

RELATIONSHIPS BETWEEN ORGANISATIONAL MEMORY, LEARNING ORIENTATION AND FIRM PERFORMANCE IN NIGERIA

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Abstract

According to literatures, only very few studies have examined the impact of organisational memory on SME performance, as well as learning orientation as a mediating mechanism on the relationship between organisational memory and SME performance in an environment that is highly complex and turbulent. Therefore, this study examined the mediating role of learning orientation in the relationship between dimension of organisational memory and SME performance in Kaduna state. Data were collected from owner/managers of SMEs in Kaduna State, Nigeria. A total of 202 returned questionnaires were analysed. Structural equation modelling was used to analyse data processed on Smartpls2. Findings reveal that declarative memory does not have any significant impact on SME performance, whereas procedural memory has significant impact on SME performance. Also, learning orientation has significant impact on SME performance and also learning orientation mediates the relationship between declarative memory, procedural memory and SME performance. The study therefore recommends that all firms have to be a competent learner, especially in an environment that is highly complex and turbulent.

Keywords: Learning Orientation, Organisational Memory, Declarative Memory, Procedural Memory, SME performance

Introduction

In most countries today, small and medium scale enterprise (SMEs) is considered as the main actors of both national and regional development. For instance, in the European Union countries, 70% of all businesses are small and medium scale and also SMEs employ almost 95million people, providing 66.6% of total jobs in the private sector (European Commission, 2017) while in both Organisation for Economic Co-operation and Development (OECD) countries and Latin America, SMEs account for approximately 80% of all enterprises and also they generate over half of private sector employment (OECD, 2017).

Currently, in many developed countries today, small and medium scale businesses are recognised as the main engines for growth and development because of their significant contributions to economic growth and prosperity (Muriithi, 2017). For example, SMEs account for about 70% of United States of America gross domestic product (GDP), 57% of Germany GDP, 56% of Greece GDP, 58% of Ukraine GDP, 57% of Russia GDP and in Cyprus, SMEs contribute 60% of their GDP (European Commission, 2017).

Also, in many African countries, small and medium scale enterprises (SMEs) are increasingly being recognised as productive

drivers of economic growth and development and also, they contribute significantly to the economy (Muriithi, 2017). For instance, in 2017, SMEs in Ghana contribute about 70% to their GDP and also in South Africa, SMEs contribute about 57% to South Africa's GDP while in Tanzania, SMEs contribute over 55% to their GDP (Muriithi 2017), compared to Nigeria, whose small and medium enterprises (SMEs) contribution to the Nation's gross domestic product stood at 46.41% (National Bureau of Statistics, 2017).

The former Governor of Kano state, Abdullahi Umar Ganduje, between 2015 to 2023, stated that despite the contribution been made by small and medium scale enterprises (SMEs) to the Nation's gross domestic product (GDP), SMEs in Nigeria still need more attention than they were currently getting in order to promote the effort of the federal government to diversify the economy. However, one of the major reason why some of these SMEs in Nigeria are still underperforming is because more emphasis is been laid on their financial and infrastructural constraints and very little concern on the role in which those intangible resources play in boosting firm performance (Aminu, 2016). In essence, these has made many SMEs in Nigeria to ignore the importance of organisational memory on firm performance (Aminu & Mahmood, 2015)

Nevertheless, in an environment that is highly complex and turbulent, SMEs still need to be very competent in learning (Sinkula & Baker, 1997). Learning orientation help to increase the ability of a firm to improve those existing knowledges which are already stored in the organisation (Abbasi, & Tajeddini, 2015). Through learning capability, an organisation can be able to acquire all the relevant information and also develop a common understanding of all that information been acquired from the environment (Wang, 2008). Furthermore, learning orientation help to increase the capability of a firm to effectively exploit and fully utilise all its stored information (Abbasi, & Tajeddini, 2015).

Most previous related studies such as Lee, Kim, and Joshi, (2017); Li, Yezhuang, and Zhongying (2004); Aminu and Mahmood (2016); and Nieves and Haller (2014) have studied the direct relationship between organisational memory and SMEs performance. However, less attention is given to the role of learning orientation as a mediating mechanism in the relationship between organisational memory and SMEs performance. Thus, this

study adds to the scarce literature by examining the mediating role of learning orientation on the relationship between organisational memory and SMEs performance.

