# THE IMPACT OF CUSTOMER VALUE PROPOSITION ON THE PERFORMANCE OF SMES: EVIDENCE FROM GHANA

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**Abstract**

*This study investigates the impact of customer value proposition (CVP) on the performance of SMEs from a resource-based view (RBV) and dynamic capabilities (DC) perspectives. A survey approach was employed in this study to gather data from 225 SMEs respondents who were on the registered list of Ghana Enterprises Agency (GEA) in the Eastern Region of Ghana. Structural equation modeling (SEM) – path analysis was employed to estimate the impact of CVP on the performance of SMEs. The analysed data revealed that CVP have significant impact on the financial performance, customer performance, internal business process performance, and learning and growth performance of SMEs in Ghana. This study establishes the significance of CVP approach in achieving financial performance, customer performance, internal business process performance, and learning and growth performance through the application of CVP determinants which include internal marketing orientation, value co-creation, big data analytics capability.*

***Key words**: Customer value proposition, SME performance, Ghana*

**Introduction**

Customer value propositions (CVPs) are essential for all business organisations. However, their role may be fully understood by monitoring how businesses, particularly SMEs, undergo performance transformation (Ilyas and Osiyevskyy, 2022). According to Rintamaki and Saarijarvi (2021), CVP is a crucial concept in the current business environment, and it sits at the core of corporate strategy while also serving as an efficient practical tool. A CVP incorporates a business organization's strategic rationale, but it also conveys the operational aims of business organisations in both direct and indirect ways (Payne et al., 2020).

This unique yet commonly underappreciated characteristic of CVPs—namely, its capacity to connect the management of strategy and performance—helped to motivate the current research investigation (Eggert et al., 2019). Again, the CVP concept has a unique capability that sets it apart from other business concepts. CVP considers both the viewpoints of the business organisation and the customers in that, for business organisations to provide a CVP, they must have knowledge of what customers view as valuable. This paperemphasises both the process and procedures for mediating how resources are arranged, blended, and distributed within the business organisation and customers as well as the contextual importance of learning what customers value (Eggert et al. 2018; Ramaswamy and Ozcan, 2018). To put it another way, a CVP is a way to learn why a business organisation excels in what it produces and offers, as well as why customers choose to buy a specific product from that business organisation (Zeithaml et al., 2020). Due to this, the current research study's approach to CVP is to examine it as a strategic marketing concept. This entails the strategic creation of customer value as well as operationalization and task arrangement based on customer value creation for the purpose of business organisation performance (i.e., financial, customer, internal business processes, learning, and growth; Kaplan and Norton, 1996). Because business organisations' marketing resources and capabilities provide the necessary capacity to produce a superior CVP, this emphasises and gives weight to the resource-based view and dynamic capabilities (DC) perspective (Ullah et al., 2023).

There is a vast body of literature on CVPs that gives proof of research and conceptual transformation of CVP (Nussipova, 2022; Ilyas and Osiyevskyy, 2022; Nygaard et al., 2022; Rintamaki and Saarijarvi, 2021). A range of CVP concepts, theories, and methodologies have also resulted from this (Cooper et al., 2022; Szromek, 2022; Bailetti et al., 2020). Therefore, it may be said that conceptual progress has been reached based on the diverse range of CVP construct, theories, and procedures. Even though there have been important contributions to the discussion of the impact of CVPs on business organisation performance (Ilyas and Osiyevskyy, 2022), a framework that incorporates the various

dimensions and perspectives of CVP and performance (i.e., financial and non-financial) would be helpful to both academics and practitioners. Unfortunately, most of the research that has already been done in this field has focused on identifying and elaborating the many aspects of CVP using theoretical and qualitative methodologies. For instance, the study by Nygaard et al. (2022) used comprehensive longitudinal ethnographic case study to explore the formulation of value propositions connected to developed technologies and concepts for retention mapping at the field level for more detailed targeted regulation. In the same vein, the study by Rintamaki and Saarijarvi, (2021) introduced an integrative framework for managing CVPs, developed through a narrative-based approach in combination with conceptual differentiation and integration related to the domain of managing CVPs. Also, the study by Tapaninaho and Heikkinen (2021), utilised stakeholder theory to conceptualise value creation as a relational, systematic activity involving multiple stakeholder relationships.

Surprisingly, the effects of CVP adoption on business organisations' (particularly, SMEs) financial and non-financial performance have not received much attention when adopting a quantitative empirical method (Ilyas and Osiyevskyy, 2022). To fill the gap between CVP dimensions and performance dimensions, this study has suggested the need for a CVP strategy that integrates with performance measures. This conceptual contribution goes beyond the range of CVP dimensions. That demand is addressed in the current research study.

Literature about CVP's impact on business performance in general may be instructive at this point, however results of studies conducted in this area to date have been contradictory (Ilyas and Osiyevskyy, 2022; Salsabilla and Mirzanti, 2022; Mishra et al., 2020). For instance, the study by Ilyas and Osiyevskyy (2022) shows that a firm's research and development capabilities improve the positive effect of sustainable CVP on a firm's financial performance. However, Ilyas and Osiyevskyy (2022) contend that at the same time, the marketing communication capabilities and sustainable practices regarding employee relations reduce the sustainable CVP's financial performance. Also, the finding of the study by Mishra et al. (2020) shows that firms that emphasise a CVP invest more in their brands, have higher future sales and sales per customer However, in the same study, Mishra et al. (2020) also found that CVP has a negative effect on the size of their customer base.

Even though several studies have found a weak or moderately positive association, research findings that show a negative or insignificant relationship have been found frequently. For example, the study by Kaur et al. (2021) demonstrates that purchase intentions, a performance variable utilised in the

study, did not share any statistically significant association with food-safety concerns and health consciousness, which is the CVP used in that study.

Therefore, the current study proposes that to provide insight on the background-dependence of the larger association, the vast and multi-dimensional CVP-performance relationship must be broken down into, basic structures and components. Because of this, the current study concentrates on three crucial CVP dimensions: value co-creation (VCC) (Hamidi et al., 2019), internal marketing orientation (IMO) (Boukis, 2019), and big data analytics capability (BDAC) (Song et al., 2022). This is done within a larger challenge of gaining insight into the processes and outcomes of CVP. It is crucial to evaluate the highlighted link since it will give business organisations insight into a CVP's potential for value generation and how it affects performance.

The following research questions are addressed in this study considering the significance of CVP constructs in the conceptualization and application of CVP (Laukkanen and Tura, 2022; Rintamaki and Saarijarvi, 2021; Osborne et al., 2021), as well as its role in determining organisational performance (Kaplan and Norton 2001).

RQ1. How does CVP influence the financial performance of SMEs?
RQ2. How does CVP influence the customer performance of SMEs?
RQ3. How does CVP influence the internal business process performance of SMEs?
RQ4. How does CVP influence the learning and growth performance of SMEs?

The current study uses an understanding of the combination of two literature paths to address the questions it has been given: (a) value proposition in business practises (e.g., Nussipova, 2022; Szromek, 2022; Kaur et al., 2020); and (b) business organisation performance (e.g., Gazi et al., 2022; Hegazy et al., 2022; Kaplan and Norton, 1996). The elements of CVP (financial, customer, internal business process, and learning and growth) can be linked theoretically through this combination to performance. Additionally, this study advanced a priori theoretical argument to support the notion that the influence of CVP on a business organisation's performance is significantly influenced by context, especially as it relates to the resources and capabilities of the organisation (i.e., VCC, IMO, BDAC).

The current study seeks to contribute in two distinctive ways. First, by examining how CVP affects SMEs' performance, this study adds to the ongoing discussion on CVP. The results of this study

broaden the conversation already being had about CVP by allowing the transition from qualitative to quantitative analysis by looking at how CVP affects the performance of SMEs. Additionally, by incorporating and highlighting the significance of CVP constructs in the discussion of the relationship between CVP and business organisation performance, this study contributes to the ongoing debate about SME survival, growth and profitability.

Second, as previously documented in the literature (Ilyas and Osiyevskyy, 2022) specialised skills within the business organisation are created, permitted, and exploited to provide performance for the business organisation. Therefore, it has become essential for this current study to evaluate these systems that are used regarding the role of VCC, IMO, and BDAC in establishing CVP. These insights will deepen the awareness of how organisational capabilities and intangible resources affect CVP (Cataltepe et al., 2022).

