tough challenge. MSMEs face challenges by lowering the price or increasing the volume, often falling into a vicious circle of poor or no profits. The official figures for firms closed due to the Covid-19 pandemic are surprisingly low. There are no satisfactory studies conducted to investigate the reasons for such closures. The main challenges that MSMEs faced are the inability to maintain long-term sustainability, local and global competition, poor profits, and closures. As the area of research is extensive, to simplify, the Metal Fabrication Industry is chosen in MSMEs for further investigation and study. This industry is severely affected by changes in the prices of raw materials and the cost of labour. Mild steel prices increased by over 40% during the last seven years (2015-22) and minimum wages have increased by 50% during the same period. Compelled by competition and imports from China, the industry fails to raise prices to absorb the increase in cost. It further reduces performance and critically affects cash flow, profits, and growth. The study of Indian MSMEs from the point of long-term sustainability, application of theories in the planning and execution, and dynamic performance to the environmental changes are found to be inadequate. It is appropriate to conduct research in the aforementioned areas concerning Indian

MSMEs to bridge the research gap enabling them to enhance their performance. Hence, this study was designed for the Metal fabrication Industry in MSMEs (MFI-MSMEs) on their strategy management for the long-term sustainability of the business. This problem was studied among the MFI-MSMEs in Gujarat an industrialized state of India during the year 2024.

RESEARCH OBJECTIVES

The specific objectives of the studywere:

1. To verify the application of Porter's Theory of five forces, Resource-Based View, and Strategic Agility theories in the Strategic Management of MFI-MSMEs against the challenges faced by them.

2. To investigate MFI-MSMEs' methods to evaluate their business environment, competition, and long-term sustainability.

3. To identify the strategies to be applied by the top management to ensure business sustainability and growth.

LITERATURE REVIEW

Strategy is defined as determining an enterprise's primary long-term goals and objectives, progressive courses of action, and deploying resources necessary to accomplish the goals(Chandler, 1990). Planning and execution of a strategy for the maximization of the objectives of the firm with optimized utilization of resources is strategic management. Competitive strategy examines how a firm can compete more effectively to strengthen its market position. Strategy defines how the business will compete and achieve objectives of profitability, growth, market share, and social responsiveness(Porter, 2011).A strategy is a fundamental pattern of planned and future objectives, resource deployments, and an organization's communication and action with markets, competitors, and other environmental factors (Walker, 2014). Strategy is a set of actions managers take to increase company performance(Hill et al., 2013). A strategic principle should guide a company's allocation of scarce resources- capital, time, management's attention, labour, and brand to build a sustainable competitive advantage (Gadiesh & Gilbert, 2001). Seven rules for successful strategy execution: keep it simple, challenge assumptions, speak the same language, discuss resource deployment early, identify priorities, continuously monitor performance, and develop execution ability(Mankins & Steele, 2005).Good decision-making, on which the firm's excellent performance rests: RAPID- Recommend, Agree, Perform, Input and Decide are the critical words for decision-making roles(Blenko et al., 2010). A strategy is a fundamental pattern of planned and future objectives, resource deployments, and an organization's communication and action with markets, competitors, and other environmental factors (Walker, 2014).Strategy is a set of actions managers take to increase company performance (Hill et al., 2020).

As per the 2020 report of the MSME Chamber of India, around 8 million MSME units provide 40% of employment, 37% of GDP, and 40% of total exports(Shetty & Bhat, 2022).

Dynamic capabilities are the organization's ability to integrate, build, and realign the internal and external resources and competencies to meet the randomly changing business environment (Teece, 2007).

Raghuvanshi et al. (2017)propose that disruptions in business are random in a turbulent environment, and successful innovation helps earn more profits and enhance market share. The authors further add that in a dynamic business climate, an organization must be able to renew and rebuild the accessible resources to generate innovations. Innovativeness as a firm's culture will ensure its long-term sustainability.

