



INVESTIGATE THE DEGREE TO WHICH MANAGERS OF SMALL AND MEDIUM-SIZED ENTERPRISES ATTACH EMPHASIS TO CORPORATE STRATEGIC MANAGEMENT

BY

Chen Kaiyue¹, Assoc. Prof. Dr. Mohd. Rahimie Bin Abd. Karim²

^{1,2}Faculty of Business, Economics and Accountancy, Universiti Malaysia Sabah, Kota Kinabalu, Sabah, Malaysia



Article History

Received: 03/05/2023

Accepted: 08/05/2023

Published: 10/05/2023

Vol – 2 Issue – 5

PP: -08-14

Abstract

In the current era, the trend of world economic integration has gradually strengthened, and international competition has become increasingly fierce. As an important factor in the development of enterprises, strategic management of enterprises is also valued and has a profound impact on the growth and development of enterprises. Therefore, it is of more important theoretical and practical significance to study the manager's degree of emphasis of small and medium-sized enterprises to the strategic management of enterprises. Based on this, this article analyzes and explores the degree of emphasis of small and medium-sized enterprises managers to corporate strategic management, focusing on the four influencing factors of corporate strategic management (business model, internal environment, external environment, and market competition) to conduct investigations and studies, and then analyze the manager's degree of emphasis of small and medium-sized enterprises to the corporate strategic management. The main purpose of this research is to explore the manager's degree of emphasis of small and medium-sized enterprises to the strategic management of enterprises. Through research and discussion, small and medium-sized enterprises managers will investigate and study the attitudes and behaviors of the four influencing factors of corporate strategic management in order to achieve the ultimate goal. This study uses quantitative research to test the hypotheses in this study and collects data on behalf of independent variables and dependent variables through questionnaires. And this study used two commonly used software tools, SPSS is used for data collection and Smart PLS is used for data analysis.

Keywords: Management; Corporate Strategic; Strategic Management; Corporate Strategic Management; Small and Medium-Sized Enterprises

INTRODUCTION

In the current era, the trend of world economic integration has gradually strengthened, and international competition has become increasingly fierce. As an important factor in the development of enterprises, strategic management of enterprises is also valued and has a profound impact on the growth and development of enterprises. Strategic management plays a vital role in the survival and development of China's small and medium-sized enterprises (Zhao H.S. & Wu D., 2011). There is a recognition in the theoretical community that strategic management as a specific field of study is mainly aimed at large enterprises. In fact, the development and implementation of strategies is also necessary for SMEs by Cao (2007). Under the changes in the market economic

environment, the growth of small and medium-sized enterprises has attracted much attention from the business community and academia (Wu, 2011). Traditional enterprise strategy theory mainly focuses on large enterprises, which is difficult to effectively guide the strategic practice of small and medium-sized enterprises and their sustainable growth. To promote the growth of small and medium-sized enterprises, it is necessary to attach great importance to the strategic management of small and medium-sized enterprises by Xiang G.P. & Wang J.L. (2008). Therefore, it is of more important theoretical and practical significance to study the manager's degree of emphasis of small and medium-sized enterprises to the strategic management of enterprises. Based on this, this article analyzes and explores the degree of emphasis of small and medium-sized enterprises managers to corporate strategic



management, focusing on the four influencing factors of corporate strategic management (business model, internal environment, external environment, and market competition) to conduct investigations and studies, and then analyze and then analyze the manager's degree of emphasis of small and medium-sized enterprises to the corporate strategic management, which promotes the management of the enterprise to pay more attention to the construction of strategic management of the enterprise, realizes the vision and mission of the enterprise, and also provides references for related scholars.

The main purpose of this research is to explore the manager's degree of emphasis of small and medium-sized enterprises to the strategic management of enterprises. Through research and discussion, small and medium-sized enterprises managers will investigate and study the attitudes and behaviors of the four influencing factors (business model, internal environment, external environment, and market competition) of corporate strategic management in order to achieve the ultimate goal. This study uses quantitative research to test the hypotheses in this study and collects data on behalf of independent variables and dependent variables through questionnaires. And this study used two commonly used software tools, SPSS and Smart PLS, SPSS is used for data collection and Smart PLS is used for data analysis.

