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# Intellectual Capital, Corporate Social Responsibility, and Sustainable Competitive Performance of Small and Medium-Sized Enterprises: Mediating Effects of Organizational Innovation

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SCHOLARONE™ Manuscripts Intellectual Capital, Corporate Social Responsibility, and Sustainable Competitive Performance of Small and Medium-Sized Enterprises: Mediating Effects of Organizational Innovation

#### Abstract

**Purpose** – This study aims to explore the mechanism by which intellectual capital and Corporate Social Responsibility (CSR) influence the sustainable competitive performance of small and medium-sized enterprises, with the mediating role of organizational innovation in an emerging economy.

**Design/methodology/approach** – Data collection was conducted through a survey completed by 208 owners and top managers operating in the service, trading, and manufacturing sector SMEs, positioned within twin cities of Pakistan. Structural equation modeling (SEM) was utilized for data analysis.

**Findings** – Results suggest that intellectual capital and CSR have a markedly positive influence on the sustainable competitive performance of SMEs. Organizational innovation appears to mediate these relationships.

**Originality/value** – This study pioneers research on the links between intellectual capital, CSR organizational innovation and sustainable competitive performance of SMEs. The current research contributes to the literature by defining intellectual capital and CSR as an antecedent and organizational innovation as an intervening variable for the sustainable competitive performance of SMEs. In addition, this study underlines the significance of intellectual capital and CSR activities as valuable intangible assets for the achievement of sustainable competitive performance of SMEs.

**Keywords** Intellectual capital, Corporate social responsibility, organizational innovation, and Sustainable competitive performance of SMEs

#### Introduction

Companies throughout the world have been striving for sustainable competitive performance and sustainable growth for the last several decades (Xu & Wang, 2018). Business and non-profit organizations worldwide are finding it increasingly difficult to enhance their sustainable competitive position in today's turbulent marketplace. To achieve sustainable competitive performance, some companies are investing in **tangible** resources such as machinery (Shirodkar & Mohr, 2015), technology (Khallaf et al., 2017), land and equipment (Mitra et al., 2016), but other companies prefer to invest in **intangible** resources such as intellectual capital, CSR, (Sampong et al., 2018), entrepreneurial activities (Kiyabo & Isaga, 2020) and knowledge (Ying et al., 2019). In other words, prior research has identified various factors that can improve organizations' sustainable competitive performance and growth (Maury, 2018; Lee & Lee, 2019). The Resource-Based View (RBV) theory demonstrates that a company's tangible and intangible resources and capabilities configure its survival and superior performance (Barney, 1991). In this

context, intangible resources have been given higher importance by the theory than tangible resources (Salvi et al., 2020). This claim (e.g., supposed by RBV theory) has been supported by a lot of recent studies. (Haji & Mohd Ghazali, 2018). However, the question is still elusive whether tangible resources or intangible resources are more useful for a firm's success.

Organizations in emerging economies are confronted with huge challenges including a turbulent environment (Acikdilli, et al., 2020), globalization (Singh & Kumar, 2020), technological innovation (Edeh, et al., 2020; Donbesuur, et al., 2020), competitive market (Alkahtani, Nordin, & Khan, 2020), international market (Falahat, et al., 2020) and sustainability (Kilintzis, et al., 2020). Globalization and the turbulence of the markets have thrown both company and non-business organizations into a race to achieve sustainable competitive performance. Due to all these obstacles, SMEs in emerging economies suffer from a high failure rate. For instance, according to Li et al (2020), more than 75% of SMEs cease operations during the first year of operation. Anwar, Clauss, and Issah (2021) asset that in not so developed economies like China, 67 per cent of SMEs fail within the first year of operation and 80 per cent of SMEs wind up within 10 years. Similarly, in developing economies like Pakistan only 19% of newly established ventures survive up to 5 years and merely 4% of the SMEs survive up to 25 years after startup (Degong et al., 2018; Khattak and Shah 2020). Due to high failure rates, SMEs' sustained growth is episodic. This is mostly due to a variety of factors, including a lack of innovativeness and small size, which limit their capacity to adapt quickly to changing business processes and environments (Ullah, Anwar, & Khattak, 2021), lack of managerial skills, and deficiency of resources (Alkahtani et al., 2020). Thus, SMEs operating in emerging markets like Pakistan need intangible skills and capabilities to improve their performance (Ali et al., 2020).

SMEs are probably unable to invest in physical means due to their limited financial resources. Hence, intangible resources may be the best option on this occasion. However, little is known about the role of intangible resources such as intellectual capital and CSR activities in the sustainable competitive performance of SMEs in emerging economies like Pakistan (Zahid et al. 2021). It has not yet been acknowledged how Pakistani SMEs use their intellectual capital and CSR activities to achieve sustainable competitive performance. This research fills the gap and contributes to the existing body of knowledge using the mediating role of organizational innovation between intellectual capital and sustainable competitive performance of SMEs and between CSR and sustainable competitive performance of SMEs.

The novelty of this research is described in two ways. First, this study extends knowledge of intellectual capital, CSR, organizational innovation, and sustainable competitive performance relationship by elaborating how intellectual capital, CSR, and organizational innovation influence the sustainable competitive performance of SMEs. To the best of the author's knowledge, intellectual capital and CSR have never been systematically tested with the sustainable competitive performance of SMEs, nor have its predictive power been examined in the emerging economy. It's probably one of the pioneering efforts in Pakistan with reference to an emerging economy. As such, it is a theoretical contribution to the existing body of literature for this part of the globe. Second, this research suggests that intellectual capital and CSR directly as well as indirectly through organizational innovation affect the sustainable competitive performance of SMEs. The

current research provides an explanation about how and why intellectual capital and CSR boost the sustainable competitive performance of SMEs with the mediating role of organizational innovation.

This study has practical implications for strategic decision-makers, who must consider intellectual capital as well as CSR activities when making decisions about the sustainable competitive performance of SMEs. It provides awareness and understanding of intellectual capital and CSR in the context of sustainable competitive performance of SMEs, which could be very beneficial for business actors such as CEOs, top managers, and entire corporations. This research helps CEOs and other senior managers of SMEs in enhancing the most remarkable dimensions of intellectual capital and CSR activities that can stimulate sustained competitive performance and growth. This research also encourages responsible managers to allocate funds to intangible elements like intellectual capital and CSR initiatives rather than relying solely on tangible resources. Lu, et al., (2021) argue convincingly, intangible resources are less risky and require less amount of money as compared with tangible resources such as technology and machinery. Therefore, it is a good opportunity for investment managers to maximize their returns by investing in intangible resources. Furthermore, this study would help the top management of Pakistani SMEs in developing effective strategies for sustainable competitive performance. Overall, the findings of this study will help academicians, researchers, and policymakers of emerging countries.

The remaining article proceeds as follows: In the next section, we discuss the previous studies regarding the relationship of intellectual capital, CSR activities and organizational innovation with the sustainable competitive performance of SMEs and develop the hypotheses of our study. In the third section, we describe the method of data collection and how we operationalized our construct measures. The results of our study are presented in section four. In the fifth section, we discuss the results of our study. Section six shows the conclusions and contributions of this paper to the existing body of literature for this part of the globe and the implications of our results. In the seventh section, we suggest avenues for future research.