Similarly, only very few studies have examined the relationship that exist between organisational memory and learning orientation (King, 2009; Marinela, Liana & Lonut, 2009). Therefore, the broad objective of this study is to examine the mediating role of learning orientation on the relationship between organisational memory and SMEs performance in Nigeria.

Literature Review

Concept of Performance

Currently in the business world, performance has been the main focus and major issue for both owner-managers and academic writers (Armstrong, 2012). Performance has been defined by different authors over the years. According to Armstrong (2006) performance measurement is fundamental to firm improvement, because it's work towards providing useful information about products, processes and services that are produced in the firm. Amos, Sana, and Abeera (2004) pointed out that organisation performance cannot be left in anticipation that will develop naturally, despite the employee's natural desire to perform and be rewarded for it.

Furthermore, the work of Iskandar, Rafiki and Harahap (2014) also viewed performance as one of the elements that is assessable through the level of their productivity, which includes quality, quantity, knowledge or creativity of individual towards accomplished work. Lau and Sholihin (2005) break performance calculations into monetary and non-monetary metric; financial measure include productivity; sales increase and profitability while non-monetary includes customer loyalty, inner firm process, and sourcing for knowledge.

Concept of Organisational Memory

Organisational memory represents what firms have cumulatively learned, and it is a guiding role for them in terms of when and how to advance learning (Nieves & Haller, 2014). For a firm to perform excellently, they need to utilise their organisational memory more effectively in order to build their learning capabilities (Lee, Kim, & Joshi, 2017). However, previous authors have viewed organisational memory as a multidimensional construct which consists of two dimensions namely; declarative memory and procedural

memory (Anand, et. al, 1998, Akgün, Keskin, & Byrne, 2012, Aminu & Mahmood, 2016)).

Concept Declarative Memory

Declarative memory in organizations consists of those memories from events of an organization's past. This include knowledge of customers of a firm, knowledge about the current condition of the market, the competitive positions of the firm and knowledge of an organisation's mission, goal and objectives (Akgun, et. al, 2012). Moorman and Miner, (2013) carried out a study into new product performance and creativity on the impact of declaration memory. The research examined data from 92 new product development projects that indicate that higher organizational memory levels improve the financial performance of the new product over the short term. The findings shown that declarative knowledge has significant impact on new product development.

Also, Akgün, Keskin, and Byrne, (2012) examined the role of organizational emotional memory on declarative memory and firm performance. In this study, 103 firms were examined using partial least squares method. The study concluded that organizational declarative memory partially mediates the relationship between organizational emotional memory and firm performance.

Concept Procedural Memory

Procedural memory comprises of those knowledge of routines, processes and procedures which can possibly affect a firm specific activities towards achieving opportunities such as new technology, new innovation and new product which are the main sources of competitive advantage and firm performance (Nieves & Haller, 2014; Aminu & Mahmood, 2016). Aminu and Mahmood (2016) examined the role procedural memory plays on SME performance. The study collected and analyzed 302 questionnaires using PLS-SEM. The findings revealed that procedural memory has no positive relationship with SMEs performance. The study also suggested that SMEs should invest more in organisational knowledge or memory for superior performance.

Also, Moorman and Miner (2013) analyzed data from 92 new product development projects which show that higher memory levels improve the financial performance of a new product in short-term. The conclusion of this study shows that information is not an unconditionally good asset and suggested that development and maintenance of useful procedural memory can

involve attention not only to acceptable memory levels, but also to management of all aspects of memory dispersion and deployment.

Concept of Learning Orientation

The nature and extent of learning in an organisation has been of great importance to many authors. According to Wang, (2008) learning organization can be defined as an organization skilled at creating, acquiring, and disseminating knowledge, and modifying its behaviour to reflect new knowledge and insights. Learning orientation is a knowledge-based resource of a firm, and is widely regarded as the most important predictor of any successful enterprises (Casey, 2005).

Mediating Role of Learning Orientation

Every entrepreneurial firm is constantly being faced with complex and turbulent external environments that are fertile for new information and knowledge (Lumpkin & Dess, 1996). Hence, it is very important for a firm to be a competent learner (Sinkula et al., 1997). This will provide a context that is conducive for firms to engage in information acquisition and dissemination. Learning orientation help to increase the ability of a firm to improve that existing knowledge which are already stored in the organisation (Abbasi, & Tajeddini, 2015). According to the study of Chenuos and Maru (2015), there is a significant relationship between learning orientation and performance.