LITERATURE REVIEW

Alfred & Chandler (1962) said that strategy is the determination of the basic long-term objectives and goals of a business and the adaptation of courses of action and the division of resources for achieving these objectives. Corporate strategic management is for the company to determine its strategic goals for corporate development based on its own internal and external actual conditions, and to formulate specific management implementation plans based on corporate strategic goals (Xueting, 2013). Different scholars have also defined the connotation of corporate strategy from different angles. The Porter said in "Competitive Advantage": Strategy is the company's goal, long-term plan, and measures to achieve the long-term plan.

On the other hand, Ansoff (1965) believes that "strategy is a 'connection' that runs through corporate activities, products, and markets. It involves products, market scope, growth vectors, competitive advantages, and collaboration." Chinese scholar Han (2019) believes that "There are three main types of corporate strategic management methods. One is to adjust the corporate philosophy; the second is to reposition the corporate strategy; and the third is to attach importance to corporate organizational structure planning. In the face of fierce market competition, companies first need to adjust their development strategies, innovate their thinking, and provide guidance for change. Then choose the concept that is in harmony with the development of the enterprise, which is consistent with the development of the society and economy, and reflects the characteristics of the enterprise."

From Wajahat et. al. (2019) can know that the strategic management is the management of overall purpose of an

corporate. Through the analysis, forecasting, planning, control, and other ways to achieve the full advantage of the corporate resources, to achieve the optimal management, improve economic efficiency purposes, strategic management involves six identifiable dimensions for an corporate like top management decisions, allocation of its resources, long term goals identification, competitive analysis of external market, future orientation and the multi-functional consequences. Strategic management not only involves the formulation and planning of strategies but also includes the management of putting the formulated strategies into implementation.

Business model

The business model of an enterprise is actually how the enterprise makes money through operation. The business model is actually a combination of a profit model and how to balance and coordinate to achieve profitability. The center of the business model is not only a concept of how to make a profit, but more importantly, how to balance reality and expectations and coordinate the opportunities and threats of the external environment, the reality of internal activities, and the financial status and financial goals of the enterprise, so as to make this profit the model continues to operate. Thinking about business models also provides business operators with a framework for corporate strategic thinking. There should be mutual coordination between strategy and business model. This thinking framework helps companies formulate more realistic and feasible strategies.

Internal environment

The internal environment of a company involves many aspects, mainly refers to the general term of the internal material and cultural environment of the company, including various factors such as corporate capabilities, corporate resources, and corporate culture. The internal environment in strategic management involves business philosophy, guiding ideology, and work style. (Wang, 2012)

The internal environment of an enterprise is composed of the material foundation, spirit, organizational structure, and corporate culture of the enterprise. It involves all aspects of the enterprise. These parts interact, interact, and interact with each other, and combine to form an organic whole. Through the internal environmental management of the enterprise, a reasonable knowledge structure of the senior management team can be formed, and scientific strategic management can be implemented within the enterprise to create a well-known brand. If an enterprise's internal environment cannot be organically integrated, but there are many contradictions, no matter how perfect strategic management is, there is no big effect. The reason why strategic management takes corporate internal environmental management as the focus is to improve the competitiveness of the enterprise and construct a favorable internal atmosphere and internal conditions to achieve the mid-and long-term goal of maximizing corporate value. (Wang, 2012)

External environment

In terms of strategic management, the impact of the external macro environment cannot be ignored. These environments

mainly include economy, politics, environmental protection, law, fiscal and taxation, credit, population, consumption concepts, and social culture. The external environment of a company can be divided into macro-environment and industry environment. The macro environment is a variable of the general social environment that will not affect corporate behavior in a short period of time but will affect corporate long-term decision-making. (Wang, 2012) It mainly includes the following aspects: 1. Political law (laws and regulations that allocate power for corporate strategic management and provide restrictions and protections. It is directly related to the realization of long-term management goals of the company, such as companies failing to comply with relevant laws and regulations in terms of pollution discharge, and there is no short time. It was discovered by the relevant department without affecting the normal operation of the enterprise, but once it is discovered by the relevant department, it will be severely dealt with or even closed.) 2. Economy (regulate the enterprise and external raw materials, energy, capital, labor, and the government in different economic cycles Information collection such as economic measures adopted by functional departments. These aspects are very important. Once an enterprise makes strategic decisions based on wrong information, it will inevitably affect the normal operation and development of the enterprise.) 3. Cultural environment (adjusting ethics, values, and Social division of labor. Through the external macro environment to allow people to establish correct universal values and ethics, support the construction of corporate culture so that employees have a good comprehensive quality, is the basic condition for achieving strategic management.) 4. Information technology (rapid development of information technology), To transform the industrial economy to a knowledge economy and a network economy, thereby improving the high-speed operation of the social economy and reducing the decision-making costs and transaction costs of the traditional economy due to information asymmetry.) The industry environment refers to the production of products with the same function by each enterprise. Moreover, the sales target is also the same, and these companies have related interests. This environment is the most direct environment faced by enterprises, and it is of practical significance to explore key environmental variables among enterprise groups. (Wang, 2012)