#### 2. Literature Review

There have been various studies exploring the effects of intellectual capital and CSR on sustainable competitive performance in various cultures and environments. as well as studying the relationships of intellectual capital, CSR, and sustainable competitive performance with organizational innovation. Some of their findings are extremely relevant and beneficial for the current study. Below is a brief review of prior research on the relationship between intellectual capital, CSR, sustainable competitive performance, and innovation in organizations.

# 2.1 Sustainable Competitive Performance

Performance is a multidimensional concept that defines a company's success, or in other words, the degree to which the company achieves its objectives. Firms' short-term objectives include boosting efficiency, minimizing the quantity of inventories, and inhibiting the growth of turnover; their long-term goals include expanding their market share and raising their profits. In this age of globalization, it is extremely important for any venture to sustain competitive performance in order to thrive in today's tumultuous market conditions. Sustainable competitive

performance endeavors the superiority of a firm over its competitor in terms of its market position, assets, outputs, performance, and profit, whereas rare valuable unique resources are the primary determinants of this sustainable competitive advantage (Haseeb, Hussain, Kot, Androniceanu & Jermsittiparsert, 2019). According to Barney (1991) enterprises outperform their competitors in the marketplaces due to the obvious accessibility of incomparably valuable resources. Thus, in his RBV theory, Barney (2001) argues that organizations require a sufficient amount of both intangible resources (like entrepreneurial ability, intellectual capital reputation, information, knowledge, etc.) and tangible resources (like infrastructure, technology, finance, and so on.) to achieve a competitive advantage.

Based on the RBV theory, we envisage that the firm's intangible resources, notably its intellectual capital, creativity, experience, CSR and so on, would be the most major elements in marketing strategies that lead to higher profitability for businesses. Zhao and Chadwick (2014) asserted that various enterprises thrive by introducing new products and developments to markets using advanced marketing techniques resulting from the employees' distinctive abilities, creativity, and market orientation. Indeed, their novelty and inventiveness become the primary means by which they achieve a competitive edge in the marketplace (Wernerfelt, 1984; Barney, 1991). Furthermore, Haseeb, Lis, Haouas, and Mihardio (2019) shed light on the significance of firm experience and knowledge in assisting managers in maximizing profits and ensuring company stability. Moreover, Khan, Yang, and Waheed (2018) revealed that intangible competence is the most important element that is essential for achieving a competitive edge in the marketplace. Thus, intangible resources like expertise, creativity, CSR activities, and intellectual capital are invaluable elements that empower a firm's skills, especially marketing skills in the form of the marketing mix (product, place, pricing, and promotion) that helps firms optimize their performance. This research explores the impact of CSR and intellectual capital on the sustainable competitive performance of small and medium-sized enterprises, with mediating role of organizational innovation. A limited review of prior studies of how intellectual capital and CSR affect the sustainable competitive performance of small and medium-sized enterprises' decisions is discussed below.

#### 2.2 Intellectual Capital

Intellectual capital has been considered as an important determinant of value generation in enterprises owing to its intangible characteristics, and as a strategic component that ensures long-term sustainability (Bontis et al., 2000). For the past several years, it has also been an extensively investigated and debated phenomenon in the field of administration and academia (Fiano et al., 2020; Martin-de Castro et al., 2019; Pedro et al., 2018). Despite this, there are still a plethora of questions that need to be addressed, both theoretically and empirically. The essence of intellectual capital, its structure, measurement, and influence on the Performance of organizations are among the topics that remain unanswered (Ferreira et al., 2020). Initially, intellectual capital was regarded as a purely intangible asset for a corporation, but it has subsequently taken on more structured meanings that are associated with both the sustainability phenomenon and the concept of value creation (Dabic et al., 2020).

The literature contains a plethora of definitions of intellectual capital. Stewart (1991) initially defined it as any "intellectual material" used to generate wealth. Later, Bontis, (1998)

defined it as intellectual capital. According to Edvinsson and Sullivan (1996), intellectual capital is defined as all information contained inside organizations that has the potential to be turned into something valuable. Intellectual capital, as defined by Roos et al. (1997), is the cumulative value of innovation efforts with consumers and partners, relationships with firm infrastructure, and the skills and knowledge of organization personnel. Intellectual capital is defined by Roos and Roos (1997) as an element that plays a key role in organizations in providing sustainable competitive advantage. Youndtet al., (2004) assert that the intangible resources and expertise that a company can use to generate economic value and achieve a competitive advantage during the time of executing business is referred to as intellectual capital (Kaufmann and Schneider, 2004). Orlondo et al., (2020) argue that intellectual capital is a collection of all the competencies and skills that may be used to configure a firm's competitive advantage in a given market environment. According to Maria Diez et al. (2010), intellectual capital is the sum of human, organizational, and relational resources, as well as the activities of an organization. An undoubtedly general consensus on intellectual capital's key role in value creation and achieving a competitive advantage is preeminent today (Rossi and Magni, 2017).

Intellectual capital has been grouped into three categories in the literature: structural capital, human capital, and customer capital (Yüksel et al., 2021). The various types of information generated by an organization are included in structural capital. It is the sum of all internal structures, such as organizational structure, management processes, company culture, and, that assistance in the coordination of an operation (Ling, 2013). Firms with strong structural capital also have a culture that allows its workforce to attempt new things, learn, and re-design the work even if they are unsuccessful (Bontis, 1998). Thus, employees' tacit knowledge is transformed into know-how. Consequently, structural capital assists organizations in improving their competitive position and multinational corporations in expanding their market share (Ling, 2013). The "human capital" alludes to all of the knowledge, experience, and education, as well as individual skills, that people have within an organization (Namasivayam and Denizci, 2006). According to Lepak (1999), human capital plays an important role in an organization's competitive edge, given the unique and important abilities of its employees. The customer capital, alternatively referred to as relational capital, consists of existing and prospective consumers, supplier relations, delivery channels, brands, customers, and brand loyalty. Moreover, the source of any data emanating from consumers can be termed as the customer capital of enterprises (Namasivayam and Denizci, 2006). Using this data, companies will be able to be more creative and produce goods that meet the needs and expectations of their customers' External connections, such as customer loyalty, goodwill, and supplier relationships, are considered part of customer capital (Dzinkowski, 2000).

Human capital is undoubtedly the most important subcomponent of intellectual capital. When developing new products or processes, organizations rely on the expertise and experiences of their workers and other sources of strategic resources, like as brainstorming and idea generation, to put people at the center of the process and uncover fresh insights. Thus, intellectual capital is a critical component of innovation activities that can be realized through human-centred development (Yüksel et al., 2021). A limited review about the relationship between intellectual capital and sustainable competitive performance is discussed below.