Porter (2011)in his most authoritative book, establishes that five forces influence competitive strategy;

1. Industry competitors (the rivalry among existing firms).
2. Suppliers (Bargaining Power of Suppliers)
3. Buyers (Bargaining power of buyers)
4. Substitutes (Threat of substitute products/services)
5. Potential entrants (Threat of new entrants)

Doz and Kosonen (2010) identified the key dimensions of strategic agility that help companies gain momentum toward corporate objectives. They are: Strategic sensitivity- it is the sharpness of perception and intensity of awareness, developing keen attention to trends and converging forces with real-time sense-making situations; Leadership Unity- the top management can make bold decisions fast without win-lose internal politics; and Resource fluidity- it is measured by an organization's structural changes to meet the changing business environment, the interchangeability of people's work, and the creation of small structures, enabling the visualization of a larger picture.Goyal (2020)argue that Porter's model needs to be re-evaluated by adding additional forces like complementors, globalization, digitalization, and deregulation. Researchers are expected to be open to new ideas. Hence, by extending Porter's model with a resource-based view and dynamic capabilities models, the research outcome will be better in quality and accuracy.

Farace and Mazzotta (2011) define innovation as a new idea introduced in the products, processes, and management that enhances the Firm's competitive advantage. The authors further explain the importance of innovation in a firm's long-term sustainability, profit, and growth.

DEFINITION OF MSMEs IN INDIA

As per Government of India classification, there are two parameters for classification of Micro, Small, and Medium Enterprises- (i) investment in plant and machinery and (ii) annual turnover. Accordingly -

(i) a micro enterprise, where the investment in Plant and Machinery or Equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;

(ii) a small enterprise, where the investment in Plant and Machinery or Equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees;

(iii) a medium enterprise, where the investment in Plant and Machinery or Equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

This notification has come into effect from 1st July, 2020(https://msme.gov.in/faqs/q1-what-definition-msme).

THEORETICAL FRAMEWORK FOR THE STUDY

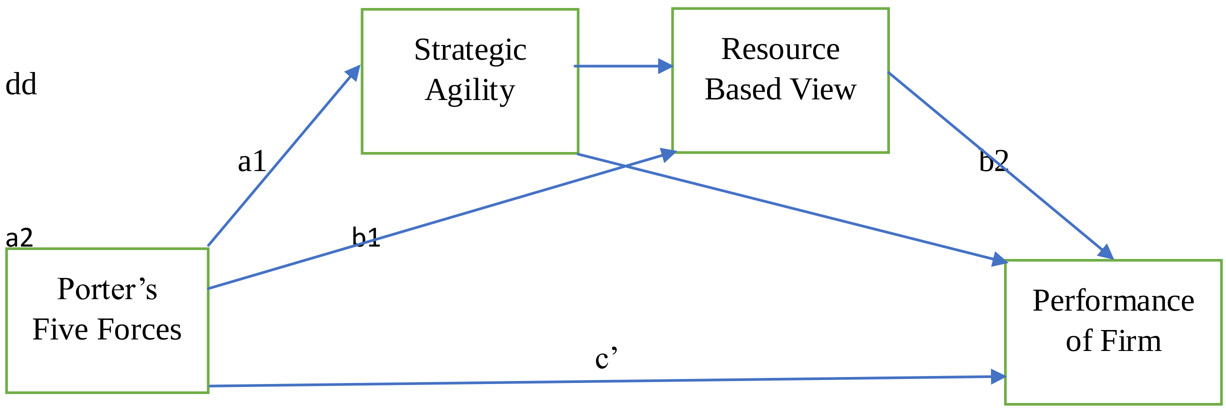
The theoretical bases of the conceptual framework (Figure 1) are Porter's theory of Five Forces(Porter, 1980, 1985), Strategic Agility theory(Doz & Kosonen, 2010), and Resource Based View of firm (Barney et al., 2001).