## Literature review

### Theoretical development

The resource-based view (RBV) theory states that businesses, including SMEs, can strengthen their competitive position by having and utilising resources and capabilities that are valuable, rare, unique, and non-substitutable in terms of costs, quality, or other factors for differentiation (Barney, 2001). Understanding how various resources interact and how they might be integrated to sustain competitive advantage and superior performance is the goal of the RBV. For instance, the study by Ilyas and Osiyevskyy (2022) establishes the connection between sustainable value proposition resource and other resources like research and development (R&D), marketing communications capabilities, and employee relations sustainability. The authors go on to explain how the combination of these resources results in financial performance. As a result, SMEs that outperform their rivals in the market are also better able to develop and sustain their resources. The RBV also places a strong emphasis on SMEs' capacity to gather and use resources like CVP efficiently (Hagen et al., 2022).

This forced the notion of organisational performance away from industry-level activities and towards organizational-level activities such CVP-based activities (Estensoro et al., 2022). However, Prahalad and Hamel (1990) proposed that resource deployment along with the use of technology, knowledge, and skills improves organisational performance. As a result, technical capacity like BDAC, as well as expertise and knowledge in fields like VCC and IMO, must assist the development, accumulation, and deployment of CVP. The use of CVP resources, such as VCC, BDAC, and IMO, to create unique skills should be viewed by SMEs as being more important than simply having these resources and

capabilities (Kruesi and Bazelmans, 2023). The creation of distinctive competencies by SMEs through the development of resources (CVP) and capabilities (VCC, BDAC, IMO) makes CVP and its determinants valuable, uncommon, unique, and non-substitutable, resulting in competitive advantage and performance (financial and non-financial).

However, because of the RBV's expansion to account for the high levels of ambiguity, volatility, and uncertainty that business organisations must deal with in a rapidly shifting market environment, dynamic capabilities (DC) have emerged (Nayak et al., 2023). To satisfy the demands of the dynamic market environment, DC place a strong emphasis on SMEs' capacity to transform "normal resources and capabilities" into "high level resources and capabilities." The ability of SME managers to use DC impacts the SMEs' ability to preserve competitive advantage and performance in a dynamic market environment where the patterns of competitive advantage vary fast over time.

While resources are the focus of RBV, the foundation of DC is the strategy of modifying, adjusting, removing, and creating new resources to compete in uncertain markets (Martins, 2023). By properly setting current resources and capabilities like CVP and its determinants (VCC, BDAC, IMO), these capabilities help SMEs manage market volatility. In the study by Ullah et al. (2023) on Shariah capabilities and value propositions in Islamic banking, for instance, it was discovered that four different types of CVPs, including identity value, Riba-free value, and tangible value of real assets in transactions, are influenced by Shariah capabilities, including compliance, product structuring, governance, and learning.

RBV and DC are therefore considered to be appropriate theoretical perspectives in the current study to empirically evaluate the effect of CVP on the performance of SMEs.

**Customer value proposition (CVP)**

A business organisation uses CVP as a strategic tool to convey how it intends to add value for customers, according to Payne et al. (2017, p. 1). The authors created a working definition of CVP in the same vein, defining it as "a strategic tool facilitating communication of an organization's ability to share resources and offer a superior value package to targeted customers". Given that a CVP is essential to value creation and has major performance implications, it should be the SME's most fundamental organising concept. The value package, which includes both benefits and expenses that provide clear separation from competing solutions and are significant to target customers, determines the effectiveness of CVP (Abid et al., 2022). Additionally, a CVP's value package should be highly

appealing to clients and cover both the functional and experiential aspects of value and cost (Nussipova, 2022). A crucial part of CVP creation is determining how value is allocated throughout customer relationships, including when the most value may be created, before, during, and after the usage experience. Business organisations, including SMEs, must choose which CVP design elements to emphasise when creating value propositions, according to Cutts et al. (2023). For instance, the adopted CVP perspective must match the target market's required environment.

Past studies on CVP in literature have concentrated on domains like reciprocal CVP (Ballantyne, 2003), cocreated value propositions (Kowalkowski et al., 2012), broader stakeholder engagement on CVP (Lanning, 2003), social, environmental, and ethical issues in value proposition (Patala et al., 2016), and value proposition, innovation, and practises (Payne and Frow, 2014). Ballantyne (2003), for instance, highlighted the reciprocal two-way character of value proposals. Later, Ballantyne et al. (2011) offer some instances of value propositions with a two-way reciprocal design that are made for customers and other stakeholders. On the other hand, Kowalkoski et al. (2012) suggest using practise theory to aid in the creation of cocreated value propositions. The study by Lanning (2003) found that the business organization must collaborate with other link-players (e.g., customers, employees, industry partners) in the chain to present the proper value proposition to a primary actor (e.g., customer) in terms of wider stakeholder involvement as an area of CVP. Social, environmental, and ethical issues were emphasised by Patala et al. (2016) as a crucial CVP domain. The authors create a case study of a company whose CVP is to focus on social and environmental issues. On the other hand, the study conducted by Payne and Frow (2014) concentrated on innovative practises as a crucial domain CVP. To analyse the CVP's components in an innovative environment, the authors employ a case study technique.

On the other hand, the impact of CVP on firm performance has not been the subject of many contemporary studies on CVP. The approaches used in these research studies, however, are primarily based on text-based analysis, bibliometric analysis, conceptual analysis, or theoretical analysis, and lack empirical backing. Once more, most of the research on CVP does not focus on the performance and development of SMEs in emerging economies. For instance, the study conducted by Mishra et al. (2020) examined the impact of a clearly defined CVP on firm performance. The authors used text-based analysis to search for evidence of articulated CVP, in annual reports of business-to-business (B2B) firms in the United States and then demonstrate that B2B firms that explicitly emphasize a CVP have higher future sales and sales per customer.

However, empirical research on the effects of CVP on SME performance, especially in the setting of an emerging economy, is scarce in literature. This research gap emphasises the necessity of additional empirical investigation to ascertain the impact of CVP on the performance of SMEs in a growing economy. This study seeks to add to the body of literature by showing how CVP impacts SME performance. Additionally, this research study used BDAC (Song et al., 2022) and IMO (Boukis, 2019) as well as VCC (Bailetti et al., 2020) as determinants to define CVP.

**Internal marketing orientation**

Internal marketing orientation (IMO), a component of CVP, is a theory that sees employees of a business organisation as a temporary group of customers or internal customers, whose needs should be initially prioritised and met for them to appropriately attune with strategic marketing objectives and ultimately satisfy the needs of external customers (Boukis, 2019). The core of internal marketing theory is the bartering of value between the business organization and its internal customers (i.e., employees), through the development of internal customer value insights.

Internal marketing for internal stakeholders is a requirement for the success of CVP activities (Carvalho and Alves, 2023), because a business organisation's ability to keep its workforce and motivate them to successfully convey their fundamental assurances to customers depends on employees' experiences with the business organisation (Goula et al., 2022).

Few studies have looked at the effect of IMO on CVP; most of the literature on IMO focuses on how it may be used to improve internal organisational branding skills (Barros-Arrieta and Cali, 2020). For instance, Boukis's (2019) study on IMO as a vehicle for value creation discovered that IMO is an action-oriented framework for advancing the CVP initiatives of a variety of organisations. The research study of the authors advances knowledge of CVP generation in the internal market of the firm (such as employees). Boukis (2019), building on the idea of a service-dominant world, discovered that the IMO reemerges as an interconnected operant resource that can be used by internal stakeholders by performing three sets of key activities: value-identifying, value-generating, and value-enhancing activities. The motivation of frontline personnel to align with value propositions has also been studied by Liewendahl et al. (2020). The authors discovered that frontline employees are more motivated to support and contribute to CVPs when IMO factors like co-activity and genuineness, practice-driven promises are present, as opposed to anti-IMO factors like objectifying stance and internal power struggles.

However, current internal marketing acumen promotes a CVP perspective that is controlled by business organisations, without considering the extent to which internal stakeholders like employees can actively participate in this process. The involvement of internal stakeholders, such as employees, in a corporate organization's CVP process illustrates the function that IMO performs in the development of CVP. According to the RBV and DC logic principles, this is a crucial prerequisite for bipartisan CVP (Nagpiire et al., 2022).

