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The Impact of Social Capital on SME's Performance with Mediating Role of Entrepreneurial Orientation

Muhammad Sualeh Khattak[1] |

[1], Assistant Professor, Department of Business and Management Sciences, University of Lakki Marwat, KPK

Correspondence
Muhammad Sualeh Khattak
(sualeh@ulm.edu.pk)

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ABSTRACT

Purpose: This study is aimed to study the effect of social capital on Small and Medium Enterprises' performance with mediating role of entrepreneurial orientation. Method: The data were collected from the owner and manager of SMEs of Rawalpindi and Islamabad regions of Pakistan through a structured questionnaire using a sample size of 320. Hypotheses were checked via Structural Equation modeling.

Findings: The result of the current study shows that the three dimensions of social capital i.e., cognitive, relational, and structural capital have a positive effect on entrepreneurial orientation and SME Performance. The results of this study also indicate that entrepreneurial orientation partially mediates the nexus between all the dimensions of social capital and SMEs performance.

Originality/Value: The current study is the first to focus on links between social capital and the performance of SMEs operating in the emerging market of Pakistan. This article enhanced the understanding of the role that social capital plays in the entrepreneurial orientation and performance of SMEs.

Implications: The empirical results of this study allow us to suggest a lot of implications for managers of the firms. Firstly, the development of social capital is mandatory for the generation of an entrepreneurial orientation. The instant study suggests that the firm should practice social capital to enhance SMEs performance with the help of entrepreneurial orientation.

Keywords: Social Capital, Entrepreneurial Orientation, SME's Performance

1 | INTRODUCTION

Businesses use a variety of sources and resources in dynamic marketplaces to gain a competitive advantage and achieve superior performance (Dovbischuk, 2022; Olabode, Boso, Hultman, & Leonidou, 2022). Due to a lack of resources and financial limitations, Small and Medium-Sized Enterprises confront obstacles as a result, they develop various strategies and plans to look for less risky resources to compete in markets and take on a stable position (Chien et al., 2021). Due to globalization, competition, numerous new entrants, and resources, the competitiveness, survival, and sustainability of newly born ventures have become a hard challenge on a worldwide scale. In other words, the pressure on commercial firms to establish sustainable business strategies to attain competitiveness increased due to the dynamic market, globalization, and competition (Khan, Li, Safdar, Khan, & Management, 2019; Khattak, Ullah, & Economics, 2021). Particularly, SMEs in emerging countries are forced to adapt to changes including industrial preparedness, and competitive and technological pressure (Das, Kundu, & Bhattacharya, 2020; Ye & Kulathunga, 2019). For instance, according to a recent survey, approximately more than fifty percent of businesses fail in the initial stage globally due to a lack of resources and support (Khattak et al., 2021). Despite much research and debate, studies have not yet determined the key elements that can propel new businesses to sustain a competitive position and performance. Entrepreneurial orientation (Ibrahim & Mahmood) and social capital (SC) are considered internal intangible resources which are crucial components to enhancing SME performance (Aidoo, Agyapong, & Mensah, 2020). The goal of the current study is to shed light on the critical roles that SC dimensions namely relational social capital (RSC), cognitive social capital (CSC), and structural social capital (SSC) play in SMEs performance. Furthermore, the current study scrutinized the mediating role of entrepreneurial EO between SC and SME's performance.

Several studies have striven the direct and indirect nexus between SC dimensions and SMEs performance (Carlos M & Management, 2011; Dar & Mishra, 2020; Muniady, Mamun, Mohamad, Permarupan, & Zainol, 2015; OUECHTATI, MASMOUDI, & SLIM, 2022). However, several limitations have existed in the prior studies. For instance, most of the studies have stressed developed firms while emerging economies are relatively less investigated (Kim & Shim, 2018; Tran, Adomako, & Management, 2021). Similarly, the mediating role of EO between SC dimensions, and SMEs performance has been rarely touched.

By using the empirical evidence of 300 SMEs operating in Islamabad and the Rawalpindi region of Pakistan, our research unleashes that SC dimensions play a key role in SMEs performance, whereas EO plays a partial mediating role. The objective of this research is to examine the mediating role of EO between SC dimensions and SMEs performance.

2 | LITERATURE REVIEW

2.1 | Social Capital

SC was conceptualized as the entirety of the benefits or assets available in the systems of connections between people, networks, organizations, or social orders (Claridge, 2018). Unique from different types of capitals that rely upon resources or people, SC dwells in the texture of connections between people and also, in people's associations with their networks (Cattell & medicine, 2001). (Nahapiet & Ghoshal, 1998) contended that SC can be separated into three measurements i.e., cognitive, structural, and relational social capital.

