Enhancing Entrepreneurial Strategies: Exploring the Link between Entrepreneurial Orientation and Financial Performance in Ghanaian SMEs with Economic Capability as a Moderator

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Abstract: **This study explores the relationship between entrepreneurial orientation (EO) and financial performance of small and medium-sized enterprises (SMEs) in Ghana's manufacturing sector, specifically within the Greater Accra Region. Given the resource-constrained environment, SMEs in Ghana contend with heightened competition, necessitating adept entrepreneurial strategies. Despite mixed findings in prior research on the EO's impact on financial performance, this study employs structural equation modeling (SEM) to analyze data from 246 SME owners and managers, evaluating the three EO dimensions. Results unveil noteworthy and favorable connections between all EO facets and firm performance, enriching the comprehension of EO's dynamics within this distinctive backdrop. These empirical findings offer practical insights to augment SMEs' EO efforts and advocate for governmental initiatives to fortify entrepreneurial activities within the sector. The research methodology integrates quantitative techniques and descriptive-explanatory methodologies, furthering the study's objectives. Additionally, economic capability is examined as a moderator, shedding light on its role in influencing the EO-financial performance nexus.**

Keywords: **Entrepreneurial Orientation, Small and Medium Enterprises, Financial performance, Entrepreneurship Capability, Economic Capability.**

I. INTRODUCTION

In the dynamic landscape of today's global economy, small and medium-sized enterprises (SMEs) play a pivotal role as engines of growth and innovation[1]. Nowhere is this more evident than in emerging markets like Ghana, where SMEs in the manufacturing sector constitute a vital component of the economic fabric. Faced with resource constraints and intensifying competition, these enterprises are compelled to adopt and implement entrepreneurial strategies that can position them competitively and ensure sustained financial performance[2].

Small and medium-sized enterprises (SMEs) are vital for growth and innovation, especially in countries like Ghana. This study focuses on Ghana's manufacturing SMEs in the Greater Accra Region, exploring how their entrepreneurial strategies (EO) impact financial performance.

Entrepreneurial orientation involves innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy. Using comprehensive analysis, data from 246 SME owners/managers were studied to understand these dimensions' impact on financial performance.

Results reveal positive connections between all EO aspects and financial performance, offering insights for SMEs aiming to improve their strategies[3]. This research employs quantitative and descriptive-explanatory methods, along with investigating economic capability as a moderator, revealing its influence.

In essence, this study fills a gap by uncovering how entrepreneurial strategies relate to financial success in Ghana's manufacturing SMEs. The methodology, results, and implications further explore this crucial link in a resource-constrained but dynamic business environment.

II. LITERATURE REVIEW

Introduction:

The concept of entrepreneurial orientation (EO) has garnered significant attention in the field of strategy-making process literature since its emergence in the early 1980s. Scholars have consistently recognized EO as a crucial element in the actions, resources, and decisions made by influential decision-makers within organizations. This review explores the dimensions of entrepreneurial orientation, including innovativeness, proactiveness, risk-taking, and entrepreneurship capability, and their impact on financial performance.

Innovativeness:

Innovativeness refers to a firm's strong desire and ability to develop new ideas, experimental processes, and creative solutions that lead to the creation of new products, services, or technological advancements[4]. It encompasses the willingness to explore uncharted territory, engage in product market innovation, and take on risky projects. Innovativeness is essential in a rapidly changing business landscape, as firms need to refresh their market offerings to survive and thrive. The level of innovation can vary, ranging from incremental advancements to radical breakthroughs, each contributing to a firm's competitiveness[5].

Proactiveness:

Proactiveness involves a firm's active pursuit of new opportunities and initiatives that may not be directly related to its current operations. This includes being the first to introduce new products or brands to the market, strategically eliminating mature or declining operations, and anticipating changes in the business environment[6]. Proactive firms seek to shape the industry and stay ahead of competitors, positioning themselves for first-mover advantages. Proactiveness is intertwined with competitive aggressiveness, which relates to a firm's response to competitors' challenges.