**Value co-creation**

Since contemporary consumers are now equipped with fresh means and are dissatisfied with the options currently offered by suppliers, the development of CVP has evolved from a product/service- and company-centric perspective to individualised consumer experiences (Lasila et al., 2023). Value co-creation (VCC) refers to the process whereby a business organisation and a customer work together to create value (Solakis et al., 2022). Based on RBV and the DC logic approach, CVP is co-produced through interactions between the business organisation and the customer, rather than being wholly created by the business organisation and supplied to the consumer. As a result, when business organisations apply VCC procedures, CVPs are created. CVPs then result in performance improvements like increased competitiveness, improved products/services, and cost savings (Scarlett et al., 2022).

Lindič, and Marques da Silva (2011) assert that businesses, even SMEs, frequently define CVP in terms of what they provide for customers as opposed to what those customers value. For instance, Anderson et al. (2006) notes that most business managers in Europe and the USA (United States of America) relate their list of benefits to their CVP without much consideration for clients or rivals. This simplicity is a big negative in that business managers, such as SME owners/managers, may consider benefits that do not really benefit the consumer or are standard in the sector and so do not differentiate. Therefore, SMEs using VCC with customers should ultimately seek to offer customer-focused CVP and distinctive benefits that aid in resolving the issues of target customers (Carvalho and Alves, 2023). To provide context-oriented CVP, the study by Font et al. (2021) concentrated on the effective integration of the roles of consumers, staff, and technology in VCC. The authors put forth a conceptual framework for VCC by demonstrating that the business organization, in addition to the customer, is a resource integrator, resulting in CVP that benefits numerous stakeholders. A study on the transformational VCC framework for online services was also conducted by Parkinson et al. in 2019. The authors discovered that co-created services could build suitable CVPs to help improve the

well-being of consumers if business organisations have an awareness of the resources that customers integrate and value.

Nangpiire et al. (2022) also point out that co-destruction of value may occur between customers and business organisations in some circumstances, such as when operating in an inappropriate manner and either accidentally or knowingly misusing business organisation and other stakeholder resources. If the customer's attempt to co-create value to generate CVP fails, value destruction and business organization-dominated CVP may result. Therefore, business organisations like SMEs must evaluate their CVPs by taking into consideration the experience and perspective of each actor (i.e., customers, staff, management) to prevent value co-destruction. The subjectivity, individualism, and time-dependent nature of VCC results must therefore be accounted for by SMEs when developing CVPs (Hauke-Lopes et al., 2023).

**Data analytics capability**

A business organization's management skills, such as the ongoing use of big data resources to achieve the strategic goal of creating CVP and generating competitive superiority for the business organisation, are part of its big data analytics capability (BDAC) (Song et al., 2022; Zhang et al., 2021). Due to the growth in the use of big data and its integration into the core of CVP management processes, CVP has evolved into a holistic process where various players (i.e., employees, customers, suppliers, etc.) are participating in value co-creation (Liu et al., 2020). BDAC enables business organisations to use technology to achieve superior value creation and sustainable competitive superiority, and it manages CVP through digital platforms (Urbinati et al., 2019). Based on this justification, BDAC enabled CVP encourages enterprise-oriented efforts aimed at advancing the current sources of competitive supremacy while enabling various actors to participate in decision-making and the production of creative solutions to issues.

Few studies have looked at the effects of BDAC on CVP; most of the literature on BDAC focuses on how it can be used to improve tactical organisational capacities. Additionally, there is little discussion of how BDAC might develop strategic CVP for businesses. The realisation of a strategy CVP, which gives SMEs a competitive edge and performance (financial and non-financial), is what ultimately determines the success of any BDAC (Grover et al., 2018). The study by Côrte-Real et al. (2019), based on the Delphi results, offered an empirically validated model supported by a survey of 175 European enterprises to explain the causes of BDA sustained CVP. The authors' findings demonstrate that the suggested model, where BDAC utilisation is the most important contributor, explains 62% of BDA

sustained CVP at the business level. In a similar manner, Grover et al. (2018) study described the CVP of BDAC by identifying its constituent parts. The authors provided a framework for BDAC enabled CVP by expanding already existing frameworks for information technology enabled CVP, and they then used actual BDA applications to exemplify the concept. According to Zeng and Glaister (2018) study, BDAC facilitates CVP generation through the data management process, which allows managers of business organisations to quickly democratise, contextualise, experiment with, and implement data insights. The authors also assert that using BDAC to gather customer data can direct and assist a company in understanding the demands of the consumer, which opens up potential for CVP production and raises the customer's willingness to use/pay for a product or service. As a result, businesses such as SMEs who have access to insights from BDAC are better able to develop CVPs that take advantage of unanticipated opportunities (Zeng and Glaister, 2018).

**SME performance**

It is acknowledged that performance evaluation of business organisations, such as SMEs, is a control instrument used to evaluate the success of marketing strategies (such as CVP) implementation within a given time. Along with being a method of evaluating the success of a marketing strategy, this type of control instrument determines how resources will be distributed in the future (Mashavic, 2018). According to Needles et al. (2011, p. 2), performance measurements are acknowledged as "quantitative tools that gauge a company's performance in relation to a specific goal or an expected outcome". In a similar vein, various earlier studies focused on the significance of striking a balance between financial and non-financial measurements to assess the effectiveness of adopted marketing tactics, such as CVP by business organisations, particularly SMEs (Kaplan and Norton, 2001; Chapman, 2005; Collier, 2006; Merchant and Stede, 2007).

The traditional focus on simply financial metrics provides a poor indication of how well business organisations operate. The primary shortcoming of financial measures, according to Liu et al. (2022), is their emphasis on temporary fixes. On the other hand, non-financial measures are viewed as having a longer-term strategic focus (Mezguez et al., 2023). One of the most well-known models for achieving equilibrium in financial and non-financial performance assessments is the balanced scorecard (BSC), which Kaplan and Norton developed in 1992. To provide a more complete picture of the real performance accomplished by a business organisation, the BSC augments the existing traditional financial performance metrics with non-financial performance measures (Bahri and Faruqy, 2023). Business organisations may define, monitor, and achieve their key business strategies and objectives,

such as CVP, thanks to this performance measurement framework. The four perspectives of the BSC are used to implement and monitor the plans of business organisations (Al-Dahiyat, 2020).

For business managers, such as SME owners or managers, these viewpoints from the BSC are crucial for planning, carrying out, and achieving their business strategy and objectives. The first viewpoint of the BSC is the financial viewpoint, which focuses on chasing financial metrics and results including return on capital employed (ROCE), earnings per share (EPS), profitability, and revenue growth (Suárez-Gargallo, 2023). The customer perspective, which is focused on measuring customer happiness and their performance metrics including customer retention, customer referral, and customer satisfaction, is the second perspective (Ahmad et al., 2022). The third perspective of the BSC is the internal business process perspective, which focuses on measuring critical-to-critical process criteria and metrics such cycles time, customer queue time, decision making process time, and the number of product defects (Sari et al., 2022). The learning and growth perspective is the fourth perspective in the BSC, and it mainly focuses on how employees are educated or trained by their employers, how businesses acquire knowledge, and how businesses use that knowledge to maintain a competitive advantage. Employee happiness, hours of training on CVP per employee, and expenditures on information technology that will support CVP per employee are examples of the learning and growth perspective (Ichwan et al., 2022). The use of BSC is an effective strategy for gaining value creation insight using human capital. Additionally, Ratnaningrum et al. (2020) emphasise the importance of learning and development for strategic CVP management, which makes it easier to identify, improve, and further build intellectual capital performance. Innovative CVP must be established to increase the market worth of a commercial organisation, which requires a developing intellectual capital.

Based on the discussion that has already taken place, this research study employed the balanced scorecard performance metrics created by Kaplan and Norton (2001) to determine the effect of CVP on the performance of SMEs empirically.

**Conceptual model and hypothesis development**

A conceptual model is constructed based on the theories of RBV and DC and a review of CVP and performance literature to empirically determine the relationship between CVP and the balanced scorecard performance metrics. The performance of SME, which consists of financial performance, customer performance, internal business process performance, and learning and growth performance, is the dependent variable (i.e., outcome variable) in this conceptual model. CVP is the

independent variable (i.e., predictor). The conceptual research paradigm for this study is shown in Figure 1.