Market competition

Market competition motivates companies to increase sales volume by utilizing the four components of the marketing mix, also referred to as the four P's. These P's stand for product, place, promotion, and price. Knowing and understanding your competition is a critical step in designing a successful marketing strategy. If you are not aware of who the competition is and knowledgeable about their strengths and weaknesses, it's likely that another firm could enter the picture and provide a competitive advantage, such as product offerings at lower prices or value-added benefits. Identifying your competition and staying informed about their products and services is the key to remaining competitive in the market and is crucial to the survival of any business. Market competition mainly includes six basic contents: 1. Commodity

competition 2. Quality competence competition 3. Service competition 4. Information competition 5. Price competition 6. Reputation competition. There can be many ways of market competition, such as product quality competition, advertising, and marketing competition, price competition, product style, and variety competition, etc. This is also commonly referred to as market competition strategy.

With the continuous deepening of the market economy, the development of productivity, and the rapid progress of science and technology, the consumer's consumption level is improving at the same time it is also transforming. In the past, shopping was simply limited to major supermarkets or markets, but now you can buy what you want without going out. Something to buy. In addition, the political, economic, and social environment are undergoing tremendous changes, which have strengthened the uncertainty and diversification of demand. Therefore, to implement strategic management in such a situation, the market competition environment should be regarded as one of its influencing factors. (Wang, 2012)

The relationship between business model and the manager's degree of emphasis

Business model is one of the elements of corporate strategic management. The business model of an enterprise can be said to be how to make money through operation. Thinking about business models also provides a framework for corporate strategic thinking for business operators. Therefore, if the business model of the SME is good, and the manager knows the business model of his own enterprise very well. It shows that the managers of this company attach great importance to their own company's strategic planning, and will lead the corporate to grow faster and survive better.

The relationship between internal environment and the manager's degree of emphasis

The internal environment is one of the elements of corporate strategic management. The internal environment of the enterprise mainly includes a variety of factors such as corporate capabilities, corporate resources, and corporate culture (Wang, 2012). Form a reasonable knowledge structure of the senior management team through the internal environmental management of the enterprise, implement scientific strategic management within the enterprise, and build a well-known brand (Wang, 2012). So if the internal environment of SMEs is good. It shows that the management team of the enterprise attaches great importance to the construction of its own corporate culture, so as to better realize the corporate strategic goals, and will also lead the enterprise to grow faster and survive better.

The relationship between external environment and the manager's degree of emphasis

In terms of strategic management, the impact of the external macro environment cannot be ignored. These environments mainly include economy, politics, environmental protection, law, finance and taxation, credit, population, consumption concept, social culture, etc. The external environment of an enterprise can be divided into macro-environment and industry environment (Wang, 2012). The macro-environment

mainly includes political law, economics, cultural environment, and information technology. The industry environment refers to the products with the same functions produced by each enterprise. Moreover, the sales target is the same, and these enterprises have related interests (Wang, 2012). Therefore, if the managers of small and medium-sized enterprises are very clear about the external environment of the enterprise. It shows that the management team of this enterprise attaches great importance to the external environment of its own enterprise so that it can better formulate the corporate strategic goals and respond to market changes more quickly, which also reflects the degree of emphasis of managers to strategic management.

