Smart PLS mediation moderation model: Integrated the entrepreneurial performance of textile-based small-medium enterprises

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Abstract

The core purpose of this study is to explore the effects of knowledge management practices and the dynamic capabilities of entrepreneurs on the entrepreneurial performance of small-medium enterprises (SMEs). This study gathered the required information using a structured survey from textile-based small-medium enterprises and applied a structural equation model to analyze 486 valid responses from Pakistan. The empirical results show that knowledge management practices, such as knowledge sharing behavior, innovative capacity, and absorptive capacity, are significantly correlated with developing entrepreneurs' dynamic capability, thus improving their performance. At the same time, this study also confirms that opportunity recognition positively affects the relationship between the dynamic capability and entrepreneurial performance of SMEs. In addition, the findings of this study guide business practitioners and policymakers in strategy formulation envisioned to encourage entrepreneurs who contribute to the country's sustainable economic growth. This study contributes to the existing literature of knowledge management practices with knowledge sharing behavior, innovative capacity, absorptive capacity, and more intended to involve the role of opportunity recognition.

Keywords: *Entrepreneurial performance; dynamic capabilities; opportunity recognition; knowledge sharing behavior; innovative capacity; absorptive capacity*

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1) INTRODUCTION

Small-medium enterprises (SMEs) can play a significant role in the development of a country. Particularly, it considers as a backbone in the economic development of developing countries. Therefore, several entrepreneurial capabilities are important to enhance entrepreneurial performance (EP) and lead to achieving goals for organizational development(De Massis, Kotlar, Wright, & Kellermanns, 2018). The EP does not only depend upon willingness and commitment to become an entrepreneur; however, their knowledge and capabilities are also very important(Jiang, Chai, Shao, & Feng, 2018). Several studies have proved the potential role of SMEs in enhancing economic growth, avenues for wealth creation, and employment, particularly in emerging countries(Veronica, Shlomo, Antonio, & Victor, 2020)

EP is directly associated with knowledge management practices. Both EP and knowledge management play a positive role in ensuring business growth(Falahat, Tehseen, & Van Horne, 2018). However, there are several fundamentals, which are involved in EP, such as knowledge sharing behavior (KSB), innovative capacity (IC), and absorptive capacity (AC)(Li et al., 2020), which are directly related to the success of an entrepreneur. Exchanging skills and experience within an organization is KSB(Al-Husseini & Elbeltagi, 2018). Sharing knowledge in an organization depends on the organizational atmosphere and entrepreneurs' behavior, which is beneficial for performance. When KSB is restricted, the gaps ascend, creating-performance hurdles(Camps, Oltra, Aldás Manzano, Buenaventura Vera, & Torres tCarballo, 2016).

The prior studies illustrated that innovation and IC are also related to EP. The linkage of inner capacity with abilities that comes with something new is known as IC — the IC directly correlated to the nature of the EP. The IC of an individual comes in the form of entrepreneurship. Furthermore, strategic planning, absorptive, and innovative capacities of the entrepreneurs enhance EP(Li et al., 2020). The AC categorizes abilities, assimilation, and utilization of knowledge for SME performance. Entrepreneurs with AC can absorb knowledge from competitors and apply knowledge within the organization to enhance performance (Shafique and Kalyar, 2018)absorptive capacity, and corporate entrepreneurship under one framework. A survey method was employed for the collection of data from small and medium-sized enterprises (SMEs.

However, the studies proved that the dynamic capability (DC) of an entrepreneur has a vital role in increasing performance, which can be further availed by using organizational resources to create, design, and modify an organization according to market conditions and challenges (Teece, 2016). Meanwhile, the scholars proved that an increase in the level of absorptive and IC would lead to the development of DC and performance. It has also been proved that the KSB of an entrepreneur also significantly contributes to improving dynamic capacities(Pai, Chang, & City, 2013).

Furthermore, the concept of entrepreneurial opportunity recognition (OR) observes position, demand, and market value for a new product, affecting EP deeply.The researcher argues that opportunity means recognizing market need with the available capabilities, which improves performance. Entrepreneurs conclude opportunity sources to discover, evaluate, and exploitation of opportunities.Foremost, this study covers the existing gap in the literature of knowledge management practices such as knowledge sharing behavior, innovative capacity, and absorptive capacity on entrepreneurial performance because no empirical study is available on this relationship between KMP and entrepreneurial performance in Pakistan. Secondly, this study measures the performance of SME entrepreneurs using dynamic capability as a mediator because the significance of the SME sector is increasing gradually. Thirdly, most of the previous studies focused on the other sectors as well as examined the role of knowledge management practices on business performance and taken innovation as a mediator variable in the relationship between entrepreneurial performance and other factors such as entrepreneurial orientation(Khalil, Khalil, & Khalil, 2021).

