

Multi-criteria structured equation mode on managerial capabilities

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Abstract:

The article's objective is to investigate the direct and indirect managerial capabilities on policy planning and performance in small-to-medium-sized companies. The paper explores the hypotheses that there is a significant relationship between: manager's work experiences, educational background as their capabilities and policy formulation; and the impact of them on their firm's performance. The paper's methodology is an empirical research designed with structural equation modelling. The sample consisted of 200 SMEs using questionnaires, which resulted in 178 completed responses. This research is singular, because it is one of the first researches that has clearly identified and successfully measured the impact of managerial capabilities. The creative contribution concerns, the manager's capabilities and its effect on the policy making process. It has special value for decision processes of SME and entrepreneur's support preparation towards entrepreneurship success development. This research provides a tool to measure the effectiveness of capabilities of the owner managers in SMEs.

Key words:

Performance, CEO's characteristics, Strategy formulation, modeling.