#### 2.2.1 Intellectual Capital and Sustainable Competitive Performance

The ultimate focus of any venture, notably in emerging economies, is to somehow win the race to attain optimal sustainable competitive positions to survive and thrive in the market for a longer period. However, corporations are obliged to make significant investments in both their tangible and intangible resources to accomplish these ambitions (Khattak & Ullah, 2021). Li et al. (2020) explores the relationship between intellectual capital and new venture performance and conclude that intellectual capital is an important element for new ventures to achieve superior competitive performance (Khattak & Shah, 2020). Wegar and Haque (2022) argue convincingly intellectual capital plays a paramount role in enhancing the profitability and productivity of enterprises. Several researchers, including Chen (2008) and Jaradat et al. (2012), have investigated the relationship between the three components of intellectual capital and competitive advantage in the IT and taxation service industries. Interestingly, both studies revealed that, among the three components of intellectual capital, relational capital is the most important component in attaining a competitive advantage for a business, because strong relations with clients can assist an entity in sustaining and surviving in the market. Even Dyer and Singh (1998) stated that, in this context, relational capital has the potential to generate a significant competitive advantage for an organization by working with other organizations via information exchange protocols and interorganizational connections among them. Moreover, Xu and Liu (2021) revealed that all three dimensions of intellectual capital have a significant impact on the financial performance, longterm survival, and economic growth of the corporate sector. Particularly in the SME sector, which has limited resources and competencies, the opportunity for utilizing intellectual capital exists because it is a convenient, less expensive, and less risky resource for the enterprises (Anwar, Khan & Khan, 2018).

A study conducted by Kamukama and Sulait (2017) examined the relationship between intellectual capital elements and competitive advantage and revealed that three intellectual capital elements are significant predictors of competitive advantage. Similarly, Chahal and Bakshi (2015) demonstrated that intellectual capital had a positive influence on a company's competitive advantage. Thus, the paper aims to demonstrate the importance of intellectual capital in predicting the sustainable competitiveness of small and medium-sized firms in emerging economies. Thus, the following is hypothesized:

H1. Intellectual capital has a significant positive influence on the sustainable competitive performance of SMEs.

## 2.3 Corporate Social Responsibility

According to Kitzmueller and Shimshack (2012), CSR is referred to as "corporate social or environmental behavior that goes beyond the legal or regulatory requirements". CSR is defined as a voluntary activity, as McWilliams and Siegel (2001) explain in their concept of CSR "as actions that appear to further some social good, beyond the interests of the firm and that which is required by law." Another frequently quoted definition in the literature is "continuing commitment by businesses to behave ethically while improving the quality of life of the workforce, local community, and society at large" (Whait, Christ, Ortas & Burritt, 2018; Col and Patel, 2018; Davis

et al., 2016). According to the most widely accepted definition, CSR activities are those in which an organization strives to act ethically, protect the natural environment, offer social assistance to its employees, and assist underprivileged communities.

Today, CSR reaffirms the view that the development of society is not just the duty of the government. Business, too, has a legitimate and reliable key role, placing a high priority on safety, healthcare, and preservation of natural resources as part of its overall corporate strategy and objectives (Khatun, & Dar 2020). In this context, CSR refers to the obligation of business companies to make decisions and take actions that are beneficial in terms of the goals and values of society (Priya & Ajoy, 2013). According to the CSR concept, businesses should play a more significant role in society than merely producing goods and earning profits. This means that businesses should go beyond their profit-oriented commercial activities and work to improve the well-being of their communities, thereby making the world a more pleasant place for all people to inhabit (Shastri & Singh, 2012; Timane & Tale, 2012). A limited review about the relationship between CSR and sustainable competitive performance is discussed below.

#### 2.3.1 CSR and Sustainable Competitive Performance

There are several studies in the literature that illustrate the importance of CSR in a company's sustainable competitive performance. For example, according to Vallaster (2017), firms are currently investing a significant amount of money to sponsor CSR activities with the goal of improving the financial and social performance of the company. Lee et al., (2016) assert that companies are increasingly putting a high priority on investing in CSR activities, with the hope that doing so will lead to greater success and higher performance. Firms create distinctive CSR models that cannot be easily imitated by their rivals in order to thrive on potential opportunities. However, it may be argued that companies that engage in CSR do not directly raise profits, but rather strengthen their competitiveness and their status in the communities in which they operate. which ultimately has a positive effect on financial outcomes. Firms can gain a competitive advantage by successfully implementing the CSR model, which in turn improves their financial performance (Calabrese et al., 2013). Enterprises engaged in CSR activities are more concerned with the preferences and interests of their stakeholders, CSR activities have the potential to enable the firm to respond to stakeholders' needs and concerns in a more effective way than its competitors, in this way, the company's CSR initiatives tend to assist the company in gaining a competitive advantage over other market competitors (Zahid et al. 2021). Branco and Rodrigues (2006) assert convincingly that investing in CSR activities contributes to the creation of new resources and competencies that help in expanding a company's internal culture and know-how. According to Gagalyuk, et al., (2018) significant investment in CSR activities, as well as their effective disclosure, results in the creation of the fundamental intangible resources (corporate culture, employee morale, and expertise) connected with the workforce. (Branco and Rodrigues 2006), which enhances firm performance.

CSR has evolved into a fundamental concern for long-term sustainability, and the vast majority of companies have come to recognize it as an important component in their own survival and development (Lichtenstein et al. 2004). CSR-oriented businesses achieve a competitive edge in a variety of ways, giving them a distinct advantage over its rivals. When the market is

tumultuous and highly uncertain, corporate social responsibility (CSR) assists enterprises in establishing a reputation in the market, which results in higher remuneration than competitors. According to the RBV literature, CSR is the most important component that contributes to a firm's competitive advantage (Blake, 2016). SMEs with better CSR activities have a positive reputation in the market and are well-positioned in a variety of ways, all of which assist them in improving their financial performance (Agyemang and Ansong, 2017). Le Thanh, Ngo, and Aureliano-Silva (2021) explore the relationship between CSR and the performance of SMEs. The findings of the study indicate that CSR has a statistically significant positive impact on the performance of SMEs. Hamdoun, Achabou, and Dekhili (2021) assert that CSR has a positive effect on competitive advantage with mediating role of intangible resources. A study by Hang et al. (2022) also found that CSR has a statistically significant impact on the performance of SMEs. According to Madueno et al. (2016), the implementation of CSR practices helps SMEs to improve their competitive performance both directly and indirectly, by improving their ability to handle their stakeholders. Based on the prior literature, the following relationship is expected:

H2. CSR has a significant positive influence on the sustainable competitive performance of SMEs.

# 2.4 Organizational Innovation

Organizational innovation is the implementation of a new organizational method into the business processes, organization workplace, or external interactions of a business. Demircioglu (2016) defines organizational innovation as the introduction of something new (an idea, technology, product, process, service, and strategy) into an organization. According to Lam (2006), organizational innovation is referred to as "the creation or adoption of an idea or behavior new to the organization." It is widely accepted that organizational innovation is one of the most essential preconditions of modern management, particularly for businesses that are striving for excellence where organizational innovation is a distinguishing element in its individual, functional and organizational levels (Almutirat, 2020). This study explores the mediating effect of organizational innovation between intellectual capital and sustainable competitive performance of SMEs and between the connection of CSR and sustainable competitive performance of SMEs. A limited review about the mediating role of organizational innovation is discussed below.