Therefore, the relationship between knowledge management practices using dynamic capability as a mediator on the entrepreneurial performance of SMEs is the motivation of this study. Fourthly, the direct relationship of dynamic capability on entrepreneurial performance is defined in the literature. It is seen in the previous researches the relationship between opportunity recognition and dynamic capability on entrepreneurial performance is neglected by the researchers because opportunity recognition realizes an idea, capability that matches well with a particular target market to improve business performance. Thus, this study takes opportunity recognition as a moderating variable in the relationship between dynamic capabilities, entrepreneurial performance.

2) LITERATURE REVIEW

The conceptual framework is based on foundational theories and empirical studies. This research considered the relevance of antecedents to the "Schumpeter's Entrepreneurship Theory," which was produced by (Schumpeter, 1991), and related to the premised on the entrepreneurs and EP. The concept of entrepreneurship theory (ET) supports EP, which is based on organizational support and resources. Moreover, the resource-based theory was presented by (Grant, 1991)and emphasized difficulties to imitate features of the company and entrepreneurs for higher performance with viable advantages, which concluded AC and IC directly linked to entrepreneurial performance. The resource-based theory is used to analyze and deduces internal possessions of the companies and highlights resources, capabilities, and capacities in a framing strategy to obtain performance stability (Wiklund and Shepherd, 2003) The OR gives a chance to an entrepreneur in creating a new notion for product and EP (Schmitt et al., 2018).

Therefore, we also integrated the above theories to develop a holistic theoretical framework to meet the objectives of this research. The prevailing idea of entrepreneurship is defined as the sole performance of an individual (Shane and Venkataraman, 2000), although this description does not consider the variants of

quality opportunities, which results in the negligence of some opportunities by the researchers. Also, Shane and Venkataraman (2000) mentioned that entrepreneurial performance should be based on two dimensions, profitable entrepreneurial opportunities, and entrepreneurial individual's capabilities. Moreover, Stevenson, Roberts, Grousbeck, and Liles (1989) argued that successful entrepreneurs identify the right opportunities for new ventures and enhance entrepreneurial performance. The knowledge-sharing behavior increases the tendency and understanding of organizational domestic and economic challenges, which an entrepreneur faces in entrepreneurial performance (Abdelwhab Ali, Panneer selvam, Paris, & Gunasekaran, 2019).

Absorptive capacity is a multidimensional concept, so it is difficult to define by a single discipline. Absorptive capacity, along with economic orientation, promotes business and helps find a new strategy for entrepreneurial performance (Hernández & Nieto, 2016). Absorptive capacity is not only a base for organizational performance, but other factors are also involved, such as entrepreneurial performance (Pisano, 2017). The greater extent of economic orientation increases the absorptive capacity of the entrepreneur, which concludes higher growth in performances (Bronzo et al., 2013; Scuotto, Del Giudice, & Carayannis, 2017).

Many researchers argue that organizational performance and entrepreneurial performance move parallel, and the dynamic capability of an entrepreneur plays a crucial role in their performance (Pezeshkan, Fainshmidt, Nair, Frazier, & Markowski, 2016). The operational capability assists in operating, processing, and surviving the business; dynamic entrepreneurial capability, however, helps in accepting and applying functional skills for competitive advantages, entrepreneurial performance, and revenue generation (Fainshmidt, Pezeshkan, Lance Frazier, Nair, & Markowski, 2016). Adynamic source of competitive advantages in an organization was applied for entrepreneurial performance (Bendig, Strese, Flatten, da Costa, & Brettel, 2018).