According to Porter's Five Forces the competitiveness of strategy in industry is determined by industry competitors, suppliers, buyers, substitutes, and new entrants. Strategic agility is the firm's capability to swiftly change its plan to achieve sustained competitive advantage. The critical dimensions of agility are strategic sensitivity, leadership unity, and resource fluidity. Strategic Sensitivity is the focus and quick perception, awareness, and attention to developments in the business environment. Leadership Unity is the ability of the management

team to make bold, fast decisions, without being suppressed by the top management and politics. Resource Fluidity is the internal capability to reorganize and redeploy resources rapidly. Resources are the tangible and intangible assets which are available with the firm. This includes product knowledge, process knowledge, personnel and management. Performance of firm is a composite variable measured by a firm's market share, profitability, and sustainability.

Figure 1

Conceptual Framework- Impact of Five Forces on Performance mediated through Strategic Agility and Resources



RESEARCH CONSTRUCTS, VARIABLES AND HYPOTHESES

Constructs are the abstract theoretical concepts, themes, or ideas based on empirical observations, and in this study, they are- Competitiveness, Strategic Agility, Resources, and Performance. The competitiveness of strategy was measured by five variables which were the Porter's Five Forces, namely, 'industry competitors', 'suppliers of firm', 'customers (buyers) of firm', 'threat from substitutes', and 'threat from new entrants. Strategic Agility was measured by 'strategic sensitivity', 'leadership unity', and 'resources fluidity'. Resources were mainly, the variables such as 'product knowledge', 'process knowledge', and 'management'. Thus, the study was based on 11 independent variables which were presumed to have an impact on the dependent variable, 'performance'. Hence, the following hypotheses were formulated based on the relationship of the factors under study as represented inFigure1.

H01: The indirect impact of Porter's Five Forces is *not significant* on Performance of Firm through the mediators Strategic Agility and Resource Based View.

H02: The indirect impact of Porter's Five Forces is *not significant* on Performance of Firm thorough the mediator Strategic Agility.

H03: The indirect impact of Porter's Five Forces is *not significant* on Performance of Firm through the mediator Resource Based View.

H04: The direct impact of Porter's Five Forces is *not significant* on Performance of Firm.

H05: The total impact of Porter's Five Forces is *not significant* on Performance of Firm through mediationas well as directly.

RESEARCH INSTRUMENT

The research instrument used for the study is a pre-validated questionnaire from some previous studies. The questionnaire consists of two parts- Part A is to collect information about the firm's profile and Part B is for answering the items in a 5-point Likert scale that would measure the variables under study. The five variables related to Porter's Five Forces were measured by 21 items – Industry competitors (Eryurt, F. 2021 & Rathore et al., 2023), Suppliers (Joshi, S. & Sharma, M. 2022), Buyers, Substitutes, and new Entrants (Rathore et al., 2023). The three variables of Strategic Agility were measured by 9 items– Strategic sensitivity, Leadership Unity, and Resource Fluidity (Reed, J.H 2020). The three variables related to Resource Based View were measured by 9 items – Product knowledge, Process knowledge, and Management (Burvill,S., Jones-Evans, D. & Rowlands, H., 2018). Lastly, the three variables related to Performance of Firm were measured by 9 items – Market share, Profitability, and Sustainability.

PILOT STUDY

A pilot study was conducted to test the reliability of the instrumentwith 30 sample units collected randomly from the target population. Table 1 illustrates the Reliability Test Results of the sample units which examined the internal consistency of the items measured under each variable.

