The Influence of Employees’ Perceptions on Business Strategy of Small and Medium-Sized Enterprises in Lao People’s Democratic Republic

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A thesis submitted in partial fulfilment of the requirements for the Degree of Master of Business, UNITEC New Zealand, 2014
DECLARATION

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This Thesis entitled:

The Influence of Employees’ Perceptions on Business Strategy of Small and Medium-Sized Enterprises in Lao People’s Democratic Republic

is submitted in partial fulfilment for the requirements for the Unitec degree of:

Master of Business

CANDIDATE’S DECLARATION

I confirm that:

- This Thesis Project represents my own work;
- The contribution of supervisors and others to this work was consistent with the Unitec Regulations and Policies.
- Research for this work has been conducted in accordance with the Unitec Research Ethics Committee Policy and Procedures, and has fulfilled any requirements set for this project by the Unitec Research Ethics Committee.

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# TABLE OF CONTENTS

**DECLARATION** ........................................................................................................................... ii

**ACKNOWLEDGEMENTS** ................................................................................................................ iii

**TABLE OF CONTENTS** ..................................................................................................................... iv

**LIST OF FIGURES** ............................................................................................................................ vii

**LIST OF TABLES** .............................................................................................................................. viii

**ABBREVIATIONS AND ACRONYMS** ............................................................................................... xi

**ABSTRACT** ........................................................................................................................................... xii

**Chapter One: Introduction** ............................................................................................................... 1

1.1. Background ....................................................................................................................................... 1

1.2. Description of the Research ............................................................................................................. 3

1.3. Research Questions .......................................................................................................................... 5

1.4. Research Aim ..................................................................................................................................... 5

1.5. Research Objectives ........................................................................................................................ 6

1.6. Thesis Overview ............................................................................................................................... 6

1.7. Chapter Summary ............................................................................................................................. 7

**Chapter Two: Literature Review** ....................................................................................................... 8

2.1. Introduction ....................................................................................................................................... 8

2.2. Small and Medium-Sized Enterprises (SMEs) .............................................................................. 8

2.2.1. Definition and Nature of SMEs .................................................................................................... 8

2.2.2. SMEs in Developing Countries and in Lao PDR ........................................................................ 11

2.2.3. Challenges for SMEs Globally .................................................................................................. 14

2.3. Employees’ Perceptions .................................................................................................................. 16

2.4.1. Characteristics of perception ...................................................................................................... 16

2.4.2. Perceptions Influencing Employees’ Behaviour .......................................................................... 19

2.4.3. Perceptions Influencing Work Performance ............................................................................. 21

2.4. Business Strategy ............................................................................................................................. 23

2.4.1. What is Business Strategy? ........................................................................................................ 23

2.4.2. Strategic Management ................................................................................................................ 27
Chapter Five: Discussion .................................................. 98

5.1. Introduction ........................................................................... 98
5.2. Perceptions of Employees on Business Strategy ................. 98
5.3. Influence of Employees’ Perceptions on Business Strategy in SMEs .... 99
   5.3.1. Employees’ Perceptions Influencing Business Performance .......... 99
   5.3.2. Employees’ Perceptions Influencing Business Strategy in General .... 101
   5.3.3. Employees’ Perceptions Influencing Business Strategy Used By SMEs .... 104
   5.3.4. Employees’ Perceptions Influencing Strategy Formulation ................. 106
   5.3.5. Employees’ Perceptions Influencing Strategy Implementation ............ 108

5.4. Chapter Summary ................................................................. 110

Chapter Six: Conclusions and Recommendations ......................... 111

6.1. Research Conclusions ............................................................ 111
6.2. Recommendations ............................................................... 115
6.3. Limitations of the Research ................................................... 116
6.4. Further Research ................................................................. 117
6.5. Closing Statement ............................................................... 117

References .............................................................................. 118
Appendix A: Information Sheet ..................................................... 130
Appendix B: Research Questionnaire .............................................. 131
<table>
<thead>
<tr>
<th>Figure</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Five Principles of a Learning Organisation</td>
<td>11</td>
</tr>
<tr>
<td>2.2</td>
<td>The Perceptual Process</td>
<td>17</td>
</tr>
<tr>
<td>2.3</td>
<td>Three Dimensions of Strategy</td>
<td>24</td>
</tr>
<tr>
<td>2.4</td>
<td>Competitive Forces Model</td>
<td>27</td>
</tr>
<tr>
<td>2.5</td>
<td>Strategic Management Process</td>
<td>28</td>
</tr>
<tr>
<td>4.1</td>
<td>Age Groups of Respondents</td>
<td>53</td>
</tr>
<tr>
<td>4.2</td>
<td>Levels of Education</td>
<td>54</td>
</tr>
<tr>
<td>4.3</td>
<td>Number of Employees in the Company</td>
<td>56</td>
</tr>
<tr>
<td>4.4</td>
<td>Business Strategy and Business Competition</td>
<td>62</td>
</tr>
<tr>
<td>4.5</td>
<td>The Importance of Business Strategy Improvement</td>
<td>63</td>
</tr>
<tr>
<td>4.6</td>
<td>Business Strategy Formulation as an Important Factor</td>
<td>68</td>
</tr>
<tr>
<td>4.7</td>
<td>Business Strategy Implementation as an Important Factor</td>
<td>73</td>
</tr>
<tr>
<td>4.8</td>
<td>The Continuous Improvement of Business Strategy</td>
<td>78</td>
</tr>
</tbody>
</table>
LIST OF TABLES

Table 4.1. Gender of Respondents .................................................................53
Table 4.2. Work Experience ...........................................................................55
Table 4.3. Number of years working in the company ....................................55
Table 4.4. Level of Agreement about Business Strategy ...............................57
Table 4.5. Business Strategy Leads to Business Success ...............................58
Table 4.6. Business Strategy Satisfaction ......................................................58
Table 4.7. The Contribution of Business Strategy .........................................59
Table 4.8. Business Strategy and Business Performance .............................60
Table 4.9. The Interest in Business Strategy ..................................................61
Table 4.10. The Quality of Business Strategy ...............................................61
Table 4.11. Good Business Strategy Formulation ........................................64
Table 4.12. Business Strategy Formulation and Business Performance ..........65
Table 4.13. Business Strategy Formulation and Work Performance ..............66
Table 4.14. The Benefits of Business Strategy Formulation .........................66
Table 4.15. The Importance of Business Strategy Formulation .....................67
Table 4.16. Successful Business Strategy Implementation ............................69
Table 4.17. Business Strategy Implementation and Business Performance ........70
Table 4.18. Business Strategy Implementation and Work Performance ..........71
Table 4.19. The Benefits of Business Strategy Implementation ......................71
Table 4.20. The Importance of Business Strategy Implementation ..................72
Table 4.21. The Quality of Business Performance ........................................74
Table 4.22. Business Performance Satisfaction ..........................................75
Table 4.23. Business Strategy Improves Business Performance .....................76
Table 4.24. Relationship Between Business Strategy and Performance .............76
Table 4.25. Frequency of Business Performance Improvement .......................77
Table 4.26. The Quality of Business Performance * Business Strategy Improves Business Performance Cross-tabulation ........................................79
Table 4.27. Chi-Square Tests of Q28 & Q30 .................................................80
Table 4.28. The Satisfaction of Performance * The Relationship Between Strategy and Performance Cross-tabulation ........................................80
Table 4.29. Chi-Square Tests of Q29 & Q31 ..................................................81
Table 4.30. Correlation Between Q32 and Q33 ............................................81
Table 4.31. Independent Samples Test ..........................................................82
Table 4.32. Test of Homogeneity of Variances ..........................................83
Table 4.33. ANOVA - The Reliance on Business Strategy for Success .............83
Table 4.34. Post Hoc Tests - Multiple Comparisons .....................................84
Table 4.35. Test of Homogeneity of Variances ..........................................85
Table 4.36. ANOVA - Agreement about the Importance of Business Strategy ....85
Table 4.37. Post Hoc Tests - Multiple Comparisons .....................................86
Table 4.38. Strategy Satisfaction * The Importance of Strategy Cross-tabulation87
Table 4.39. Chi-Square Tests of Q9 & Q11 ....................................................88
Table 4.40. The Quality of Strategy * Agreement About Strategy Cross-tabulation .................................................................................................................................88

Table 4.41. Chi-Square Tests of Q7 & Q13.................................................................89

Table 4.42. Correlations ................................................................................................89

Table 4.43. Work Performance * Strategy Formulation Cross-tabulation ..........90

Table 4.44. Chi-Square Tests of Q16 & Q18...............................................................91