Risk-taking:

Risk-taking is a fundamental dimension of EO, signifying a firm's willingness to engage in calculated commercial risks, even when the outcomes are uncertain[6]. This encompasses entering new markets, investing in uncertain projects, and borrowing substantial resources. Different types of risks, such as business, financial, and personal, come into play as firms make strategic decisions. Risk-taking behavior requires a balance between seizing opportunities and managing potential downsides, and it has a significant impact on a firm's ability to innovate and grow[7].

Entrepreneurship Capability:

Entrepreneurship capability refers to a firm's ability to continuously improve its competence by integrating resources and capabilities[8]. This dimension encompasses economic, educational, and socio-cultural factors. Economic capabilities include income levels, access to market knowledge, and opportunities to invest in technology. Educational and knowledge capabilities involve access to information and expertise, which contribute to enhancing entrepreneurial skills. Socio-cultural capabilities encompass cultural values, attitudes, and decision-making processes that influence business practices.

Financial Performance:

Financial performance is a crucial consideration for entrepreneurial firms. It reflects the macroeconomic outcome of entrepreneurial activities and encompasses both objective and subjective measures. Objective measures include profitability, sales, market share, return on assets (ROA), and return on equity (ROE)[9]. Subjective measures involve entrepreneurs' perceptions of their business performance and overall success. Financial performance is influenced by various factors, including EO and entrepreneurship capability[10].

Entrepreneurial Orientation and Financial Performance:

Entrepreneurial orientation has consistently demonstrated a positive influence on business performance[11]. Firms that embrace an entrepreneurial mindset are more likely to scan their environment for opportunities, strengthen their competitive position, and enhance their overall performance. An entrepreneurial orientation, characterized by dimensions such as innovativeness, proactiveness, and risk-taking, contributes to improved financial outcomes[12].
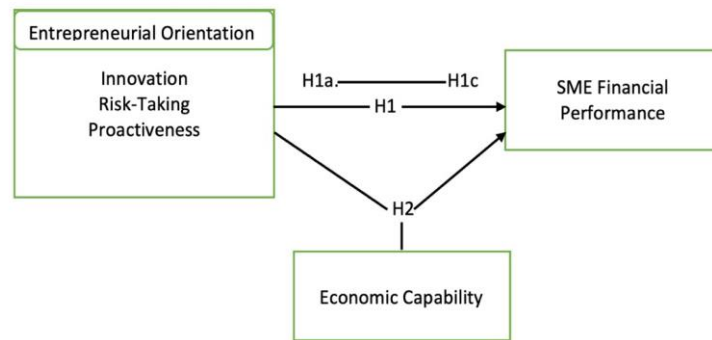
Entrepreneurship Capability and Financial Performance:

Entrepreneurship capability, encompassing economic, educational, and socio-cultural factors, plays a significant role in determining a firm's financial performance[13]. Entrepreneurs' competencies and skills, acquired through education, training, and experience, directly impact their ability to manage and grow their businesses. Developing entrepreneurial capabilities is vital for transforming business ideas into profitable ventures and ensuring long-term success[14].

In conclusion, entrepreneurial orientation, comprising dimensions such as innovativeness, proactiveness, and risk-taking, along with entrepreneurship capability, has a profound influence on financial performance. Firms that embrace an entrepreneurial mindset and possess the necessary competencies are better positioned to navigate challenges, seize opportunities, and achieve sustainable growth. As the business landscape continues to evolve, understanding and harnessing these dimensions become essential for organizations seeking to thrive in a competitive environment.

III. CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

The research investigation employs a conceptual framework to elucidate patterns and relationships between elements, enhancing understanding of the study. The framework explores the association between entrepreneurial orientation and SME financial performance[15]. Entrepreneurial orientation encompasses innovativeness, risk-taking, and proactiveness, while SME financial performance is broadly represented by liquidity, profitability, efficiency, and leverage ratios. Economic capability acts as a moderating variable, influencing the relationship between entrepreneurial orientation and financial performance.