**[INSERT FIGURE 1 HERE]**

**Customer value proposition (CVP) and financial performance**

According to Ilyas and Osiyevskyy (2021), CVP promotes the improvement of a business organization's financial performance through superior CVP creation. As a result, the business organization's capacity to continuously tweak its CVP to align with current market value requirements results in the development and leveraging of specific types of competences within the business organisation, which in turn leads to an improvement in the business organization's financial performance. Additionally, CVP offers new value product-service schemes to the business organisation, such as customer-benefit focused products or services, which enhance the financial success of a business organisation (Negash and Samiento, 2023). Grewatsch and Kleindienst (2017) emphasise that the development of specialised markets based on CVP orientation results in the expansion of industries with promising futures.

Consequently, by offering cutting-edge CVP to the markets they serve, business organisations will see an improvement in their financial performance. Additionally, the tendency of customers to pay improves with product and service differentiation through CVP characteristics as IMO, VCC, and BDAC, which generates financial revenues for business organisations (Mishra et al., 2020). CVP and financial performance have been linked positively in the past by empirical research (e.g., Meeme and Bichanga, 2022; Ilyas and Osiyevskyy, 2021; Payne et al., 2017). Considering the foregoing reasoning and empirical evidence, this study's hypothesis is that:

**H1.** CVP has a positive significant effect on financial performance of SMEs in Ghana.

**Customer value proposition (CVP) and customer performance**

Customer-oriented performance metrics like customer satisfaction, repeat purchase and customer referrals, strong market share, solid supplier-customer relationships, and customer lifetime value are crucial for assessing the success of CVP (Abrokwah-Larbi, 2023; Mio et al., 2022). Customer empowerment is a key component of CVP processes, and it has advantages for both customers and the businesses taking part, such as value co-creation. CVP gives SMEs the chance to develop skills like listening intently to customers' opinions and preferences, customising products and services to meet their specific needs and requirements and improving products and services through active listening

(González-Mansilla et al., 2023). These skills have a positive effect on customer satisfaction levels and performance.

Abadi et al. (2020) studied the effect of customer value and experiential marketing on customer loyalty with customer satisfaction as intervening variable. The authors discovered that CVP has a favourable and considerable impact on customer loyalty and satisfaction, which influences customer performance. According to the study by Zhang et al. (2019), customer behavioural intents are considered while developing and analysing CVPs in the sharing economy. The authors argue that SME owners and managers in a sharing economy business should use CVP (i.e., VCC, IMO, BDAC) to foster positive social interactions with customers, define emotional needs and values for target customers, as well as price their goods and services competitively and offer practical amenities and technical support to boost customer performance. Zhang et al. (2019) also compared different customer values and discovered that in collaborative business, customers are more likely to make repeat purchases when their emotional and social needs are met than when their economic and technical needs are met. Piepponen et al. (2022), on the other hand, concentrated on the use of digital technology in CVP to help SMEs generate new or enhanced value creation prospects that match dynamic customer demands and aid customers to better their consumption and usage experiences. This trend may also be seen in daily life, where suppliers and customers are increasingly looking for everyday products to better user experience and boost customer performance through incorporated digital components (Jain et al., 2021).

In terms of competitive advantage, CVP advancement through IMO, VCC, and BDAC distribution is seen as the perfect mechanism for boosting customer performance and market control (Menet and Szarucki, 2020). CVP and customer performance are positively correlated, according to prior empirical research (e.g., Piepponen et al., 2022; Aghdaie and Mousavi, 2022; Woratschek et al., 2020). Considering the foregoing reasoning and empirical evidence, this study's hypothesis is that:

**H2.** CVP has a positive significant effect on customer performance of SMEs in Ghana.

**Customer value proposition (CVP) and internal business process performance**

As stated by Rintamäki and Saarijärvi (2021), developing a CVP entails creating an internal business process that matches the organization's unique skills with the demands of a specific group of potential customers. To deliver greater CVP, the business organisation can concentrate its resources, such as employee efforts and customer expectations, on certain areas of expertise. Day (2020) emphasise that

the CVP's internal and external customer engagement process results in the development of shared understanding, which is necessary to forge a lasting connection that serves the demands of business organisations and their consumers.

To give the business organisation a competitive edge, CVP focuses on the strategic management decision process, which outlines what the business organisation understands about the offering of a carefully defined set of customer value and, most importantly, how it will deliver the said customer value (Payne et al., 2020). The evaluation of value-in-use provided by any product or service component of that value evaluation, as well as communication contact and knowledge exchange before and after the sale, are included in this (Frow and Payne, 2011). The performance of internal business processes and CVP have been found to be positively correlated in the past studies (e.g., Payne et al., 2020; Johannsen, 2018; Payne and Frow, 2014; Frow and Payne, 2011). Considering the foregoing reasoning and empirical evidence, this study's hypothesis is that:

**H3.** CVP has a positive significant effect on internal business process performance of SMEs in Ghana.

**Customer value proposition (CVP) and learning and growth performance**

According to Payne et al. (2020), the process of developing CVP for a carefully chosen group of consumers is an ongoing one that offers opportunities for organisational learning in crucial areas including internal marketing orientation support for CVP, VCC, and BDAC. Chandler and Lusch (2015) stress the importance of integrating deep understanding of customer experience and processes with the information business organisations gain from CVP, such as internal marketing orientation, co-creation, and big data analytics. Based on the procedures connected to VCC, IMO, and BDAC that were discovered, this should lead to the creation of knowledge management initiatives, employee competency development, and customer data infrastructure (Rintamäki and Kirves, 2017).

Business organisations can align their value creation processes with the most recent understanding of customer needs thanks to the customer-centric implications of CVP (Dickmänken, 2017). Additionally, the business organisation can contextualise its value propositions by predicting customers' demands thanks to the knowledge it has gained. According to Van Le and Suh (2019), CVP offers profound insight into the values and wants of consumers through learning activities, which promotes the ongoing sustainability of an exceptional customer request process. Previous empirical research (e.g., Van Le and Suh, 2019; Dickmänken, 2017) has discovered a favourable correlation between CVP and

learning and growth performance. Considering the foregoing reasoning and empirical evidence, this study's hypothesis is that:

**H4.** CVP has a positive significant effect on learning and growth performance of SMEs in Ghana.

**Methods**

The population of this study consists of 540 SMEs that have been operating for two years or longer and are listed as registered with the Ghana Enterprise Agency in the Eastern Region of Ghana. The sample size for the study was calculated using Yamanes concept with a 95% confidence level and 5% margin of error. Therefore, a sample size of 230 respondents was obtained. A quantitative cross-sectional research method was adopted in this study. For quantitatively testing hypotheses, this method is suitable. This research study employed a SME criterion based on hybrid definitions, in compliance with the international SME definition, Ghana Statistical Services' (GSS) and Ghana Enterprise Agency's (GEA) definitions of SME. As a result, the selected SMEs had between nine and one hundred employees, but not more than one hundred. In this study, a 5-point Likert scale was used to evaluate each scale item, with values ranging from Strongly disagree (1) to Strongly agree (5). To guarantee that the proper respondents—namely, SME owners or managers—completed the survey, online surveys with Google forms were distributed to respondents' social media accounts. Out of 230 respondents, 225 (98%) completed the questions in full online and submitted them using Google forms. According to Bryman and Bell (2015), a 98% response rate is an appropriate cutoff for data analysis and conclusion-making. Five surveys that were returned were incomplete, and as a result, the results were deemed invalid. The final analysis did not include the erroneous survey responses.

The scales utilised in this study were created because of prior studies. Adjustments were made to these scales to make them fit with the context and objectives of this research study. The six-item "customer value propositions" measure was based on scales from Song et al. (2022), Hamidi et al. (2019), and Boukis (2019) and had been modified in each case. The seven-item "financial performance" scale, the seven-item "customer performance" scale, the seven-item "internal business process performance" scale, and the seven-item "learning and growth performance" scale were all derived from Kaplan and Norton (2001).