Table 4.45. The Importance of Strategy Formulation * Business Performance Cross-tabulation.........................................................................................................................91

Table 4.46. Chi-Square Tests of Q17 & Q20...............................................................92

Table 4.47. Strategy Formulation as an Important Factor * The Benefits of Strategy Formulation Cross-tabulation.................................................................92

Table 4.48. Chi-Square Tests of Q19 & Q21...............................................................93

Table 4.49. Work Performance * Strategy Implementation Cross-tabulation ......94

Table 4.50. Chi-Square Tests of Q22 & Q24...............................................................94

Table 4.51. The Importance of Strategy Implementation * Business Performance Cross-tabulation.........................................................................................................................95

Table 4.52. Chi-Square Tests of Q23 & Q26...............................................................95

Table 4.53. Strategy Implementation as an Important Factor * The Benefits of Strategy Implementation Cross-tabulation.................................................................96

Table 4.54. Chi-Square Tests of Q25 & Q27...............................................................96
## Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>HR</td>
<td>Human Resources</td>
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<td>HRM</td>
<td>Human Resource Management</td>
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<td>Lao PDR</td>
<td>Lao People’s Democratic Republic</td>
</tr>
<tr>
<td>LDCs</td>
<td>Least Developed Countries</td>
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<tr>
<td>LNCCI</td>
<td>Lao National Chamber of Commerce and Industry</td>
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<tr>
<td>MDCs</td>
<td>More Developed Countries</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<tr>
<td>SMEs</td>
<td>Small and Medium-Sized Enterprises</td>
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<td>UN</td>
<td>The United Nations</td>
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</table>
ABSTRACT

The economic reform has encouraged small and medium-sized enterprises (SMEs) in Lao PDR to thrive. There has been an increasing number of SMEs in recent years, which has attributed to a greater volume of foreign investments. Due to the inflow of foreign direct investment and the lower trading barrier, these factors have changed the conventional way of doing business, and created opportunities and threats for companies in Lao PDR. Thus, it requires the application of a business strategy to allow SMEs to be able to compete effectively in the market.

However, the owners/managers of SMEs in Laos often apply the strategy based on their own experience and understanding without considering the perceptions of employees.

The purpose of this research is to understand the influence of employees' perceptions about business strategy in order to identify the factors that contribute to a successful strategy, which could make the firms adjust themselves appropriately in the current business environment. The research also examines employees' perceptions about the strategy formulation and implementation process of SMEs in Laos, and how these perceptions would affect the outcome of strategy.

This research studies the phenomenon by exploring the reality in a scientific way. As a result, this research is based on the positivist paradigm by applying a quantitative research method, which is able to deliver an outcome that is objective. The target population of this research is employees of SMEs in Lao PDR, which comprises 100 respondents as the sample size of this study.

Hypotheses that are related to the research objectives have been tested and verified using different quantitative analysing techniques that are available in
the well-known application software “SPSS”. The findings aimed at generating evidence that would be able to provide answers to the research questions.

The findings show that employees who work for profitable SMEs believe business strategy is a key factor that drives superior business performance. There were certain degrees of interest in business strategy among employees who work for SMEs in Laos, regardless of their gender, age groups, and levels of education. In addition, the findings indicate that employees who were satisfied with the strategy of their companies performed well in their jobs, and employees who value the formulation process are those who believe in the management system of their companies. Furthermore, the findings illustrate that employees who believe in the success of business strategy of their companies are paying close attention to the implementation process.

The research provides recommendations such as: the owners/managers of SMEs in Laos should develop more understanding about employees’ perceptions; SMEs in Laos should expand the knowledge of business strategy among their employees; and managers should encourage positive perceptions of employees about the strategy used by their SMEs by increasing their levels of participation in the strategic process.

Moreover, managers of SMEs should demonstrate sound knowledge and understanding about strategy formulation processes, and consolidate the effectiveness of strategy implementation processes by influencing the perceptions of employees in a positive way.

In conclusion, this research provides guidance for SMEs to improve their performance to give them an edge over their competitors in the industry. There are several factors that influence the outcome of strategy. However, the perceptions of employees are certainly among the major factors, which determine the success of the business strategy.
Chapter One: Introduction

1.1. Background

Lao People's Democratic Republic (Lao PDR) or Laos is a landlocked country located in the South East Asia region and surrounded by five neighbouring countries. Lao PDR had been invaded and annexed by France in 1893. In 1945, Lao PDR declared independence and officially appeared in the world map as a nation. In 1964, the United States began the aerial bombardment campaign in Lao PDR, which lasted for more than a decade. Finally, the war ended in 1975 and Laos was once again established as an independent country. In 1986, Lao PDR started the economic reform campaign by moving towards a market-oriented economy and opening up the country to welcome foreign investments and improve foreign relations. Today, Lao PDR is a peaceful country with political stability, fast-growing economy, and good investment environment (The National Assembly, n.d.).

After the establishment of Lao PDR in 1975, the government had taken control over the economy of the country. Most businesses in the private sector had become state-owned enterprises. Managers and employees worked together in large entities and business strategies and organisational policies were directly under the supervision of the government. The market had entered the monopolistic state, which led to there being no competition in the industries and lesser need for business strategies. In addition, the closed country policy had dampened the economic growth by ignoring the benefits of foreign trade. During this period, businesses in Lao PDR began stagnating and experiencing difficulty to keep up good performance ("Laos economic situation," n.d.).

However, the Lao PDR government recognised the problem and made the brilliant adjustment by reforming the economy to become compatible with the situation of the country. As a country that had just recovered from the war, Lao
PDR needed a substantial amount of financial support and income to rebuild the nation. The government increased the cooperation with foreign agencies, and gradually decentralised the authority allowing state-owned enterprises to manage businesses by themselves (The World Bank, n.d.).

The economic reform also encouraged small businesses in Lao PDR to thrive. There had been an increasing number of companies in recent years, which was attributed to a greater volume of foreign investments. Moreover, many overseas companies are establishing their businesses in Lao PDR in order to tap into the profitable market. As a result, business competition is becoming more intense and threatens the well-being of existing companies in the market ("Lao business sector," n.d.).

Companies in Lao PDR mostly are small and medium-sized enterprises (SMEs). In 2006, there were about 126,913 enterprises, and SMEs accounted for 90 per cent of the total enterprises in Lao PDR. SMEs are playing a crucial role in stimulating the development of the country, and the government is paying more attention to them by developing policies that are conducive to the growth of SMEs (Lao National Chamber of Commerce and Industry [LNCCI], n.d.). Due to the inflow of foreign direct investment and the lower trading barrier, these factors have changed the conventional way of doing business, which was usually a lack of competitiveness, and created opportunities and threats for companies in Lao PDR. Thus, it requires the application of business strategy to allow SMEs to be able to compete effectively in the market (Kyophilavong, 2007).

Recently, employees who work for SMEs in Laos began to familiarise themselves with the use of business strategy. The owners/managers often apply the strategy based on their own experience and understanding without considering the perceptions of employees. The employees have usually been told to follow the guidance and directions given by the managers, and the way they perceive about the business of their companies is often being understated (Kyophilavong, 2007).
Perception is an important issue that needs to be understood for better behaviour management. Employees consistently perceive themselves and things around them, then make an interpretation of this information that leads to the behaviour they think appropriate for certain situations (Agarwal, 2009). However, it is unknown about the extent of employees’ perceptions in relation the business strategy.

The purpose of this research is to understand the influence of employees’ perceptions about business strategy in order to identify the factors that contribute to a successful strategy that could make the firms adjust themselves appropriately in the current business environment. The research also examines employees’ perceptions about the strategy formulation and implementation process of SMEs in Laos, and how these perceptions would affect the outcome of strategy. The researcher then provides suggestions and recommendations based on the findings, which could be useful to the development of a successful business strategy.

1.2. Description of the Research

Competition is creating challenges for firms with moderate quality of products or services when compared against other competitors in the industry. Companies need to improve the quality of their products and develop strategies to compete against rivals. Without an effective strategy, a company may fail to survive (Madura, 2007). Business strategies are vital to the future of companies. A successful strategy will provide the firm with a healthy growth, whereas an unclear strategy will make the firm suffer from the operational losses (Kourdi, 2009). Thus, this research project focuses primarily on SMEs in Lao PDR, including their business performance in the current competitive market. In addition, it also examines the relationship between employees’ perceptions and the business strategy of SMEs.
According to the researcher’s knowledge, there is no other research that has been conducted on business strategy of SMEs in Laos, particularly employees’ perceptions. In the country where business environment is changing rapidly and differently from the past, conventional business practice may not be enough for companies to continue to enjoy the constant growth and profits. New business entrants will do their best in order to survive and be able to increase their market share. In the long run, companies with good management and strategy will emerge as winners and become industrial leaders (Eigenhuis & Dijk, 2007; Stonehouse & Houston, 2012). Hence, the business strategy is important for SMEs in Laos. Companies should carefully study factors that influence the successful outcome of strategy.