2.2 | Entrepreneurial orientation

EO has become a central concept in the domain of entrepreneurship that has received a substantial amount of theoretical and empirical attention (Anderson & Covin, 2014). EO refers to the strategy-making processes that provide organizations with a basis for entrepreneurial decisions and actions (G Thomas Lumpkin, Brigham, Moss, & development, 2010). EO is the process of creating a strategy that provides the basis for entrepreneurial decisions and actions for the organization (Hussain, Ismail, & Akhtar, 2015). Additionally, (G Tom Lumpkin & Dess, 1996) define “EO as the policies and practices which enable a firm to adopt an entrepreneurial position when facing new business opportunities”. (Miller & practice, 2011) argued that entrepreneurial organizations are engaged in product/market innovation and are concerned with risky ventures and are the first to come up with proactive innovations beating the competitors to the bushes.

2.3 | Theoretical Background

A resource-based view (RBV) of (Barney, 1991) postulates the transformation of key resources to accomplish goals. This hypothesis turns into a productive basis for competitive advantage in which firms depend solely on tangible and intangible resources to transform their short-term competitive advantage into a sustainable competitive advantage. This method requires a one-of-a-kind resource that is neither substitutable nor imitable. This idea is not quite the same as the competitive-based method, which has its main focus on sustainable competitiveness from external conditions (Akio, 2005). In any case, the two concepts consider that significant resources can foster performance more remarkably than usual. As intangible resources, EO and SC are considered internal intangible resources which are crucial components to enhance SME performance (Aidoo et al., 2020). The possibility of EO alludes to how firms run in the long run with proactiveness, innovativeness, and risk-taking conduct (Covin, Wales, & practice, 2012). The main factor of RBV is based on the function of internal resources of a firm that give way to the maintenance of competitive advantages inside the firm (Hart & Dowell, 2011). (Barney, 1991; Hart & Dowell, 2011) suggests that an organization should organize its strategic capabilities around those that are valuable, rare, imperfectly imitable, and non-substitutable for the accomplishment of competitive advantage.

2.4 | Hypothesis Development

Social Capital and Firm Performance

SC approach itself decreases problems, decreases transaction costs, and coordinates the stream of information between agents (Lin, Cook, & Burt, 2001). Along these lines, the central gist of this acknowledgment is that all these sources of relationships are valuable assets for the workers and give entry to assets and permit the achievement of different favorable business positions (Tsai & Ghoshal, 1998). In literature, SC is said to be a multi-dimensional construct and the estimation of SC can't be measured directly however through this study we should get to it by identifying and measuring the classification of the SC (Koka & Prescott, 2002). Along these lines, it is worth mentioning here that SC is a basic component for the improvement of the direction and the entrepreneurial activities of the firm, as it gives advancement for access to market and innovation and further encourages a new combination of assets (Bojica & Fuentes, 2012). In any case, a firm having a network of contacts will be a determinant for the EO, on the opposite side, it additionally strengthens the exploration of innovative opportunities with favorable outcomes. According to (Lim & Putnam, 2010) SC dimensions i.e., structural, relational, and social capital significantly linked with superior performance. (Dar & Mishra, 2020) concluded that all the dimensions of SC play an essential role in firm success. Similarly, (OUECHTATI et al., 2022) found that SC significantly contributes to innovation which in turn improves firm performance. (Muniady et al., 2015) found that relational SC plays an essential role in improving enterprise performance. In a similar (Ozigi & Studies, 2018) concluded that cognitive SC is a crucial factor for SMEs performance. (Ryu, Baek, & Yoon, 2021) reveal that relational capital is a vibrant factor for the enhancement of SMEs performance. Hence, given above, the following hypothesis.

H$_1$: *Relational Social Capital significantly influences the performance of SMEs.*

H$_2$: *Structural Social Capital significantly influences the performance of SMEs.*

H$_3$: *Cognitive Social Capital significantly performance of the SMEs*

Mediating Role of Entrepreneurial Orientation.

The existing literature had set up relations between SSC and EO. Quick flow of data is advanced by strong networks and for the most part, recognizes a larger number of opportunities than disconnected business visionaries. As indicated by numerous scholars it has been built that because of the area in higher thickness and quality in their connection will positively influence EO (Molina-Morales & Martínez-Fernández, 2009). Quick transmission of data is delivered by SSC, but issues of learning inaction, where there is no entrance for new data are restricted (Koka & Prescott, 2002). Therefore, a more prominent SSC enhances the organization's EO through the idea of novel chances the probability of growing new products/services, or the performance of risky actions in front of rivals.