The data for the current study was first coded and imputed from the filled-out and validated questionnaires using SPSS (Statistical Package for the Social Sciences) version 23. The coded and imputed data was imported into STATA (Statistics and Data) 15.1 to perform confirmatory factor analysis, reliability (Cronbach's alpha and composite reliability), and validity (convergent and discriminant validity) tests. Results from statistical analysis including descriptive statistics, factor analysis, reliability, and validity were produced for the several variables used in this study. In this study, a linear regression model was created using the structural equational technique (SEM) to assess the hypotheses regarding the relationship between CVP and SME performance.

The independent construct was the customer value proposition (CVPi), and the dependent constructs were the SME performance constructs, which included financial performance (FPi), customer performance (CPi), internal business process performance (IBPPi), and learning and growth performance (LGPi). As a result, the following is how the study model's linear regression relation is represented:

$CVPi = \beta_o + \beta 1FPi + \beta 2CPi + \beta 3IBPPi + \beta 4LGPi + \mu$

**[INSERT TABLE 1 HERE]**

**Results**

**Respondents' profile**

The demographic breakdown of the study participants is shown cross-tabulated in Table 1. In this study, the participants submitted demographic information about themselves, such as their age group, ownership structure, current position, business size, and length of operation. In this study, respondents were classified according to age group, ownership structure, current position, business size, and length of operation. It was discovered that female respondents made up 67% (150) of the total while male respondents made up 33% (75) of the respondents.

**[INSERT TABLE 2 HERE]**

**[INSERT TABLE 3 HERE]**

**[INSERT TABLE 4 HERE]**

**Construct reliability and validity**

As shown in Table 2 and 4, the six CVP items used in this study (i.e., CVP31, CVP32, CVP33, CVP34, CVP35, and CVP36) exhibited well above minimum threshold (more than 0.70) in Kaiser-Meyer-Olkin (KMO) and above minimum threshold in factor loading tests. Specifically, CVP items' KMO value was 0.9 and factor loading values range from 0.73 to 0.82. Hence, confirming the appropriateness of CVP items to be retained. Similarly, Table 3 and 4 indicate that items of financial performance (FP) (i.e., seven items), customer performance (CP) (i.e., six items), internal business process performance (IBPP) (i.e., nine items) and learning and growth performance (LGP) (i.e., nine items), showed well above minimum threshold (above 0.7) in KMO test and also minimum and above threshold in factor loading test. Specifically, FP, CP, IBPP and LGP items' KMO ranges from 0.91 to 0.91 and factor loading values also ranges from 0.5 to 8.6 (Marsh et al., 2020)).

This current study used Cronbach's alpha and composite reliability (CR) as criteria to assess the internal consistency of the constructs (i.e., CVP, FP, CP, IBPP, LGP). As shown in Table 2, CVP exhibited

well above the minimum threshold (more than 0.7) in both reliability tests. Specifically, the Cronbach's alpha value of CVP is 0.9 and CR is also 0.9. Similarly, as indicated in Table 3, FP, CP, IBPP, LGP showed well above the minimum threshold (above 0.7) in both reliability tests. Specifically, the Cronbach's alpha value for FP, CP, IBPP and LGP ranges from 0.90 to 0.91 and CR from 0.91 to 0.92 (Malhotra et al., 2017).

The current study used average factor loading (AFL) and average variance extracted (AVE) as a criterion to assess the convergent validity of the constructs (i.e., CVP, FP, CP, IBPP, LGP). As shown in Table 2, CVP exhibited well above the minimum threshold (above 0.7) in AFL test and above minimum threshold (0.5) in AVE test. Specifically, the AFL of CVP is 0.77 and AVE of CVP is 0.6. Therefore, the convergent validity of CVP was established since the AFL and AVE of CVP was well above their minimum thresholds. Similarly, as shown in Table 4, FP, CP, IBPP, and LGP showed well above the minimum threshold (more than 0.7) in AFL test and above minimum threshold (0.5) in AVE test. Specifically, the AFL of FP, CP, IBPP, and LGP ranges from 0.73 to 0.78, while the AVE of FP, CP, IBPP, and LGP ranges from 0.53 to 0.62. Hence, the convergent validities of FP, CP, IBPP, and LGP was established since their AFL and AVE were well above their minimum thresholds (Malhotra et al., 2017).

Also, this current study applied Fornell-Larcker criterion where the discriminant validity is established if the AVE value of a construct is greater than its correlation matrix square (CMS). As shown in Table 2, showed that the AVE value of CVP items which is 0.60 is greater than its correlation matrix square value of 0.00, therefore, a discriminant validity of CVP is established. Similarly, as shown in Table 4, the AVE values of FP, CP, IBPP, and LGP are greater than their CMS values. Specifically, the AVE values of FP, CP, IBPP, and LGP ranges from 0.53 to 0.62 and their corresponding CMS value ranges from 0.00 to 0.00. Hence, the discriminant validity of FP, CP, IBPP, and LGP was established since their AVEs were found to be greater than their corresponding CMS (Henseler et al., 2015).

**[INSERT TABLE 5 HERE]**

**Regression analysis and hypotheses Tests**

The hypothesis is looked at in this section to address the research questions. In this section, it has been justified how CVP might increase SME performance variables like FP, CP, IBPP, and LGP. According to Table 5, Figure 2, it was discovered that the CVP (Customer Value Proposition) had a statistically significant path coefficient with FP (Financial Performance) (i.e., H1: $\beta = 0.48$, p-value < 0.001). As a result, it is proven that CVP increases the impact of FP among SMEs in Ghana by 48% (i.e., $\beta = 0.48$). Since CVP has a significant impact on FP of SMEs in Ghana, it is an essential marketing

strategy (p-value < 0.001). The H1 hypothesis is supported by this result and is considered significant at a 0.001 level. Similarly, as exhibited in Table 5 and Figure 2, CVP was found to have a statistically significant path coefficient with CP (Customer Performance) (i.e., H2: β = 0.52, p-value < 0.001). This indicates that CVP contribution to the CP of SMEs in Ghana is significant at 52% (i.e., β = 0.52). Hence, this result supports H2 and as such H2 is accepted at 0.001 significant level. In the same vein, Table 5 and Figure 2, established that CVP have a statistically significant path coefficient with IBPP (Internal Business Process Performance) (i.e., H3: β = 0.50, p-value < 0.001). This establishes that CVP increases the IBPP of SMEs in Ghana by 50% (i.e., β = 0.50). This outcome supports H3, hence H3 is accepted at 0.001 significant level. Additionally, as indicated in Table in Table 5 and Figure 2, CVP was found to have a statistically significant path coefficient with LGP (Learning and Growth Performance) (i.e., H4: β = 0.63, p-value < 0.001). This confirms that CVP improves the effect of LGP among SMEs in Ghana by 63% (i.e., β = 0.63). This result supports H4 and therefore H4 is accepted at 0.001 significant level.

**[INSERT TABLE 6 HERE]**

**[INSERT FIGURE 2 HERE]**

**SEM goodness of fit analysis**

Table 6 shows that the root mean squared error of approximation (RMSEA) of the structural equation modelling (SEM) statistics was 0.058 which is very close to the recommended value of 0.05. The 90% confident interval (CI), lower bound value was 0.053 which is close to the recommended value of 0.05. In the same vein, the 90% confidence interval (CI), upper bound was 0.064 which is less than the recommended value of 0.1. The pclose value was 0.008, which is less than the recommended value of 0.05. Accordingly, the population error indices (i.e., RMSEA, 90% CI, lower bound, upper bound and pclose) that measured the SEM model of this study were considered moderate fit (Marsh et al., 2020; see Figure 2).

In the same vein, the baseline comparison assessment shows that comparative fit index (CFI) was 0.908 and Tucker-Lewis's index (TLI) was 0.902, which are all close to the recommended value of 1. Therefore, the baseline comparison indices (i.e., CFI and TLI) that measured the SEM model of this study were considered moderate fit (Xia and Yang, 2019).

Similarly, the size of residuals evaluation indicates that the standardised root mean squared residual (SRMR) was 0.134, which is close to the recommended value of 0.00; and the coefficient of determination (CD) was 0.915 which is also close to the recommended value of 1. Therefore, the size of residuals indices (i.e., SRMR and CD) that measured the SEM model of the study were considered moderate fit (Sarstedt and Cheah, 2019; see Table 6 and Figure 2).

**[INSERT TABLE 7 HERE]**

**Conclusion and discussion**

The main aim of this study is to investigate the impact of CVP on the performance (i.e., financial, customer, internal business process, and learning and growth) of SMEs in Ghana.

