Strategic Resources and Performance of Rural SMEs

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ABSTRACT

The study looks at the strategic resources that have influence on the performance of SMEs. In analyzing 101 firms, the results show that only stock, cash, experience, opening hours and customers have relationship with the profit of the firms. Stock turnover is explained by cash, experience, opening hours and customers whilst customer satisfaction is predicted by stock, cash, experience and opening hours. However, cash, experience and opening hours are the most important determinant of firms' performance. The results suggest that some of the firms' internal and external resources are important strategic resources. Also, all resources can be strategic depending on the type of firm and industry.

Keywords: Performance, resource-based theory, rural SMEs, strategic resources

1. Introduction

Small and Medium Enterprises (SMEs) play crucial roles in many economies all over the world, (Wolf and Pett, 2006). SMEs in the European Union's share of total employment between 2002 and 2010 was 85 per cent, and they accounted for 99.8 percent of the 20.8 million non-financial enterprises in 2010, (EIM Business and Policy Research, 2011). Available data from the Asian Pacific Economic Cooperation member countries shows that 90% of all enterprises are SMEs, and employ 32%-84% of the population, (Desouza and Awazu, 2006). In the same vein, SMEs in the USA employed about 60 million of nonfarm private sector workers in 2006. They also constituted 99.9% of the 27 million employer and non-employer private nonfarm businesses, (United States International Trade Commission 2010). In Ghana, SMEs account for only 15.55% of the total labor force and contribute 6% to the Gross Domestic Product (GDP), (Kayanula and Quartey, 2000).

It has been observed that SMEs have some constraints which limit their development and strategic growth. Such strategic limitations or constraints include: the inability of small business owners to match their products or services with the demands of the external environment, (Harrison and Gibson, 2006); the owners limited level of formal education; the access to and use of new technologies and weak management skills, (Mensah, 2004). This scenario suggests that there is a relationship between SMEs resources and performance.

The resource-based theory has been the focus of attention in the strategic management literature since Penrose's book *'the theory of the growth of the firm'* in 1959, (Teece et al 1997). Strategic resources is the cornerstone of firms to gain competitive advantage and thereby performing better than their competitors in the same industry (Barney, 1991, 2001, Peteraf, 1993 and Kraaijenbrink et al, 2010). The premise of the resource-based theory is that, firms gain competitive advantage when they possess certain unique resources. The strategic literature indicates that firms' competitive advantage are the results of possessing internal resources which their competitors lack (Barney, 1986, Peteraf, 1993 and Teece et al, 1997). A considerable research on performance of SMEs are well documented in the literature. A majority of them focus on marketing, (Siu, 2000, Ledwith and O'Dwyer, 2008 and Verbees and Meulenberg, 2004); innovation (Wolff and Pett, 2006, Withers et al, 2011, Rosenbusch et al, 2011, Verbees and Meulenberg, 2004 and Bhaskaran, 2006 and Cakar and Erturk, 2010); human resources, (Kula and Tatoglu, 2006, Al-Madhoun, 2003, Gadenne and Sharma, 2009); total quality management, Valmohammadi, 2011, Demirbag et al, 2006 and Huarng and Chen, 2002) and customer satisfaction, (Williams and Nauman, 2011 and Dotson and Allenby, 2010).

Whilst research on the performance of small firms based on the resource based-view acknowledges that firms' unique resources give them competitive advantage, they are scanty and the focus of attention has also been on internal resources. Less attention has also been paid on external resources and firms' performance. For example, Julien and Ramangalahy (2003) delved into the impact of information search and competencies on SMEs' competitive strategy and export performance and found that competitiveness played a mediating role in explaining the impact of information search on business performance. Also information sources and export competencies had an impact on competitive strategy. In the same vein, the study of Camison and Villar-Lopez (2010) unveiled that international experience of SMEs was associated with high endowment of intangible Assets.