KNOWLEDGE SHARING BEHAVIOR, DYNAMIC CAPABILITY, AND ENTREPRENEURIAL PERFORMANCE

The interaction in social culture, sharing, and exchanging knowledge with technical skills in an organization is KSB. KSB is always voluntary; it cannot be forced to share and explore any information or with the entrepreneur. The significant information within the organization, which becomes a valuable asset for performance. KSB increases the tendency and understanding of organizational domestic and economic challenges, which an entrepreneur faces in performance (Abdelwhab Ali et al., 2019) primarily the relationship between knowledge sharing practice and organizational performance within the oil and gas (OG. Many researchers argue that organizational and EP move parallel, and the DC of the entrepreneur plays a key role in both performances (Pezeshkan et al., 2016). Entrepreneurs DC consider KSB as a major asset in the organization, as well as a major source for the enhancement of dynamic entrepreneurial capabilities in achieving maximum competitive advantage in EP (Mostafiz et al., 2019)the dynamic capabilities theory was theoretically linked to the internationalization phenomenon. The relationships among firm-level dynamic

capabilities, individual-level dynamic capabilities (owner specific dynamic capabilities. The planning and DC of an entrepreneur enhance and assists in directing, acting, and decision-making for competitive organizational advantages and EP (Salvato and Vassolo, 2018).

H1a:KSB has a positive influence on DC

H1b:KSB has a positive influence on the EP

H1c:DCis mediating the relationship between KSB and EP

INNOVATIVE CAPACITY, DYNAMIC CAPABILITY, AND ENTREPRENEURIAL PERFORMANCE

Villa introduced the concept of IC, which is used to ex

amine the level of innovation and invention, including potential ideas for economic activities (Villa, 1990); meanwhile, the researcher also argued that "borrowing" brings innovation rather than "invention." The combination of capabilities, power, and abilities of an entrepreneur, which create something different, is known as innovation. The IC is directly associated with the nature of entrepreneurs, and it comes in the form of entrepreneurship (Friedman and Carmeli, 2018). The resource-based theory also considers the IC for competitive advantages, DC, and also contributes to the sustainability of business and EP. Furthermore, Saunila (2017) suggested that DC enhances the IC of an entrepreneur in developing a new product for the market and EP. Therefore it can be concluded that the DC of an entrepreneur always creates a value chain with IC and performance.

H2a:IC has a positive influence on DC.

H2b:IC has a positive influence on the EP.

H2c:DCis mediating the relationship between IC and EP.

Absorptive Capacity, Dynamic Capability, and Entrepreneurial Performance

AC is defined as recognizing and assimilating new and external knowledge, which is applied for the commercial end (Tessa C. Flatten et al., 2011). The AC of an entrepreneur is to absorb innovation for change and better performance. Entrepreneurial AC focuses on and absorbs cognitive features in learning, evaluating, and formatting outside knowledge on a large scale for EP (Sciascia et al., 2014). Here, the researchers considered the AC as a potential mechanism for EP. The role of AC supports strategic planning, creating, absorbing, building, and utilizing available opportunities.

Meanwhile, to identify and configure the core competencies of entrepreneurs through dynamic capabilities, enhance the EP (Covin and Slevin, 1991). The AC contributes to develop and utilize valuable information with dynamic capabilities to generate maximum marketing strategies for long-term financial profit and EP. The combination of AC and DC has a significant influence on EP in an organization. The DC of an entrepreneur emphasizes the mechanism of IC in developing, creating, and managing, which helps the entrepreneurs in performance. So, the AC and DC are necessary to gain ideas and implications for EP.

H3a:AC has a positive influence on DC

H3b:AC has a positive impact on the EP

H3c:DCis mediating the relationship between AC and EP

DYNAMIC CAPABILITY AND ENTREPRENEURIAL PERFORMANCE

Many economists denied the role of entrepreneurs as primary, while in the realworld, entrepreneurs are considered the primary decision-makers (Aminu & Mahmood, 2015)and rulers of the economy. Entrepreneurs are recognized as the backbone for organizational and economic growth. According to resource-based theory, DC plays a vital role in EP. The DC of entrepreneurs is the most reliable and sound source for competitive advantages and plays a mediating role between entrepreneurial resources and EP.DC is to understand, investigate and analyze the entrepreneurial competencies level and enhances the resource capacity of an entrepreneur for EP in an organization(Teece, 2016).

H4:DChas a positive influence on the EP.

OPPORTUNITY RECOGNITION, DYNAMIC CAPABILITY,AND ENTREPRENEURIAL PERFORMANCE:

The concept of opportunity recognition (OR) is tightly related to entrepreneurship. Entrepreneurial opportunities are recognized through conditions that new goods, services, raw materials, and arranging procedures could be presented and commercialized at a higher value than the production cost (Hasan and Almubarak, 2016). In prior researches, different researchers argued that there is a difference in entrepreneurs while perceiving OR.Meanwhile, Hasan and Almubarak (2016) also revealed the mediating effect of OR between EP and DC, significant for EP. Furthermore, many researchers explored that the entrepreneur'sself-made strategies play a vital role in the process of OR(Asante & Affum-Osei, 2019). However, there arefewtypes of research onOR factors, so we concluded OR to evaluatethe impact on the relationship between DC and EP.