First, this study's finding establishes a positive association between CVP and financial performance (see Table 7). The finding confirms earlier studies by Meeme and Bichanga, (2022), Ilyas and Osiyevskyy (2021), and Payne et al. (2017) concerning the positive impact of CVP on financial performance. Therefore, SMEs' adoption and integration of the CVP measures (i.e., IMO, VCC, and BDAC) used in this study are crucial to their growth and improvement of financial performance. The development and use of crucial CVP capabilities like IMO, VCC, and BDAC that would enhance SMEs' financial performance is guided by their capacity to continuously adapt their CVP to meet contemporary market value necessity.

Second, the results of this study found a positive relationship between CVP and customer performance (see Table 7). The finding corroborates with previous studies (Aghdaie and Mousavi, 2022; Woratschek et al., 2020; Smith, 2015) regarding the positive effect of CVP on customer performance. SMEs should combine marketing activities including customer choice insights, customer segment recognition, customer loyalty development, and strong customer relationships through co-creation to develop CVP-oriented strategies. Once more, the implementation of customer-centered cultures provides attention and a roadmap for SMEs, guaranteeing the provision of unmatched CVP, which results in exceptional client commitment and loyalty. Additionally, SMEs should develop CVP-oriented skills like paying attention to customer opinions and preferences, customising products and services to meet specific customer needs and requirements, and honing active listening techniques (using, for example, face-to-face or digital means) to enhance the product or service and have a positive impact on customer satisfaction level and performance.

Third, the outcome of this study establishes a positive significant relationship between CVP and internal business process performance (see Table 7). The finding agrees with earlier studies (Payne et al., 2020; Johannsen, 2018; Payne and Frow, 2014; Frow et al., 2011) concerning the positive impact of CVP on internal business process performance. A CVP requires SMEs to create an internal business process that matches the needs of the target market with their unique competencies (i.e., IMO, VCC, and BDAC). This enables SMEs to concentrate their resources (such as human effort) and expertise on delivering higher value through an internal business process that is well-structured. To establish a long-term partnership that meets the needs of both SMEs and their consumers, shared insights must be created through the internal and external customer engagement process of CVP.

Fourth, the finding in this study shows that CVP positively impacts the learning and growth performance of SMEs (see Table 7). The results lend support to previous studies (Van Le and Suh, 2019; Dickmänken, 2017) concerning the positive effect of CVP on learning and growth performance. When SMEs apply CVP dimensions like IMO, VCC, and big data analytics, they gain knowledge that should be combined with in-depth understanding of customer experience and business operations. Based on the processes connected to IMO, VCC, and BDAC that have been recognised, this should result in the establishment of knowledge management actions, staff competence development, and customer data infrastructure.

**Theoretical Implications**

With the help of a quantitative empirical method, this study highlights the main issue surrounding the scant attention paid to the effects of CVP adoption on SMEs' financial and non-financial performance. In this context, the study highlighted three distinctive CVP characteristics—VCC, IMO, and BDAC—and how they enable the growth of CVP that is centred on the needs of the consumer. In this study, a conceptual model was proposed and tested that shifted the emphasis on SME growth, survival, and profitability in emerging markets—situations that call for more focused CVP methods. In the context of an emerging economy, the author has investigated the relationship between CVP and SME performance (financial, customer, internal business process, and learning and growth). Since prior research did not empirically study these variables in the current setting of an emerging economy (Nygaard et al., 2022; Nussipova, 2022; Rintamaki and Saarijarvi, 2021), these insights are extremely valuable. However, to date, no study in the literature has examined these relationships using primary data. The current study contributes to a better understanding of the factors (CVP and dimensions - VCC, IMO, BDAC) affecting the four performance dimensions of SME: financial, customer, internal business process, and learning and growth.

To create and empirically test a theoretical framework in the setting of SMEs in an emerging economy, the current study employed RBV and DC theories. The current study's findings are consistent with the RBV theory in that they show how SMEs can achieve competitive advantage and performance (financial, customer, internal business process, learning and growth) by developing distinctive competencies that make their CVP resources valuable, rare, inimitable, and non-substitutable (Kruesi and Bazelmans, 2023; Estensoro et al., 2022; Hagen et al., 2022). Similarly, the current study also lends support to DC theory in that it shows how SMEs can manage market unpredictability (in terms of market preferences and choices) by configuring CVP as a strategic capability in a changing market

environment (Nayak et al., 2023; Martins, 2023). This has an impact on SMEs' performance in terms of financial, customer, internal business process, learning, and growth.

**Managerial Implications**

For SME owners and managers, this study provides a variety of important insights into how their business can achieve competitive superiority and performance through their CVP inventiveness and operationalization. The vital importance of CVP as a marketing tool and capability that connects the customer and business organisation viewpoints for the generation of value and competitive superiority is rapidly becoming understood by SME owners and managers. By upholding the promised product or service, CVP solutions are thought to produce capabilities like IMO, VCC, and BDAC that enable the description of a comprehensive customer experience and reduce the perceived risk of the customer. To get the most out of their CVP investments, SME owners and managers must find a suitable CVP solution based on the CVP resources and skills of their companies. This study used empirical research to examine how CVP solutions can help SME owners and managers develop knowledge of enterprise-specific value creation that results in competitive advantage. Additionally, this study looked at how CVP solutions (i.e., IMO, VCC, and BDAC) provide marketing capabilities, leading to a variety of performance outcomes, including financial, customer, internal business process, and learning and growth.

This study made the claim, based on the RBV and DC perspectives, that SME owners and managers can achieve long-term performance superiority for their businesses when they are able to construct highly customer-specific CVP by integrating CVP capabilities like IMO, VCC, and BDAC. This gives SME owners and managers a variety of CVP strategic insights that help them choose the best CVP solution based on the CVP resources and capabilities already in place at their companies. The study also suggests that, while SME owners and managers may use CVP capabilities to support marketing and management actions of their business to increase performance, it is crucial for SMEs to develop CVP expertise (i.e., VCC and IMO) and technological infrastructure (i.e., BDAC) that will support CVP development and operationalization, such as data analytics technology, intranet and extranet capabilities for internal marketing, and value co-creation support. Therefore, if SME owners and managers concentrate on the strategic role of CVP expertise and related technology infrastructure, it will increase the SME's long-term competitive supremacy.

**Limitation and future research**

Although this study's results and impacts are crucial, it also has several drawbacks. First, to construct a CVP solution model, this study had to focus on a small number of conceptual model dimensions. In

terms of CVP capabilities, this study concentrated on three key dimensions (i.e., IMO, VCC, and BDAC); however, considering a combination of additional dimensions may also have a substantial impact on the CVP capabilities of SMEs to obtain the best performance. The current study acknowledges that CVP actions have multiple dimensions and that other context-oriented factors may have an impact on CVP capabilities that are unique to a company. Second, the sample size can be increased by including respondents from other regions in Ghana other than the Eastern Region of Ghana. Future studies may consider comparative analyses of the findings from the same study's replication in other emerging economies, particularly in Africa. Third, future study may concentrate on contextual variables that can moderate or mediate the relationship between CVP and SME performance, such as business environment dynamism and technology advancement such as artificial intelligence in marketing and deep learning.