Table 1

Reliability Statistic on Pilot Study of 30 Sample Units

Sl. No.	Variables	No. of Items	Cronbach's Alpha	Reliability
1	Industry Competitors	4	0.70	Good
2	Supplier	5	0.79	Good
3	Buyer	6	0.77	Good
4	Substitutes	3	0.67	Acceptable
5	New Entrants	3	0.66	Acceptable
6	Product Knowledge	3	0.67	Acceptable
7	Process Knowledge	3	0.78	Good
8	Management	3	0.69	Acceptable
9	Strategic Sensitivity	3	0.68	Acceptable
10	Leadership Unity	3	0.72	Good
11	Resource Fluidity	3	0.76	Good
12	Performance	9	0.70	Good

The Cronbach's Alpha value had been interpreted based on the following criteria given by Mohsen Tavakol and Reg Dennick (2011). Accordingly, 0.8-0.9 is excellent, 0.7-0.8 is good, and 0.6-0.7 is acceptable. 0.5-0.6 is questionable, and 0.5 and below is considered to be poor. In the pilot study, it was found that one item for the variable Industry Competitors was poorly correlated and hence deleted and the Cronbach's alpha improved by the remaining 4 items of the variable. The remaining variables had a good or acceptable level of Cronbach's value and hence all the items were used to measure the corresponding variables in the actual survey. The pilot study validated the research instrument and hence further data collection was initiated.

POPULATION AND SAMPLE

Gujarat wasone of the most industrialized and urbanized states in India. At the end of May 2023, 11.26 lakh MSMEs were the registered units in Gujarat, accounting for 7.5% of the total MSMEs registered nationwide.Quantitative Survey Method was the research design used for the study. A sample survey was conducted among the target population of metal fabrication industries of MSMEs in Gujarat. For this study three hundred enterprises were chosen by random sampling method from the target population. Tabachnick and Fidell(1989), suggest that for multiple hierarchical regression, as a rule of thumb, 20 times that of the number of independent variables are to be chosen as the sample size. Hence, this study needed 20*12=240 as the sample size, however, a total of 300 sample units were selected.

PROFILE OF THE SAMPLE

Table 2

Distribution of Sample units based on Ownership, Scale,

and Nature of Operations

Classification	Type	N	Percent
Ownership	Proprietorship	132	44.0%
	Partnership	47	15.7%
	Joint Stock Companies	121	40.3%
Scale of Operation	Micro	164	54.7%
	Small	99	33.0%
	Medium	37	12.3%
Nature of Operation	Manufacturing	260	86.7%
	Services	40	13.3%

Note: Joint Stock Companies include Private (113) and Public (8) Companies; the MSME classification is based on the definition given by the Govt of India; the Service Enterprises are doing sub-contract works and export and import business in the Metal Fabrication industry.

In Table 2 the profile of the sample units is displayed where the Partnership firms are the lowest in number (15.7%) while Sole Proprietorship (44%) and Joint Stock companies (40.3%) are almost equal. The Micro, Small, and Medium Enterprise classification among the sample units shows that the majority (54.7%) were Micro Enterprises; 33% Small Enterprises comprise; and Medium Enterprises are the lowest (12.3%) in the sample data. The vast majority (86.7%) of the sample units are doing manufacturing operations and only 13.3% have the exclusive services of sub-contracting for the supply of raw materials or engaged in export and import business of finished products or raw materials.

ASSUMPTIONS OF REGRESSION ANALYSIS

1. Normality: Normality of the data is tested by P-P plot, all the plots are on the diagonal line, and hence normality is met on the data. (Appendix 2 – Fig. A)
2. Homoscedasticity: It is tested by the scatter plot of residuals. The residuals do not follow a pattern; hence the assumption is met. (Appendix 2 – Fig. B)
3. Multi-collinearity: It is assessed by the Variance Inflation Factor (VIF). All the VIF values are less than 4, and hence, the assumption is met. (Appendix 2 – Table A)

RESULTS OF MEDIATING REGRESSION MODEL- HAYES MODEL 6

The mediation regression model used on data was Andrew F. Hayes Model 6 (Hayes, 2013). The software used was IBM SPSS with the integration of PROCESS v4.2 by Andrew F. Hayes. In this model the two mediating variables Strategic Agility and Resource Based View in their serial order are mediating between the independent variable Porter's Five Forces and the dependent variable Performance of Firm. The output of regression has been summarised and displayed in Tables 3 and 4, where Table 3 shows the model fitness of the data used for analysis and Table 4 gives the path coefficients (B-values) with their t-values and significance (p-values).