Fig 1: Model of Hypotheses

Conclusion

The conceptual framework illustrates the relationships between entrepreneurial orientation, SME financial performance, and economic capability. Entrepreneurial orientation influences SME owners and managers to engage in product innovation and market development, contributing to improved financial performance. Economic capability moderates this relationship, underscoring its influence on how entrepreneurial activities translate into financial outcomes. Firms with stronger entrepreneurial orientation, combined with favorable economic capability, are expected to achieve superior financial performance within the dynamic business environment of the manufacturing sector in Accra, Ghana.

Hypotheses Development

Relationship between Entrepreneurial Orientation and SME Financial Performance:

The central focus of this study is to examine the relationship between entrepreneurial orientation (EO) and SME financial performance[16]. EO is conceptualized as comprising dimensions of innovativeness, proactiveness, and risk taking. Based on previous literature and references, the following hypotheses are formulated:

H1a: There is a significant positive relationship between innovativeness and SME financial performance.

Several scholars (Bernoster et al., 2018; Lumpkin & Dess, 2015; del Mar Fuentes-Fuentes et al., 2015) emphasize that innovativeness, characterized by generating new ideas and products aligned with consumer needs, is essential for business survival and improved financial performance. Empirical evidence[16] suggests a positive connection between innovation and business financial performance.

H1b: There is a significant positive relationship between proactiveness and SME financial performance.

Proactiveness, defined as forward-looking and first mover thinking, is associated with enhanced business strategies and offerings (Malte et al., 2014; Wales, 2016). Positive relationships between EO and financial performance have been established[17], lending support to the hypothesis that proactiveness influences SME financial performance.

H1c: There is a significant positive relationship between risk taking and SME financial performance.

Risk taking, characterized by pursuing uncertain opportunities with potentially high returns, is a crucial aspect of entrepreneurial orientation[18]. The hypothesis suggests that SMEs exhibiting greater risk-taking behavior are likely to experience improved financial performance.

The moderating role of Economic Capability on Entrepreneurial Orientation and SME Financial Performance:

This section explores the influence of economic capability on the relationship between entrepreneurial orientation and SME financial performance. The hypothesized relationship is as follows:

H2: There is a significant moderating role of economic capability between EO and SME financial performance.

Economic capabilities, encompassing income levels, access to market information, technological opportunities, and education, play a vital role in enhancing SME entrepreneurs' productivity and growth[19]. The hypothesis suggests that higher economic capabilities contribute positively to SME financial performance by enabling improved decision-making, innovation, and business growth.

In conclusion, the formulated hypotheses provide a structured framework to examine the intricate relationships between entrepreneurial orientation, economic capability, and SME financial performance. These hypotheses serve as a basis for empirical analysis and further exploration of the study's research objectives.

IV. METHODOLOGY

Research Approach

The present study employed a quantitative approach to conduct causal research, aiming to explore the relationships between independent variables (entrepreneurial orientation and economic capability), a dependent variable (SME financial performance), and a moderator. This approach aligns with the research objectives and allows for statistical analysis and generalization to a larger population[20]. Specifically, the study utilized survey analysis as the primary data collection method to gather information from a diverse sample of Ghanaian SMEs.

Research Design

The research design is the blueprint for data collection and analysis that aligns with the research questions[21]. Quantitative methodologies are suitable for explanatory research problems, making survey analysis an appropriate research design for this study (Guyo, 2013). The survey approach was chosen for its ability to test hypotheses and meet the study's objectives [22]

Source of Data and Data Collection

Primary data was collected from 246 owners and managers of SMEs in Ghana's manufacturing sector through self-administered questionnaires. The study employed a non-probability purposive sampling technique, selecting participants based on judgment and expertise[23]. The data collection process was structured and organized, involving the use of a structured questionnaire designed to measure entrepreneurial orientation, economic capability, and SME financial performance.