Theoretical Framework

Resource-Based View

One of the most popular theories that can better explain the relationship that exist between those heterogeneous intangible firms' resources and sustainable firm performance is resource-based view. The theory was propounded by Jay Barney in 1991. Barney (1991) argued that sustained competitive advantage can be derive from the resources a firm control that are valuable, rare, imperfectly imitable, and not substitutable. These resources can be viewed as tangible and intangible resources, which include procedural knowledge, and declarative knowledge which a firm can control.

The relationship that exists between organisational memory and firm performance can better be explained by resource-based view theory, because these resources are heterogeneous intangible resources which are been control by firms. Based on the theory, these resources are valuable, rare, imperfectly imitable and they are not substitutable, if a firm is able to manage his or her own resources

effectively, such firm can achieve competitive advantage.

H_{1a}: Declarative memory has significant effect on the performance of SMEs in Nigeria.

H_{1b}: Procedural memory has significant effect on the performance of SMEs in Nigeria.

Knowledge-Based View

Another important theory that can better explained the mediating role which learning orientation plays in the relationship that exist between organisational memory and SMEs performance is knowledge-based. Its proponents argue that because knowledge-based resources are usually difficult to imitate and socially complex, heterogeneous knowledge bases and capabilities among firms

are then major determinants of sustained competitive advantage. According to Grant (1996) organisations perform differently as a result of the difference in their stock of knowledge and capabilities. Hence, the relationship that exist between learning orientation, organisational memory and firm performance is underpinned by the knowledge-based view.

H_{2a}: Learning orientation mediates the relationship between declarative memory and SMEs performance.

H_{2b}: Learning orientation mediates the relationship between procedural memory and SMEs performance.

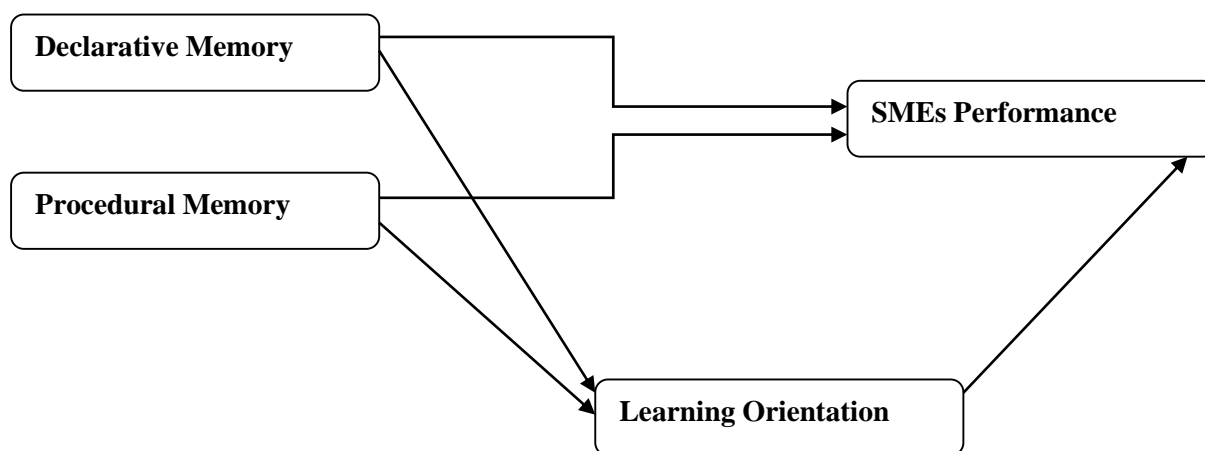


Figure 1

Research Methodology

A cross-sectional research design was used for the purpose of this study. The study utilized cross sectional research design as it is viewed as the most appropriate for this study as the researcher could not carry out a longitudinal study because of time constraint. Cross sectional surveys save time and is cost effective (Sekaran & Bougie, 2013), thus this is the reason why most researchers prefer cross sectional survey to longitudinal survey (Kothari & Garg, 2014).