Similarly, RSC gave support in the transmission of new data, information, and knowledge, which joined with existing knowledge in literature which resultantly will enhance/improve proactiveness (Shange, 2000). Also, trust is a fundamental component through which actors will have a passage point for new data and recognize novel opportunities (Kwon & Arenius, 2010). Relational SC makes it feasible for a firm to make capable of the implementation of competitive aggressiveness with the support of product promotion, sales incentives, and development in product design before their rivals (Smith, Ferrier, & Ndofor, 2005). Therefore, a more outstanding RSC enhances the organization's EO through the idea of innovativeness, the probability of growing new products/services, or the performance of risky actions in front of rivals.

The cognitive dimension of SC will build up a similar observation about how to make interaction and, therefore actors inside the network can avoid any strong misunderstanding (Tsai & Ghoshal, 1998). Firms having higher positions of the cognitive approach of SC which may increase legitimate appreciation of gainful information and, if they demonstrate proactively, are empowered for better usage of knowledge for the acknowledgment of new opportunities (Tang, Levasseur, Karami, & Busenitz, 2021).

A firm that demonstrates innovativeness is better prepared to respond to the difficulties presented by the external environment and modify its operations in vicious competitive environments (Khattak et al., 2021). EO encourages a firm to proactively check the external condition and take the benefit of rising opportunities in the marketplace (Khan et al., 2019). (Khattak et al., 2021) and (Khan et al., 2019) reported that EO significantly contributes to firm performance. (Ibrahim & Mahmood, 2016) conducted research in Nigeria and found a positive relationship between EO and SMEs performance. Growth in a firm’s accessibility, market indicators, and expertise of customers’ needs & wants are the advantage offered by proactiveness (Hughes and Morgan, 2007). (Aidoo et al., 2020) found that EO significantly mediates the nexus between SC and SMEs performance. Given the above, the following hypothesis:

H_4: *EO mediates the relationship between structural SC and the Performance of SMEs.*

H_5: *EO mediates the relationship between relational SC and the Performance of SMEs.*

H_6: *EO mediates the relationship between cognitive SC and the Performance of SMEs.*

3 | RESEARCH METHODOLOGY

3.1 | Sample and Data

Data was collected from SMEs operating in the emerging market Pakistan (Islamabad and Rawalpindi regions). Registered firms were targeted. The lists of the registered firms were taken from the Islamabad Chamber of Commerce & Industry (ICCI) and Rawalpindi Chamber of Commerce and Industry (RCCI) respectively. A self-reported questionnaire was used to collect data. A total of 400 questionnaires were distributed among SMEs. The key informant for the study was owners and top managers of the firms as they are more concerned with strategic planning and are responsible for the firm’s performance (Khattak, Shah, & Review, 2020). A total of 320 responses were received out of which 20 were incomplete and excluded. Finally, 300 completed responses were used for analysis purposes. SMEs has been characterized by various measure for example number of employees of the firm, investment of the firm, sales, and production of the firm. In Pakistan, SMEs are explained on two bases (1) the number of employees working in the firm and (2) investment invested in the firm. A small industry is one in which 10-35 employees are engaged or it has an investment of Rs.2-20 million. And a mediums industry is that which have the 36- 99 employees are engaged or investment from Rs.20-40 million."

3.2| Measurement of Variables

SMES performance

SMES performance was measured with five items as per the suggestion of (Semrau, Ambos, & Kraus, 2016).

Structural social capital

SSC was measured with three items proposed by (Maula, Autio, & Murray, 2003).

Cognitive social capital

CSC was measured with three items recommended by (Parra-Requena, Ruiz-Ortega, García-Villaverde, & Marketing, 2012).

Relational social

RSC is measured with three items. The items for this study were adapted from (Kale, Singh, & Perlmutter, 2000)

Entrepreneurial orientation

To measure EO nine items were adopted from the study of (Covin & Slevin, 1989).

All the variables were measured with the help of a five-point Likert scale.

Control variables:

The control variable of this research study is Firm size, Firm Age, and industry which includes three concepts one is servicing industry second trading industry, and third is the manufacturing industry. A firm's size plays an active role in its performance as compared to other characteristics of enterprises and strategies (Blackburn, Hart, Wainwright, & development, 2013). Studies have recommended the age, industry, and size of the firm be controlled in SMEs studies (Khattak et al., 2020).