Questionnaire Design and Administration

The questionnaire design underwent rigorous review and validation to ensure its reliability and validity. It was divided into two sections: demographic attributes and Likert-scale statements addressing the research variables. The Likert-scale ranged from strongly disagree to strongly agree, providing a systematic framework for respondents to express their opinions[24]. Ethical clearance and permission were obtained from participants before data collection.

Population Definition and Sample Size

The target population for this study consisted of owners and managers of SMEs in Ghana's manufacturing sector, specifically in Accra. Due to the heterogeneity of the population, purposive sampling was used to select a sample size of 300 participants, a number considered sufficient for statistical power [25]. The final sample included 246 valid responses.

Data Analysis Techniques

Data analysis was conducted using IBM SPSS version 22 for descriptive statistics, reliability analysis, and regression analysis. AMOS version 22 was employed for confirmatory factor analysis and structural equation modeling. Reliability and validity assessments were performed to ensure the quality of the data and the measurement instruments[26]. Constructs were measured using Likert-scale items, and their reliability and validity were established through various techniques, including Cronbach's alpha and confirmatory factor analysis.

V. RESULTS AND DISCUSSION

Demographic Characteristics of Respondents

The demographic features of the sampled respondents are shown in this portion of the analysis. Gender, age, educational background, and years in business were all taken into consideration. This is significant information because, according to[27] these variables have the propensity of influencing financial performance. The demographic characteristics are therefore presented below

Table 5.1. Demographic Profile of Respondents (managers/owners)

Details	Measurement	Frequency	Percentage%
Gender	Male	109	44.3
	Female	137	55.7
Age	20-30	46	18.7
	31-40	68	27.6
	41-50	92	37.4
	Over 50	40	16.3
Education	Secondary	71	28.9
	Tertiary	55	22.4
	Professional	69	28.0
	Others	51	20.7
Years in business	Less than 1 year	34	13.8
	2-4years	53	21.5
	5-7years	90	36.6
	Over7years	69	28.1
N = 246			

Descriptive Statistics

According to emari & hossein (2015) before any further investigation, any social science study including human participation must undergo descriptive analysis. As a result, descriptive analysis was used to assess the significant tendency of the mean and standard deviation, which was a need.

Entrepreneurial orientation (data from questionnaire)

The figures recorded are an indication of how SMEs in the manufacturing sector of the Ghanaian economy does leverage entrepreneurial orientation in improving financial performance. The results indicated that most of the variables had modest to high mean values. The highest mean recorded from the table was 4.21 (My organization usually designs own new methods of production rather than adopting others), while the lowest was 2.427 (Return on investments has increased because of my entrepreneurial orientation). The result indicates that SMEs in the manufacturing sector of the Ghanaian leverage entrepreneurial orientation to improve financial performance.

Entrepreneurial orientation could be categorized into five areas: innovativeness, risk-taking, competitive aggressiveness, autonomy and proactiveness. Concerning the study on the opinions of executives on entrepreneurial orientation, the five-point scales were used: (1) = strongly disagree, (2) = disagree, (3) = neutral, (4) = agree, and (5) = strongly agree. The level of opinions about the entrepreneurial orientation:

Table 5.2: Descriptive Analysis of Measurement Statements

Details	Code	Mean	SD
Our organization typically adopts a bold, aggressive posture to maximize the probability of exploiting potential opportunities	RTI	3.98	0.53
Employees at my company are encouraged to take measured risks with fresh ideas.	RT2	3.80	0.60
My company has a strong tendency to take on high-risk ventures.	RT3	4.07	0.60
My company operates in an innovative manner most of the time.	INN1	4.19	0.57
My organization usually designs its own new methods of production instead than adopting others	INN2	4.21	0.47
In competition, my organization typically initiates actions to which competitors then respond	PRO1	3.16	0.71
My organization is often the first for introducing new products/services than the competitors	PRO2	3.26	0.09
My organization does not tend to "follow the leader" in introducing a new product	PRO3	3.79	0.63