Table 3

Model Summary- Haye's Model 6

X: Porter's Five Forces (FF) — Y: Performance

M1: Strategic Agility — N=300

M2: Resources

Outcome Variable/s	R	R-square	F-value	df1	df2	Sig.
FF>Strategic Agility	0.687	0.472	265.92	1	298	0.000
FF>Strategic Agility>Resources	0.477	0.227	43.63	2	297	0.000
FF>Strategic Agility>Resources>Performance	0.379	0.144	16.59	3	296	0.000
FF>Performance	0.338	0.114	38.43	1	298	0.000

Table 4

Regression Coefficients- Haye's Model 6

X: Porter's Five Forces (FF) — Y: Performance

M1: Strategic Agility — N=300

M2: Resources

Path	Constant	B-value	Se	t-value	Sig.	LLCI	ULCI
a1: FF > Strategic Agility	1.229	0.688	0.042	16.307	0.000	0.605	0.771
a2: FF > Resources	2.101	0.211	0.068	3.086	0.002	0.077	0.346
d: Strategic Agility > Resources		0.293	0.068	4.289	0.000	0.159	0.428
b1: Strategic Agility > Performance	2.378	0.025	0.072	-0.348	0.728	-0.17	0.177
b2: Resources > Performance		0.189	0.060	3.175	0.002	0.072	0.307
c': FF > Performance		0.261	0.072	3.646	0.000	0.120	0.402

INTERPRETATION

The model summary given in Table 3 indicates that all the relationships are significant at less than 1 percent level, since all the p-values are 0.000. The degree of correlation between the dependent and all the independent variables under study are positive and the R-values ranges from 0.69 to 0.34, which means it varies from moderate positive correlation to low positive correlation. From the given mediation regression results of Hayes Model 6 (Table 4), it has been proved that Porter's Five Forces has a direct impact on Performance of the Firm (c'), or in other words, the null hypothesis H04 has been rejected (b=0.26, t(298)=3.65, p<0.001). It has been proved that Porter's Five Forces has direct impact on Strategic Agility (a1) (b=0.69, t(298)=16.31, p<0.001) and on Resource Based View (a2) (b=0.21, t(298)=3.09, p<0.001). Also, there is a direct impact of Strategic Agility on Resource Based View (d) (b=0.29, t(297)=4.29, p<0.001). There is no direct impact of Strategic Agility on Performance of Firm (b1) (b=0.03, t(296)= -0.35, p>0.05). There is direct impact of Resource based View on Performance of firm (b2) (b=0.19, t(296)=3.18, p<0.01).

TOTAL, DIRECT, AND INDIRECT EFFECTS

The total effect of Porter's Five Forces on Performance of firm is significant (b = 0.32, t (298) = 6.20, p< 0.001) which is the sum of the direct effect and the three indirect effects. Hence, the null hypothesis H05 has been rejected.

The direct effect of Porter's Five Force on Performance of Firm is significant (b=0.26, t(298)=3.65, p<0.001). Hence, the null hypothesis H04 has been rejected.

The three indirect effects are-

1. Porter's Five Forces mediated through Strategic Agility on Performance of Firm (b = -0.02, *Boot LLCI* = -0.10, *Boot ULCI* = 0.08) is not significant. Hence, the null hypothesis H02 has been accepted.

2. Porter's Five Forces mediated through Resource Based View on Performance of Firm (b = 0.04, *Boot LLCI* = 0.01, *Boot ULCI* = 0.09) is significant. Hence, the null hypothesis H03 has been rejected.

3. Porter's Five Forces serially mediated through Strategic Agility and Resource Based View on Performance of Firm (b = 0.04, *Boot LLCI* = 0.01, *Boot ULCI* = 0.07) is significant. Hence, the null hypothesis H01 has been rejected.