This research is important to SMEs in Lao PDR in order to develop more understanding about the influence of employees’ perceptions on the outcome of business strategy. The findings of this study offer companies with greater insight towards applying a successful strategy, which could lead to the improvement of business performance. The findings would lay the foundation for the application of strategy in the future, which may change over time in order to fit into the new business environment. In addition, this research becomes the study material that provides some useful information about business strategy to SMEs in Laos.

It is expected that this research would be able to assist SMEs in enhancing their business outcomes, and act as basic guidelines for developing strategy that is suitable for the environment. Despite some limitations regarding the accuracy and effectiveness, this research provides an overview and direction for initiating successful strategy by taking into account several factors related to business issues that may be neglected by many companies today. As a result, this may bring in a new way of doing business in Laos. Companies should pay more attention to employees’ perceptions about business strategy, and recognise them as major forces that can make the firm become more productive and competitive than its rivals.
1.3.  Research Questions

This research seeks to explore the extent of employees’ perceptions in relation to business strategy, and the main research question is:

*How can employees’ perceptions influence the outcome of business strategy of SMEs in Lao PDR?*

Based on the main research question, the researcher has developed the following research sub-questions:

1) What is the effect of employees’ perceptions about business performance in relation to business strategy of their SMEs?

2) What is the effect of employees’ perceptions about business strategy?

3) What is the effect of employees’ perceptions about business strategy used by their SMEs?

4) What is the effect of employees’ perceptions about the strategy formulation process of their SMEs?

5) What is the effect of employees’ perceptions about the strategy implementation process of their SMEs?

1.4.  Research Aim

This research has the following aim:

*To identify the significance of employees’ perceptions that contribute to the successful business strategy of SMEs in Lao PDR.*
1.5. **Research Objectives**

The objectives of this research are to determine whether the five hypotheses are supported or not. These hypotheses are as follows:

**H1** – There is a relationship between employees’ perceptions about business strategy and business performance.

**H2** – There is no difference in the perceptions of employees regarding business strategy.

**H3** - There is a relationship between employees’ perceptions about business strategy and the effectiveness of business strategy of their companies.

**H4** - There is a relationship between employees’ perceptions about the strategy formulation process and the performance of their companies.

**H5** - There is a relationship between employees’ perceptions about strategy implementation process and the performance of their companies.

1.6. **Thesis Overview**

This thesis comprises six chapters. Chapter One covers the problems that SMEs are facing in today’s competitive environment. It covers the concept of business strategy and its necessity to all businesses. Moreover, it discusses the idea of employees’ perceptions and their effects on the business performance.

Chapter Two covers the review of literature related to SMEs, perceptions, and business strategy, in order to look for the ideas and theories that would support the hypotheses of the research, and act as guidelines for further analysis of the collected data.
Chapter Three discusses the methodology of the research in which it determines the research paradigm of the study, and the way the research is conducted. The findings are based on the research approach and instrument, which are translated for later discussion.

Chapter Four discusses the findings of the research by using a relevant research instrument and different methods of analysis, in order to generate unbiased results that are useful for the research.

Chapter Five covers the discussion of the findings, which aims at achieving research objectives, and answering the main research question and sub-questions. The findings are supported by relevant literature, and the results of the discussion are assisted in attaining the research aim.

Chapter Six covers the conclusions of the research. The researcher provides recommendations to SMEs in Laos based on the findings. In addition, further areas of research are covered, and the limitations of the research are explained.

1.7. **Chapter Summary**

This chapter looks at the background of Laos, its economy, and business practices in the country. It discusses the description of the research, and explores the need of SMEs in Laos to have a business strategy. It also addresses employees’ perceptions and the implication for successful business strategy. In addition, the research question and sub-questions have been developed, and the aim and objectives of the research are established.

Chapter Two discusses the literature review, which provides important information and direction for the study.
Chapter Two: Literature Review

2.1. Introduction

This chapter first discusses relevant literature regarding small and medium-sized enterprises (SMEs), including general definitions and a specific definition of SMEs in Lao PDR, as well as SMEs in developing countries. The researcher then studies characteristics of perceptions, employees’ behaviour, and employees’ perceptions. The review lastly focuses on the areas of business strategy based on peer-reviewed journal articles and books. The study also delves into concepts of business strategy, strategy formulation, and strategy implementation.

2.2. Small and Medium-Sized Enterprises (SMEs)

2.2.1. Definition and Nature of SMEs

The definition of small and medium-sized enterprises (SMEs) is different among countries. Many studies have categorised SMEs by the size of employees. In the United Kingdom, SMEs are defined as firms with employees fewer than 250 people. In the European Union, SMEs are companies with less than 25 per cent of the stakes owned by other organisations, and the number of employees does not exceed 250 people (Bourletidis, 2013; Nwankwo & Gbadamosi, 2010). SMEs are the major type of companies around the world. They represent between 95 – 99 per cent of all businesses in different countries. SMEs are everywhere and scattered across the industries. They have become a prominent force to drive the economic growth of a country (Organisation for Economic Co-operation and Development [OECD], 2006).

Nwankwo and Gbadamosi (2010) also note that SMEs can be classified by three major characteristics which are described as an economic definition. These characteristics are:
• They control a fairly small portion of market share in the market.
• They are mostly managed by owners and have quite a simple management hierarchy.
• They are autonomous and less formal than large organisations.

Furthermore, SMEs are different from large companies because of the uncertainty, innovation, and revolution factors. They have limited access to important resources that prevents them from fully exploiting opportunities in the marketplace (Hayes, 2009).

In addition, Munro (2013) describes the difference in size in both the number of personnel and financial capability has distinguished SMEs from large companies. Due to these limitations, managers of SMEs usually focus on keeping companies running smoothly and profitably on a short-term basis rather than spending time and resources on long-term strategic plans. Thus, this may create the uncertainty for the future growth of SMEs. Furthermore, there are strong personal relationships in SMEs. A small number of staff has the advantage of bringing people to work together more closely. When they are working together for a certain period of time, it will gradually develop a mutual trust among them, which may lead to an increase in work efficiency. Hence, trust is another characteristic of SMEs and it helps a firm to maintain a good relationship with its stakeholders (Fischer & Reuber, 2000; Levy & Powell, 2005).

SMEs contribute significantly to the development of the country. Abdullah (2002) states that SMEs are an important part of the economy in many countries. They play a crucial role in reducing unemployment; providing skill training and development for employees and managers; supporting large organisations as suppliers and outsourcing companies; and easing the needs for importing products and skilled workers from foreign countries. Moreover, Fingleton, Eraydın, and Paci (2003) describe SMEs as having influenced domestic policies in different countries during the past twenty years. They help shaping the regional
economy and are a major component of development, which encourages the rapid growth in less developed parts of the country.

SME owner-managers are people who have invested their money in businesses based on their ideas and interest with the expectation of receiving profit and generating income from those businesses. They are considered to be in a better spot than those of large corporations to apply their ideas and creativity on their business operations. In contrast to corporate managers, SME owner-managers will not need to endure the pressures that occur by representing the interests of shareholders, which might prevent them from performing at their peak. Hence, they are more productive and induce more growth to companies (Murthy, 2009; Werner, 2008).

In addition, Burke (2011) states that SME owner-managers can encourage employees to develop their skills and experience by paying attention to human resource management (HRM) by trying to eliminate problems that arise from HRM in order to increase the effectiveness of employees and the growth of SMEs.

Maani (2011) and Sheehan (2013) suggest that SMEs should be considered as a learning organisation. A learning organisation consists of five major principles such as mental models, personal mastery, shared vision, team learning, and system thinking.

Mental models determine our thinking patterns and behaviours in the companies. Personal mastery is the continuous learning and skill development for the staff in an organisation. A shared vision requires the owner/manager and employees to work together to build common ground and having the same concern about the future of the firm. Team learning allows employees to improve the co-operation among them and enhances team skills that are important to the company. System thinking investigates the correlations between different parts
of a system and identifies the problems that exist in order to find appropriate solutions to those problems (De Noronha Vaz, 2006; Gold & Thorpe, 2010).