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**APPENDIX**

Table 1: Demographic Profile of Respondents

| Demographic items | Male n(%) | Female n(%) | Total n(%) |
|---|---|---|---|
| **Age groups** | | | |
| 18-30 | 37 (49.33) | 67 (44.67) | 104 (46.22) |
| 31-40 | 25 (33.33) | 62 (41.33) | 87 (38.67) |
| 41-50 | 7 (9.33) | 16 (10.67) | 23 (10.22) |
| 51-60 | 6 (8.01) | 5 (3.33) | 11 (4.89) |
| **Total** | **75 (100)** | **150 (100)** | **225 (100)** |
| **Ownership Structure** | | | |
| Sole Proprietorship | 41 (54.67) | 118 (78.67) | 159 (70.67) |
| Partnership | 24 (32) | 25 (16.67) | 49 (21.78) |
| Limited Liability | 8 (13.33) | 7 (4.67) | 17 (7.55) |
| **Total** | **75 (100)** | **150 (100)** | **225 (100)** |
| **Current Position** | | | |
| Owner Manager | 27 (36) | 86 (57.33) | 113 (50.22) |
| General Manager | 27 (36) | 22 (14.67) | 49 (21.78) |
| Operational Manager | 21 (28) | 42 (28) | 63 (28) |
| **Total** | **75 (100)** | **150 (100)** | **225 (100)** |
| **Enterprise Size** | | | |
| 1 - 8 (Small) | 41 (54.67) | 101 (67.33) | 142 (63.11) |
| 9 - 100 (Medium) | 34 (45.33) | 49 (32.67) | 83 (36.89) |
| **Total** | **75 (100)** | **150 (100)** | **225 (100)** |
| **Operation Duration** | | | |
| **2 years** | 19 (25.33) | 35 (23.33) | 54 (24) |
| **>2 years** | 56 (74.67) | 115 (76.67) | 171 (76) |
| **Total** | **75 (100)** | **150 (100)** | **225 (100)** |

***Table 1 courtesy of Abrokwah-Larbi (2020)***

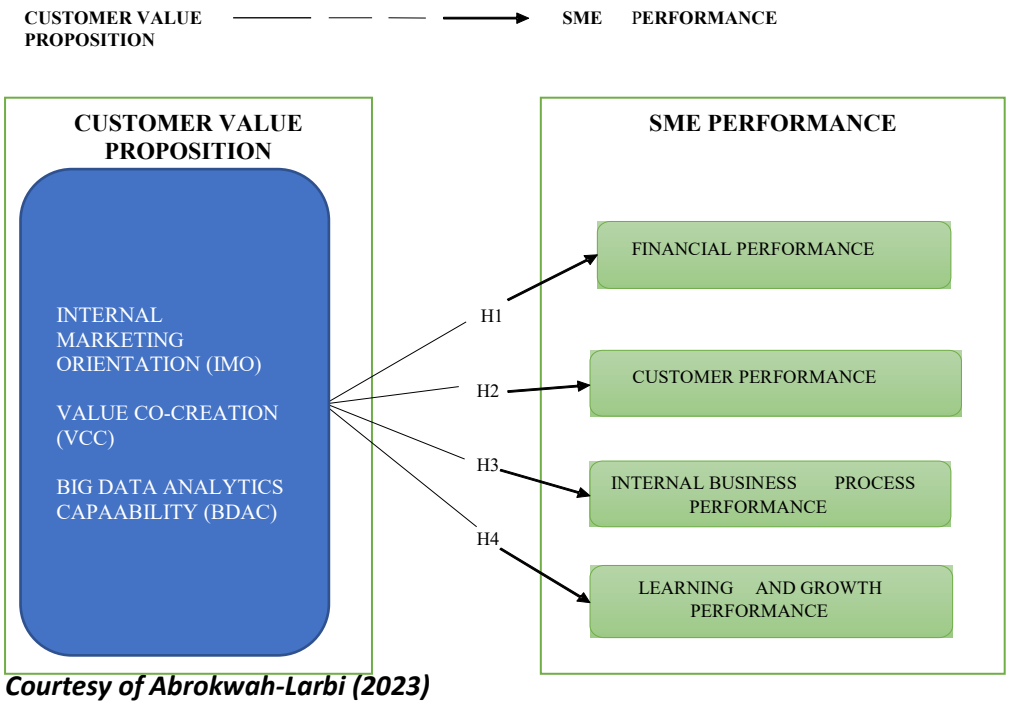
Table 2: Factor analysis, reliability and validity of customer value proposition items

| Factors | Items | Factor load | Cronbach Alpha (α) | KMO | Composite Reliability | Average Factor loading* | AVE** | Correlation Matrix Square |
|---|---|---|---|---|---|---|---|---|
| Customer Value Proposition | CVP31 | 0.76 | 0.90 | 0.90 | 0.90 | 0.77 | 0.60 | 0.00 |
| | CVP32 | 0.79 | | | | | | |
| | CVP33 | 0.77 | | | | | | |
| | CVP34 | 0.82 | | | | | | |
| | CVP35 | 0.73 | | | | | | |
| | CVP36 | 0.78 | | | | | | |

*Average factor loading > 0.7, convergent validity established **Average Variance Extracted (AVE) > Correlation matrix squared; discriminant validity established ***CVP – Customer Value Proposition

***Table 2 courtesy of Abrokwah-Larbi (2020)***

**Figure 1: Conceptual Model**




***Courtesy of Abrokwah-Larbi (2023)***

Table 3: Factor Analysis, Reliability, and Validity of Performance Variables

| Factors | Items | Factor load | Cronbach Alpha (α) | KMO | Composite Reliability | Average Factor load* | AVE** | Correlation Matrix Square |
|---|---|---|---|---|---|---|---|---|
| Financial Performance | FP37 | 0.50 | 0.90 | 0.93 | 0.92 | 0.78 | 0.62 | 0.00 |
| | FP38 | 0.84 | | | | | | |
| | FP39 | 0.82 | | | | | | |
| | FP40 | 0.81 | | | | | | |
| | FP41 | 0.79 | | | | | | |
| | FP42 | 0.86 | | | | | | |
| | FP43 | 0.84 | | | | | | |
| Customer Performance | CP44 | 0.81 | 0.91 | 0.91 | 0.91 | 0.76 | 0.58 | 0.00 |
| | CP45 | 0.77 | | | | | | |
| | CP46 | 0.84 | | | | | | |
| | CP47 | 0.77 | | | | | | |
| | CP48 | 0.74 | | | | | | |
| | CP49 | 0.70 | | | | | | |
| Internal Business Process Performance | IBPP50 | 0.74 | 0.91 | 0.92 | 0.91 | 0.73 | 0.53 | 0.00 |
| | IBPP51 | 0.73 | | | | | | |
| | IBPP52 | 0.60 | | | | | | |
| | IBPP53 | 0.79 | | | | | | |
| | IBPP54 | 0.75 | | | | | | |
| | IBPP55 | 0.77 | | | | | | |
| | IBPP56 | 0.77 | | | | | | |
| | IBPP57 | 0.68 | | | | | | |
| | IBPP58 | 0.71 | | | | | | |
| Learning & Growth Performance | LGP59 | 0.74 | 0.91 | 0.91 | 0.91 | 0.73 | 0.54 | 0.00 |
| | LGP60 | 0.71 | | | | | | |
| | LGP61 | 0.77 | | | | | | |
| | LGP62 | 0.72 | | | | | | |
| | LGP63 | 0.60 | | | | | | |
| | LGP64 | 0.73 | | | | | | |
| | LGP65 | 0.80 | | | | | | |

| | |
|---|---|
| LGP66 | 0.78 |
| LGP67 | 0.81 |

*Average factor loading > 0.7, convergent validity established,

**Average Variance Extracted (AVE) > Correlation matrix squared; discriminant validity established ***FP-Financial Performance; CP-Customer Performance; IBPP-Internal Business Process Performance; LGP-Learning and Growth Performance

***Table 3 courtesy of Abrokwah-Larbi (2020)***

Table 4: Customer value proposition (CVP) and SME performance measurement items

| **Customer Value Proposition (CVP) Measurement Items** |
|---|
| CVP31 = CVP supports my firms' link with its network of stakeholders. |
| CVP32 = CVP supports my firm's distribution of value to our customers and suppliers. |
| CVP33 = CVP enables my firm to improve upon its employee value insight |
| CVP34 = CVP helps my firm to place the customer at the centre of our value co-creation process. |
| CVP35 = CVP supports my firm to utilize customer data resources to generate competitive advantage. |
| CVP36 = CVP helps in the improvement of my firms' collaborative knowledge creation by leveraging on our data analytics capability. |
| |
| **Performance Measurement Items** |
| |
| ***Financial Performance (FP)*** |
| FP37 = My firm's profitability is satisfactory. |
| FP38 = My firm's market share is high compared to competitors. |
| FP39 = The financial performance of my firm is supported by a sustainable approach. |
| FP40 = Maximizing profitability is a key business goal of my firm. |
| FP41 = My firm plans the sales revenue growth of all products/services. |
| FP42 = Managers of my firm are pursing innovative strategy to improve its return on investment, ROI |
| FP43 = Productivity improvement is important to my firm's financial objective. |
| |
| ***Customer Performance (CP)*** |
| CP44 = Customer retention has increased in my firm within the last two years. |
| CP45 = My firm has realized a steady increase of new customers in the last two years. |
| CP46 = Product or service sales to new customers has increased in the last two years. |