The relationship between market competition and the manager's degree of emphasis

In terms of strategic management, the impact of market competition cannot be ignored. Market competition uses the four components of the marketing mix (also known as the four Ps) to incentivize companies to increase sales (Wang, 2012). Market competition mainly includes six basic contents: 1. Commodity competition 2. Quality competition 3. Service competition 4. Information competition 5. Price competition 6. Reputation competition. There are also many ways, such as product quality competition, advertising and marketing competition, price competition, product style and variety competition, and others. This is also commonly referred to as market competition strategy. Identifying a company's competitors and keeping abreast of their products and services is the key to maintaining market competitiveness, and it is vital to the survival of any enterprises (Wang, 2012). Therefore, if the managers of SMEs have a very comprehensive and clear grasp of market competition. It shows that the management team of this enterprise has done market research and analysis very carefully, so as to better determine the corporate strategic direction, respond to market changes faster, and lead the enterprise to develop better and faster, which also reflects the management the degree of emphasis on corporate strategic management.

Research Model and Hypothesis

Based on Mantri (2008), the research design is used for "plan, construct, and execute" research to maximize the effectiveness and feasibility of the research results. It provides guidance from basic philosophical assumptions to research design and data collection. Initially, research design was important because it conveyed information about the key characteristics of the research. These characteristics may differ in qualitative, quantitative, and hybrid methods (Creswell, 2009). In this study, quantitative research will be conducted to test the hypothesis of the management questionnaire.

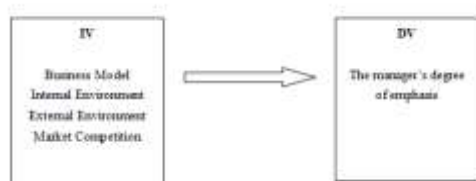


Figure 1 Conceptual framework

H1: There is a significant relationship between business model and the manager's degree of emphasis

H2: There is a significant relationship between internal environment and the manager's degree of emphasis

H3: There is a significant relationship between external environment and the manager's degree of emphasis

H4: There is a significant relationship between market competition and the manager's degree of emphasis

METHODOLOGY

The data of this research survey is based on the research and analysis of the primary data with quantitative research. It covers all relevant research methods and frameworks. The research design, methodology, and framework used in this study. Covers the research framework, research questions, research objective, hypothesis development, research design, target population, data analysis tools, data collection, data analysis, data validity, and reliability. Moreover, the most important point of this research framework is that it has no mediator variables, and there is a direct correlation between the independent variables and the dependent variables, so as to directly achieve the main ideas and objectives of the research.

This study uses a cross-sectional survey (current situation survey) design to analyze the relationship between independent variables and dependent variables. This study uses a questionnaire survey method and uses structured questions to collect primary data. This study only obtained primary data as the main data source and without conduct interviews.

Target Population

The target population of this research is the manager of small and medium-sized enterprises. Target respondents only focus on manager of medium-sized enterprises. The research site will be conducted in China.

Sample and Sampling Procedure

For the sample technique in this study, the non-probability of the sample type is selected, that is, the target sampling technique is selected. The respondents must be a company in China, and the respondents must be a manager of the company (ordinary employees are not accepted) in order to accurately grasp the company's overall operations and answer the questionnaire more accurately. The respondents in this study are of great significance and must be answered by respondents and must not be impersonated. Only in this way can a comprehensive analysis of small and medium-sized enterprises be conducted and practical data can be obtained more accurately. The advantage of using the questionnaire is that the researcher can get all the complete answers in a short time. This method allows the researcher to reach a large number of respondents in a short time by Sekaran and Bougie (2010).

The sample size required for this study is based on G-power analysis. In the G-power analysis, there are four independent variables with an alpha error probability of 0.05, indicating a minimum sample size of 129; for an alpha error probability of

0.01, it shows a sample size of 169. Therefore, the sample size between 129 respondents and 169 respondents is a suitable sample size for this study. To avoid losing the data in the collected questionnaires, the researchers have distributed 130 questionnaires to the operators.

Data Analysis

According to Mantri (2008), data analysis is the process of extracting, compiling, and modeling raw data. The purpose is to obtain constructive information by inputting incorrectly collected data into the data set. To analyze the data collected in this study, the social science statistical software package (SPSS) and partial least squares equation modeling (PLS-SEM) of the SMARTPLS version 4 path modeling approach will be used. SPSS is used to type in the collected data, and SMARTPLS is used for data analysis.