Since, the direct effect is significant, and two out of the three indirect effects are significant there is partial mediation impact of Porter's Five Forces on Performance of Fim through the mediators Strategic Agility and Resource Based View and the direct and indirect effects are complimentary (because both signs are positive).

DISCUSSION

The first objective of the study was to verify the application of Porter's Theory of five forces, Resource-Based View, and Strategic Agility theories in the Strategic Management of MFI-MSMEs against the challenges faced by them.The performance of firm was measured by its profitability, market share, and long-term sustainability. Porter's Five Forces theory is significant through its mediation of Strategic Agility and Resource based view as the results indicated$F$ (3,296) = 16.59, p< 0.001. The R-square value is 0.144 indicating that 14.4 percent of the variations in performance could be explained by the independent and mediating variables. The direct effect of Porter's Five Forces on Performance of Firm is also significant as the F (1,298) 38.43, p< 0.001. The R-square value is 0.114 indicating that 11.4 percent of the variations could be explained by the independent variable. Hence, on comparison of the two results mediation has more relevance than the direct impact. Another important point revealed from the study is that Strategic Agility has no impact on Performance of firm as the t-value is near to zero. Hence, the MFI-MSMEs are not applying the rules of strategic sensitivity, leadership unity, and resource fluidity in the strategic management of firm. The Resource based view has significant impact on performance of firm and hence it could be concluded that the firms are applying the strategic rules of management for product and process innovation.

The second objective of the study was to investigate MFI-MSMEs' methods to evaluate their business environment, competition, and long-term sustainability. From the results of the data analysis Porter's Five Forces – Industry competition, Suppliers, Buyers, Threat from substitutes, and Threat from new entrants – have significant impact on Performance of firm. Hence, it could be concluded that firms were scanning the environment and analyse the data to engage with competition, and they ponder into the goals of the competitors for planning a strategy towards competition. It is evident from the study that MFI-MSMEs are having good relationship with suppliers, they give prime concern to supply-chain management, and also on the rating of suppliers based on the golden rule of

5Rs to improve the performance of the firm. Also proved that Customer Management Activities (CMA) are carefully considered by MFI-MSMEs. They give top priority for customer satisfaction and they believe that understanding the value and behaviour of customers is very essential for the enhancing the performance of firm. The threats from substitutes and new entrants are also analysed by MFI-MSMEs. They felt that substitutes would bring down operational efficiency and prices and intensify the competition. They have the opinion that the government policies would bring in new firms, and new firms were attracted if there is a huge market and they would be deterred if the investment is high.

The third and last objective of the study was to identify the strategies to be applied by the top management to ensure business sustainability and growth. From the overall results of the study among the MFI-MSMEs in Gujarat, it could be concluded that Porter's Five Forces theory is highly relevant for the performance of firms. To ensure business sustainability and growth innovations in products and processes are indispensable. The firm should adopt processes that are valuable, rare, inimitable, and non-substitutable to meet competition. A greater number of flexible practices would enhance the performance of the firm. The management should be regularly involved in product innovations, also collaborate and cooperate with similarfirms for enhancing the performance, sustainability and growth.

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Appendix 1- Questionnaire

A. Profile of the firm

1. Name of the Firm:
2. Name of the Respondent:

   Designation: …………………………. Date: ……………….

3. Ownership of the firm:

   a) Proprietary b) Partnership c) Private limited d) Public Limited e) Government

4. Nature of Business:
   a) Manufacturing; b) Service; c) Sub-contracting; d) Import/export
5. Category of Business:
   a) Micro; b)Small; c) Medium.
6. Number of Employees (Dec 31, 2023): Male: ……….; Female: ……….
7. Investment in Plant & Machinery: Rs……………. (in lakhs) on 31st Dec. 2023

B. Items for Variables Measurement (Please answer the following statements on a 5-point scale- 1. Strongly disagree; 2. Disagree; 3. Neutral; 4. Agree; 5. Strongly agree)

I. Competitiveness of Strategy

8. I believe that the company resources and characteristics have a role in strategy planning and execution
9. I believe that the size and type of business determine the nature of competition.

