

EXAMINING THE COMMITMENT OF THE MANAGERS OF SMALL AND MEDIUM-SIZED ENTERPRISES IN CHINA TOWARDS CORPORATE STRATEGIC MANAGEMENT

^{*1}Chen Kaiyue and ²Mohd Rahimie bin Abd Karim

Faculty of Business, Economics and Accountancy,

Jalan UMS, Universiti Malaysia Sabah,

88400 Kota Kinabalu, Sabah, Malaysia

*Corresponding author's email:

*1163233513@qq.com

Received: 7 December 2022

Reviewed: 20 March 2023

Revised: 30 April 2023

Published: 30 June 2023

DOI: <https://10.51200/mjbe.v10i1.4299>

Keywords: management, corporate strategic, strategic management, corporate strategic management, small and medium-sized enterprises.

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 on small and medium-sized enterprises to the strategic management of enterprises. Based on this, this study analyzes and explores the degree of commitment 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 study is to explore the managers' degree of commitment toward strategic management. Through research and discussion, small and medium-sized enterprise managers will investigate and study the attitudes and behaviors of the four influencing factors of corporate strategic management to achieve the goal. This study uses quantitative research to test the hypotheses 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.

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 & Wu, 2011). There is a recognition in the theoretical community that strategic management as a specific field of study is mainly aimed at large enterprises. The development and implementation of strategies are also necessary for SMEs. Wu (2011) stated that 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. 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 (Xiang & Wang, 2008). Therefore, it is of more important theoretical and practical significance to study the manager's degree of emphasis on 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 on 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 on the strategic management of enterprises. Through research and discussion, small and medium-sized enterprise 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 to achieve the 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, 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. "Competitive Advantage" is the strategy of 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."

Wajahat et al. (2019) claims that strategic management is the management of the overall purpose of a corporation. Through the analysis, forecasting, planning, control, and other ways to achieve the full advantage of the corporate resources, achieve optimal management, and improve economic efficiency purposes, strategic management involves six identifiable dimensions for corporate top management decisions, allocation of its resources, long term goals identification, competitive analysis of the 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.

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

The business model of an enterprise is how the enterprise makes money through an operation.

The business model is 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, to make this profit continue 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.

The 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 corporation to grow faster and survive better.

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

The internal environment of a company involves many aspects, mainly referring 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 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). 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, to better realize the corporate strategic goals, and will also lead the enterprise to grow faster and survive better.

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

In terms of strategic management, the impact of the external macro environment is inevitable. 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 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 on nonstrategic management.

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 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. The external macro environment allows people to establish correct universal values and ethics and support the construction of corporate culture so that employees have a good comprehensive quality, which are the basic conditions for achieving strategic management.) 4. Information technology (rapid development of information technology), To transform the industrial economy into a knowledge

economy and a network economy, 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)

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

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 competitors are and their strengths and weaknesses, another firm could likely 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 are the key to remaining competitive in the market and is crucial to the survival of any business. The 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 a 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 and 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. In addition, the political, economic, and social environment is 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)

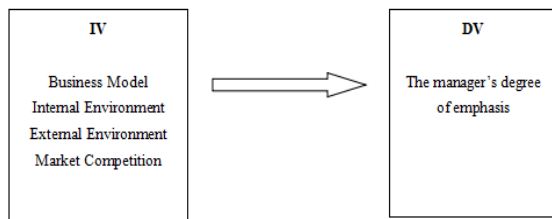
There are also many ways, such as product quality competition, advertising, and marketing competition, price competition, product style, and variety competition, and others. This is also commonly referred to as a market competition strategy. Identifying a company's competitors and keeping abreast of its products and services is the key to maintaining market competitiveness, and it is vital to the survival of any enterprise (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, 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 to "plan, construct, and execute" research to maximize the effectiveness and feasibility of the research results. It guides basic philosophical assumptions to research design and data collection. Initially, the 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 the business model and the manager's degree of emphasis.
- H2: There is a significant relationship between the internal environment and the manager's degree of emphasis.
- H3: There is a significant relationship between the 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 cover 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, to directly achieve the main ideas and objectives of the research.