RESULTS AND DISCUSSION

The target population of this study includes the employees (managers or bosses of companies) who are currently engaged in management leadership work in the Small-Middle enterprise. The data comes from 130 managers. In addition, part of the questionnaire was collected through the official mailbox of the enterprise, and part of the questionnaire data

was obtained through face-to-face communication within the enterprise to ensure that the managers filled in the questionnaire to ensure the accuracy of the questionnaire data. The data collection activity starts from the third week of October 2022 and continues to the third week of November 2022. As the data collection period is during the epidemic situation, the data collection is conducted online and offline at the same time. The offline form will be adopted in areas without epidemic situation or where the epidemic situation is not serious, and the online collection will be adopted in areas with serious epidemic situation. Therefore, the questionnaire collection continued for a month and finally obtained data of 130 effective questionnaires.

A total of 200 questionnaires were distributed. However, only 130 questionnaires were returned. After screening, none of the 130 questionnaires was missing question or damaged. Therefore, there are 130 questionnaires available. The 130 sample size meets the minimum sample size required by G-Power for factor analysis, of which the smallest respondent is 129 and the largest respondent is 169. Therefore, the 130 sample size of the current study is acceptable and suitable for analysis.

Table 1: Statistics of Respondents (Profile)

Statistics								
		1.Name (option)	2. Nature of business	3. Year of service	4. Gender	5. Position	6. Age	7. Location
Number of cases	Effective	130	130	130	130	130	130	130
	Missing	0	0	0	0	0	0	0

In this study, there were 9 structural relationships which consist of 9 direct relationships. H1: There is a significant relationship between business model and the manager's degree of emphasis. H2: There is a significant relationship between internal environment and the manager's degree of emphasis. H3: There is a significant relationship between external environment and the manager's degree of emphasis. H4: There is a significant relationship between market competition and the manager's degree of emphasis.

Table 2: Significance Testing Results of the Structural Model Path Coefficients

H	Path	Standard Deviation	Mean	T-value	Decision
H1	Business Model → The Manager's Degree of Emphasis	0.031	0.239	7.787	Supported
H2	Internal Environment → The Manager's Degree of Emphasis	0.024	0.339	14.576	Supported
H3	External Environment → The Manager's Degree of Emphasis	0.043	0.197	4.628	Supported
H4	Market Competition → The Manager's Degree of Emphasis	0.042	0.364	8.617	Supported

*Significant at $p < 0.05$; **Significant at $p < 0.01$

^aNotes: ($t_{(499)}$, One tailed test: $t(0.05; 499)=1.65$; $t(0.01; 499)=2.33$

The findings in Table 2 indicate that the hypotheses H1, H2, H3, and H4 are supported. For H1, the relationship between business model and the manager's degree of emphasis, $t =$

7.787, indicating that business model has a direct effect on the manager's degree of emphasis. In other words, in this study, managers attach great importance to the business model. For

H2, the relationship between internal environment and the manager's degree of emphasis, $t = 14.576$, indicating that internal environment has a direct effect on the manager's degree of emphasis. In other words, in this study, managers attach great importance to the internal environment. For H3, the relationship between external environment and the manager's degree of emphasis, $t = 4.628$, indicating that external environment has a direct effect on the manager's degree of emphasis. In other words, in this study, managers attach great importance to the external environment. For H4, the relationship between market competition and the manager's degree of emphasis, $t = 8.617$, indicating that market competition has a direct effect on the manager's degree of emphasis. In other words, in this study, managers attach great importance to the market competition.

CONCLUSION

Strategic management not only plays a decisive role in the survival and development of large enterprises but also has a very important significance for the survival and development of small and medium-sized enterprises by Zhao (2013). With the vigorous development of small and medium-sized enterprises and the improvement of the market system, the competition between enterprises has become more and more fierce by Bai (2009). If SMEs want to survive and develop under the conditions of a highly competitive market economy, they must pay attention to strategic planning by Lu (2011). The main purpose of this research is to explore the manager's degree of emphasis of small and medium-sized enterprises to the strategic management of enterprises. Through research and discussion, small and medium-sized enterprises managers will investigate and study the attitudes and behaviors of the four influencing factors (business model, internal environment, external environment, and market competition) of corporate strategic management in order to achieve the ultimate goal. This study uses quantitative research to test the hypotheses in this study and collects data on behalf of independent variables and dependent variables through questionnaires.

Strategic management is essential for the survival and development of SMEs (Liu, 2007). Through data analysis, it is not difficult to see that managers of small and medium-sized enterprises attach great importance to the four influencing factors of business model, internal environment, external environment, and market competition, so even managers of small and medium-sized enterprises attach great importance to the strategic management of enterprises. However, through the results of data analysis, it can be seen that managers pay the most attention to the internal environment of the enterprise, followed by market competition, then business model, and finally the external environment. Therefore, in the strategic management of enterprises, managers still pay more attention to the consideration of the internal environment.