# 2.4.1 Mediating role of organizational innovation

There are varieties in the past research discoveries. Accordingly, scholars started to look for inner and outer components that intervene in the connection amongst intellectual capital, CSR, and sustainable competitive performance of firms, instead of measuring the immediate link between them. Therefore, in this study, efforts are made to explore mediating effect of organizational innovation on the relationship between intellectual capital, CSR, and sustainable competitive performance of SMEs. Several studies in the literature highlighted that successfully implementing the CSR model and utilizing intellectual capital are important factors in a company's ability to develop organizational innovation among its employees and ultimately achieve its strategic objectives (Almutirat, 2020). CSR activities and intellectual capital are said to be the most valuable assets of an organization by Santos-Rodrigues et al. (2010), who believe that intellectual capital is particularly significant since it fosters creativity and innovation, therefore enhancing competitiveness. According to Moideenkutty, Al-Lamki, and Murthy, (2011) attaining sustainable

competitive performance is not solely dependent on the successful deployment of tangible resources but also on intangible resources such as intellectual capital and CSR activities. Due to intellectual capital and CSR efforts, innovation is embedded in a business's processes, organizational structure, and external relationships, ultimately improving the firm's competitive performance. Obeidat et al. (2021) assert that the relationship between intellectual capital and competitive advantage is mediated by innovation. Mehmood and Hanaysha (2022) found that green innovation mediates the relationship between CSR and competitive advantage. Zahid et al. (2021) also found that innovation appears to mediate the relationship between CSR activities and the financial performance of firms. Based on the empirical literature following relationship is expected:

- H3. Organizational innovation mediates the relationship between intellectual capital and the sustainable competitive performance of SMEs.
- H4. Organizational innovation mediates the relationship between CSR and the sustainable competitive performance of SMEs.

Accordingly, the following conceptual framework (see Figure 1) is proposed to empirically examine the role of intellectual capital and CSR in the sustainable competitive performance of SMEs, with the mediating role of organizational innovation.

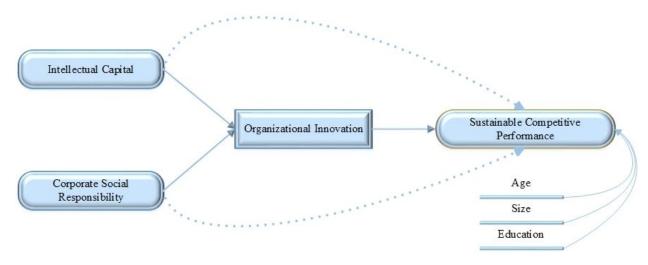


Figure 1. Conceptual Framework

#### 3. Research Methodology

#### 3.1 Operationalization of Variables

The primary goal of this study is to investigate how intellectual capital and CSR influence the competitive performance of SMEs, with an emphasis on the mediating role of organizational innovation in Pakistan. To attain this research goal, a survey method was used, and a questionnaire was developed based on existing measurement instruments from the literature. For all multi-item construct measurements, the authors used a five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree). Using reflecting measurement models, all constructs were operationalized.

Simultaneously, five entrepreneurial management experts were engaged in the assessment of the developed questionnaire. This was done expressly to ensure that the instrument employed in this investigation was valid and reliable. Moreover, pilot tests were undertaken to ensure that the questionnaire would be reliable in collecting data. Detailed information on how variables can be operationalized is provided below.

- 3.1.1 Independent variables. The authors use intellectual capital and CSR as predictor variables: Six items were used to measure intellectual capital. The items were adopted from Khan, Yang and Waheed, (2018). Intellectual capital can be viewed as both a one-dimensional and a multi-dimensional phenomenon. However, it is used as a one-dimensional construct in this study, primarily focusing on the core aspect of intellectual capital. Eleven items were used to measure CSR. There is no single definition for CSR. However, in most prior studies, three primary components of CSR are discussed: CSR towards employees, CSR toward the environment, and CSR toward the community (Khan, Yang & Waheed, 2019). In terms of gaining comprehensive insights, the authors also focused on three elements of CSR that are commonly utilized in the literature on SMEs (Bai & Chang, 2015).
- 3.1.2 Dependent variable. The authors use sustainable competitive performance as an endogenous variable: Eight items were used to measure sustainable competitive performance. Questions were adapted from Yiang, Hassan and Ahmad (2018).
- 3.1.3 Mediating variable. The authors use organizational innovation as a mediating variable. Nine items were used to measure organizational innovation, adopted from Donbesuur, Ampong, Owusu-Yirenkyi, and Chu, (2020).

# 3.2 Sampling and Data Collection

The research by Anwar et al., (2018) asserts that owners and top managers are more responsible for strategic planning. Thus, to attain the research goal, the sample of this study includes owners and top managers of SMEs situated in the twin cities (Rawalpindi-Islamabad) of Pakistan. A list of SMEs was acquired from the Islamabad Chamber of Commerce and Industry (ICCI) and the Rawalpindi Chamber of Commerce and Industry (RCCI). A total number of 500 questionnaires were directly delivered to owners and top managers operating in the service, trading, and manufacturing sector SMEs, positioned within twin cities of Pakistan, with employment size up to 250 employees. Of these, 287 were returned. Out of which 79 questionnaires were found incorrectly filled and have missed values hence these were dropped. Thus 208 questionnaires were fully and correctly completed by entrepreneurs and used for analysis, representing an effective response rate of 41.60%.

There are different kinds of data collection methods, such as structured interviews, unstructured interviews, semi-structured interviews, observation, and group discussions. One of the most common methods of quantitative research is the self-reported questionnaire, which was selected as the data collection method for this study because it was more time and cost-effective than other methods, such as interviews, video conferencing and brainstorming (Bryman and Bell, 2007). Another reason was the natural tendency among owners and top managers to avoid personal interviews or to give ample time to researchers. Questionnaires were considered the best method for data collection in this situation as it allowed the respondents to complete them whenever they

had free time and without the possibility of direct influence from the researchers. Each copy of the questionnaire is accompanied by a cover letter which clearly stated that: confidentiality and secrecy of information will be strictly maintained; the data will be used only for research purposes and venture information will not appear in any document meant for public access.

#### 3.3 Data Analysis Method

The data gathered through the survey were examined by utilizing SPSS and Amos graphics software. Firstly, a pilot test was conducted for checking the validity and reliability of the instrument. Then confirmatory factor analysis (CFA) was run to confirm the factor structure, evaluate the convergent validity of the study constructs, and remove the items having low standardized factor loading. Statistical techniques used to achieve the research objectives include correlation analysis and structural equation modeling (SEM) technique.

#### 4. Empirical Findings

#### 4.1 Pilot Testing

A pilot study was carried out to determine the reliability of the items included in the instrument, with data collected from 53 respondents serving as the subjects. For pilot testing, 110 questionnaires were delivered by hand to owners and top managers working in the service, trading, and manufacturing sector SMEs and collected right after they completed it. Only 79 were returned from which 53 questionnaires were useable, representing an effective response rate of 48.18 %. The Cronbach's alpha coefficient estimated the degree of the variable's consistency. Overall, the variables presented values ranging between 0.705 and 0.872 (See Table 3), thus being classified as satisfactory. Therefore, the estimation of all components incorporated into the variables provided a good representation of each one of the variables under study, thus allowing proceeding with further analysis (correlation analysis and SEM).

#### 4.2 Descriptive Statistics

Table 1 demonstrates the descriptive statistics of the variables along with Skewness and kurtosis to evaluate the normality of data. The results show that the average value of each construct is 3 and that their standard deviation score fluctuates from a minimum of 0.283 to a maximum of 0.428. The data normality assumption is also met because the values of Skewness and Kurtosis for all constructs are within the acceptable range (+2) as recommended by the literature (George, 2011).