In Table 4.3, we explored how the manufacturing sector thinks about entrepreneurship. The respondents strongly agreed with all the statements. When it comes to innovativeness, the highest score (4.21) was for "My business creates its own production techniques," and the lowest (3.28) was for "We solve problems our own way."For risk-taking, "We're open to high-risk projects" scored the highest (4.07), while "Employees take calculated risks with new ideas" had the lowest score (3.80). In terms of proactiveness, "We confront competitors for opportunities" got the highest score (3.91), and "We initiate actions others respond to" got the lowest (3.16). In proactiveness, "We follow the leader" scored highest (3.79), and "We initiate actions in competition" scored lowest (3.16).

The variation in scores didn't cause issues in our study using structural equation modeling. Only a significant difference of more than ten times in variance would be problematic.

Firms' financial performance (data from questionnaire)

Concerning the manufacturing executives' opinions on the firm financial performances, the five-point scales were used: (1) = strongly disagree, (2) = disagree, (3) = neutral, (4) = agree, and (5) = strongly agree.

Table 5.3: Data analysis of the SMEs financial performance

Details	Code	Mean	S. D
Market share of our business unit has increased because of my entrepreneurial orientation	FP1	2.79	1.39
Return on investments has increased because of my entrepreneurial orientation	FP2	2.43	1.30
Overall performance of our business unit has increased because of my entrepreneurial orientation	FP3	3.13	1.42

The financial performance of manufacturing firms was examined in Table 4.3. It revealed that most respondents agreed strongly on all the questions, with average values ranging from 2.43 to 3.13. The attitude toward "Overall performance of our company unit has grown due of my entrepreneurial orientation" obtained the highest mean score of 3.13, according to the statistics about SMEs financial performance. The attitude toward "Return on investments has grown as a result of my entrepreneurial orientation" obtained the lowest mean score of 2.43. The standard deviation study revealed that the standard deviation identified in the criterion was not substantial; hence it had no impact on the structural equation modeling analysis.

Economic capability (data from questionnaire)

Concerning the manufacturing executives' opinions on the entrepreneurship capabilities, the five-point scales were used: (1) = strongly disagree, (2) = disagree, (3) = neutral, (4) = agree, and (5) = strongly agree.

Table 5.4: Data analysis of Economic capability

Entrepreneurship capabilities	CODE	Mean	S. D
Economic capability More entrepreneurs now go to school	SEC1	3.25	1.21
Entrepreneurs' education condition is getting better	SEC2	3.26	1.08
The education entrepreneurs receive is increasingly high	SEC3	3.52	1.07
		3.43	1.12
		3.33	1.11

Confirmatory Factor Analysis (CFA)

Confirmatory factor analysis is an essential condition in structural equation modeling to test how perfectly the measured variables represent the number of constructs [28]. That said, Hair et al. (2014) declare the acceptable threshold for CFA to be 0.50 before factor loadings are allowed as a required condition. As a result, all of the factor loadings met or exceeded this requirement. Cronbach's alpha was used to assess the internal consistency of the measured variables. Cronbach's alpha values were more than 0.6, which is the suggested level for all constructs [29].

Table 5.5: Factor Loadings

	Loadings	Cronbach's Alpha	CR	AVE
Innovativeness		.85	.92	.69
INN1	0.89			
INN2	0.87			
INN3	0.88			
Competitive Aggressiveness		.90	.94	.81
CA1	0.83			
CA2	0.67			
CA3	0.77			
Pro-activeness		.92	.92	.58
PRO1	0.77			
PRO2	0.77			
PRO3	0.84			
Risk-Taking		.90	.94	.84
RT1	0.85			
RT2	0.94			
RT3	0.95			
Financial Performance		.95	.92	.75
FP1	0.78			
FP2	0.91			
FP3	0.83			
SEC1	0.77			
SEC2	0.78			
SEC3	0.89			

As shown in the table 5.5 means internal consistency or composite reliability and is the measurement of the construct one-dimensional, which is also used to determine the measure of Cronbach Alpha[30]. The values obtained as indicated above show that the constructs' one-directionality was apt for the study (Peterson & Kim, 2013). Another point to consider is the constructs' Cronbach alpha, which indicates that a high level of internal consistency was attained when all the values were within the acceptable range. Cronbach's alpha reliability test coefficients typically range from 0 to 1, and the closer the coefficient is to 1, the more remarkable the internal consistency of scale items. The fact that the factor loadings show convergent and discriminate validity may be proven[31].