**Figure 2.1. Five Principles of a Learning Organisation**

![Diagram](image)

**Source: Maani (2011, p. 742)**

Therefore, SMEs in Laos can use these principles as a base to further improve their effectiveness, which is an important factor in enhancing their business success.

### 2.2.2. SMEs in Developing Countries and in Lao PDR

In most developing countries, SMEs make up a large portion in the total number of firms and employment. In low-income countries, most businesses are in the form of small-sized enterprises that run their businesses alongside a small number of large organisations. In middle-income countries, medium-sized enterprises are more prevalent and make up the majority of businesses and employment. In many countries, the size of companies is changing from small-sized enterprises towards large-sized enterprises as the income per capita increases. In other words, the number of small-sized enterprises is decreasing as
the country becomes more and more developed (Hallberg, 2000; Kiggundu, 2002).

However, Hallberg (2000) argues that despite the fact that SMEs acquire a large portion of workforce, it is not conclusive that SMEs are more labour intensive than large corporations. The evidence shows that the size of the firm is not a reliable measurement to identify labour intensity. It tends to fluctuate across industries rather than by firm-sized clusters. In addition, Beck, Demirgüç-Kunt, and Levine (2003) suggest that the evidence does not support the statement that SMEs are the major force of employment growth. Despite these SMEs have a high rate of job creation, however, they also have a high rate of job destruction as they fail to grow and go out of business. Hence, SMEs are more likely to have less job security than larger firms.

Fischer and Reuber (2000) point out that the majority of SMEs are one-person businesses. Working proprietors is the largest employment category and accounts for more than half of total SME labour force in most developing countries. Their family members who are active in the businesses, whether being paid or not, account for another quarter. The rest of the labour force includes employees and trainees or apprentices. Moreover, Burke (2011) explains that when we classify microenterprises as SMEs, it shows that most of SME owner-managers are women. They mostly run their businesses as home-based SMEs, and often omitted from official statistics. However, their contribution to economic growth is fairly substantial in many developing countries.

Hadjimichalis (2010) describes most SMEs in developing countries operate their businesses in retailing, trading, and manufacturing sectors. While many people assume that SMEs are involved mainly in the retail sector. However, the proportion of SME businesses engaged in retailing varies significantly between countries, and between city and suburban areas. Most retail SMEs are located in urban areas, where as manufacturing firms are often situated in both urban and
suburban areas. The differences in the numbers of SMEs involved in manufacturing across different countries are caused by the availability of raw material, consumer preferences and their consumption patterns, as well as the rate of expansion in local export markets (Fischer & Reuber, 2000).

There is some evidence to suggest that the efficiency of SMEs (labour productivity) varies considerably between the size of firms in the same industry and across industries. Firm size may be related to other factors that contribute to efficiency, such as technological and managerial know-how. In developing countries, the smallest firms such as one-person businesses are the least efficient and produce the lowest returns. In addition, some research indicates that small-sized and large-sized enterprises are less efficient than medium-sized enterprises. There is a small proportion of SMEs that successfully contribute to social and economic growth in their local regions (Bredel, 2003; Hauswirth, 2007).

Lao PDR is classified by the United Nations (UN) as one of the least developed countries (LDCs) in the world. Nonetheless, Laos is ranking as a developing economy by the World Bank. Due to the unprecedented economic growth, the country is expected to achieve more developed country (MDC) status by 2020 (The World Bank, n.d.). In Lao PDR, SMEs are defined as business entities where the number of employees is up to 99 people or total assets is up to 1.2 billion kip (equivalent to US$ 150,000), or annual revenue is up to one billion kip (equivalent to US$ 125,000) (LNCCI, n.d.). SMEs are very important for the economic development in LDCs and account for a large percentage of the gross domestic product (GDP). SMEs also increase the employment rate in the country and bring in foreign currency through export (Doole & Lowe, 2008).

Therefore, more research needs to be conducted on SMEs in Lao PDR in order to ensure the consistent development of the national economy. This study focuses
on factors that influence the performance of SMEs such as business strategy, technologies, and employee-related issues.

2.2.3. Challenges for SMEs Globally

In today's competitive markets, SMEs require effective and competitive strategy for maintaining existing operations and continuing to grow. According to Karami (2007), many SMEs are satisfied with their current performance and not thinking about expanding their businesses; some of the fast-growing SMEs do not even have adequate strategic plans for the future; and the main reason for the failure of start-up SMEs is the lack of proper business plans and strategies. In addition, Levy and Powell (2005) note that many SMEs are facing danger while running businesses because they ignore the importance of managing risk and change. Most of them focus on short-term survival and pay little attention to deal with an uncertain future for the sake of their long-term survival.

Omar and Fraser (2010) explain that SMEs are experiencing difficulties to adapt to the constantly changing environment. Most SMEs depend on the owner's private capital to fund the operation of his or her business, which might potentially pose problems during the time of change where negative impacts on social and economic situations are substantial. Hence, SMEs need to adapt to change and overcome the challenge in order to sustain the growth and move forward to become professional organisations. In addition, Sheehan (2013) explains that by adapting to the change it will help SMEs to be in a better position while tackling the unpredictability, ambiguity, uncertainty, and complexity of change. Challenges that SMEs are facing can be classified as external and internal challenges.

External challenges are important to determine the growth and development of SMEs in many countries. There are several external factors that are influencing firms and their business activities, such as economic and social impacts,
competition among firms in the industry and across industries, the location of premises, and customer preference (Omar & Fraser, 2010). Furthermore, other external factors that create a major impact on SMEs are including rates of employment, social behaviour, birth rates, public perception, lending rates, purchasing trend, consumer purchasing power, and government policies and legislation (Watcharaphun, 2000).

Internal factors determine stability and pinpoint the strengths and weaknesses of SMEs, which may help business owners to improve their performance. These factors are vital, because inadequate knowledge of modern business management and approach may result in the failure of sustaining growth and ultimately the demise of companies (Walker, 2006). Furthermore, there are some internal factors, other than knowledge and expertise of SME owners, which are also considered as crucial factors. They are identified as the relationship between a firm and its customers, the perceptions of employees, assistance from family members, access to financial resources, acquisition of skilled and semi-skilled labour, and application of modern technology (Levy & Powell, 2005).

Hogeforster (2012) notes that SMEs are facing the challenge of applying new technologies into their businesses due to their small size and limited access to necessary financial resources, which makes them susceptible to change and to become less competitive in the markets. The issues that hinder the use of new technologies may be associated with expensive capital expenditure without guaranteed results. In addition, MacGregor and Vrazalic (2007) suggest that SMEs are reluctant to apply new technologies because there is a certain degree of risk involved. For example, companies are more concerned about security issues when doing their businesses online. The breach of security may have a tremendous negative effect and damage the reputation of the firm.

Karim, Abdullah, and Bakar (2000) state that another challenge for SMEs is the ability to recruit and retain skilled and semi-skilled labour. Small firms are less
attractive to talented personnel as compared to large organisations. SMEs are often being viewed as a temporary place for skilful individuals to gain experience and move up the ladder to larger corporations. Therefore, companies have to tackle a lack of skilled employees that may prevent them from continuous development. Highly skilled labour is important to business, because it can induce creativity and innovation, which are major key components for sustainable growth and steady performance. Thus, demand for skilled workers has increased substantially in several countries during the past decades, while the requirement for less skilled workers has gradually diminished from the labour market (OECD, 2005).

Rus (2012) points out that most SMEs are having difficulties in accessing financial resources. From the study of 15 countries, it was found that financial barriers posed a major problem to business growth. These barriers include high collateral upfront, high borrowing cost, and rigid bank procedures. Moreover, Johnson and Turner (2010) explain that financial support available to SMEs is highly restricted. Financial institutions charge higher borrowing interests due to uncertainty and a lack of credible information about business activities of SMEs. Therefore, companies often have limited options in accessing financial capital, which restrains the potential of business expansion, and the capacity of risk taking.

2.3. Employees’ Perceptions

2.4.1. Characteristics of perception

French, Rayner, Rees, and Rumbles (2011) state that perception is the process of selection, management, and interpretation of objects, experiences, and situations in the environment which is realised through five senses of individuals. Perception involves a sophisticated thinking process, starting from obtaining data from the external environment, analysing, and converting it through the cognitive process. The result of this process may vary among individuals.
People's perceptions of reality have greater influence on their behaviour than reality itself. In addition, Ahmad, Gilkar, and Darzi (2008) describe perception as an important cognitive and psychological factor that influences human behaviour. It is the way people make the translation of situations they have experienced through a complex reasoning system.