#### **Insert Here: Table 1.** Descriptive statistics

#### 4.3 Common Method Bias (CMB)

Owing to the fact that the data are collected simultaneously (cross-sectional data), the issue of common method bias may exist. To evaluate this issue, we performed Harmon single factor test in SPSS by using the extraction method of principal component analysis. The output of the analysis shows that total out of 4 factors with eigenvalues higher than one, and the first factor explained only 34.5% variance which is less than 50 percent, confirming the absence of CMB in the data (Podsakoff, MacMacKenzie & Podsakoff, 2012).

#### 4.4 Confirmatory Factor Analysis (CFA)

CFA was run in AMOS 24 to evaluate the validity, reliability, model fitness and remove the items having low standardized factor loading. To test the validity and reliability of the constructs, we performed the measurement model is shown in Figure 1. Firstly, we confirmed the factor loadings of the items as suggested by (Hair et al., 2010). All the factor loadings were found in a good range with a significant value (p < 0.001). The values regarding model fit (See Table 2) were found in the accepted range where CMIN/DF = 2.69, CF1 = 0.985, GFI = 0.82, AGFI = 0.83, TLI = 0.984 and NFI = 0.85 indicated good model fit values. Similarly, RMSEA = 0.059, PCLOSE = 1.000 and SRMR = 0.029 represent good model fitness as per the recommendation of previous studies (KA, 1993; Hair et al., 2010; Hu and Bentler, 1999).

**Insert Here: Table 2.** Goodness of fit statistics

Furthermore, the measurement model was approved by establishing convergent validity, discriminant validity, and internal reliability of the study constructs. The average variances extracted (AVE) for each set of measures were computed to evaluate convergent validity. The results reported in Table 3 divulge that AVE values ranging from 0.503-0.596 for the constructs which are above the minimum thresholds of 0.50 indicate that the loaded items show a higher variance in the respective construct than the error term (Hair et al., 2014). Similarly, the square root of AVE values for each set of measures were computed, which are above the benchmark of 0.70 (See Table 3), suggesting that every construct is different from one another (Hair et al., 2014). Thus, results suggest that convergent validity was accomplished. Moreover, AVE's square root value is higher than the highest square correlation of the construct with any other latent construct, which confirms that adequate discriminant validity was achieved. Additionally, the composite reliability (CR) values were utilized to evaluate the internal consistency reliability of the study constructs. As reported in Table 3, the CR values are all above the benchmark of 0.70 (Bagozzi and Yi, 2012), which reveals that the scales had good internal consistency. Hence, the achievement of all the criteria for fitness of measurement allowed to proceed to SEM testing.

**Insert Here: Table 3.** Factor loading, validity and reliability

**Insert Here: Figure 2.** Measurement model

### 4.5 Statistics for Demographic Variables

Table 4 displayed statistics for demographic characteristics of the sample used for analysis. The sample of the study was composed of 29.3% service, 31.3% trading and 39.4% manufacturing sector SMEs. In terms of firms' age groups, the major portion of the sample (about 41.8%) was aged between 16 – 20 years, while 23.6% were above 21 years old, 26.4% were between 11 and 15 years old, and 8.2% aged below 10 or less years. Most importantly, 6.3% of the SMEs had an employment size of 20-50 employees, 14.4% of SMEs had an employment size of 51-100 employees, 43.8% of the sample had 101-150 employees, 30.8% of the SMEs having employment size 20-50 employees and 4.8% had employment size 201-250 employees. In terms of respondent's qualifications, 50.0% of the sample held a master's degree, 19.7% held an MS/MPhil degree, 1.0% of the respondents had done MS/MPhil, while 29.3% of respondents have Bachelor and below qualifications.

**Insert Here: Table 4.** Statistics for demographic variables

#### 4.6 Correlation Analysis

Pearson correlations among the variables are displayed in Table 5. It provides preliminary support for the anticipated hypothesis of the research. The results revealed that intellectual capital (r = 0.369, p < 0.05) and CSR (r = 0.306, p < 0.05) are significantly linked with sustainable competitive performance. Moreover, organizational innovation is also significantly associated to sustainable competitive performance (r = 0.507, p < 0.05). Furthermore, intellectual capital (r = 0.534, p < 0.05), and CSR (r = 0.309, p < 0.05) are significantly related with organizational innovation. All constructs have correlation coefficients less than 0.80, demonstrating that there is no problem concerning multicollinearity.

**Insert Here: Table 5.** Correlation analysis

## 4.7 Structural Equation Models

The structural equation model 1 proposed in Figure 3 was performed to test the hypotheses formally. The hypotheses predict that intellectual capital and CSR are positively associated with the sustainable competitive performance of SMEs. To test these predictions, we regressed sustainable competitive performance on intellectual capital and CSR. Results reported in Table 6 show that intellectual capital ( $\beta$  = 0.191, p < 0.05) was a significant predictor of the sustainable competitive performance of SMEs, supporting H1. Similarly, a significant positive relationship was found between CSR ( $\beta$  = 0.217, p < 0.05) and the sustainable competitive performance of SMEs, providing support for H2.

**Insert Here: Table 6.** Results of Structural Equation Model 1

**Insert Here: Figure 3.** Structural Equation Model 1

#### 4.7 Mediation Analyses

To check the mediating role of organizational innovation, structural equation model 2 was performed, as shown in figure 4. The results reported in Table 7 show that organizational innovation mediated the relationship between intellectual capital and sustainable competitive performance of SMEs and between the CSR and sustainable competitive performance of SMEs Overall, these findings lend support to H<sub>3</sub> and H<sub>4</sub>.

**Insert Here: Table 7.** Results of Structural Equation Model 1

**Insert Here: Figure 4.** Structural Equation Model 2

#### 5. Discussion

It is becoming increasingly challenging for all types of managers to achieve sustained competitive performance, particularly in today's turbulent environment. When the decision-making process is hampered by instabilities, it becomes more difficult than ever before. In rapidly evolving conditions, it is quite challenging to utilize available opportunities and resources and make decisions by using all available information in a better way as compared to competitors. SMEs especially, are unable to respond to external pressure and competition due to the limited resources and support. Hence, owners and managers of SMEs often hunt for less expensive and less costly resources that can facilitate sustainable competitive performance (Ying, Hassan, and Ahmad, 2019). As stated earlier, SMEs are probably unable to invest in physical means due to their limited financial resources. Hence, intangible resources may be the best option on this occasion. However, little is known about the role of intangible resources such as intellectual capital and CSR activities in the sustainable competitive performance of SMEs in emerging economies like Pakistan.

This study has expanded the resource-based view theory with regard to sustained competitive performance by measuring the perceptions of top-level managers of their intellectual capital, CSR, organizational innovation, and the sustainable competitive performance of SMEs. This study's idea was developed from the existing literature and was tested with the SEM technique, using AMOS graphics software. The findings of this article demonstrate that intangible resources such as intellectual capital and CSR activities improve SMEs' sustainable competitive performance. Intellectual capital is significantly positively linked with SMEs' sustainable competitive performance, demonstrating that intellectual capital helps SMEs improve their sustainable competitive performance. This finding is consistent with research by Kamukama and Sulait (2017) who reported that three intellectual capital components are significant predictors of sustainable competitive performance. Similarly, a significant and positive relationship was found between CSR and the sustainable competitive performance of SMEs. These results demonstrate that CSR boosts the sustainable competitive performance of SMEs. These results are similar to Hamdoun, Achabou, and Dekhili (2021) and Madueno et al. (2016) who argued that the implementation of CSR practices helps SMEs to improve their competitive performance.

