

NETWORKING AND INNOVATION OF SME FIRMS: A STUDY OF THE MANUFACTURING INDUSTRY IN GHANA.

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Abstract

There have been various researches to demonstrate the significance of business network impact on innovation of firms. Business network can be viewed as sets of associated firms where they would be able to share significant resources, knowledge and information, which could be used to achieve competitive advantages. This underscores the need for networking between firms and the dimensions of the structural characteristics as key in maintaining the network. It is inferred that the level of innovation performance in an SME firm is dependent on structural characteristics of business network. This study sought to find out the impact of structural characteristics of business network on innovation performance with a focus on SME firms in the Ghanaian manufacturing industry. Further, the moderating role of organizational flexibility, intra and extra industry social networks were assessed. A mixed method approach was adopted for the research to find out the relationship between the study constructs, data was collected with structured questionnaires and face-to-face interviews. A sample population of four hundred and fifty (450) entrepreneurs, managers and employees of selected SMEs in the manufacturing industry were selected and out of that four hundred and twenty-three (423) responded. That sample was used for the study. The quantitative data was analysed using descriptive statistics and regression, while the qualitative data was analysed thematically. The research found some structural characteristics of business networks had positive impact on innovation performance, while others did not. Findings from the study such as density and multiplicity had a significant and positive relationship with innovation performance, while intensity and reciprocity were not supported. The study also found variance between using organizational flexibility, intra and extra industry social networks as moderators on the relationships. The research findings will help researchers, SME entrepreneurs and managers to understand what kind of network factor to develop and use to enhance innovation performance.

Keywords: Networks, Network Structures, Innovation performance, Organization Flexibility, Intra and Extra industry Social Networks.