**Figure 2.2. The Perceptual Process**

![Image of the Perceptual Process diagram]

Source: French et al. (2011, p. 80)

People keep interacting with their surrounding environment. However, only a few of these interactions can become their perceptions. The perceptual selectivity refers to the process of filtering human contact with the environment to a limited number of interactions. It is influenced by internal factors such as attitude, personality, and motivation; and external factors such as shape, size, familiarity, and motion (Aquinas, 2008). People may occasionally have different perceptions towards the same object. The differences may result from the perceiver’s internal factors, the circumstances, and the external factors of the target (Ranganayakulu, 2005).

Agarwal (2009) notes that social perception relates to the way people perceive each other in society. Psychological processes are the main factors affecting social perception, which result in attribution, stereotyping, and halo effect. Attribution is concerned with how people perceive the cause that leads to their
behaviour or the behaviour of others. Stereotyping refers to the way people judge a person based on the group in which he or she belongs without considering the personal quality of that individual. The halo effect occurs when people have an impression of a person who possesses a particular characteristic that can create respect and admiration (Murray, Poole, & Jones, 2006).

Perception can have an impact on the decision-making process of an individual, which is important to the organisation. The decision-making process is concerned with receiving, selecting, analysing, and interpreting the data, then finalising the decision using the above information combined with the perception of an individual (Singh, 2010). Perception helps create competitive advantage for the firms by improving the quality of products and making them more attractive to consumers and firms can set a premium price for their products. Employees with positive perceptions towards achievement could bring success to the organisations, whereas employees with negative perceptions towards achievement may lead to organisational failure (Mills, Mills, Bratton, & Forshaw, 2007).

Champoux (2011) explains that perception is the outlook, viewpoint, and discernment of people towards something. It is not actually the truth or fact, but people base their perceptions to form their own reality. Perception is derived from a series of continuous sequences. First, a person interacts with the target through his senses. The interactions are mentally memorised by that person. The evaluation and interpretation of these interactions are conducted. As a result, the person has developed a specific attitude towards the target. His attitude then influences his behaviour. As behaviour becomes more predictable, this will form a standard behavioural pattern (Shajahan, 2004).

Furthermore, Phillips and Gully (2012) suggest that perception refers to individual efforts that try to understand and comprehend things in which they are interested. It relates to the ability of people who observe things and realise
them through process of cognition. Our perceptions affect our judgement of something, which may result in biases towards particular issues. Moreover, Geel (2011) describes perception as reflecting the way we perceive ourselves, and the world around us. It is the outcome of the thinking process through data gathering, modifying, and transforming. Perception also acts as a foundation for future development of individual attitudes and behaviour. Therefore, the above literature is relevant to sub-question 2, which supports the answer that employees’ perceptions about business strategy are having an impact on their behaviour in the workplace.

2.4.2. Perceptions Influencing Employees’ Behaviour

Sims (2002) explains that it is not only personal needs and drives that determine personnel behaviour in the workplace. Their behaviour is also influenced by their own perceptions. Perception plays a crucial role in dictating our behaviour because we react to things differently based on how we perceive them. It is an important part that needs to be understood for better behavioural management. In addition, Ranganayakulu (2005) states that employees consistently perceive themselves, other people, and things around them in the organisations. They make the interpretation of this information and come up with the action or behaviour they think appropriate for the situations. Their behaviour will create either a positive or negative effect for the firms.

Agarwal (2009) notes that the way perception affects employees’ behaviour could be explained by the success-failure model. This model occurs when an employee attempts to achieve something through various external interactions. If these interactions can lead to success, the employee will have a positive perception and view himself as a successful person. A successful individual is ready and prepared for new challenges, open to new experiences, capable of dealing with work pressure and uncertainty, confident, persevering, and having the ability to solve difficult problems (Singh, 2010). Sub-question 3 is supported
by the above literature in that employees’ perceptions about the strategy of their companies can affect their actions and behaviour towards their work.

The perceptions of people have a great impact on their attitudes, which are one of major factors responsible for people’s behaviour. An attitude is the feelings of an individual, which can be positive or negative, towards something he or she encountered. These feelings are developed through the individual’s experience and perception to form specific responses to people or situations (Aquinas, 2008). An attitude is not the actual behaviour; it is the intended behaviour. Managers should not ignore the importance of intended behaviour. Attitudes affect interpersonal relations of employees, direct their behaviour, and influence organisational performance (French et al., 2011; Lee, Park, & Lee, 2013).

People’s behaviour is also influenced by their personalities. Personality is the result of self-perception. It is a complex psychological process, which relates to the experience and innate characteristics of the individuals. Personality involves physical appearance, self-esteem, and interpersonal ability (Sinha, 2008). Moreover, personality can be perceived as the unique trait and quality of a person. It refers to the way people behave, think, respond, and feel in the standard pattern. People have different personalities, and their personalities sometimes can be the reasons for their behaviour. The internal and external environment of the organisation is playing a vital role in shaping employees’ personalities (Champoux, 2011).

Employees’ behaviour in the workplace can be observed through the level of their motivation. Motivation is the process of effort spending in an attempt to accomplish individual goals and fulfil their internal needs. It comprises mental and physical incentives of individuals, and the conditions of their working environment to form their own behaviour. When people have positive perceptions about success, these perceptions will become the motivation that will affect their behaviour (Ahmad et al., 2008). Motivation helps employees to
become more active in their work, more focused on their tasks, and increase their efforts and commitment in achieving the goals they pursue (Murray et al., 2006). This literature relates to sub-questions 2 and 4 and the below literature supports sub-question 5.

2.4.3. Perceptions Influencing Work Performance

Miner (2007) postulates that the perceptions of employees can influence their work performance in organisations. Employees who have positive perceptions towards success will motivate themselves in order to improve their skills, increase their work outputs, and get closer to their goals. Motivation for achievement is one of several factors affecting personnel’s performance. It refers to the desires of people who want to achieve something they consider important, and they believe that the achievement of it will bring satisfaction and happiness to their lives (Fineman, 2005).

In addition, Phillips and Gully (2012) note that people with high motivation for achievement are willing to exert all their efforts to accomplish their goals. However, people with low achievement motivation are reluctant to give their efforts to complete their tasks, and are more concerned about the failure than the success.

Hellriegel and Slocum (2009) point out that an individual’s perception about the ability of himself can have an effect on his self-esteem. Self-esteem influences behaviour of employees in organisations and their social life in many ways. Personnel with high self-esteem are achievement-oriented, highly concentrated on their jobs, and provide more effort to complete their tasks. Moreover, Griffin and Moorhead (2012) suggest that high self-esteem individuals manage and organise their jobs systematically, and give the priority to different tasks in order to improve work results and complete the tasks effectively. Sub-question 3 is all about the employees’ perceptions relating to the success of the strategy of their
companies and their influence on their self-esteem, and how their behaviour could change towards better outcomes.

Schermerhorn (2012) explains that locus of control is one of the perceptions that determine the behaviour of employees. Locus of control is concerned with the perceptions of individuals about the ability to control the outcomes of their lives. It is differentiated as internal and external locus of control. People with high internal locus of control perceive that their action or behaviour is the determinant of things that happened to them. They are more active in the workplace, and tend to work hard for the sake of their future. On the other hand, people with high external locus of control believe that fate, luck, or destiny dictates what happen in their lives (Champoux, 2011).

Employees’ emotions can influence their behaviour and affect their performance at work. Emotions are the feelings that people have towards something based on their perceptions of the situation. The productivity and creativity of employees depend on how well they can handle their emotions in the workplace. Positive emotions of employees can lead to their positive attitudes towards the firm (Robbins & Judge, 2007). Employees with positive emotions such as joy and happiness are open to new experiences, able to communicate clearly with others, and ready for new challenges (Fineman, 2005).

When employees perceive that there is room to improve their skills and abilities in the organisations, they will become more active. This process is referred to as the proactive behaviour of employees. A proactive individual looks for the way to induce change for a better outcome (Nelson & Quick, 2012). Proactive people search for opportunities and take action accordingly. They are willing to undertake arduous tasks, and persevere until they achieve their goals. People who are not proactive tend to avoid taking the initiative to effect change. Proactive behaviour can help increase the job performance of individuals as well as the performance of the organisation (Gatewood, Feild, & Barrick, 2011).
this section, the literature supports the main research question, where employees' perceptions can influence the outcome of strategy when they become more active, and eagerly involved in their assigned tasks.

Hence, employees' perceptions are important to the organisation, because the willingness and efforts of employees could determine the outcomes of the tasks. However, there is no information about how the perceptions of employees in Lao PDR can influence the performance of their SMEs. Thus, this research examines employees' perceptions and their impacts on the outcome of strategy.