4 | RESULTS AND ANALYSIS

By using AMOS 21 data analysis was made through Structural Equation Modeling i.e., SEM as it has been earlier used in different research for complex modeling. Data were screened by using SPSS and tests were run accordingly.

4.1|Normality

We run descriptive statistics in SPSS to find out the mean, standard deviation, and normality of the sample (see Table 1). The data is normal as all the values are in the accepted range as per (George, 2011).

Table 1. Mean, Standard Deviation, Skewness & Kurtosis

	Variable	Mean	SD	Skewness	Std error	Kurtosis	Std error
1	**Structural SC**	3.8025	.3370	-.787	.136	1.707	.272
2	**Relational SC**	3.7200	.3256	-.823	.136	1.620	.272
3	**Cognitive SC**	3.2530	.3125	-.810	1.36	1.258	.272
4	**EO**	3.8181	.3386	-.291	.136	1.079	.272
5	**Firm Performance**	3.9063	.3421	-.257	.136	1.193	.272

4.2 | Multicollinearity

For testing multicollinearity, we assessed the Variance Inflation Factor (VIF) through multivariate regression. This structural, relational, and cognitive SC, EO, and DC were tested as independent variables and SMEs performance as dependent variables. The values for the test are exposed in Table 2. The results hold that in this research there is no multi-collinearity problem as in the light of the recommendations of (Hair et al., 2012) all the values in table 2 are below than10. Therefore validity & reliability of the model has no danger.

Table 2. Variance Inflation Factor

Independent variable	Firm Performance	
	Collinearity Statistics	
	Tolerance	**VIF (Variance inflation factor**
Structural SC	.745	1.341
Relational SC	.712	1.000
Cognitive SC	.730	1.360
EO	.776	1.289

4.3 | The Scales of Reliability Analysis and Validity Analysis Cronbach's Alpha

Reliability and validity test was undertaken to judge the inner consistency of the items of the variable of this research study. Reliability & validity were evaluated for the examination through Cronbach's Alpa. Similarly, results shown in (Table-3), all Variables have a value greater than (0.70) which is in the accepted range.

Table 3. Reliability analysis and validity analysis

Variables	No of Items	Cronbach's alpha
Firm Performance	05	.81
Structural SC	03	.80
Relational SC	03	.75
Cognitive SC	03	.81
EO	09	.88

4.4 | Common Method Bias

This research gathered information through a single source, from a similar respondent, and at a similar time, this methodology may prompt Common Method Bias (CMB) that may risk the results (Podsakoff, MacKenzie, & Podsakoff, 2012 2012 2012). Henceforth, to know about this issue, Harman's one-factor test was performed utilizing Exploratory Factor Analysis with the extraction method of Principle Component Analysis in SPSS. The results demonstrated three factors with Eigen values over 1 of which the primary factor clarified just 36% variance. This affirmed there is no potential issue of common method bias as the principal factor of the examination does not clarify a noteworthy variance and none of the factors was clear (Hair, Sarstedt, Ringle, & Mena, 2012).

4.5 | Correlation Coefficient

The results of table 4 revealed the correlation coefficients for the sample. It was found that all the three dimensions of SC namely Structural SC ($r=0.324$, $p < 0.01$), relational SC ($r=0.537$, $p < 0.01$) and cognitive SC ($r=0.432$, $p < 0.01$) have significant relation with SMES performance. Furthermore, that all the three dimensions of SC namely Structural SC ($r=0.450$, $p < 0.01$), relational SC ($r=0.621$, $p < 0.01$) and cognitive SC ($r=0.532$, $p < 0.01$) have significantly related with EO. Additionally, EO is significantly associated with SMEs performance. ($r=0.584$, $p < 0.01$).

Table 4. Correlation Analysis						
	Name of the Variable	**1**	**2**	**3**	**4**	**6**
1	EO	(.881)				
2	Structural SC	.450**	(.800)			
3	Relational SC	.621**	.521	(.751)		
4	Cognitive SC	.532**	.421	.331**	(.732)	
5	Firm Performance	.584**	.324**	.537**	.432**	(.816)

****.** Correlation is acceptable at 0.01 level (2-tailed). SC=Social capital, Cronbach's alpha is presented in parentheses.