The study consists of 352 registered Small and Medium Scale Enterprises (SMEs) operating in Kaduna state. The list of SMEs operating in Kaduna was obtained from the website of the Kaduna Investment Promotion Agency (KADIPA) as at December 2017. Kaduna state was chosen because of its large concentration of SMEs among the various states in Nigeria, and it was ranked as the 4th largest concentration of SMEs after Lagos, Kano and Oyo (SMEDAN, 2013). The respondents of this study comprise of owner managers of SMEs in Kaduna. The owner/managers are in a better position to

provide detailed and accurate information to the researcher.

The sample size was determined using formula suggested by Yamane as cited in Israel (2013).

$$n = \frac{N}{1 + N(e)^2}$$

Where: n= sample size

N= population size

e = desired level of precision

1= constant

Therefore;

$$n = \frac{352}{1 + 352(0.05)^2}$$

$$n = \frac{352}{1 + 352(0.0025)}$$

$$n = \frac{352}{1 + 0.88}$$

$$n = 187.$$

The minimum sample for this study is 187. So as not to fall short of the minimum sample size of 187, it was advised by Israel (2013) that 30%

should be added to the minimum sample size, which result to 243.

The researcher adopted a cluster sampling and simple random sampling technique to choose SMEs from all the local government area in Kaduna state. Kaduna state has 23 local government areas. Namely: Birnin Gwari,

Chikun, Giwa, Igabi, Ikara, Jaba, Jema'a, Kachia, Kaduna North, Kaduna South, Kagarko, Kajuru, Kaura, Kuru, Kubau, Kudan, Lere, Makarfi, Sabon Gari, Sanga, Soba, Zangon and Zaria. The population of the study was divided into different cluster (local government area in Kaduna state).

Table 1: *Local Government Areas Clusters*

| SN | LOCAL GOVERNMENT AREAS (CLUSTERS) | NUMBER OF REGISTERED SMEs |
|----|-----------------------------------|---------------------------|
| 1 | BIRNIN GWARI | 13 |
| 2 | CHIKUN | 11 |
| 3 | GIWA | 8 |
| 4 | IGABI | 6 |
| 5 | IKARA | 18 |
| 6 | JABA | 12 |
| 7 | JEMAA | 8 |
| 8 | KACHIA | 11 |
| 9 | KADUNA NORTH | 35 |
| 10 | KADUNA SOUTH | 53 |
| 11 | KAGARKO | 10 |
| 12 | KAJURU | 8 |
| 13 | KAURA | 15 |
| 14 | KAURU | 10 |
| 15 | KUBAU | 16 |
| 16 | KUDAN | 5 |
| 17 | LERE | 7 |
| 18 | MAKARFI | 15 |
| 19 | SABON- GARI | 10 |
| 20 | SANGA | 4 |
| 21 | SOBA | 10 |
| 22 | ZANGON | 20 |
| 23 | ZARIA | 47 |

Source: *field survey (2023)*

Through the help of Microsoft Excel computer application, a simple random sampling was used to select 10 possible clusters that will be used as sample in the study. They are: Zaria,

Zangon, Kubau, Makarfi, Kaura, Kaduna North, Kachia, Birnin Gwari, Giwa and Kaduna South.

Measures

Table 2: *Construct Measurement*

| Construct | No of Items | Source |
|----------------------|-------------|----------------------------|
| SMEs performance | Eight | Spillan and Parnell (2006) |
| Declarative Memory | Four | Nieves and Haller (2014) |
| Procedural Memory | Four | Nieves and Haller (2014) |
| Learning Orientation | Four | Tomas and Hult (1998) |

Cronbach's Alpha was used to evaluate the internal consistency of the questionnaire by

carrying out pilot study on 30 respondents. The four variables in this study have a Cronbach's

Alpha coefficient above 0.7, which falls in the acceptable region (Hair, Black, Babin & Anderson, 2014).

Technique of Data Analysis

The data collected underwent testing for factor analysis, reliability and validity. Partial Least Square Structural Equation Modelling (PLS-SEM) was used to analyse data on SmartPls2.

Missing Values

10% was used as a tolerable threshold in the present study for missing values, as advised by Hair *et al.* (2014). Out of 4,380 data elements, only 55 were found to be missing in the data set, which constitutes 1.26% of the data set which is below the 10% benchmark. Mean substitution was used by the study to replace the missing

data (Hair *et al.*, 2014). The missing values occurred at random.