2.4. Business Strategy

2.4.1. What is Business Strategy?

The definition of strategy varies among theorists, researchers and managers. There is no one single definition that could explain clearly about the meaning of strategy. According to Google, 58 million answers are found when searching for the term strategy. The word “strategy" has a long history of application ranging from the Chinese Sun Tzu to the Greek Heraclitus and Pericles who used strategies for military purposes. An Italian Machiavelli developed strategies for state governance and management control during the time of political uncertainty (Clegg, Carter, Kornberger, & Schweitzer, 2011). In the past, strategists and organisations applied strategies into their plans in order to achieve different objectives. As a result, the concept of strategy is based on a specific situation, and these situations have created a variety of definitions of strategy (Ulwick, 2005).

In the business context, De Wit and Meyer (2010) point out that there are three dimensions of strategy. They are strategy process, strategy content and strategy context. Strategy process is related to how to develop and implement a strategy, who will carry out the tasks, and when the activities should take place. Strategy content is related to what should be comprised in the strategy of a company.
Strategy context is related to where a strategy will be applied, such as the niche market or the industry. In addition, Clegg et al. (2011) explain that strategy is concerned with major plan developments where managers using all available resources to maximise company performance in a competitive market on behalf of stakeholders. Strategy also helps managers to solve business problems they experience on a daily basis through case studies or theories from textbooks (Faulkner & Campbell, 2006).

**Figure 2.3. Three Dimensions of Strategy**

Thus, these 3 dimensions of strategy is the foundation for SMEs to formulate and implement business strategy effectively.

Cole (2006) states that the word ‘strategy’ can be interpreted in different ways and have several meanings. Strategy can be categorised into 5 Ps, such as a plan, ploy, pattern, position, and perspective strategy.

A plan is probably what people perceive about strategy. It indicates an on-going process of something and its progress is being managed and controlled from the beginning to the end. A ploy normally means a short-term strategy, which has
uncertain objectives and can be changed to meet requirements in a particular period of time. A pattern strategy is the activity of behaviour that occurred repeatedly during the progress of something. A position strategy is related to how a firm places itself against its competitors in the industry. A perspective strategy is the process of influencing the way people think and the culture of an organisation (Campbell, Stonehouse, & Houston, 2012).

Furthermore, Whittington (2001) identifies four major theories of strategy, including the classical approach to strategy, evolutionary perspective on strategy, processual approach to strategy, and systematic perspective on strategy.

The classical approach indicates that the ultimate goal of business is the profitability and the practical planning that fulfils its objectives. The evolutionary perspective approach is applied when there is a sceptical concern about the ability of top management to perform well in business, and a firm relies on the market to maximise the profits. The processual approach is the realistic perception about strategy based on the idea that people are not perfect and in a continuous process of learning. Thus, an organisation should consider this factor during its strategic development. The systematic perspective approach is similar to the classical approach, but more focused on the practical approach and value analysis (Analoui & Karami, 2003).

Daniell (2004) and Morden (2007) note that seven essential characteristics are often found in a strategy. They are as follows:

- The process is an activity that occurs from start to finish and is responsible by people who manage it.
- The attitude is the behaviour of people towards the process, such as honesty, cooperation, and openness.
• The people are those who participate in the strategic development in order to ensure the highest quality of the outcome.

• The content is the detail of strategy in which all relevant information is taken into account.

• The thought is the perception of situation, such as competition, and market trend.

• The creativity is an innovative idea that supports the process of strategy.

• The result is an achievement of an organisation’s vision, mission and objectives.

Lehmann (2012) explains that a business strategy is influenced by six competitive forces, such as the risk of entry by new rivals, the threat of existing competitors, the bargaining power of buyers, the bargaining power of suppliers, the threat of substitutes, and the power of complement providers.

The threat of new entrants refers to new firms that enter the market with new technology and management system that can produce the competitive advantage. The threat of competitors is the change in quality and price of the products that may create an advantage to the rivals. The bargaining power of buyers occurs when customers have an alternative choice of purchasing the products, which gives them an advantage over the price and quality. The bargaining power of suppliers is the ability to negotiate the price of raw material that favours the suppliers. The threat of substitutes can have the impact on profitability as it creates a price ceiling for existing products. The power of complementary providers is that companies selling the products can increase the value of the other products (Bamford & West, 2010; Hill & Jones, 2010).
Hence, SMEs should take these competitive forces into account when developing and executing their business strategy.

2.4.2. Strategic Management

Jeffs (2008) describes strategic management as the process of analysing, formulating, and implementing strategies that aim at achieving the goals and objectives of the company. Strategic management can help improve the performance of firms because it creates the overall systematic structure of internal and external environment analyses, and provides information that is vital to the decision-making process. In addition, Amason (2011) states that strategic management consists of principal elements of organisations, such as organisational structure, culture, and style. It involves strategy creation, implementation, and the evaluation of environment. Sub-question 1 is about understanding employees’ perceptions about business performance in relation to business strategy.
Sub-question 2 is to understand employees’ perceptions about strategy; Harrison and John (2012) explain that strategic management is a process of identifying and learning from the surrounding environment of organisations, known as SWOT analysis. This type of analysis can produce important data that is useful and essential to the strategic development procedures. It allows managers to establish strategic direction that is in-line with the organisational mission and vision, create appropriate strategies that ensure the accomplishment of goals and objectives, and effectively execute business strategies that successfully increase the performance of firms and be able to satisfy key stakeholders (Acquaah, 2013; Analoui & Karami, 2003).

Figure 2.5. Strategic Management Process

Source: Harrison and John (2012, p. 4)

Therefore, it is vital to have a good understanding of the strategic management process for both managers and employees in order to deliver a better chance of success.

The purpose of strategy is to build competitive advantage. Competitive advantage is often defined as the capability of a firm to outperform its
competitors (Amason, 2011). When a firm offers products and services that are superior to rivals in terms of quality and price, it has a competitive advantage over them, which allows the company to attract more customers. However, competitive advantage can quickly be learned and duplicated by competitors. Hence, managers are required to invent sustainable competitive advantage by steadily analysing external environment and enhancing organisational capabilities in order to spot market opportunities at an early stage (Goldman & Nieuwenhuizen, 2006).

2.4.3. Strategic Management in SMEs

Levy and Powell (2005) explain that the management and organisational structure of SMEs are changing as they grow through different stages of their life cycle. Most SMEs tend to have a simple business strategy, and the owners are often responsible for the decision-making process. This creates problems for employees as they lack the authority to complete their tasks without the owner’s interference. However, Peng (2009) argues that when SMEs have developed to a later stage, owners need to transfer their responsibility to professional managers. Skilful managers are more likely to develop the business strategy that is suitable for the organisation and successfully inducing the growth, as compared to owners who have limited experience in modern strategic management. Sub-question 4 refers to employees’ perceptions about strategy formulation and the researchers referred to support that a well-formulated strategy is able to enhance the growth of the company.

Realising the important contribution of SMEs to the economic growth, strategic management experts have begun their researches into business strategy and its influence on SMEs. While the amount of literature on business strategy in large organisations is abundant, the research conducted on SMEs, particularly relating to business strategy is limited. There are some researchers who argue that the time and resources spent on developing a business strategy are not compatible
with SMEs (Analoui & Karami, 2003). However, not all the researchers have reached the same conclusion. Some studies have found a positive relationship between strategic management and company performance. Some authors reported that business strategy plays a crucial role in generating growth as SMEs are becoming more complex (Grant, Hackney, & Edgar, 2010).

SMEs can take the advantages of applying strategic management and enjoy the benefits it provides. It can help the manager to analyse the position of the firm in the market, consolidate the company’s mission and vision, evaluate its strengths and weaknesses, eliminate potential threats, exploit market opportunities, and set appropriate goals and objectives for the company (Morden, 2007). In addition, managers can utilise business strategy to develop an approach for achieving objectives, initiate measures to tackle change, become more competitive in the market, be more prepared for unexpected circumstances, create value to the firms, and improve the communication within organisations (Harrison & John, 2012).

The main research question is to identify the influence of employees’ perceptions on the outcome of business strategy and Hill and Jones (2010) argue that there are some limitations to applying formal strategic management in SMEs. Business owners are reluctant to develop a complicated strategy because they lack relevant strategic management skills. Moreover, Henry (2008) points out that due to the size of SMEs, it may be difficult for the firms to acquire necessary information that is valuable to the strategic planning. Owners often spend most of their time engaging in a day-to-day operation, and a limited number of staff causes them to abandon the strategic development procedures.