4.6|Confirmatory Factor Analysis

Through AMOS the test of validity, as well as reliability, were checked. The factor loading of each item is above (above 0.70) and ($p < 0.001$). The model is fit and value of $\chi2/df = 2.437$. The values are in the accepted range i.e., TLI is 0.94, NFI is 0.83, CFI is 87, GFI is .91 AGFA is .90, RMR is 0.014, & RMSEA is 0.094 (Hair et al., 2012). According to table 8 composite reliability of all the constructs are in the acceptable range (greater than 0.70).

Table 5. Composite Reliability and Validity			
	CR	AVE	Square root AVE
Firm Performance	0.740	0.508	.712
EO	0.884	0.581	.762
Relational SC	0.900	0.518	.719
Structural SC	0.907	0.765	.876
Cognitive SC	0.887	0.538	.733

Structural Model without Mediation

The first three structural models were run to scrutinize the direct influence of SC dimensions on SMEs performance. The results of the first structural model (see table 6) indicate that RSC has a significant influence on SME performance ($\beta= 0.126$, $p < 0.01$) which favors the H_1. The second structural model was run to check the effect of CSC on SME performance. The result of the second structural model (see table 6) indicates that CSC has a positive significant effect on SMEs performance ($\beta= 0.280$, $p< 0.01$) that confirmed the H_2.

The third structural model was run to check the effect of SSC on SME performance. The result of the third structural model (see table 6) indicates that SSC has a significant impact on SMEs performance ($\beta= 0.141$, $p< 0.01$) confirming the H_2.

Table 6. Impact of Social Capital Dimensions on SMEs Performance		
Hypothesis	**β**	**P-value**
Model-1		
H1. FP ← RSC	0.126	0.004
FP ← size	0.068	0.434
FP ← age	-0.085	0.193
Model-2		
H.2 FP ← CSC	0.280	0.001
FP← size	-0.006	0.88
FP← age	0.015	0.78
Model-3		
H.3 FP ← SSC	0.141	0.001
FP← size	0.069	0.32
FP.← age	0.015	0.04

The Results (see table 7) indicate that the indirect impact of RSC on SME performance is positively significant (B=0.035, $p < .001$) while the direct effect of RSC on SME performance also remains significant ($\beta = 0.615$, $p < .001$) which demonstrated that EO partially mediated the relations between RSC and performance of SMEs. Therefore, H_4 was supported and confirmed. R2 indicates that RSC through EO explains a 52 % variance in SME performance.

Table 8 revealed that the indirect path of CSC on SME performance is positively significant (β =0.063, $p < .001$) while the direct path of CSC on SME performance likewise stayed significant ($\beta = 0.174$, $p < .001$) which demonstrated that EO partially mediated the relations between CSC and SMEs performance. Therefore, H_5 is confirmed in this study. R^2 value indicates that CSC through EO explains a 48 % variance in SME performance.

The results (see table 9) results demonstrate that the indirect influence of SSC on SME performance is significant (β=0.055, $p < .001$) while the direct effect of structural SC on SME performance also remains significant in the presence of EO (Beta= 0.064, $p < .001$) which demonstrated that EO partially mediated the relations between SSC and performance of SMEs. Therefore, H_6 was supported in this study. R^2 value indicates that SSC through EO explains a 53 % variance in SME performance.

Table 7. Mediation analysis through EO (Between Relational Social Capital and Firm

Hypothesis	Direct Effect	P	Indirect effect	P	Total effect	P
FP ← RSC (through	.615	.001	.035	.001	.650	.001
EO ← RSC	.308	.001			.308	.001
FP ← EO	.113	.059			.113	.059
EO ← Size	-.025	.692			-.025	.692
EO ← Age	-.092	.259			-.092	.259

Table 7. Mediation analysis through EO (Between Cognitive Social Capital and Firm Performance).

Hypothesis	Direct effect	P	Indirect effect	P	Total effect	P
FP.← CSC (through EO)	.174	.007	.063	.001	.237	.007
EO. ← CSC	.639	.001			.639	.001
FP. ← EO	.098	.001			.098	.001
EO. ← Size	-.025	.692			-.025	.692
EO. ← Age	-.092	.259			-.092	.259

Table 8. Mediation analysis through EO (Between Structural Social Capital and Firm

Hypothesis	Direct effect	P	Indirect effect	P	Total effect	P
FP ← SSC (through EO)	.064	.035	.055	.001	.119	.001
EO ← SSC	.261	.001			.261	.001
FP ← EO	.212	.001			.212	.001
EO ← Size	-.025	.692			-.025	.692
EO ← Age	-.092	.259			-.092	.259

5 | DISCUSSION

The current study scrutinizes the importance of SC dimensions (relational cognitive, structural social capital) in SMEs performance with the mediating mechanism of EO. Several studies have striven the direct and indirect nexus between SC dimensions and SMEs performance. However, several limitations exist in the prior studies. For instance, most of the studies have stressed developed firms while emerging economies are relatively less investigated. Similarly, the mediating role of EO between SC dimensions, and SMES performance has been rarely touched.