Assessment of Outliers

This study utilised Mahalanobis distance (D^2) to detect outliers using 0.001 significance level (Hair *et al.*, 2014). 17 cases were detected as outliers and were deleted from the data set. 202 cases of 219 questionnaires returned were used for analysis.

Results and Discussion

To ascertain the measurement model, the reliability and validity of the model were assessed using the measurement model of PLS-SEM path modelling. As it can be seen, Table 1 represents the reliability and convergent validity of constructs of this study.

Table 3: Construct Reliability and Validity(n=202)

| Construct | Items | Loadings | AVE | CR |
|-----------------------|-------|----------|------|------|
| Performance | PRF1 | 0.80 | 0.54 | 0.88 |
| | PRF2 | 0.80 | | |
| | PRF3 | 0.70 | | |
| | PRF4 | 0.73 | | |
| | PRF5 | 0.72 | | |
| | PRF6 | 0.65 | | |
| Declarative Knowledge | DKD1 | 0.78 | 0.53 | 0.76 |
| | DKD2 | 0.88 | | |
| | DKD4 | 0.46 | | |
| Procedural Knowledge | PKD2 | 0.84 | 0.69 | 0.81 |
| | PKD3 | 0.82 | | |
| Learning Orientation | LO1 | 0.78 | 0.64 | 0.87 |
| | LO2 | 0.88 | | |
| | LO3 | 0.89 | | |
| | LO4 | 0.62 | | |

NOTE: PRF7, PRF8, DKD3, PKD1 and PKD4 were deleted because of insufficient loadings. AVE stands for Average Variance Extracted while CR represents Composite Reliability.

The reliability of the constructs was tested using composite reliability whereas, convergent validity of such constructs was determined using average variance extracted (AVE) as suggested by Garson (2016). However, for each reflective construct to achieve internal reliability, the value of its CR should be ≥ 0.7 (Lee & Chen, 2013), while AVE should be ≥ 0.5 for convergent validity to be achieved (Garson, 2016).

From the results presented on Table 3, both reliability and convergent validity of all the constructs are therefore achieved. On the other hand, the construct was next tested for discriminant validity using Fornell-larcker criterion. The data showed discriminant validity as presented in Table 4, as the square roots of all the AVE are higher than their correlations with other latent variable (Garson, 2016).

Table 4: Discriminant Validity using Fornell-larcker criterion (n=202)

| | DKD | LO | PKD | PRF |
|-----------------------|-------------|-------------|-------------|-----|
| Declarative Knowledge | 0.73 | | | |
| Learning Orientation | 0.29 | 0.80 | | |
| Procedural Knowledge | 0.22 | 0.44 | 0.83 | |

| | | | | |
|-------------|------|------|------|-------------|
| Performance | 0.19 | 0.56 | 0.22 | 0.74 |
|-------------|------|------|------|-------------|

The bolded diagonal values correspond to the square root of the AVE of the reflective constructs.

Test of Hypotheses

It is important to test for the direct effect of declarative memory on SMEs performance without the inclusion of learning orientation and

also the direct effect of procedural memory on SMEs performance without the inclusion of learning orientation.

Table 5: Direct Path Coefficient

| Hypotheses | Beta | Standard Error | T Stat | P Value | Decision |
|--------------------------|------|----------------|--------|---------|---------------|
| H ₁ : DKD-PRF | 0.13 | 0.09 | 1.43 | 0.15 | Not Supported |
| H ₂ : PKD-PRF | 0.23 | 0.09 | 2.54** | 0.01 | Supported |
| R Square | 12% | | | | |

*** p< 0.01; **p< 0.05; *p <0.1. DKD represent Declarative memory; PKD represent procedural memory; PRF represent Performance.

From Table 5, it is seen that declarative memory does not significantly affect performance, whereas, procedural memory significantly affects SME performance ($\beta=0.23$, $p<0.05$). A

unit increase in procedural memory will lead to 23% increase in SME performance, significant at less than five percent.