Thus, business strategy is an important tool to build competitive advantage, which can lead to the achievement of organisational goals. SMEs in Lao PDR should apply strategies into their businesses in order to overcome business
obstacles. Because employees are essential to business strategy, hence their perceptions about business strategy should be analysed thoroughly.

2.5. Business Strategy Formulation

2.5.1. Theories of Strategy Formulation

Grattan (2011) postulates that the process theory refers to unpredictable circumstances that change a rational strategy into a realised strategy. The emergent strategy challenges the perception that strategy should be developed through a logical analysis and evaluation process. It supports the idea that strategy formulation is more complicated than a simple rational analysis, and it is beyond a human's capability to fully understand the sophistication of strategic problems. Strategists can only formulate the strategy that provides a satisfying solution, but not a complete and flawless result. Some strategies that seem to be suitable at first can later become unrealistic and those strategies may need to be adapted or abandoned (Kachru, 2005).

The rational model of strategy refers to the strategy that is developed by a planned analysis process based on a linear model of decision-making. The strategy planning process comprises two major stages: strategy formulation and implementation. The top management is often responsible for strategy formulation, which involves the analysis of the internal and external environment of the company (Karami, 2007). The planning model is flexible and adaptable that explains an organisation should be continuing the improvement of its structure and culture in order to take advantage of environmental changes that are likely to occur in the future (Noorani, 2010).

The intuitive learning model of strategy views that strategy is not the result of a one-time planning process; it is a series of decision-making processes occurring throughout the entire strategic planning scheme. Strategy formulation is based on the perception that strategies are influenced by unpredictable forces and
changing over time, which result in the diversion of original strategies (Van Merriënboer & Kirschner, 2013). Process theorists suggest that there is no obvious boundary between strategy formulation and implementation. The strategic planning is a natural and non-linear process that takes into account all relevant factors and focuses on strategies that can be put into practice rather than separating the strategic planning and its execution (Seidel, Perencevich, & Kett, 2006).

Karami (2007) suggests that strategy formulation comprises three phases. The first phase is a quasi-strategic phase, which is characterised by informal and short-term planning with unclear goals and objectives. The second phase is a defining episode. This phase represents the transitional period in which the turbulence or crisis occurs in an organisation. The crisis often causes firms to be more prepared for unexpected events and more careful while evaluating the surrounding environment. The third phase is a strategic formulation. This phase is referred to as a mature planning and long-term strategy with clear goals and objectives as well as distinctive company vision and mission (Hiriyappa, 2013).

2.5.2. Strategy Formulation Process

Sub-question 4 addresses the effect of employees’ perceptions about the formulation process and Ulwick (2005) describes the process involves the development and creation of strategy and is known as the strategy formulation process. The strategy formulation process is the first stage of strategic planning and prior to strategy implementation. This process determines the necessary elements that are required to formulate a potential successful business strategy. It is concerned with different levels of organisational activities in which everyone in the firm contributes their efforts towards the outcome of a strategy. In addition, Grattan (2011) suggests that a good strategy formulation process is vital for business success, which will result in the creation of competitive
advantage, and the establishment of competitive position. Hence, the formulation process is important for the outcome of strategy.

The strategy formulation process involves building the company vision and mission, setting short-term and long-term objectives, analysing internal and external environment, and selecting the most appropriate strategy for execution. It also includes resource allocation, business diversifications, international market considerations, supplier acquisitions, and potential new business ventures. Strategic formulation decisions are often carried out by top management (Hadighi, Sahebjamnia, Mahdavi, & Shirazi, 2013; Karami, 2007). Moreover, it also comprises the preparation and evaluation of incoming data, the decision-making process, and the application of useful tools and techniques (Simerson, 2011).

Prasad (2009) states that organisational vision is a virtual picture set by top management of how the company should be in the future. Vision is a long-term goal that goes beyond the management of day-to-day operations. It comprises the considerations of different departments and business unit activities as a whole, which will lead to the common objective an organisation intends to achieve over a specified period of time. Vision is set by a company’s top management and is usually referred to as a vision statement. Creation of the vision is in the early stages of the strategy formulation process. It is only the imagination of managers who perceive the future prospects of companies, and it is required to be transferred into reality by developing the strategy that is able to complete its objectives (Hitt, Ireland, & Hoskisson, 2009).

After setting the organisational vision, companies are required to develop their mission statements. An organisational mission statement is concerned about how managers and employees in a firm should work towards accomplishing organisational vision. It is an important tool for communicating and sharing ideas, aims, and purposes of an organisation among its stakeholders. It also
provides directions for managers while making decisions during the strategy formulation process (Harrison & John, 2012). The mission statement should show an organisation the way to achieve its long-term objectives, and should not be changed or altered. It should provide inspiration, commitment, creativity, and innovation to employees who follow the mission as their primary objectives (Thompson & Martin, 2010). The above researchers support sub-question 4, which relates to employees’ perceptions about the formulation process.

Strategy formulation process involves defining the objectives a company intends to achieve. Objectives are specific and different from goals because objectives can be measured and evaluated. They determine the outcome of the strategy, and are an important part of strategic management (Kazmi, 2008). Objectives help clarify the relationship between the firm and its environment, set the strategic direction, influence the decision-making process, and provide the basis for performance evaluation. Good objectives should be specific, measurable, understandable, realistic, achievable, and within time-constraints (Stead, Stead, & Starik, 2004).

2.5.3. The Importance of Strategy Formulation

Strategy formulation plays a crucial role in organisational success. Effective strategy formulation could provide the company with a competitive position, product cost reduction, customer satisfaction, and larger market share. It also helps an organisation devise methods for enhancing company policy and culture (Ulwick, 2005). Strategy formulation focuses on developing and sustaining competitive advantage for the company. It is concerned with business activities from different departments in the organisation, such as marketing, research and development (R&D), human resources (HR), finance, and production. These activities determine how the strategy will be formulated in order to achieve the objectives (Karami, 2007).
A good strategy formulation can bring benefits to organisations. A firm can use strategy formulation to identify current market trends and possible emerging trends, take advantage of new opportunities, eliminate potential threats, and establish competitive business operations (Simerson, 2011). Strategy formulation can also reduce personal influence on decision-making and make it more rational, provide the standard analysing process with clear vision, mission and objectives, as well as increase the overall performance of an organisation (Henry, 2008).

Furthermore, strategy formulation can be used to anticipate the future trends, which act as guidelines for avoiding imminent threats. This allows managers to develop plans and solutions to the problems in advance. When problems and threats are being treated properly, managers can ensure the consistency of organisational performance and sustainability of competitive advantage (Morden, 2007). Strategy formulation can also identify the degree of risks that are associated with the strategy. Top management might have different strategies for a particular situation. By having alternative strategies, they can compare the risks and rewards for each strategy in order to select the most suitable strategy for implementation (Eden & Ackermann, 2004).

Brown (2012) mentions that the success of business depends largely on an effective strategy formulation. It determines how business activities should be developed in a way that can increase company performance. These activities include creativity, innovation, co-operation and so on. Strategy formulation should be viewed as a continuous learning process and the application of what is considered to be the best practice for maximising business performance. Managers who pay attention to strategy formulation are more likely to create value for their organisations and bring profits to their businesses (Gandellini, Pezzi, & Venanzi, 2013). Hence, the literature supports that positive perceptions about the formulation process can influence the outcome of strategy.
2.6. Business Strategy Implementation

2.6.1. Concepts of Strategy Implementation

Karami (2007) states that strategy implementation is another element of the strategic management. Even a good strategy formulation can yield little value if it is implemented improperly. Recently, there has been an increasing number of studies about strategy implementation and its effectiveness in an attempt to understand the issues that may arise during the transition from strategy formulation to implementation. In addition, Machuki (2011) suggests that strategy implementation is being viewed as a continuous process of strategic management that relates to organisational structure, culture, and management system. The definitions of strategy implementation vary among scholars, but they all exhibit the importance of strategy implementation in relation to the success of business.

Strategy implementation is a series of activities involving changing organisational functions, control systems, employees’ behaviour, and leadership style in order to meet organisational objectives. The implementation stage is concerned with the translation of a strategic plan into an operational activity. It refers to an approach of getting things done in the right way by developing an execution plan and implementing it with caution (Tan & Matthews, 2009). Strategy implementation is the responsibility of an organisation as a whole to align the organisational activities with the well-defined strategy that derives from the strategy formulation process. It takes into account finance, human resources, and technological development that help putting the strategy into realistic action (Alkhafaji & Nelson, 2011; Slater, Olson, & Hult, 2010).