10. I believe that environment scanning & analysis is crucial to engage with competition.
11. I believe that the goals of the competitor are a critical factor while planning a strategy toward competition.
12. I believe that the firm needs dependable suppliers.
13. I believe that the firm needs a high-quality supplier
14. I feel that firms are required to be knowledgeable in supply chain management.
15. I feel that supplier rating is essential for the firm's performance (Right Price, Right place delivery, Right quality, Right quality, and Right time of delivery).
16. I feel that relationships with suppliers affect the firm's performance.
17. I believe that Customer Management Activities (CMA) are essential for a firm's performance.
18. I feel that demonstrating and encouraging CMA enhances the morale of employees and customers.
19. I believe that understanding the value and Behaviour of customers is essential to improving performance
20. I feel that excellent service enhances customer retention.
21. I believe that the identification of core policies and daily implementation in CMA is essential.
22. I feel that it is essential to understand customer satisfaction concerning the firm’s competitors
23. I believe that substitutes can bring down the operational efficiency.
24. I feel that substitutes can bring down prices
25. I feel that substitute products have a significant effect on competitor rivalry.
26. I feel that huge market potential brings new entrants.
27. In my opinion, new entrants to business will be less if the funds required are high.
28. I feel that an Open Government Policy encourages new entrants

II. Resources Based View

29. I believe that more product features give a better competitive advantage.
30. I believe better product knowledge brings more customer inquiries.
31. I believe that future commercial inquiries will be based on product knowledge.
32. I feel that Value, Rare, Inimitable, and Non-substitutable process resources provide a highly competitive advantage to the firm.
33. I feel that the manufacturing process and specialized organization structure are crucial for resource capability.
34. I believe that the technical expertise of the firm provides a competitive position.
35. I feel that firms with prospector orientation implement a greater number of flexible practices to enhance performance.
36. In my opinion, product innovation improves long-term sustainability.
37. I feel that collaboration and cooperation among firms bring higher growth and long-term sustainability.

III. Strategic Agility

38. I feel small firms change easily with changes in the business environment.
39. I feel that informal plans are more effective than formal plans.
40. I feel that staying closer to the customer is important to be sensitive.
41. I believe that the size of the firm influences the coordination & cooperation of the team members.
42. I feel that the Organization’s alignment reduces the environmental effects on performance.
43. I believe firms that discuss openly can understand & implement a better strategic plan.
44. I believe that a swift response determines the growth of the firm.
45. I believe that better use of limited resources improves growth.
46. I feel that frequent changes in resources, spoil performance.

IV. Performance of Firm:

47. During the last 2 years, the market share of my firm has increased due to strategic management
48. During the last 2 years, my firm has explored new market opportunities.
49. Our firm’s performance would have better improved if we had implemented innovative projects during the last two years.
50. The Profitability of my firm has increased during the last 2 years due to its dynamic capabilities.

51. The profitability of my firm has increased during the last 2 years due to innovative products introduced by the firm.
52. The profitability of my firm would have improved to a better position during the last 2 years if we had enhanced our dynamic capabilities.
53. My firm has addressed the issues of competitiveness considering the future needs of society.
54. My firm has considered future environmental and social concerns while developing new products or improving existing products.
55. For the sustainability of the firm, we should have considered more environmental or social factors than only profitability.