H5:ORmoderates positively on the relationship betweenDCandEP (increase in OR will strengthen the relationship of DC and EP).

MATERIALS AND METHODS

Research Framework

The developed research framework is based on existing literature and given below:
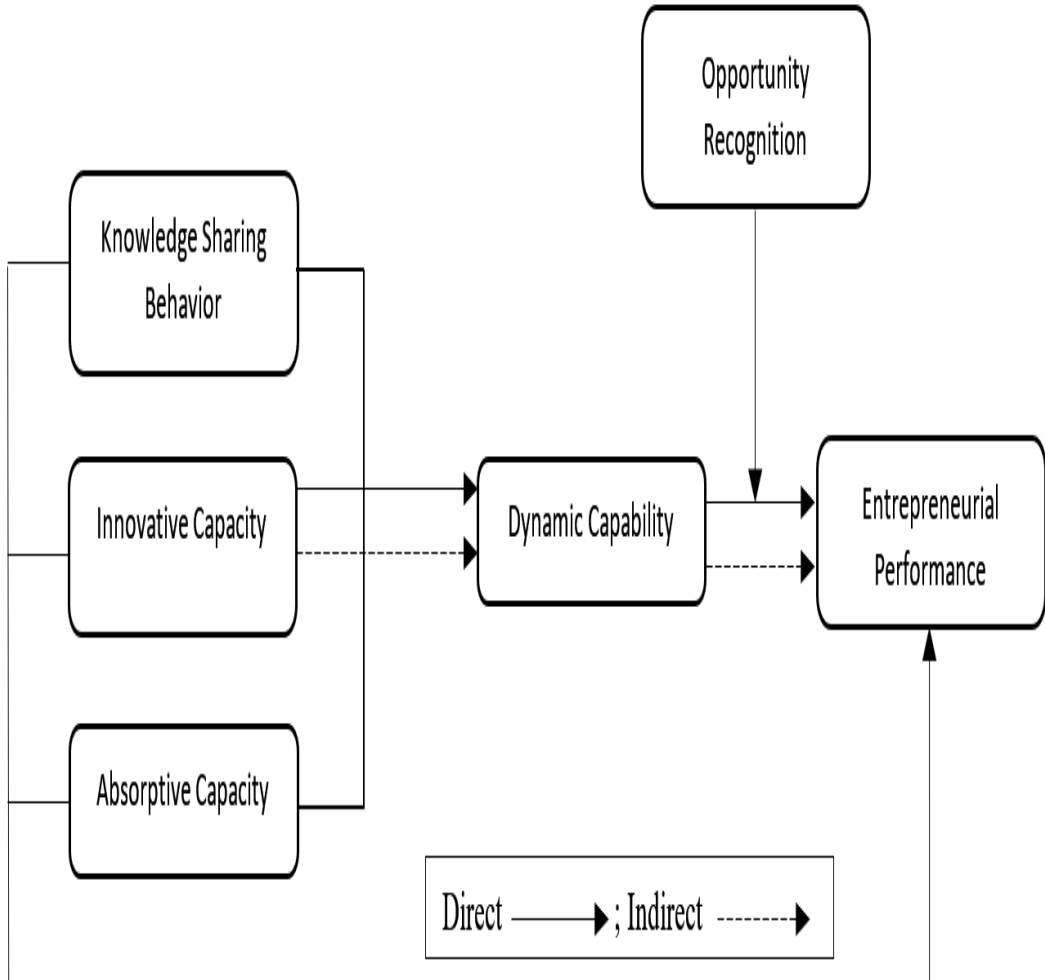
FIGURE 1. CONCEPTUAL FRAMEWORK

Source: Own elaboration
shows the conceptual model for studied variables, and the purpose of this study is to explore the impact of KMP on EP and the role of DCas a mediator between KMP with EP. Meanwhile, the study also explored the role of OR as a moderator between DCand EP.