Amadieu and Viviani (2010) investigated intangible resources and the performance of SMEs in the French Wine industry. They documented that intangible resources had a negative impact on SMEs' financial performance and a positive impact on commercial performance measurements especially for cooperatives and wholesalers**.** Dhanaraj and Beamish (2003) examined the performance of SMEs in the export sector and the results showed that the enterprise, technological intensity and firm size were predictors of export strategy, and export strategy also positively influenced the firm's performance. Lerner and Almor (2002) conducted a research into the relationships among strategic capabilities and the performance of women-owned small ventures; the results were that business performance depended on marketing, financial and managerial skills. The study of Bakar and Ahmad (2010) also showed that intangible resources of SMEs in Malaysia were significantly related to product innovation performance. Terziovsk'si (2010) research also revealed that innovation and strategy were the predictors of the performance of SMEs in the manufacturing sector in Australia.

It is conspicuous that none of these studies focused on SMEs in the retail sector particularly in the Africa context. Therefore, shifting attention to the retail sector is critical. Apart from this, the emphases of the previous studies were on internal resources- intangible resources of firms. Therefore, the aim of this study is to find the relationship between both internal and external resources and performance of SMEs in the retail sector. The research would contribute to the existing literature on the resource-based theory by giving clues as to how external resources of SMEs in the retail business impact the performance of firms.

2. Literature Review

2.1 The Resource-Based Theory

The resource-based theory generally throws light on how firms in the same industry perform better than the other. It lays emphasis on the internal resources of a firm in developing its strategy to achieve a sustainable competitive advantage in its markets and industry. The theory holds that not all resources of the firm are important to enable it generate a competitive advantage. In order to have a sustainable competitive advantage by making above average profits, these resources must be valuable, inimitable, non-substitutable and non-transferable, (Barney 1991, 2001, Kraaijenbrink et al 2010, Peteraf 1993, Eisenhardt and Martin 2000, Amit and Shoemaker 1993). This means that differences in the performance of firms are the result of their distinct resources and capabilities. Again reaping above normal profits or having a competitive advantage in an industry or market can be said to be temporal.

According to Fahy (2000:96), the key elements of the theory are:

●*sustainable competitive advantage and superior performance;*
●*the characteristics and types of advantage-generating resources and*
●*strategic choices by management*

A firm combines different sets of resources in order to achieve a competitive advantage. Black and Boal cited in Shook et al (2009) contend that each firm possesses different resources and capabilities and the way the firm acquires, develops, maintains, bundles and applies these resources leads to superior performance thereby having a competitive advantage over time. Thus, not only do firms resources becomes strategic when they are valuable, difficult to be copied by competitors, non transferable or have no close substitutes. Hunt and Derozier (2004) have given a summary of the literature about what constitutes resources of a firm. These are tangible assets, intangible assets and external assets.

Tangible assets are physical resources which can be seen and evaluated (Wilk and Fensterseifer, 2003). These include plant, equipment, land, stocks, financial (debtors, creditors, cash in hand and at bank). Intangible assets on the other hand are those that cannot be seen and quantified (Wilk and Fensterseifer, 2003). For example, reputational resources like trademarks, patents, brand and goodwill as well as networks, individual and group skills, interactions and the organizational routines and processes used to organize and co-ordinate these resources. External resources also include relationships with and knowledge acquired through suppliers and customers, competitors and institutions like universities.

2.2 The Model of the Study

The model of this study (figure 1) draws on the resource-based theory which indicates that firms' resources constitute strategic tools that affect their performance. It shows the relationship between resources and the performance of firms. As can be seen, internal resources (tangible and intangible) and external resources (competitors, suppliers and customers) are expected to influence the performance (profit, stock turnover and customer satisfaction) of firms. Though the resource-based theory states that internal resources of firms constitute their strategic resources, external resources are included in the model to determine whether there is a relationship between them and firms' performance.