We employed AMOS for data analyses and found that SC dimensions (relational cognitive, structural) and EO are important predictors of SMEs performance in emerging market Pakistan. Firstly, the current study findings indicate that two relational SC, cognitive SC and structural SC significantly contribute to the performance of Pakistani SMEs. These findings are congruent with (Dar & Mishra, 2020) who scrutinized the influence of relational capital on firm performance and found that relational SC plays an essential role in improving enterprise performance. In a similar vein, our outcomes are parallel with prior findings of (OUECHTATI et al., 2022) who revealed that cognitive SC is a crucial factor for SMEs performance. The findings of this study are in line with a recent study conducted by (Ryu et al., 2021) who revealed that relational capital is a vibrant factor for the enhancement of SMEs performance.

Secondly, the findings indicate that EO significantly contributes to SMEs performance. These findings are parallel with the outcomes of (Khattak et al., 2021) and (Khan et al., 2019) who conclude that EO work as an internal capability that significantly enhances an enterprise's performance

Finally, this study shows that EO partially mediates the nexus between SC dimensions (rational, cognitive, and structural social capital) and SMEs performance. These results show that SC dimensions along EO significantly contribute to the SMEs performance. These outcomes are consistent with the results of (Aidoo et al., 2020) who reported that EO significantly mediates the nexus between SC and SMEs performance. The study is equally valuable to SME owners and managers. Furthermore, the purpose of this research is to provide sufficient evidence to validate the resource-based View Theory (RBV) of (Barney, 1991). The current study emphasizes the role of SC dimensions (as intangible resources) to gain superior performance via EO.

5.1| Implications of the Study

The current studies suggest some fruitful implications for owners, managers, and policymakers. The findings of this study are more important for SME's owners and managers. The findings indicate that SC dimensions (relational, cognitive, and structural social capital) and EO have a positive and significant influence on SMEs success. Furthermore, EO also mediates the relationship between SC dimensions and SMEs performance. The findings of this study suggested that owners and managers of SMEs should pay more attention to all the dimensions of SC and EO because they significantly contribute to SMEs success.

This study recommends that SMDEDA assist small enterprises in a way to reduce costs and gain superior growth. for example, SMEDA can organize seminars and training workshops for businesspeople to help them is cost-cutting strategies and efficiently utilize intangible resources to enhance firm performance.

6 | CONCLUSION

This study aims to empirically test the effect of SC i.e. (cognitive, structural & cognitive) on SMEs Performance in the developing markets -Pakistan. Data were gathered through structured questionnaires using a sample size of 300 firms and afterward scrutinized through AMOS.20 and SPSS. The results of this study have revealed that three dimensions of SC have significant positive effects on SMES performance. Similarly, EO partially mediates the relationships between SC and SMEs performance. The results attribute that the three dimensions of SC and EO assume a significant role in the enhancement of the SMEs success. Implications of this research for practice have been discussed above.

6.1 | Limitation & Future Directions

Despite several effectiveness, this research work is not free from limitations. The sample size is 320 which is less due to shorter time frames and can be considered a hurdle for this research work. It is thus suggested for future researchers' triumph over the limitations found in this study which can be advantageous for researchers and entrepreneurs of the firms.

Consequently, the results of this study were achieved from the data which is cross-sectional sort of data and are constrained in shortage of time. This confinement of the study closed by can be readdressed through longitudinal data sets in future research.

Similarly, this research is bound inside the boundaries of the developing business sector of Pakistan just, whereas the gathering of the data from the developing business sector of different countries likewise china can give useful insights to SMEs.

The collection of data through a structured questionnaire that has been used in this research limited respondents to give options. It is also a future direction regarding research this study is a subjective approach/interview-based study to ask an open question through which unexplored insights could be explored. Finally, it is attractive to inspect these relationships in flourishing industries, in other countries as well as in other cities of Pakistan e.g., Karachi, Quetta, Lahore, and Peshawar to sum up the output achieved in connection with the impact of SC on EO.

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