Demographics of respondents

The researcher defined that quantitative research is the best way to examine the relationship between studied variables (Creswell, Plano Clark, Gutmann, Hanson, & research, 2003). This study includes a deductive approach.The cross-sectional study was applied through convenience sampling on textile-based SMEs of Pakistan. The researcher targeted 500 respondents through different sources such as; physical and email. The last 486 questionnaires remained due to missing data and were used for

analysis. However, there is no significant data for registered SMEs in the chamber of commerce forFaisalabad, Jhang, Sialkot, Multan, Lahore, Sheikhoura. Still, so we approached respondents through emails and physically in different cities listed SMEs (Akter, Jamal, Ashraf, McCarthy, & Varsha, 2020).

In contrast, the researcher also ensures the respondents regarding information confidential and research purely for academic purposes. The questionnaire was initially drafted in English, but it was intended for Urdu as Pakistan's official language.Moreover, we also tried to approach some female entrepreneurs to participate; however, most refused to participate. Therefore, our sample is only based on male entrepreneurs. The partial least square (PLS)–structural equation modeling (SEM) technique analyzed the proposed research model using Smart-PLS v3 (Hair, Ringle, Sarstedt, & Practice, 2011; Hair Jr, Sarstedt, Hopkins, & Kuppelwieser, 2014)2011; Hair Jr, Sarstedt, Hopkins, & Kuppelwieser, 2014. Table 1 describes the sample statistic frequency distribution of targeted respondents.

Table 1. The Sample Statistic of Respondents

Particulars	Description	Frequency	Percentage
Region	Faisalabad	119	24.48%
	Lahore	115	23.66%
	Sheikhupura	79	16.25%
	Jhang	93	19.13%
	Sialkot	31	6.37%
	Multan	49	10.08%
Age (in year)	18-25	48	9.87%
	26-32	79	16.25%
	33-39	153	31.48%
	40-46	87	17.90%
	47 Above	119	24.48%
Educational Qualification	Middle School	126	25.92%
	High School	159	32.71%
	Graduation Level	117	24.07%
	University Level	67	13.78%
	Professional Education	17	3.49%

Business Sector	Knitting	147	30.25%
	Weaving	84	17.28%
	Seizing	79	16.26%
	Power Looms	93	19.14%
	Manual Drying Units	83	17.08%
Business Tenure	1-5 years	74	15.22%
	6-10 years	127	26.13%
	11-15 years	126	25.92%
	16-20 years	87	17.90%
	21-25 years	34	6.99%
	25 years above	38	7.81%

MEASUREMENTS

The conducted study includes existing scales, which are identified through different kinds of literature and researches. The constructs were quantified from 1 to 5 point Likert-scale (1= "strongly disagree" to 5= "strongly agree") for statistical incorporation. The scale was adapted to measure the KSB, with five items, and developedHsu (Hsu, Ju, Yen, & Chang, 2007). The scale developed by (Hurley and Hult, 1998) for IC was adopted. The scale for AC was adopted from (Liu, 2018) (Leal-Rodríguez, Ariza-Montes, Roldán, & Leal-Millán, 2014). The adopted scale for DC was developed by (Wang et al., 2007). The measurement items for OR were taken from the study of (Schindehutte and Morris, 2001). In measuring the EP, a scale developed by (Colbert et al., 2008) was adopted with eleven items.(Atuahene-Gima, 2005; Kuckertz, Kollmann, Krell, Stöckmann, & Research, 2017).

RESULTS AND DISCUSSION

Figure 2 shows the results of path analysis, which are also described in Table 4 and Table 5. The value of the adjusted R-square of the dependent variable is 0.402. Meanwhile, this study considered DC as a mediator showing a 26.5% variation.
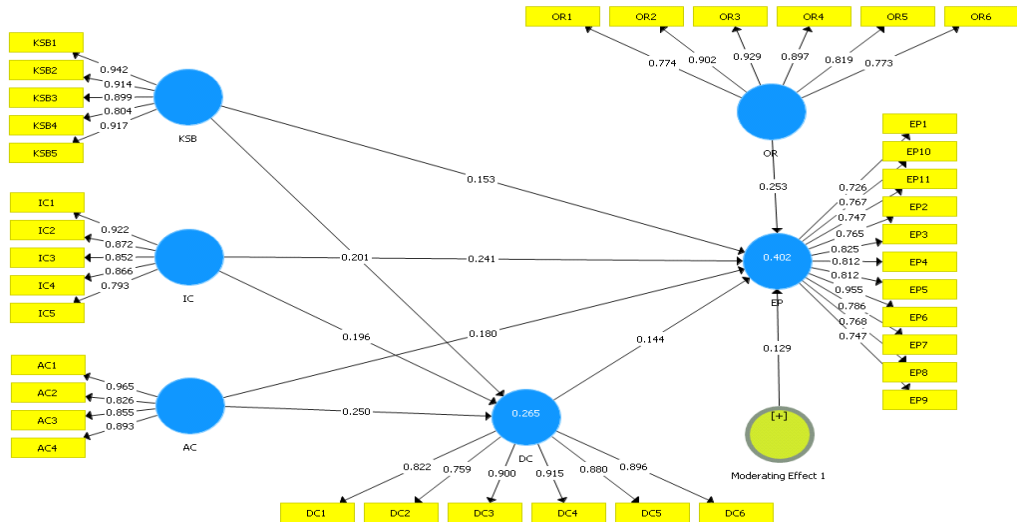
FIGURE 2. RESULTS OF PATH ANALYSIS