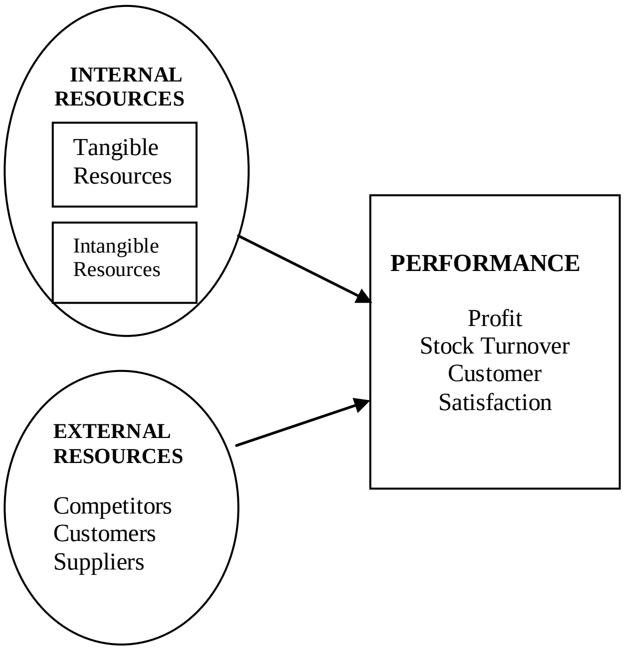

Figure1 Strategic Resources and Performance of Firms

2.3 External Strategic Resources

The dynamics and complexity of the external environment are pushing firms not to rely solely on their internal resources for competitive advantage. As noted by Alvarez and Barney (2007) and Dyer and Singh (1998), one of the key strategic challenges of firms is that they hardly possess all the necessary resources to seize rapidly emerging market opportunities. Buttressing this point, Dyer and Singh (1998) opine that small firms create value from the combination of both their internal and external resources. Recent studies on the strategic literature suggest that firms' performance are influenced by external resources acquired through competitors, suppliers, customers, consultants, research institutions, alliances and acquisition. For example Karim and Mitchell (2000) find that acquisition not only assist firms to build on existing resources, but also enable them access sustainable resources as well. The study of Fey and Birkinshaw (2005) also indicates that research and development performance is influenced by resources from competitors and other institutions. Laursen and Salter (2006) study shows a link between firms seeking external innovation ideas and performance. Teece (2007) study reveals that enterprises adapt to business ecosystems and shape them via innovation and collaborations with competitors and other institutions**.**

The empirical studies of Ho et al (2010) and Chan et al (1997), however, indicate that strategic marketing relationships among small firms show no increase in marketing value. On the contrary, small firms benefit most when they establish marketing relations with large firms as marketing soars. In the same vein, the findings of Flynn et al (2010) indicate that customer integration relates directly to operational performance. The study of Nieto and Santamaria (2010) reveals that SMEs' collaboration with customers has the greatest impact on SMEs innovativeness. Similarly, Lu et al (2008) find that small vegetable farmers' relationships with customers enable the former get access to international and other local markets. Prior research shows that the relationship between firms and their suppliers improves the performance of the former (firms). Adams et al (2012) find that SMEs-suppliers relationship improves SMEs organizational performance such as relative competitiveness, profitability and market share owing to knowledge and process sharing, low appropriation and coordination costs and increase efficiencies. Nieto and Santamaria (2010) study shows that SMEs' collaboration with suppliers has the greatest impact on SMEs innovativeness. Similarly, Song and Thieme (2009) also document that firms' relationships with suppliers in the market development stage positively influence radical innovation.