Although this study has certain research significance and obtained certain results, it still has limitations. For example, the first limitation is related to the country. The data collected by the institute cannot collect relevant data for all countries,

only relevant data in China. The second limitation is business-related. Although the data collected is in China, it does not include all SMEs in China, and only some SMEs can be collected. Third, it is limited to the current social situation. During the epidemic period, the study was unable to enter and exit every enterprise normally, which added difficulty and inconvenience to the study. Much of the data collection is done online, and despite significant efforts, comprehensive data collection is still not possible. Therefore, more time was needed to collect the questionnaire for distribution. In addition, the research data was conducted on different SMEs, and the respondents were only managers of SMEs. Results that study the correlation between variables and variables may be highly influenced by the standard of living, lifestyle, educational level, and culture of different regions.

For future research recommendations, research is first conducted in a broader field. The current study is only data collection and statistics for small and medium-sized enterprises. In the future, the research field should be expanded to other types of enterprises, which can also be outside China. Other types of domestic enterprises, such as small and micro enterprises, individual industrial and commercial enterprises, large enterprises, etc. It can also be a business from other countries such as Singapore, China, Thailand, Indonesia, etc. This can help researchers collect more accurate data that can represent how much broader managers are concerned about strategic management of the business and can solve more problems. In addition, researchers should avoid collecting data during the pandemic, as it will be more difficult for respondents to actively participate in the study due to the lack of travel during the pandemic.

REFERENCES

1. Alfred D. Chandler, Jr. (1962). "Strategy and Structure".
2. Ansoff, H. 1965. Corporate strategy. New York: McGraw Hill.
3. Bai (2009), "Talking about the strategic management of small and medium-sized enterprises", Business Culture
4. Cao (2007), "Current status, causes and management of strategic management of small and medium-sized enterprises", Chinese & Foreign Entrepreneurs
5. Creswell, J. (2009). Mapping the Field of Mixed Methods Research. Journal of Mixed Methods Research, 3, 95-108.
6. Han (2019), "Study on the Influence of Corporate Culture Elements in Strategic Reform", Sichuan Institute of Business and Technology, Chengdu 611745
7. Harvard Business Review 2011
8. Liu (2007), "A brief analysis of the strategic management of small and medium-sized enterprises", Pioneering with Science & Technology Monthly
9. Lu (2011) "Analysis of strategic management of

- small and medium-sized enterprises" China Economic & Trade Herald
10. Mantri, A. (2008). Designing problems for Problem-based Learning Course in Analog Electronics: Cognitive and Pedagogical issues. *Australasian Journal of Engineering Education*, 14(2), 33-42.
 11. Sekaran, U., Bougie, R. (2010). *Research methods for business: A skill building approach* 5th ed. United Kingdom: John Wiley & Sons Ltd.
 12. The Business Dictionary. Corporate Strategy Management
 13. Third Rock Management, "Aligning the corporate culture and strategic management".
 14. Wajahat U. N., Aslam M. A. & Ajmal J.(2019), The Impact of Corporate Culture on Strategic Management: In case of Pakistan's MNCs. , *GSJ*: Volume 7, Issue 2, February 2019, Online: ISSN 2320-9186
 15. Wang (2012), "A Brief Introduction to the Influencing Factors of Strategic Management in Modern Enterprise Management", https://articles.e-works.net.cn/strategy/Article100077_1.htm 1/3
 16. Wu (2011),"Strategic management of small and medium-sized enterprises", *Modern Business*
 17. Xiang G.P. & Wang J.L. (2008),"Strategic Management of SMEs: A Theoretical Review and Preliminary Analytical Framework", *Technology Economics*
 18. Xueting S. (2013), "Research on the Influence of Corporate Cultural Characteristics on Corporate Strategy—Taking Shengli Oilfield as an Example".*Shandong Social Sciences*, 2013, No.21204: 173-176.
 19. Zhao (2013)"Strategic Management of Small and Medium-sized Enterprises", *Industrial Technology & Vocational Education*
 20. Zhao H.S. & Wu D. (2011), "Discussion on the strategic management of small and medium-sized enterprises in China", *Business Culture*