This study uses a cross-sectional survey (current situation survey) designed to analyze the relationship between independent variables and dependent variables. This study uses a questionnaire survey method. The structured questions are used to collect primary data.

Target Population

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

Sample and Sampling Procedure

For the sampling technique in this study, the non-probability of the sample type is selected. The respondents must be from a company in China, and the respondents must be a manager of the company (ordinary employees are not accepted) 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 many respondents in a short time 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 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.

FINDINGS

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 situations or where the epidemic situation is not serious, and the online collection will be adopted in areas with serious epidemic situations. Therefore, the questionnaire collection continued for a month, and finally obtained data from 130 effective questionnaires.

A total of 200 questionnaires were distributed. However, only 130 questionnaires were returned. After the screening, none of the 130 questionnaires were missing questions or damaged. 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 are 9 structural relationships which consist of 9 direct relationships. H1: There is a significant relationship between the business model and the manager's degree of emphasis. H2: There is a significant relationship between the internal environment and the manager's degree of emphasis. H3: There is a significant relationship between the 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 $p < 0.01$

The findings in Table 2 indicate that the hypotheses H1, H2, H3, and H4 are supported. For H1, the relationship between the business model and the manager's degree of emphasis, $t = 7.787$, indicates that the 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 the internal environment and the manager's degree of emphasis, $t = 14.576$, indicates that the 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 the external environment and the manager's degree of emphasis, $t = 4.628$, indicates that the 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, $t = 8.617$, indicates 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 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 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 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 Lu (2011). The main purpose of this research is to explore the manager's degree of emphasis of small and medium-sized enterprises on the strategic management of enterprises. Through research and discussion, small and medium-sized enterprise 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 to achieve the 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, 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 the 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 is focused on 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, it was difficult to enter and exit every enterprise normally, which added 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. In addition, the results of the study may be highly influenced by the standard of living, lifestyle, educational level, and culture of different regions.

For future research recommendations, the research should be 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 in China. Other types of domestic enterprises, such as small and micro enterprises, individual industrial and commercial enterprises, large enterprises, etc. It can also be extended to 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 the 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

- Alfred D. Chandler, Jr. (1962). *Strategy and Structure: Chapters in the History of the American Industrial Enterprise*, McGraw Hill.
- Ansoff, H. (1965). *Corporate strategy*. New York: McGraw Hill.
- Creswell, J. (2009). Mapping the Field of Mixed Methods Research. *Journal of Mixed Methods Research*, 3, 95-108. <https://doi.org/10.1177/1558689808330883>
- Lu. (2011). Analysis of strategic management of small and medium-sized enterprises. *China Economic & Trade Herald*. <https://gsarpublishers.com/journals-gsarjebm-home/>
- 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. <https://doi.org/10.1080/22054952.2008.11464013>
- Sekaran, U., Bougie, R. (2010). *Research methods for business: A skill building approach* 5th ed. United Kingdom: John Wiley & Sons Ltd. <https://doi.org/10.4236/oalib.1109064>
- Wajahat U. N., Aslam M. A. & Ajmal J. (2019). The Impact of Corporate Culture on Strategic Management: In case of Pakistan's MNCs. *GSI*, 7(2).
- 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
- Wu. (2011). Strategic management of small and medium-sized enterprises, *Modern Business*.
- Xiang G.P., & Wang J.L. (2008). Strategic Management of SMEs: A Theoretical Review and Preliminary Analytical Framework, *Technology Economics*.
- Zhao. (2013). Strategic Management of Small and Medium-sized Enterprises. *Industrial Technology & Vocational Education*. <https://gsarpublishers.com/journals-gsarjebm-home/>