Based on the above, it is hypothesized that:
H1a. Profit is influenced by external resources
H2a. Stock turnover is influenced by external resources
H3a. Customer satisfaction is influenced by external resources

2.4 Internal Strategic Resources
The Resource-Based theory is based on the premise that internal resources give them competitive advantage through superior performance. Thus, firms tangible and intangible resources constitutes their strategic resources that proper them to outperform their competitors (Barney 2001, Kraaijenbrink et al 2010, Peteraf 1993). According to Barney (1986), internal resources of a firm are more likely to be sources of economic rents than resources acquired from external sources. Many empirical studies have explored the link between internal resources of firms and their performance. The study of O'Regan et al (2005) reveals that there is a relationship between ownership and the performance of SMEs in the United Kingdom. The work of Appiah-Adu et al (2001) shows that customer philosophy, operational efficiency, marketing information and integrated marketing organization are related to business performance. Wood (2006) also finds that the age of the business, the amount of promotional activity undertaken by the business and funds from family or friends have relationships with performance of small firms. The study of Makhija, (2003) also reveals that factors like the size of the firm, and managerial efficiency relate positively with share value. The results of Zeng et al (2009) indicate that firms with high innovation capacity, management level and marketing capability perform better. Oke et al (2007) find that SMEs in the United Kingdom that focus on incremental innovation attain growth in sales turnover. In the same vein, the findings of Marques and Ferreira (2009) show that process innovation and research and development have influence on performance of SMEs in Portugal. The study of Singh et al (2008) also unveils that among the various strategies adopted by SMEs in India, the most significant that have correlation with the firms' performance are human resources development, product quality improvement and information technology applications.

In view of the above, it is hypothesized that;
H1b. Profit is influenced by internal resources
H2b. Stock turnover is influenced by internal resources
H3b. Customer satisfaction is influenced by internal resources

3. Methodology

The Western Region of Ghana was chosen for the study. The region was chosen by convenience. The region has 17 districts and three districts were randomly selected. Five rural communities were also picked from each district based on the simple random sampling technique. There is no official data on small firms in Ghana particularly those in rural areas. Therefore the development committee (a group responsible for developmental issues) in each village was contacted to write down the names of the SMEs in the retail sector. The total number of the traders in all the 15 communities chosen was 150. All the 150 traders were used for the study given the small sample size.

3.1 Variables
The independent variables were internal resources (tangible resources - stock, employees and cash) and (intangible resources - experience, education, opening hours and processes) while the external resources were (competitors, customers and suppliers). The dependent variables on the other hand were profit, stock turnover and customer satisfaction).

3.2 Measurement
Data was collected by using structured interview. All the one hundred and fifty SMEs in the retail sector were reached out to but only 101 were prepared to be interviewed. This accounts for 67 percent. The first part of the structured interview concerned the demographic variables which have been classified under the following headings: sex, age, number of years in business, educational background, type of goods sold, type of premises, sources of capital, legal status, sales and purchases. The second part focused on both the independent and the dependent variables. The structured interview was a five-point likert scale. Interviewees were asked to rank the resources of their firms (internal and external) and the three performance measures (profit, stock turnover and customer satisfaction) from highly disagree (one-1) to highly agree

(five-5). The multiple lineal regression approach was used in establishing the relationship between the independent variables and the dependent variables.

3.3 Performance Indicators

The literature on performance measures suggests that there is no consensus on the specific criteria that should be adopted in measuring the performance of firms. Some of the most prominent indicators that have surfaced in the literature were output, profits, sales volumes, assets and the number of employees.

Neely et al (2002) are of the view that performance measurement is very important since it assists managerial development through collecting and analyzing information. In addition, it helps the organization translate its strategy into results, (Lingle and Schiemann, 1996) and provides feedback to managers on the progress towards the goals of the organization, (Simmons 2000). Simmons (2000) further advances that there are two types of performance measurements: objective and subjective. Financial or accounting measures like profits, returns on sales and returns on assets (ROA) are objective measures while customer satisfaction and quality of a product or service are also examples of non-financial and subjective measures. Financial performance measures are seen to be reliable, very simple and easy to understand (Otley, 1999).

Financial performance measures have been criticized as being lagging measures because they give feedback on past performance and can be manipulated by managers. On the other hand, subjective performance measures are considered as leading measures because they measure future performance, (Simmons 2000). Kaplan and Norton (1992) are of the view that the traditional accounting (financial) performance measures show misleading signals for continuous improvement and innovation, hence multidimensional measures comprising both financial and non-financial are needed.