This study also reveals that organizational innovation significantly mediates intangible resources (intellectual capital and CSR) and the sustainable competitive performance of SMEs. These findings demonstrate that while making decisions on how to achieve sustainable competitive performance, strategic decision makers take into consideration intellectual capital and CSR initiatives. Consequently, organizational innovation persists in the enterprise, which helps SMEs achieve sustainable competitive performance. The findings are consistent with the findings of Santos-Rodrigues et al. (2010), who believe that CSR activities and intellectual capital are the most valuable assets of an organization because they foster creativity and innovation in the organization, thereby increasing sustainable competitive performance.

#### 6. Conclusion

This study aimed to explore and clarify the mechanism by which intellectual capital and CSR influence the sustainable competitive performance of SMEs in an emerging economy like Pakistan, with mediating role of organizational innovation. To achieve this research objective, a

questionnaire was used to collect data, in which closed questions were asked of the target population. The collected data were analysed using SPSS and Amos graphics software. The sample consists of 208 owners and top managers operating in the service, trading, and manufacturing sector SMEs, positioned within twin cities of Pakistan, who were selected on a convenient basis. The hypotheses were tested through the SEM technique.

The results, confirm that intangible resources such as intellectual capital and CSR enhance the sustainable competitive performance of SMEs in an emerging economy. The results of the study also indicate that organizational innovation appears to mediate these relationships. These findings demonstrate that while making decisions on how to achieve sustainable competitive performance, strategic decision makers take into consideration intellectual capital and CSR initiatives. Consequently, organizational innovation persists in the enterprise, which helps SMEs achieve sustainable competitive performance. The research reveals that firms in Pakistan have shown their concerns toward intellectual capital and CSR initiatives. Although it is a novel phenomenon for emerging markets such as Pakistan, firms are increasingly focusing their attention on intellectual capital and CSR initiatives to achieve sustainable competitive outcomes. They realize that they cannot compete in the coming competitive era without proper intellectual capital and CSR activities involvement. These results are consistent with the resource-based view theory which hold that a company's tangible and intangible resources and capabilities configure its survival and superior performance (Barney, 1991). In this context, intangible resources have been given higher importance by the theory than tangible resources (Salvi et al., 2020).

#### 6.1 Theoretical implications

Based on the resource-based view theory, this study explains the significance of utilizing intangible resources, namely intellectual capital, and CSR activities, to achieve sustainable competitive performance. It not only enriches the connotation of the resource-based view theory and the specific elements of intangible resources but also enriches the research on organizational innovation and sustainable competitive performance from the perspective of SMEs. This research is unique in that it addresses a gap in the literature regarding the relationship between intellectual capital, CSR activities, and sustainable competitive performance of SMEs bond's mediating elements. The current study fills the theoretical gap existing in the literature regarding the empirical examination of organizational innovation mediating roles between intellectual capital and sustainable competitive performance of SMEs, as well as the relationship between CSR activities and sustainable competitive performance of SMEs, in a combined study, specifically in Pakistan. The present study contributes toward the understanding of the role that is played by intellectual capital and CSR in the sustainable competitive performance of SMEs. More importantly, the findings of this study have the potential to contribute to a better understanding of intellectual capital and CSR, and their impact on the sustainable competitive performance of SMEs in emerging economies.

Furthermore, this study suggests that intellectual capital and CSR directly as well as indirectly through organizational innovation affect the sustainable competitive performance of SMEs. The current research provides an explanation about how and why intellectual capital and CSR boost the sustainable competitive performance of SMEs with the mediating role of organizational innovation. The current research contributes to the literature by defining intellectual capital and CSR activities as antecedents, and organizational innovation as intervening variables for the sustainable competitive performance of SMEs. These results add to the existing

body of knowledge by inferring that innovation endures in the organization as an outcome of intellectual capital and CSR activities, which helps SMEs to achieve sustainable competitive performance. The current study is the first to focus on links between intellectual capital, CSR, organizational innovation, and sustainable competitive performance of SMEs within the specific context of an emerging economy. It is probably one of the pioneering efforts in Pakistan with reference to the sustainable competitive performance of SMEs- intangible resources (i.e., intellectual capital and CSR) relationship. As such it contributes to the body of literature for this part of the globe.

#### 6.2 Practical Implications

In addition to the above theoretical contributions, the findings of this research have also generated important policy implications for business actors such as CEOs, executives, managers, policymakers, and entire corporations. The results of the study confirmed that intellectual capital and CSR are important for SMEs operating in emerging economies such as Pakistan to achieve sustainable competitive performance via organizational innovation. Thus, it is suggested that CEOs and top managers working in SMEs enterprises should enhance their intellectual capital and involvement in CSR activities to contribute to organizational innovation and competitive performance. The intellectual capital and CSR activities will help firms identify and evaluate the areas they need to improve and innovate. In this way, their innovation capability will improve which helps SMEs achieve sustainable competitive performance.

Enterprises engaged in CSR activities are more concerned with the preferences and interests of their stakeholders, CSR activities have the potential to enable the firm to respond to stakeholders' needs and concerns in a more effective way than its competitors. in this way, the company's CSR initiatives tend to assist the company in gaining a competitive advantage over other market competitors. Moreover, intellectual capital is deemed less expensive and convenient and significantly influences firms' performance compared to other skills and resources. Hence, firms, especially SMEs, are required to focus on intellectual capital instead of emphasizing expensive resources. Firms are advised to retain experienced managers who can help in accessing useful means. Therefore, SMEs need to focus on intellectual capital and CSR to improve innovations, differentiation and preserve competitive performance in volatile markets. As pointed out by Ying et al. (2019), intangible resources surpass tangible resources when it comes to ensuring the sustainable competitive performance of SMEs in emerging economies like Pakistan. The authors also recommend a similar suggestion for Pakistani SMEs to focus on intellectual capital. Another reason for emphasizing intellectual capital and CSR is that firms in emerging economies have a lack of resources to invest in tangible means (Khan, Yang, & Waheed, 2019). Hence, it shifts their attention toward intangible factors over tangible The implications are not only useful for emerging firms but also for other developing economies in Asia and Europe can replicate the implications to secure sustainable competitive performance of SMEs.

#### 7. Directions for future research

As expressed above, this study investigated just two intangible resources such as intellectual capital and CSR and their impact on the sustainable competitive performance of SMEs

in the specific context of Pakistan and the sample size is small. It is suggested that further research may be carried out to confirm the findings of this study with larger sample size and more diverse respondents. Furthermore, we suggest exploring intangible resources which influence the sustainable competitive performance of SMEs, by taking other mediator and moderator variables to clearly understand how intangible resources affect the sustainable competitive performance of SMEs. In this study, we examined the impact of conventional CSR activities on the sustainable competitive performance of SMEs. It would be fascinating if a future study explored the relationship of CSR digitization with the sustainable competitive performance of SMEs with moderating the role of digital culture. It may also be helpful if a study were carried out that covers data from three different markets, like one from a developed country, the second from a developing country and the third from not so developed economy. Such a comparative study can prove to be a meaningful addition to the existing body of literature for this part of the globe.