Assessment of Measurement Fitness

The model fit results in the table below show how well the conceptual model fits after the analysis[32]. The measurement model's evaluation assists in ensuring that statements (unobserved variables) are really measuring constructs (observed variables). Among the many fit indices available, the "Cutoff Criteria for Fit Indexes in Covariance Structure Analysis" (Cutoff Criteria for Fit Indexes in Covariance Structure Analysis) (Cutoff Criteria for Fit Indexes in Covariance Structure Analysis) (Cutoff Criteria for Fit Index Hu & Bentler (2009) was adopted in the study. This fit index is unique because its calculation is not dependent on caparison with a baseline model. Instead, it's measured based on how well the model fits on its own [33]. Model matched criteria primarily used in this category are the Chi-Squared test (χ^2), Root-Mean-Square-Error of Approximation (RMSEA), Goodness-of-Fit Index (GFI), Adjusted Goodness-of-Fit Index (AGFI), Root-Mean-Square Residual (RMR) and the Standardised Root Mean Square Residual (SRMR).

Table 5.6: Model Fit Assessment

Measure	Estimate	Acceptable Threshold	Interpretation
CMIN	1420.74	--	--
DF	742	--	--
CMIN/DF	1.92	Between 1 and 3	Excellent
CFI	0.95	>0.95	Excellent
SRMR	0.05	<0.08	Excellent
RMSEA	0.05	<0.06	Excellent
PClose	0.50	>0.05	Excellent

Going by [34], the figures recorded in the model fit assessment indicates that the fitness model was excellent, with each obtaining the acceptable values: chi-square (CMIN/DF) is 1.92, Comparative Fit Index (CFI) is 0.95, Standardised Root Mean Square Residual (SRMR) is 0.05 and the Root Mean Squared Error of Approximation (RMSEA) is 0.05.

Correlation Analysis

Pearson's correlation was conducted to establish the relationships between the variables (independent and dependent variable). The results from Table 5.7 show positive and significant relationships among all the variables. By this, discriminate validity was catered for and demonstrated that the variables differed from each other and not measuring the same variables.

Table 5.7: Correlation Matrixes

	FP	RT	INN	PRO	EC
FP	1				
RT	0.76	1			
INN	0.74	0.76	1		
PRO	0.74	0.47	0.92	1	
EC	0.77	0.77	0.57	0.49	1

Structural equation modeling is a powerful statistical method used by researchers to test relationships between different types of variables. It helps us understand how things are connected.

There are two main types of variables: endogenous (like dependent variables) and exogenous (like independent variables). Endogenous variables depend on other variables in the model.In the process, we first validate the measurement model to make sure our variables are accurate. Then, we test the structural model to see how different variables affect each other. This helps us figure out which variables directly or indirectly influence the outcome. In our study, we used the structural model to test a hypothesis based on factors like risk-taking, innovativeness, proactivity, competitive aggressiveness, autonomy, and their impact on financial performance.

Table 5.8: Hypothesised Paths

Independents	P-Values
Innovativeness	0.23 (***)
Risk Taking	0.16 (**)
Pro-Activeness	0.36 (***)
Economic capability	0.23(**)
Entrepreneurial orientation → Firm performance	0.25(**)
Entrepreneurial orientation → Entrepreneurship capabilities → Firm performance	0.23(***)
Goodness-of-fit Indices	Full Model
CMIN	2.13
DF	5
CMIN/DF	0.53
CFI	1
SRMR	0.03
RMSEA	0
PClose	0.92
R^2	0.69

A chi-square (CMN/DF) of 0.53, a Comparative Fit Index (CFI) of 1.00, and a standard root mean square residual (SRMR) of 0.03 are used in the study model. RMSEA stands for root-mean-square error of approximation. These numbers from the structural model validation suggest that an appropriate model fit has been established, indicating that the homological validity has been achieved to a high level [35].