shows the results of convergent validity and reliability analysis of the data collected from the respondents. Therefore, we applied the confirmatory factor analysis (CFA), composite reliability (Creswell et al.), and average variance extracted (AVE) using Smart-PLS3 to confirm the convergent validity.

Table 2. Convergent Validity and Reliability:

Constructs		Factor loading	Alpha	CR	AVE
Knowledge sharing behavior	KSB1	0.942	0.953	0.953	0.804
	KSB2	0.914			
	KSB3	0.899			
	KSB4	0.804			
	KSB5	0.917			
Innovative capacity	IC1	0.922	0.936	0.935	0.743
	IC2	0.872			
	IC3	0.852			
	IC4	0.866			
	IC5	0.793			
Absorptive capacity	AC1	0.965	0.936	0.936	0.785
	AC2	0.826			
	AC3	0.855			
	AC4	0.893			

Dynamic capability	DC1	0.822	0.945	0.946	0.746
	DC2	0.759			
	DC3	0.900			
	DC4	0.915			
	DC5	0.880			
	DC6	0.896			
Opportunity recognition	OR1	0.774	0.942	0.940	0.725
	OR2	0.902			
	OR3	0.929			
	OR4	0.897			
	OR5	0.819			
	OR6	0.773			
Entrepreneurial performance	EP1	0.726	0.950	0.949	0.630
	EP2	0.765			
	EP3	0.825			
	EP4	0.812			
	EP5	0.812			
	EP6	0.955			
	EP7	0.786			
	EP8	0.768			
	EP9	0.747			
	EP10	0.767			
	EP11	0.747			

Table 3 showed the Fornell-Lacker Criterion for discriminant validity analysis, and the result showed that discriminant validity has no issue because the diagonal values (square root of AVE) are higher than the inter-construct correlations as recommended(Hair Jr et al., 2014)

Table 3. Fornell-Lacker Criterion Discriminant Validity

	AC	DC	EP	IC	KSB	OR
AC	**0.886**					
DC	0.427	**0.864**				
EP	0.435	0.415	**0.794**			
IC	0.339	0.371	0.447	**0.862**		
KSB	0.553	0.427	0.453	0.453	**0.897**	
OR	0.237	0.366	0.379	0.186	0.247	**0.851**

Note: Diagonal values are the squareroot of the average variance extracted from each construct. Pearson correlations are shown below the diagonal. p<0.05.	

Furthermore, Table 4 shows the Heterotrait-Monotrait ratios (HTMT) analysis for discriminant validity was also applied (Fornell and Larcker, 1981)

Table 4. Table Heterotrait-Monotrait Ratios (HTMT)

	AC	**DC**	**EP**	**IC**	**KSB**
DC	0.428				
EP	0.432	0.410			
IC	0.337	0.370	0.446		
KSB	0.551	0.427	0.453	0.450	
OR	0.233	0.366	0.378	0.186	0.245

11) STRUCTURAL MEASURES

Table 5represents the results for direct relations of KSB, IC, and AC on EP. Table 5supported the direct relation of KSB, IC, AC with DC and EP. Furthermore, it also explores the direct relation of DC with EP and that all decisions are supported.