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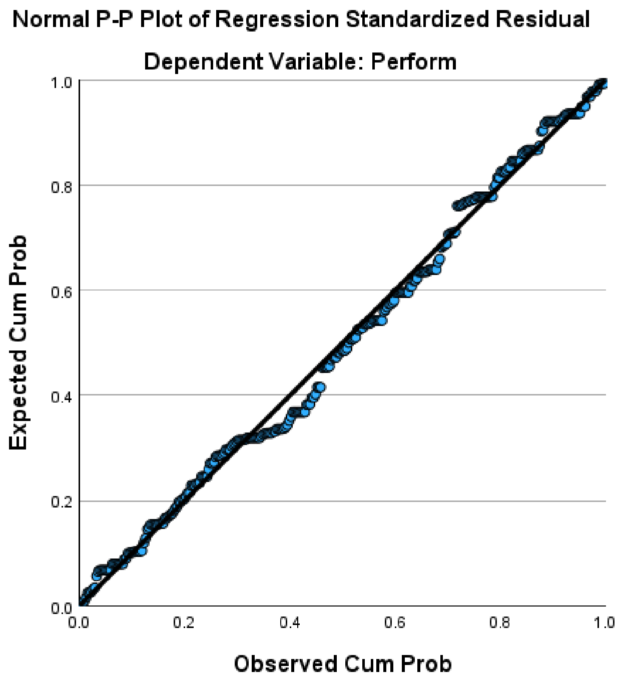
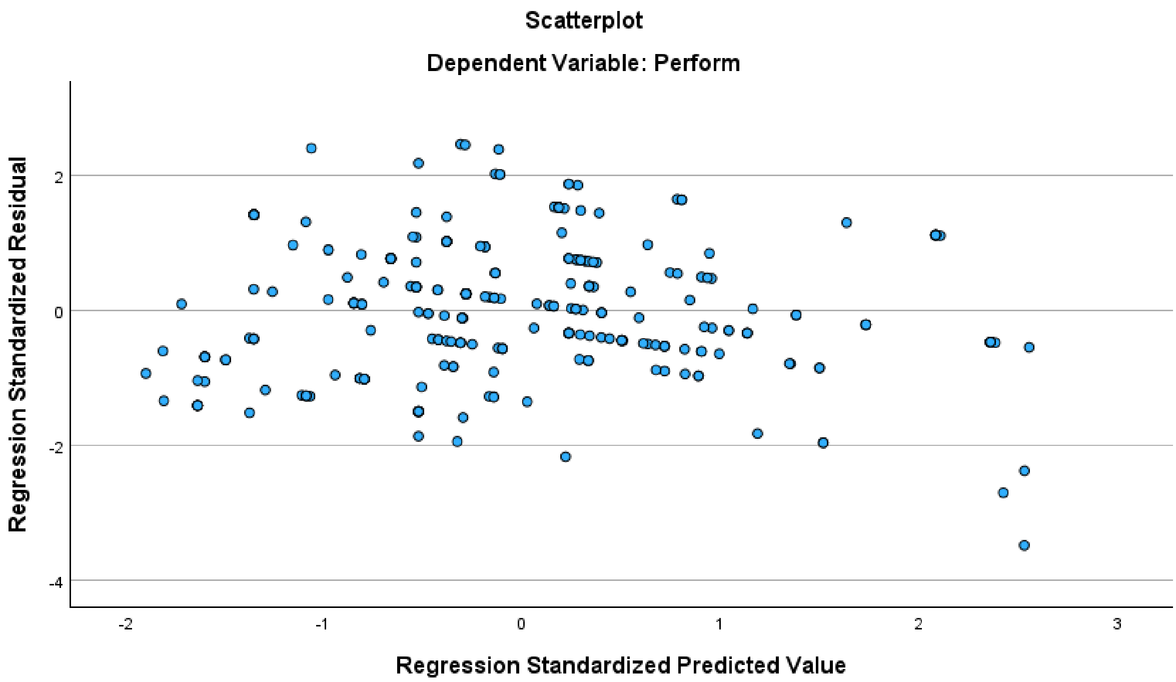
Appendix 2 – Fig A: Normality Plot



Appendix 2 – Fig B: Homoscedasticity



Appendix 2 – Table A: Multicollinearity

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
	(Constant)	2.378	.252		9.423	<.001		
	FF	.261	.072	.274	3.646	<.001	.512	1.953
	SA	-.025	.072	-.027	-.348	.728	.498	2.010
	RBV	.189	.060	.194	3.175	.002	.773	1.294

a. Dependent Variable: Perform