

THE IMPACT OF FIRM-SPECIFIC FACTORS ON PERFORMANCE OF MANUFACTURING SMEs IN THE ALUMINIUM INDUSTRY IN GHANA: THE MEDIATING EFFECT OF PPRODUCTIVITY.

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Abstract

The study aimed at investigating and providing empirical evidence on the impact of firm-specific factors in influencing performance of manufacturing SMEs in the aluminium industry in Ghana. The research covered a population comprising 300 SMEs operating in the aluminium industry in Ghana. A self-administered questionnaire and personal interviews were used to gather responses from a representative sample selected for the study. A hierarchical multiple regression, factor analysis and a test of reliability were conducted in predicting the impact of these constructs on productivity and performance. To determine the mediating role of productivity on the key constructs and their influence on performance, mediation analysis and the bootstrap procedure were done. The results of the regression analysis reveal that operational efficiency has a positive and significant influence on productivity of manufacturing SMEs for both productivity 1 and productivity 2.

Further findings of the study indicate that productivity 1 and productivity 2 are significantly related to growth in turnover as well as growth in fixed assets, and both productivity 1 and productivity 2 are seen as statistically significant predictors of performance. The implications are that; when production output consistently increases and operational efficiency is given the needed attention, they impact significantly and positively on productivity of manufacturing SMEs, and enhanced productivity will result in manufacturing SMEs performance. However, managerial competence and technology utilization do not significantly influence productivity, as well as performance of manufacturing SMEs in the Aluminium industry, as have been perceived prior to the research outcome. The research brings to the fore the need for owners/managers of manufacturing SMEs in the Aluminium industry to focus on utilization of internal firm characteristics by implementing operational efficiency parameters that will enhance productivity of their companies and therefore help the firm experience increased performance. The study further recommends that Government policies in addressing challenges of SMEs should channel resources into strengthening technical capabilities, operational competences of indigenous Ghanaian businesses.