THE INTERVENING EFFECT OF RELATIONAL CAPITAL ON THE RELATIONSHIP BETWEEN STRATEGIC INNOVATIONS AND SME PERFORMANCE

[1]NAGWAN ALQERSHI, [2]ZAKARIA BIN ABBAS, [3]SANY SANURI MOHD MOKHTAR

[1,2,3]College of Business, University Utara Malaysia, Malaysia
E-mail: [1]njwan2200@gmail.com, [2]zakaria@uum.edu.my, [3]sany@uum.edu.my

Abstract - In the present global business environment that is characterized by numerous challenges and constant change, the demand for the creation and use of innovative strategies has been an increasing trend as the key drivers of enhanced organizational performance. Although SMEs play a key role in national economic development, most of the literature dedicated to strategic innovation has concentrated on large-sized organizations. In this paper, the authors identify the drivers of strategic innovation and the implications on performance in Yemeni manufacturing SMEs. This is particularly important as little has been written on effective ways to increase the performance of Yemeni SMEs. Problems hindering such performance are cited; they include seizing and leveraging business opportunities, lack of efficiency, weak customer focus, weak market focus and ineffective innovation. This paper also proposes a new underpinning theory for the framework from a dynamic capabilities perspective, and examines relational capital as a mediating factor between strategic innovation and performance.

Keywords - Strategic Innovation (SI), Relational Capital (RC), Yemeni SMEs, Performance .