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# Appendix 1

Table 1. Descriptive statistics

Variables	Mean	Std. Deviation	Skewness	Kurtosis
Intellectual Capital	3.028	0.283	-0.255	0.614
Corporate social responsibility	3.713	0.422	-0.092	-0.775
Organizational innovation	3.524	0.339	-0.350	0.217
Sustainable competitive Performance	3.604	0.428	-0.082	1.099

# Appendix 2

Table 2. Goodness of fit Statistics

"										
0	Models	CMIN/DF	<b>GFI</b>	<b>CFI</b>	<b>AGFI</b>	NFI	<b>SRMR</b>	TLI	<b>PCLOSE</b>	<b>RMSEA</b>
1	Measurement	2.69	0.82	0.985	0.83	0.85	0.029	0.984	1.000	0.059
2	Acceptable range	1-3	>0.80	>0.95	>0.80	>0.80	< 0.08	> 0.90	> 0.05	< 0.06

# Appendix 3

Table 3. Factor loading, validity and reliability

	Estimate	Cronbach's Alpha	AVE	$\sqrt{AVE}$	$\mathbf{C.R}$
Intellectual Capital		0.793			
IC6	0.754***		0.503	0.709	0.851
IC5	0.559***				
IC4	0.911***				
IC3	0.513***				
IC2	0.882***				
IC1	0.517***				
Organizational Innovation		0.847			
orginv5	0.962***		0.596	0.772	0.877
orginv4	0.634***				
orginv3	0.728***				
orginv2	0.604***				
Orginv1	0.871***				
Sustainable Competitive Performance		0.872			
SCP5	0.771***		0.523	0.723	0.842
SCP4	0.485***				
SCP3	0.792***				
SCP2	0.676***				
SCP1	0.839***				
<b>Corporate Social Responsibility</b>		0.705			
CSR8	0.681***		0.503	0.702	0.920

	Estimate	Cronbach's Alpha	AVE	√AVE	C.R
CSR7	0.693***				
CSR6	0.792***				
CSR5	0.667***				
CSR4	0.767***				
CSR10	0.526***				
CSR1	0.781***				
CSR2	0.754***				
CSR3	0.694***				
CSR11	0.672***				
CSR9	0.660***				

# **Appendix 4**

Table 4. Statistics for demographic variables

Description	Frequency	Percent
Age		
10 years and less	17	8.2
11-15	55	26.4
16 - 20	87	41.8
21 and above	49	23.6
Size		
20-50 employees	13	6.3
51-100 employees	30	14.4
101-150 employees	91	43.8
151-200 employees	64	30.8
201-250 employees	10	4.8
Education		
Bachelor and below	61	29.3
Master	104	50.0
MS / MPhil	41	19.7
PhD	2	1.0
Industry		
Service	61	29.3
Trading	65	31.3
Manufacturing	82	39.4
Total	208	100

# Appendix 5

Table 5 Correlation analysis

	Age	Size	Education	IC	CSR	OI	SCP
Age	1						
Age Size	0.132	1					

Education	0.075	0.139*	1				
IC	$0.493^{**}$	0.201**	0.110	1			
CSR	0.195**	0.120	0.073	0.198**	1		
OI	$0.508^{**}$	0.526**	$0.176^{*}$	0.534**	$0.309^{**}$	1	
SCP	0.534**	0.315**	0.221**	0.369**	0.306**	0.507**	1

Note: \*\*Correlation is significant at the 0.01 level (2-tailed). \*. Correlation is significant at the 0.05 level (2-tailed). SCP=Sustainable Competitive performance, CSR=Corporate social Responsibility, OI=Organizational innovation, IC=Intellectual capital.

#### Appendix 6

Table 6. Results of Structural Equation Model 1

	β	P.value
SP < Age	0.300	***
SP < Size	0.109	0.015
SP < Education	0.072	0.025
SP < IC	0.191	0.002
SP < CSR	0.217	0.006

 $Note: Two\ tailed\ significant\ level = ***p, 0.001,\ SP = Sustainable\ competitive\ performance,\ CSR = Corporate\ social\ Responsibility,$ 

OI=Organizational innovation, IC=Intellectual capital.

#### Appendix 7

Table 7 Results of Structural Equation Model 2

	Direct effect		Indirect effect	t
SCP < IC (Via ORGINV)	0.207	0.015	0.046	0.036
SCP < CSR (Via ORGINV)	0.176	0.088	0.034	0.025
OI < IC	0.276	0.007	-	-
OI < CSR	0.204	0.016	-	-
SCP < OI	0.166	0.045	-	-
SCP < Age	0.398	0.003	-	-
SCP < Size	0.109	0.177	-	-
SCP < Education	0.145	0.023	-	-

Note: SCP=Sustainable Competitive performance, CSR=Corporate social Responsibility, OI=Organizational innovation, IC=Intellectual capital.