According to Garengo et al (2005), SMEs are concerned with operational and financial aspects of their performance. They only measure the performance of single aspects like delivery precision and quality levels. In view of this, a multidimensional performance measure is suitable for them. The current study uses profit and the rate of turnover (stock turnover) being financial measures and customers satisfaction being a non financial measure as instruments for measuring performance of SMEs in the retail business.

4. Results

4.1 Descriptive Analysis

The results (table 1) show that this type of business is dominated by women in rural communities. In the same vein, majority of the traders were from the age group 36-55. The results also reveal that the chunk of the traders had no formal education. It can also be seen that the majority of the traders dealt in a variety of goods and operated mainly from their houses. Personal and family assistance were the main source of their capital. In the same vein, majority of the SMEs have been in business for 11 years and over. Also, the traders sold to their customers both for cash and on credit and purchased a greater proportion of their goods with cash. They neither paid taxes nor were formally registered.

Table 1 Descriptive Statistics

	Frequency	Percentage
Sex		
Male	3	2.9
Female	98	97.1
Age		
16-35	35	34.7
36-55	59	58.4
56 & Over	7	6.9
Education		
Primary/Junior High School	31	30.7
Illiterate	70	69.3
Years in Business		
1-5	19	15.1
6-10	26	24.5
11 & Over	55	60.4
Goods		
Other types	7	7
Food, stationery, sanitary & others	94	93
Premises		
Kiosk	3	3.0
House	98	97
Sources of Capital		
Personal & Family	81	80.1
Other sources	20	19.9
Legal Status		
Not Registered	101	100
No payment of tax	101	100
Sales		
Cash & Credit	101	100
Purchases		
Cash	77	76
Credit	3	0.03
Cash & Credit	20	21

4.2 Quantitative Analyses

In order to know the relationship between the resources of the firms and their profits, a multiple regression analysis was performed. Two hypotheses tested were: H1a profit is influenced by external resources and H1b profit is influenced by internal resources. The details of the relationships are presented in table 2. The results show that the adjusted R Square was 0.40 and stock, cash (working capital), experience, opening hours and customers were the predictors of profit. Stock, cash, experience, opening hours and customers had p values of 0.019, 0.000, 0.009, 0.001 and 0.006 respectively. Stock, cash, experience and opening hours are internal resources while customers are external resources. Based on the above, hypotheses H1a and H1b are rejected.

Table 2 Resources and Profit

	Profit			
Resources	**St. Error**	**Beta**	**T**	**P-Value**
Internal				
Tangible				
Stock	0.079	0.205	2.395	0.019
Cash	0.133	0.344	3.962	0.000
Employees	0.079	0.103	1.18 5	0.239
Intangible				
Experience	0.089	0.223	2.663	0.009
Education	0.080	-0.039	-0.471	0.639
Opening hours	0.086	0.289	3.414	0.001
Processes	0.076	- 0.003	-0.037	0.971
External				
Customers	0.059	0.236	2.840	0.006
Suppliers	0.081	0.061	0.749	0.456
Competitors	0.059	-0.089	-1.010	0.315

P<0.05
R Square 0.46
Adjusted R Square 0.40

An attempt was also made to find the relationship between the resources of the firms and stock turnover. Two hypotheses were tested. These were; H1b stock turnover is influenced by external resources and H2b stock turnover is influenced by internal resources. Table 3 shows the multiple regression results of firms' resources and stock turnover. The Adjusted R Square was 0.40. It is evident that cash, experience, opening hours and customers with p values of 0.019, 0.000, 0.011 and 0.040 respectively were the determinants of stock turnover. Cash, experience and opening hours belong to the internal resources while customers are external resources. From the foregoing, hypotheses H1b and H2b are rejected.