Furthermore, juxtaposing the individual relationships among the construct as seen in Table 5.8, it was established that the relationship between innovativeness and financial performance was statistically significant ($\beta = 0.23$, $p < 0.00$). It was also confirmed that there was a statistically significant relationship between competitive aggressiveness and financial performance at ($\beta = 0.23$, $p < 0.001$).

This was followed by autonomy and financial performance, where a statistically significant relationship was established ($\beta = 0.55$, $p < 0.001$). Pro-activeness has a statistically significant effect on financial performance with an estimate of 0.36 ($p = 0.000$). But there was a negative relationship between risk-taking and financial performance at ($\beta = -0.16$, $p < 0.00$). Considering the role of entrepreneurship capability in the relationship between entrepreneurial orientation and financial performance of SMEs, it was observed that economic, knowledge and education, and socio-cultural capabilities as dimensional measures of entrepreneurship capability depicted positive and statistical significance to firm's performance with positive entrepreneurial orientation. To be specific, economic capability showed coefficient of 0.23 at 5% significance level, knowledge and education and socio-cultural capabilities showed 0.35 and 0.03 coefficients at 5% significance levels respectively substantiating the positive and proportional relationship existing between economic capability and financial performance.

VI. CONCLUSION

In this comprehensive study focused on Ghanaian manufacturing SMEs in Accra, we have undertaken a thorough exploration of the symbiotic relationship between entrepreneurial orientation (EO), financial performance, and the moderating influence of economic capability. By analysing a meticulously collected dataset and employing advanced structural equation modeling, our research contributes valuable insights to both theoretical understanding and practical applications.

Our findings underscore the multidimensional nature of entrepreneurial orientation, with autonomy, innovation, risk-taking, proactiveness, and competitive aggressiveness prevailing as essential dimensions exhibited by SMEs. These facets of EO showcased independent variations, highlighting the nuanced nature of entrepreneurial behaviours within the studied SME landscape.

Delving into the specific context of the manufacturing sector, we established a significant and positive correlation between EO and financial performance. Notably, dimensions such as innovativeness, competitive aggressiveness, proactiveness, risk-taking, and autonomy emerged as potent determinants of financial success among SMEs. This impact was even more pronounced within the manufacturing sector, indicating EO's amplified contribution in this distinct arena.

A pivotal innovation of our study lies in the incorporation of economic capability as a moderating factor. Our analysis revealed that economic capability can either enhance or temper the relationship between EO and financial performance. This dynamic interplay between entrepreneurial orientation, financial outcomes, and economic capability adds a new layer of understanding to the SME landscape.

In conclusion, our research not only advances the EO literature but also offers actionable insights for SMEs aiming to leverage entrepreneurial strategies for growth. By recognizing the interconnected roles of EO, financial performance, and economic capability, SMEs can navigate challenges more effectively and tap into their entrepreneurial potential. Furthermore, our study advocates for targeted policies that bolster entrepreneurial activities within Ghana's manufacturing sector, fostering a vibrant and sustainable economic ecosystem.

VII. LIMITATION OF THE STUDY

The study's sample was confined to SMEs in the Greater Accra Region of Ghana, limiting the generalizability of findings to a broader national or international context. While purposive sampling was employed to ensure representation across industries, caution is needed when extrapolating the results to SMEs in other regions or countries, which may exhibit different characteristics and environmental influences

VIII. RECOMMENDATION

Comparative studies could extend the scope beyond the Greater Accra Region to encompass diverse regions within Ghana or even other countries. By analyzing how contextual factors shape the EO-performance relationship across different environments, researchers can gain insights into the universal and context-specific aspects of SME success.

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