Table 6: Effect Size for Direct Relationships

| Construct | f ² | Effect Size |
|-----------------------|----------------|-------------|
| Declarative Knowledge | 0.01 | No Effect |
| Procedural Knowledge | 0.05 | Small |

Effect sizes of the exogenous variables on the endogenous variables were assessed through f². According to Cohen 1988, the f² values of 0.02, 0.15, and 0.35, indicate small, medium, and large effects respectively. Table 6 shows the

effect size of declarative memory and procedural memory on SME performance. Procedural memory has a small effect on SME performance but declarative memory does not have effect size on SME performance.

Table 7: Predictive Relevance of Exogenous Variables

| Construct | SSO | SSE | Q ² = 1-SSE/SSO |
|-------------|-------------|-------------|----------------------------|
| Performance | 1212.000000 | 1165.916796 | 0.04 |

This study utilised the Stone-Geisser’s Q² value to assess the predictive relevance of the exogenous latent variables on the reflective endogenous latent variable (Hair *et al.*, 2014). A model with the Q² greater than zero is

assumed to have predictive relevance. On Table 7, Q² is greater than zero, which shows the predictive relevance of the direct path model. The model has small degree of predictive relevance on performance (Cohen, 1988).

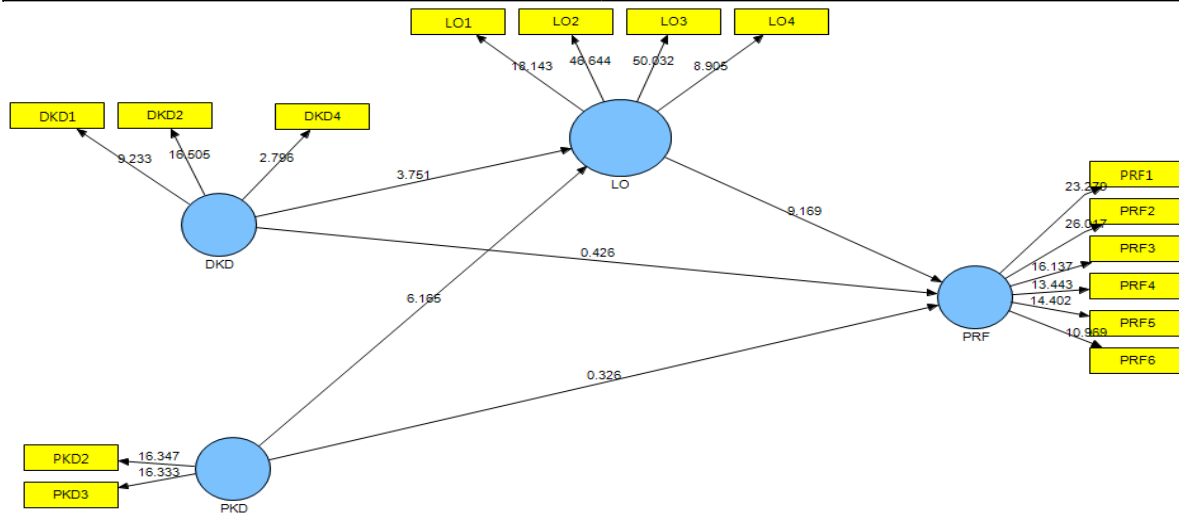


Figure 2: Full Structural Model

Table 8: Structural Model for Indirect Effects

| Path <i>a</i> | Beta | Path <i>b</i> | Beta | Indirect Effects (a*b) |
|------------------|------|---------------|------|------------------------|
| DKD -> LO -> PRF | 0.21 | LO -> PRF | 0.56 | 0.12 |
| PKD -> LO -> PRF | 0.40 | LO -> PRF | 0.56 | 0.22 |

Table 9: Structural Model: Test of Significance for Mediating Relationships

| Hypotheses | Relationship | Beta | SE | T Statistics | P Value | Decision |
|----------------|--------------|------|------|--------------|---------|-----------|
| H ₃ | DKD->LO->PRF | 0.12 | 0.05 | 2.40** | 0.02 | Supported |
| H ₄ | PKD->LO->PRF | 0.22 | 0.06 | 3.67*** | 0.00 | Supported |

*** p < 0.01; ** p < 0.05; * p < 0.1

Based on the results presented in Table 9 above, H₃ learning orientation mediate the relationship between declarative memory and SME performance (β=0.12, p<0.05), and also H₄

learning orientation mediate the relationship between procedural memory and SME performance (β=0.22, p<0.01).