Table 3 Resources and Stock Turnover

	Stock Turnover			
Resources	**St. Error**	**Beta**	**T**	**P-Value**
Internal				
Tangible				
Stock	0.071	-0.146	-1.712	0.090
Cash	0.121	0.207	2.387	0.019
Employees	0.072	-0.026	-0.297	0.767
Intangible				
Experience	0.081	0.448	5.357	0.000
Education	0.073	-0.080	-0.976	0.332
Opening hours	0.078	0.220	2.588	0.011
Processes	0.069	-0.140	-1.598	0.114
External				
Customers	0.053	0.173	2.086	0.040
Suppliers	0.073	0.110	1.366	0.175
Competitors	0.054	-0.010	-0.111	0.912

P<0.05
R Square 0.46
Adjusted R Square 0.40

Table 4 demonstrates the lineal multiple regression results regarding the relationship between resources of the firms and customer satisfaction. The following hypotheses were tested; H3a customer satisfaction is influenced by external resources and H3b customer satisfaction is influenced by internal resources. The results indicated that the Adjusted R square was 0.48 and stock, cash, experience and opening hours were significantly related to customer satisfaction. Both cash and opening stock had p values of 0.00. Similarly, the p values for stock and experience was 0.016. All the resources (stock, cash, experience and opening hours) are internal resources. In view of this, H3a and H3b are rejected.

Table 4 Resources and Customer Satisfaction

	Customer Satisfaction			
Resources	**St. Error**	**Beta**	**T**	**P-Value**
Internal				
Tangible				
Stock	0.059	0.196	2.455	0.016
Cash	0.099	0.323	3.980	0.000
Employees	0.059	0.066	0.804	0.423
Intangible				
Experience	0.067	0.192	2.453	0.016
Education	0.060	0.113	1.474	0.144
Opening hours	0.064	0.400	5.038	0.000
Processes	0.057	-0.133	-1.620	0.109
External				
Customers	0.044	-0.025	-0.321	0.749
Suppliers	0.060	-0.025	-0.336	0.738
Competitors	0.044	-0.033	-0.400	0.690

$P<0.05$
R Square 0.53
Adjusted R Square 0.48

5. Discussions

The purpose of this study was to find out how resources of SMEs in rural communities affect their performance. Six hypotheses were tested which were:
H1a profit is influenced by external resources,
H1b profit is influenced by internal resources, H2a stock turnover is influenced by external resources,
H2b stock turnover is influenced by internal resources,
H3a customer satisfaction is influenced by external resources
H3b customer satisfaction is influenced by internal resources.

By adopting the lineal multiple regression approach, data from 101 SMEs in the retail sector were analyzed. The multidimensional performance measures gave different results. Though neither the internal nor external resources could explain the performance of the firms, individual variables from both types of resources had significant impact on the performance of the firms. The results are therefore not consistent with the studies of Appiah-Adu et al (2001), Makhija (2003) and Tvorik and McGivern (1997) where internal factors are found to have significant effects on the performance of firms than external factors.

Cash, experience and opening hours were found to be the resources that affected the three performance measures: profit, stock turnover and customer satisfaction. SMEs might have tailored their operating hours to suit customers which culminated into increased customer satisfaction; this factor might have triggered an increase in sales through high rate of stock turnover. The spiraling effect of SMEs tailoring their opening hours to suit customers might have finally guaranteed an increase in profits. As noted by Berger and Dick (2006), competitive advantage emanates from the ability to provide timely strategic services that are designed to meet the unique demands of customers. This underscores the importance of owners' effective managerial abilities (skills and capabilities) in running their businesses competently.

Cash also emerged as a crucial resource of the firms. Per the nature of their business, SMEs in the retail business do not generally get trade discounts from their suppliers but they sell to their customers both in cash and on credit, (table 1). This underpins the fact that working capital management is the live wire of small firms, (Peel and Wilson 1996). SMEs have to get adequate working capital to replenish their stock as well as meet other operational expenses. The results confirm the critical nature of experience. Experience was also a very important resource that explained the performance of the firms. This is consistent with the findings of Haber and Reichel (2007) and Tang et al (2007). Stock was also a predictor of profit and customer satisfaction. Majority of SMEs deal in a broad spectrum of goods, (table 1); therefore, are likely to meet the varying needs of their numerous customers. This feature ensures an increase in profit.