| |
|---|
| CP47 = Product or service sales to existing customers has increased in the last two years. |
| CP48 = Customer switching cost has increased within the last two years. |
| CP49 = My firm uses innovative methods of targeting customers instead of traditional methods. |
| CP50 = My firm uses technology to improve customer experience. |
| |
| ***Internal Business Process Performance (IBPP)*** |
| IBPP51 = My firm's customer management process contributes to customer value addition. |
| IBPP52 = My firm's process enhancement methodology is efficient and effective. |
| IBPP53 = My firm captures employee contribution into business process designs |
| IBPP54 = My firm use technology to develop new business processes. |
| IBPP55 = Duration of production in my firm has decreased in the last two years. |
| IBPP56 = Customer complaint processes duration is shorter compared to competitors. |
| IBPP57 = My firm integrates customer requirement into its business processes. |
| IBPP58 = My firm is resourced with technology for new product development. |
| IBPP59 = My firm's internal processes contribute to customer satisfaction. |
| |
| ***Learning and Growth Performance (LGP)*** |
| LGP60 = My firm have sufficient skilled and motivated employees. |
| LGP61 = We have quality database and information system to support our learning and growth. |
| LGP62 = My firm has the right organizational culture to achieve its business process objectives. |
| LGP63 = My firm provide frequent learning opportunities for our employees though different capacity building programs. |
| LGP64 = My firm has seen a steady reduction in employee turn-over rate in the last two years. |
| LGP65 = We use technology enabled approach to obtain customer insights. |
| LGP66 = My firm integrates employee suggestions into its business process approach. |
| LGP67 = Our business methodologies support knowledge and competence development. |
| LGP68 = We gather new information about new products or services. |

***Table 4 courtesy of Abrokwah-Larbi and Awuku-Larbi (2023)***

Figure 2. Structural Equation Model Assessment Result using STATA 15.1

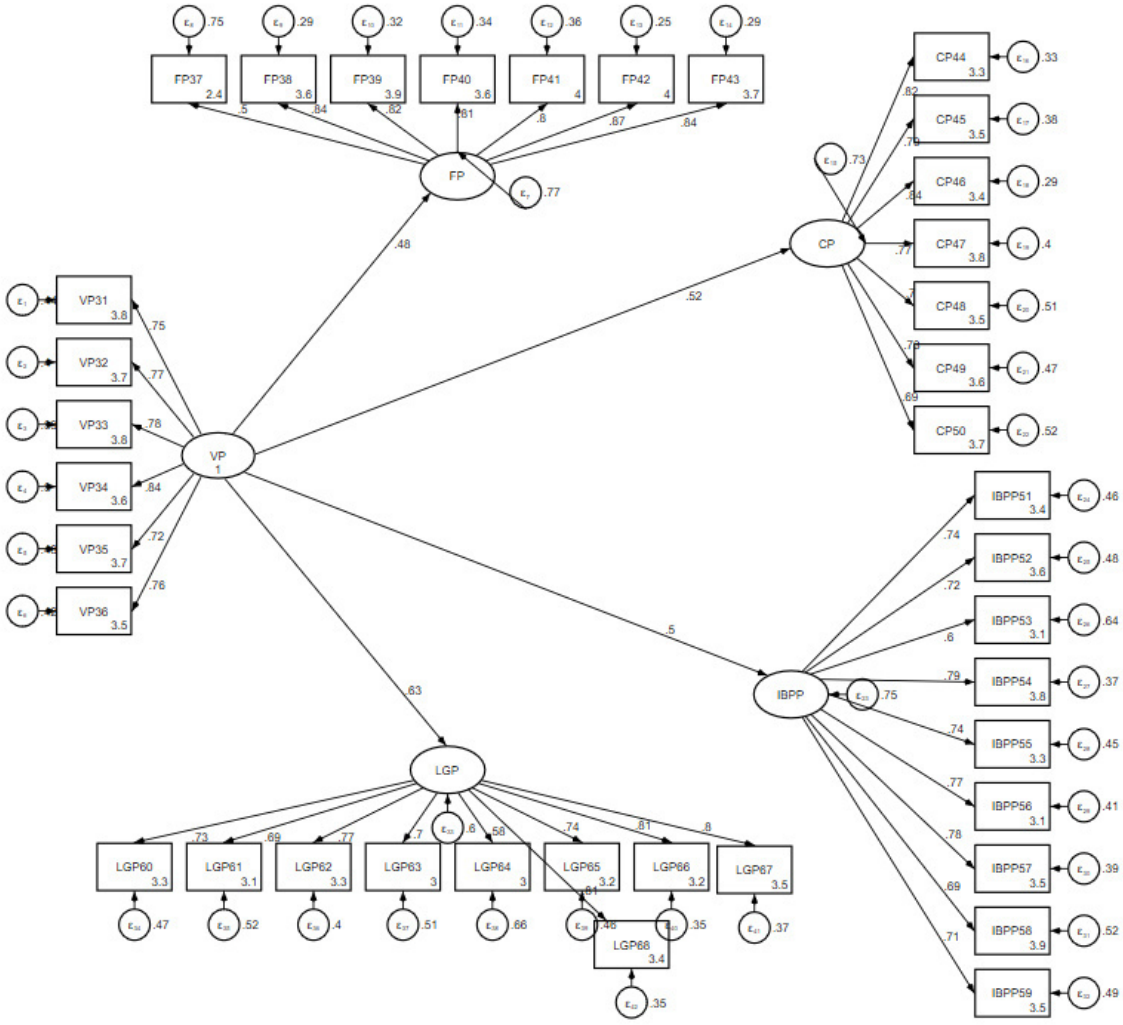



***Figure 2 by author's own work***

Table 6. Goodness of fit for SEM (using STATA 15.10)

| Fit statistic | Value | Description |
|---|---|---|
| **Population error** | | |
| RMSEA | 0.058 | Root mean squared error of approximation |
| 90% CI, lower bound | 0.053 | |
| upper bound | 0.064 | |
| P close | 0.008 | Probability RMSEA <= 0.05 |
| **information criteria** | | |
| AIC | 20769.93 | Akaike's information criterion |
| BIC | 21173.03 | Bayesian information criterion |
| **Baseline comparison** | | |
| CFI | 0.908 | Comparative fit index |
| TLI | 0.902 | Tucker-Lewis index |
| **Size of residuals** | | |
| SRMR | 0.134 | Standardized root mean squared residual |
| CD | 0.915 | Coefficient of determination |

***Table 6 by author's own work***

Table 7: SEM Model Assessment Results and Summary Results of Hypothesis Test

| Hypothesis | Construct Structural Relationships | Path Coefficient (β) | *p*-values | Decision |
|---|---|---|---|---|
| H1 | Customer Value Proposition → Financial Performance | 0.48 | < 0.001 | Accept |
| H2 | Customer Value Proposition → Customer Performance | 0.52 | < 0.001 | Accept |
| H3 | Customer Value Proposition → Internal Business Process Performance | 0.50 | < 0.001 | Accept |
| H4 | Customer Value Proposition → Learning and Growth Performance | 0.63 | < 0.001 | Accept |

| Summary Results of Hypothesis Test | |
|---|---|
| Hypothesis | Outcome |
| H1: CVP has a significant positive impact on financial performance | Accepted |
| H2: CVP has a significant positive impact on customer performance | Accepted |
| H3: CVP has a significant positive impact on internal business process performance | Accepted |
| H4: CVP has a significant positive impact on learning and growth performance | Accepted |

***Table 7 by author's own work***

Table 5. SEM Regression table on the impact of customer value proposition on SME performance

| Construct relationship | Standardized coefficient Beta (β) | p - value | 95% | Confidence interval |
|---|---|---|---|---|
| FP CVP | 0.48 | < 0.001 | 0.36 | — 0.59 |
| CP CVP | 0.52 | < 0.001 | 0.41 | — 0.63 |
| IBPP CVP | 0.50 | < 0.001 | 0.39 | — 0.62 |
| LGP CVP | 0.63 | < 0.001 | 0.54 | — 0.73 |

***Table 5 by author's own work***