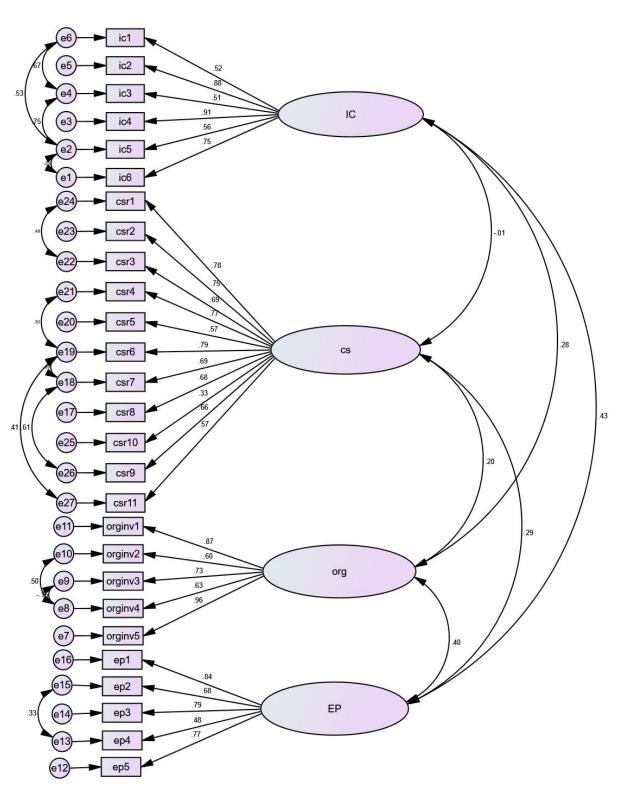


Figure 2. Measurement model

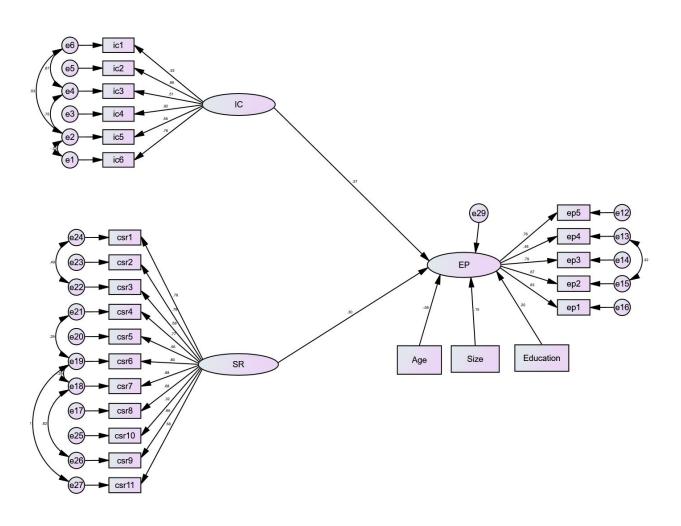


Figure 3. Structural Equation Model 1

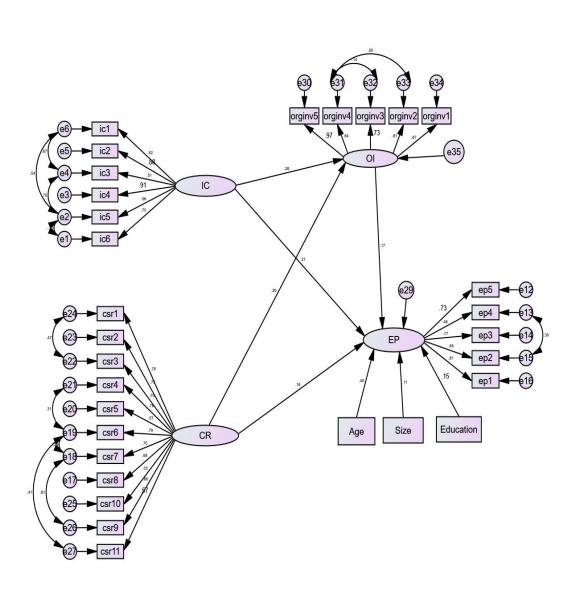


Figure 4. Structural Equation Model 2

# 

# **Appendix Questionnaire**

# **SECTION A: INTELLECTUAL CAPITAL**

Please insert a check mark ( $\sqrt{}$ ) in the appropriate column to indicate whether you agree or disagree with each of the following statements:

		1	2	3	4	5
0	intellectual capital	Strongly	Disagree	Neutral	Agree	Strongly
า ว	•	Disagree				Agree
IC1	Our firm has a clear view of our current core knowledge					
4 IC2	Our firm has a clear view of what knowledge and					
	competencies are the most relevant for the objectives					
	Our firm knowledge and competencies are evaluated					
-	systematically					
o IC4	Our firm benchmarks our strategic knowledge against that					
0	of our competitors					
1 IC5	Our firm explicitly recognizes knowledge as a key element					
	in the strategic planning exercises					
<sup>3</sup> IC6	Our firm has a clear strategy for developing knowledge and					
	competences					
	0 1 2 3 IC1 4 IC2 5 6 IC3 7 8 IC4 0 1 IC5 2 3 IC6	IC1 Our firm has a clear view of our current core knowledge 4 IC2 Our firm has a clear view of what knowledge and competencies are the most relevant for the objectives 6 IC3 Our firm knowledge and competencies are evaluated systematically 9 IC4 Our firm benchmarks our strategic knowledge against that of our competitors 1 IC5 Our firm explicitly recognizes knowledge as a key element in the strategic planning exercises 3 IC6 Our firm has a clear strategy for developing knowledge and competences	Disagree  Disagree	Disagree  Disagr	Disagree  Disagr	Disagree  Disagr

# **SECTION B: Corporate social responsibility**

Please insert a check mark ( $\sqrt{}$ ) in the appropriate column to indicate whether you agree or disagree with each of the following statements:

29 3 <b>0</b>	with each of the following statements:	1	2	3	4	5
31 32 33	Corporate social responsibility	Strongly Disagree	Disagree	<del>`</del>	Agree	Strongly Agree
34	Our Firm					
35 CSR1 36 37 38	Focuses on Implementing special programs to minimize its negative impact on the natural environment	72				
39 <b>CSR2</b> 40	Taking part in activities which aim to protect and improve the quality of the natural environment					
41 CSR3 42 43	Targeting sustainable growth with considers the future generation					
45 <b>CSR4</b> 46 47	Emphasizing the importance of its social responsibilities to the society					
48 CSR5 49 50	Providing full and accurate information to our customers					
51 52 <b>CSR6</b> 53	Respecting the consumer rights beyond the legal requirements					
54 <b>CSR7</b> 55 56	Customer satisfaction					

1	
2	
3	ĺ

CSR8	Supporting employees who want to acquire additional					
	knowledge					
CSR9	Encouraging the employees to develop their skills and					
	careers					
CSR10	Implementing flexible policies to provide good work					
	and life balance					
CSR11	Fulfilling the employee's needs and wants					
	CSR9	knowledge  CSR9 Encouraging the employees to develop their skills and careers  CSR10 Implementing flexible policies to provide good work	knowledge  CSR9 Encouraging the employees to develop their skills and careers  CSR10 Implementing flexible policies to provide good work and life balance	knowledge  CSR9 Encouraging the employees to develop their skills and careers  CSR10 Implementing flexible policies to provide good work and life balance	knowledge  CSR9 Encouraging the employees to develop their skills and careers  CSR10 Implementing flexible policies to provide good work and life balance	knowledge  CSR9 Encouraging the employees to develop their skills and careers  CSR10 Implementing flexible policies to provide good work and life balance

#### **SECTION C: ORGANIZATIONAL INNOVATION**

Please insert a check mark ( $\sqrt{}$ ) in the appropriate column to indicate whether you agree or disagree with each of the following statements:

16	7		1	2	3	4	5
18	Organizational innovation		Strongly	Disagree	Neutral	Agree	Strongly
1	)		Disagree				Agree
20	OI1	We develop cutting-edge marketing programs for our					
2		services/products					
	OI2	We collaborate with our customers					
2	OI3	We ensure that employees within this firm have a high level of					
		competence in developing and implementing new ideas					
2	OI4	We encourage employees to experiment with new ideas and new					
		ways of solving problems					
2	OI5	The firm's decision-making processes are often decentralized					
28	5						

# SECTION D: SUSTAINABLE COMPETITIVE PERFORMANCE

Please insert a check mark ( $\sqrt{}$ ) in the appropriate column to indicate whether you agree or disagree with each of the following statements:

33		1	2	3	4	5
Firm Sustainable competitive Performance 36		<b>Extremely Declined</b>	declined	Average	Improved	Extremely improved
37	Financial performance					
3 <b>8SCP1</b>	Return on investment (ROI)					
39	Profits as a percentage of sales					
<sup>40</sup> SCP2	-					
41 SCP3	Decreasing product or service delivery cycle					
43	time					
44SCP4	Rapid response to market demand					
4 <sup>5</sup> SCP5						
46SCP6	Increasing customer satisfaction					
47 48 SCP7	Increasing profit growth rates and growing					
49	market shares					
50SCP8	In reducing operating costs					
51						

#### SECTION E: DEMOGRAPHICS and CONTROL VARIABLES

Gender

1	2
Male	Female

**Qualification/Education** 

2	3	4	5
Bachelor and below	Master	MS/M.Phil.	PhD

**Age of the Firm**Commencement of business

1	2	3	4
10 years or less	11-15 years	16 - 20 years	21 and above

Size of the firm
Numbers of employees

Numbers of employees In our company

1 / /	2	3	4	5
10-50	51-100	101-150	151-200	201 -250
employees	employees	employees	employees	employees

# **Industry**

We deal in the Business of:

1	2	3
Manufacturing	Trading	Services

Thank you for taking the time to answer, the questions to the best of your ability. Your assistance is appreciated.