Table 5.SEM results with bootstrapping (total direct effect)

Hypothesis	**Relationship**	**β**	**S.D**	**T Value**	**P Values**	**Decision**
H1a	KSB → DC	0.201	0.048	4.194	0.000	Supported
H1b	KSB → EP	0.153	0.060	2.541	0.011	Supported
H2a	IC → DC	0.196	0.045	4.378	0.000	Supported
H2b	IC → EP	0.241	0.049	4.925	0.000	Supported
H3a	AC→ DC	0.250	0.053	4.696	0.000	Supported
H3b	AC→ EP	0.180	0.054	3.339	0.001	Supported
H4	DC→ EP	0.144	0.051	2.814	0.005	Supported

shows the indirect effects of KSB, IC, and AC on entrepreneurial behavior through DCand the moderating effect of ORon the relationship betweenDCand EP.

Table 6. SEM results with bootstrapping (specific indirect effect)

Hypotheses	Constructs	β	(S.D)	t-values	P Values	Decision
H1c	KSB → DC→EP	0.029	0.013	2.204	0.028	Partially mediates
H2c	IC → DC →EP	0.028	0.012	2.270	0.023	Partially mediates
H3c	AC → DC →EP	0.036	0.015	2.395	0.017	Partially mediates
H5	OR*DC → EP	0.129	0.030	4.269	0.000	Moderation proved

and Figure 3showed the indirect effects of KSB, IC, and AC on entrepreneurial behavior through DC and the moderating effect of OR on the relationship between DC and EP. Table 6 represents the values of SEM results for the specific indirect effects. The results for H1c, H2c, and H3c confirm the partial mediation because the relationship among the DC and EP is also foundsignificant while DC is playing a mediating role between the relationships of KSB and EP.
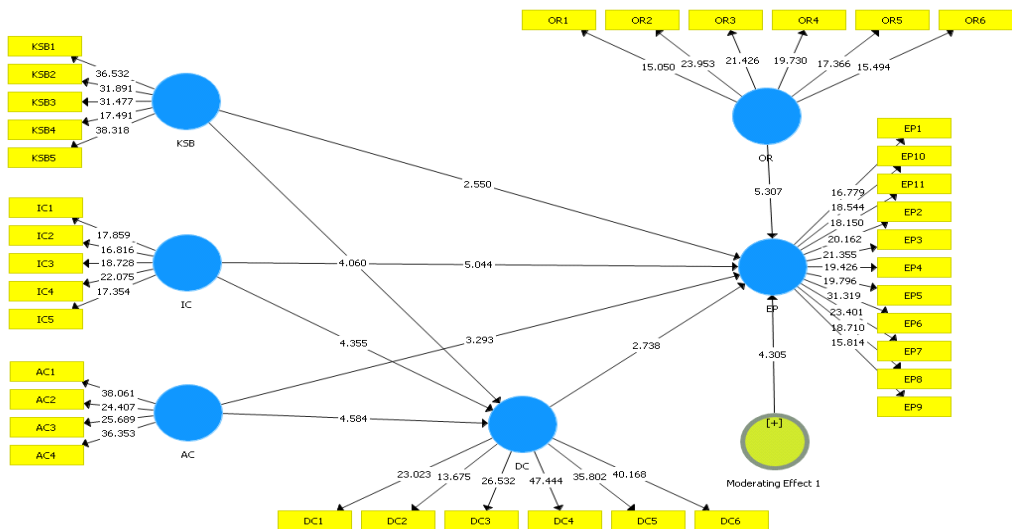
Figure 3. SEM t-Values

Figure 3 represents the moderation effect of OR on EP, showing that OR is significantly strengthened the positive relationship between DC and EP.
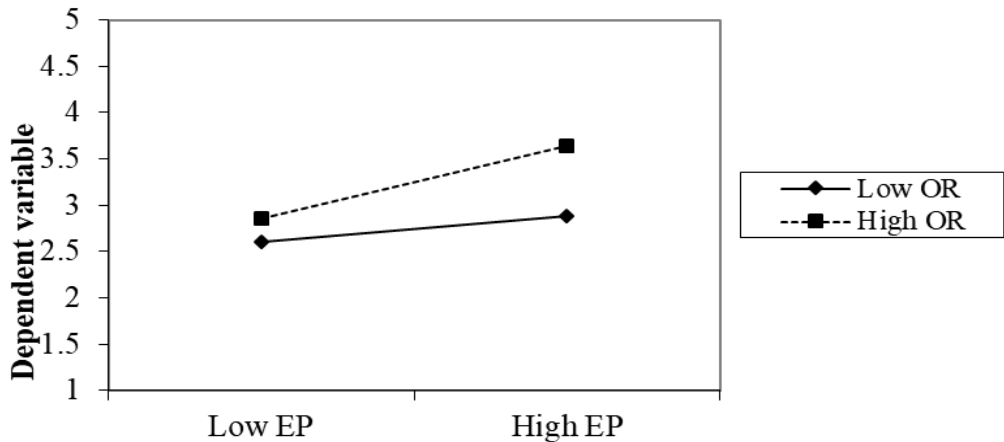