Table 10: Summary of the Test of Hypotheses

| Hypotheses | Relationship | Beta | T Statistics | Decision |
|----------------|---------------|------|--------------|---------------|
| H ₁ | DKD -> PRF | 0.13 | 0.15 | Not Supported |
| H ₂ | PKD -> PRF | 0.23 | 0.01** | Supported |
| H ₃ | DKD ->LO->PRF | 0.12 | 2.40 | Supported |
| H ₄ | PKD->LO->PRF | 0.22 | 3.67 | Supported |

Table 11: R-Squared for Mediating Relationships

| Construct | R-Squared |
|----------------------|-----------|
| Performance | 0.31 |
| Learning Orientation | 0.24 |

As presented in Table 11, declarative memory, procedural memory and learning orientation explain 31% variation in SME performance. This is regarded as being appropriate, as any R-squared above 10% in any research in

management sciences is appropriate. On the other hand, declarative memory and procedural memory accounts for 24% variance in learning orientation.

Table 12: Effect Size of Exogenous and Endogenous Variables

| Construct | f ² (PRF) | Effect Size | f ² (LO) | Effect Size |
|-----------------------|----------------------|-------------|---------------------|-------------|
| Declarative Knowledge | 0.00 | None | 0.07 | Small |
| Procedural Knowledge | 0.00 | None | 0.20 | Medium |
| Learning Orientation | 0.33 | Medium | NA | NA |

NA represent Not Applicable

As shown on Table 12, declarative memory has no effect on firm performance, but has small effect on learning orientation. Procedural memory has no effect on firm performance;

however, procedural memory has a medium effect on learning orientation. Learning orientation has a medium effect on firm performance.

Table 13: Construct Cross-validated Redundancy

| Construct | SSO | SSE | Q ² (=1-SSE/SSO) |
|----------------------|-------------|-------------|-----------------------------|
| Performance | 1212.000000 | 1032.379548 | 0.15 |
| Learning Orientation | 808.000000 | 689.346616 | 0.15 |

On Table 13, it is seen that performance has a Q2 value of 0.15, which means that declarative memory, procedural memory and learning orientation has medium degree of predictive relevance with regard to performance. On the

other hand, learning orientation has a Q2 value of 0.15, this means that declarative memory and procedural memory has large degree of predictive relevance with regard to learning orientation.

Table 14: Magnitude of Mediating Effect

| Relationship | Indirect | Direct | Total | VAF | Mediation |
|--------------|----------|--------|-------|-----|-----------|
| DKD->LO->PRF | 0.12 | 0.13 | 0.25 | 48% | Partial |
| PKD->LO->PRF | 0.22 | 0.23 | 0.45 | 49% | Partial |

For the purpose of this study, Variance Accounted For (VAF) was used to assess the magnitude of the mediating effect of learning orientation on the relationships in this study. VAF is calculated by dividing indirect effects by total effects (Hair *et al.*, 2014). From Table 14, the VAF value of 48% for H₃ signifies the

partial mediation of learning orientation between declarative memory and firm performance. Also, the VAF value of 49% for H₄ signifies the partial mediation of learning orientation between procedural memory and firm performance.

Findings and Recommendation

The main aim of this study is to examine the mediating role of learning orientation on the relationship between declarative memory, procedural memory and SME performance. Most previous studies have only examined the effect of those organisational memory on firm performance. However, the present study examined the role learning orientation plays as

a mediating mechanism on the relationship between declarative memory, procedural memory and firm performance. Findings reveal that declarative memory does not have any significant impact on SME performance, whereas procedural memory has significant impact on SME performance. Also, learning orientation mediates the relationship

between declarative memory, procedural memory and SME performance.

Specifically, the study has showed that SMEs in Nigeria are not fully aware of the urgency in which declarative memory plays in their performance. Declarative memory has not been fully utilised by those SMEs in Nigeria. Hence, SMEs should try and understand those declarative memories very well, so that it can be appropriately use by them.

Based on previous studies, more emphasis is been laid on finance and infrastructural constraint, only few studies have tried to look at the importance of organisational memory on firm performance, however, SMEs can only enjoy competitive advantage if they try and look at those knowledge that they have cumulatively learned from both internal and external environment, and how they can fully utilise those resources to their benefit.

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