Customers' resources defined by the relationship between customer and SMEs, had a strong relationship with profit and stock turnover. The results suggest that SMEs-customers relationships are strong. As can be seen, SMEs in the retail business sell to their customers in cash as well as on credit, (table 1). It is therefore not surprising that customers' resources were significant. This concurs with the findings of Williams and Naumam (2011) and Dotson and Allenby (2010). They found that customer resources are positively related to the performance of the firms. However, suppliers did not affect the performance of the firms. This does not tally with the results of Adams et al (2012) and Nieto and Santamaria (2010). This could be attributed to the fact that the relationship between SMEs and their suppliers are not strong. SMEs buy variety of items in small quantities mainly in cash from a number of suppliers, (table 1). Perhaps these prevent them from enjoying trade discounts and trade credits from their suppliers.

Again, competitors and level of education were not significant in all the three regression analyses; this suggests that they are not important factors in explaining the performance of the firms. With regards to competitors, the findings confirm the study of Curran et al (1993) which indicated that SMEs owners have little time for networking and want to be independent or go solo. In the same vein, Perez et al (2006) their findings showed that large food firms embarked upon inter-organizational relationships more than SMEs. This might be because they undertake their purchases separately and there are no unions or associations that bring them together to share ideas, information and resources. Education as a factor appeared to be unimportant (descriptive statistics in table 1.

Though Ray et al (2004) maintain that processes can give a firm a competitive advantage, the study reveals that processes have no relationship with the performance of the firms in this study; this suggests that SMEs do not see coordination of their activities a critical resources. Finally, it is observed that all the performance measuring tools are equally important. A divergence of theory and empiricism has been observed; the results show that all resources can be valuable, inimitable, non-substitutable and non-transferable contingent on the type of industry and conditions prevailing. Thus, the premise of the Resource-Based Theory which maintain that a firm has a sustainable competitive advantage by making above average profits when its resources are valuable, inimitable, non-substitutable and non- transferable, are subject to the context of the firm postulations of (Kraaijenbrink et al 2010, Barney 2001, and Peteraf 1993). Thus, tangible resources such as stock, cash and external resources like customers were found to be influencing the performance of firms.

6. Implications

The findings of this study have provided a new insight into the resource-based theory. Though some internal resources (tangible and intangible) influence the performance of the firms thereby lending support to the resource-based theory that firms resources are the sources of competitive advantage and above-normal profits, other dimensions have emerged. That is, the results suggest that not only internal resources but external resources of firms can give impetus to outperform competitors.

Furthermore, the type of firm, the industry and peculiar contextual factors impinge on the assertion that all resources of firms can be valuable, inimitable, non-substitutable and non-transferable. The findings seem to indicate that stock, cash, experience and opening hours are the critical resources of SMEs. All the performance measures also appear to be equally important. The results reveal that for SMEs to perform better, owners must have enough experience and trade in a variety of goods. In addition, there must be the availability of working capital and customers. The findings seem to reinforce previous empirical studies that experiences of small business' owners affect the performance of their business; though it does not suggest that business owners with little or no experience cannot be competitive. Rather, it points to the fact that as small firms continue to age, the experience accrued gives owners an important strategic resource and a competitive edge.

The results further show that when SMEs' operating hours are tailored to favor customers,(they give customers the opportunity to buy at their convenient time), the rate of stock turnover is increased which facilitates above normal profits. Though suppliers' resources could not explain the performance of the firms, it does not mean that these resources are unimportant to SMEs. Perhaps, the nature of the retail business might have led to this result. Processes also seem not to be important to this class of SMEs. Firms can take a critical look at these resources (processes) again to improve upon their performance.

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