Figure 4. Moderation result
Researcher Source

12) DISCUSSION

Based on the overall statistical results of our study, the H1a, it was proposed that KSB positively and significantly predicts DC and KSB have a significant and positive impact on EP. The results are consistent with the studies of (Dangelico et al., 2017; Jiang et al., 2018). The result for H1b offers the possibility that KSB has a positive relationship with EP, which is previously commented on by (Srivastava et al., 2006; Wiklund and Shepherd, 2003). This study also proved the significant positive influence of IC on DC and IC on EP, consistent with the studies of (Falahat et al., 2018) (CBV. H2a and H2b are accepted.

Furthermore, absorptive capacity has a significant and positive impact on DC and EP, as proved in the SEM analysis; therefore, we also accepted the H3a and H3b, consistent with studies of (Daspit et al., 2019). Our study hypothesis number four represents that DC also significantly and positively affects the EP showing that an increase in DC of an entrepreneur will help to increase its EP. Moreover, this study also described the mediating effect of DC between the relationship of KSB, IC, and AC with EP. The hypotheses H1c, H2c, and H3c represent the indirect impact of these variables, which are also accepted based on empirical analysis. Moreover, OR is an important factor that positively impacts the relationship between DC and

EP, proving the H5, which stated that opportunity recognition has a positive and significant moderatingimpact on the relationship between dynamic capabilities and OP.

CONCLUSION:

The study developed a conceptual model and explored the effect of KSB, IC, and ACin generating theDCof an entrepreneur, which leads towards an increase in the EP of textile-based SMEs in Pakistan. Moreover, this study also examined the moderating role of ORin the relationship betweenDCand EP. Based on the results of the study, it is concluded that KSB, IC, and AC positively and significantly influence the DC of an entrepreneur and also have a positive impact on EP. Also, the results explore the positive role of OR as a moderator to strengthen the relationship between DC and EP.Overall, the study assisted in reducing ambiguities concern to the mediating and moderating mechanism of DC and OR with KSB, IC, andAC with DC and EP.

Our findings suggested that a DCalso affects the trend of sharing knowledge for EP. Therefore, to manage the innovative and absorptive capacities must be placed DCin an organization to develop EP in the SME market. The SMEs need tobuild an effective organizational atmosphere to transfer knowledge to achieve organizational set goals-against in the market. Due to lack of external and external information organization face many issues, which affects the SME's innovative and AC performance. For instance, the invention with the DCof SMEs will develop entrepreneurial quality and will assist in reducing many problems. The enhancement in the AC of an entrepreneur will always be favorable for SME EP. The OR will help the entrepreneur recognizeperformance opportunities.

IMPLICATIONS

The study contributes to the growing body of knowledge about SME performance, dynamic capabilities, potential opportunities, and knowledge management capabilities. The research mentioned above results helps lower the failure rate of firms, which is better understood for the government and non-government textile sectors. Second, the study reveals that textile-based SMEs with low performance can benefit significantly from the study's findings. Furthermore, this research aids SMEs in developing more effective methods of knowledge transfer to foster a strong organizational climate that can better compete against competitors. The lack of internal and external information that the SME faces can impact the company's long-term performance. Using the dynamic capacities of the organization, SMEs can also develop their organizational and entrepreneurial potential. Furthermore, this research has broader implications for an industrial practitioner in small-medium performance toward the substantial firm and entrepreneurial performance.

LIMITATIONS AND FUTURE RESEARCH

There are few limitations in the study, which need to be the focus. There was only one source to collect the data, and the researcher recommended longitudinal data rather than cross-sectional. For future research direction, this model assists in expanding the research domain (focus more types of businesses), to analyze the EP in Pakistan. The researcher can consider few control variables such as; government policies, demographics, and SME regulations. Due to the selected region and business, the study was limited to the sample population of 100% of males. That may affect the research findings to gender discrimination, and recommended to consider the gender composition.

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