MacLennan (2011) cites that strategy implementation connects developed strategies and organisational activities together. Because developed strategies are only ideas and concepts, they need to be translated into reality by initiating proper actions. In contrast to strategy formulation, which aims at setting the
direction for the firms, strategy implementation focuses on how to reach the destination of that direction. Brache and Bodley-Scott (2006) explain that strategy implementation is the means of achieving organisational goals, realising the vision, and accomplishing the mission of the firm. It is the pattern of resource utilisation, and the interaction between a company and its internal and external environment in order to fulfil its short-term and long-term objectives.

Strategy implementation is about the execution of business strategy, which is managed and controlled by different levels of organisational hierarchy to ensure the alignment of business activities with company objectives, and the realisation of planned strategy. It requires a rigorous decision-making process and logical consideration combined with distinctive principles to form the appropriate implementation of the strategy (Simons, 2010). Strategy implementation takes place in the internal environment, which involves employees, structure, leadership, resources, and culture of the firm. It also takes into account the external environment such as political, economical, social, and technological factors (Morden, 2007).

Strategy implementation requires employees of the organisation to be creative, innovative, supportive, disciplined, and hard working. Furthermore, it requires an organisation to develop and design the structure that is flexible and suitable for the implementation (Henry, 2008). The organisation's resources, technology, and knowledge will determine the outcome of the implementation. Managers should pay attention while making decisions about how the strategy should be executed and how the available resources should be allocated (Thompson & Martin, 2010). Thus, the above literature relates to sub-question 5, which examines the effect of employees’ perceptions about strategy implementation process.
2.6.2. Roles of Strategy Implementation

Strategy implementation is one of the most important elements of the strategic management process in the firm. Its purpose is to provide the right conditions within the organisation so that developed strategies can be implemented successfully. Effective strategy implementation can improve managerial ability, enhance employee skills, increase product and service qualities, and allow the firm to take advantage of its surrounding environment (Karami, 2007). Strategy implementation is a driving force to maximise organisational performance. Companies that keep improving and adjusting their implementation processes are more likely to be successful in enhancing their performance (Heracleous, 2003).

Rao and Krishna (2008) note that strategy implementation helps increase the collaboration among people within the organisation, improve managers’ leadership skills, motivate employees, and reduce the duplication of tasks assigned to individuals. Moreover, Goldman and Nieuwenhuizen (2006) suggest that strategy implementation plays a vital role in the competitive success and the attainment of the strategic plan. It assists the execution of business programmes, policies, and developed plans across the entire organisation. The implementation process is very crucial to the firm because the strategic goals and objectives depend on this process in order to be realised and achieved.

Strategy implementation aims at ensuring that the strategic plan will be carried out successfully. It involves making changes to organisational structure by applying different types of management tools, and allocating specific tasks to employees through personnel evaluation programmes (Jeffs, 2008). Strategy implementation can be viewed as a part of the strategy that customers can understand and perceive. However, successful strategy implementation can build competitive advantage for the organisation, which might not actually be seen by its customers. Hence, the implementation process includes all relevant factors
that can deliver value to customers regardless of the visibility of a strategy to its clients (Amason, 2011).

The implementation of strategies helps to ensure coordination among staff, the integration of structure, the allocation of resources, and the development of a corporate culture in order to achieve the organisational purpose (Witcher & Chau, 2010). The strategy formulation process can be a waste of time if the strategists do not seriously think about how to implement it effectively. Moreover, strategy implementation can increase the communication between leaders and followers or among employees in the organisation. In contrast, ineffective implementation may not be able to solve problems, which may lead to the re-evaluation of the formulation process (Katsioloudes, 2006). Hence, the above literature supports sub-questions 5.

Strategy implementation is responsible for monitoring the activities that are related to the strategy. Many businesses encounter the same problem of having seemingly good strategies but are unable to implement them successfully. Strategy implementation can help managers improve their skills and abilities, which will significantly increase the potential of organisational success (Goldman & Nieuwenhuizen, 2006). There are eight components of effective strategy implementation that should be mastered by managers. These components include leadership style, organisational capability, resource allocation, supportive policy, continuous improvement mechanism, employee supporting system, reward scheme, and organisational culture (Sadler, 2003).

2.6.3. Strategy Implementation Issues

MacLennan (2011) suggests that strategy implementation theorists mostly concentrate on organisational structure and resource allocation. The research into the field of people management, which could lead to the success of strategy implementation, may need to be improved. In strategic management, a majority
of studies focus primarily on strategy formulation and strategic planning, whereas strategy implementation appears to be regarded as less important. Furthermore, Kachru (2005) explains that there are small numbers of books that specifically discuss the importance of strategy implementation, especially with the empirical evidence of the research. Thus, the study of strategy implementation is considered to be at the beginning stage and requires to be progressed further in the future.

Managers often experience problems in the implementation process, even after they have completed the strategy formulation process and have developed good strategies with a specified strategic direction. However, this direction needs to be realised through the implementation of the strategy. Less attention to internal factors such as organisational culture may become the barriers to successful implementation (Heracleous, 2003). Organisational structure can also be an issue for the implementation. For example, highly skilled and self-dependent employees in an organisation might have problems when undertaking the tasks that require more collaboration and teamwork among the staff. Hence, managers should pay close attention to the factors affecting the implementation process (Grant et al., 2010).

Hussey and Perrin (2003) note that effective strategy implementation is hindered by four major barriers. These barriers are the vision, management, operational, and people barriers. The vision barrier occurs when the strategy intent is not being communicated clearly to employees who carry out the tasks and put the strategy into concrete action. The management barrier is about the management systems that focus on financial control and budget only, but not the implementation process. The operational barrier refers to organisational activities that do not encourage the implementation of the strategy. The people barrier is concerned with the difference between organisational objectives and individual goals (Paladino, 2011).
Hence, strategy implementation plays a crucial role in monitoring the formulated strategy and achieving organisational objectives. It is the process of transforming organisational vision and mission into reality through employee collaboration and task allocation. The alignment between strategy and organisational activity is important and employees’ perceptions about the implementation process should be investigated carefully.

2.7. Chapter Summary

The literature review focuses mainly on employees’ perceptions and business strategy. It involves the review of SMEs, strategy formulation, and strategy implementation. The main purpose of the review is to understand the relationship between employees’ perceptions and business strategy, particularly in SMEs. In addition, the review discusses the characteristics of perception and its influences on employees’ behaviour. It is concerned with the study of attribution, personality, motivation, locus of control, and self-esteem of employees. This chapter then examines the relationship between employees’ perceptions and their work performance, as well as organisational performance.

Nevertheless, it is not certain how employees’ perceptions can influence the outcome of the business strategy of their companies, especially for SMEs in Lao PDR. Hence, this issue becomes the main topic of the research project.

Chapter Three discusses and explains the research methodology used in this thesis.
Chapter Three: Methodology

3.1. Introduction

This chapter firstly discusses the research paradigms, and establishes a suitable paradigm for the thesis. It then examines the methodology of the research based on the positivist paradigm in which quantitative approach is considered to be appropriate. The chapter further discusses the data collection method, target population and sample size. It determines the research instrument as the questionnaire survey, and describes the characteristics and advantages of using a questionnaire as the research instrument. Finally, this chapter discusses data analysis by using a statistical software package such as SPSS, and explores data analysing techniques that are used later in this research.

3.2. Research Paradigms

Bryman (2012) describes a paradigm as a set of personal principles and philosophies that influence researchers when they conduct their studies. It guides the scientists to determine research subjects, methodologies, and the way to interpret the result. In addition, White and McBurney (2013) state that a paradigm is a cluster of laws, beliefs, approaches, and applications that are involved in the research process. It is a fundamental system or structure of our view about the world around us. Paradigms dictate the way we observe things, influence our interpretation of situations, and control our behaviour in particular circumstances.

There is a persistent argument over the credibility of the two paradigms. On one side, the positivist paradigm argues that things around us can be explained through scientific studies. It emphasises the laws of objectivity as the main principle of our observations and interpretation of reality (Rubin & Babbie, 2012). On the other side, the constructivist paradigm argues that reality can only
be understood by a careful analysis of the interaction between the researcher and the subject. It emphasises the pursuit of subjectivity, and denies the possibility of objectivity. Postmodernism is an extreme constructivism that highly supports the non-existence of objective reality (Bryman, 2012).

Muijs (2010) explains that the positivist paradigm can be traced back to its origin in physical science. It applies a logical and scientific method to the research. Positivists view the world and reality as being governed by universal laws, which cannot be changed or altered. Based on these laws, they can conduct their research and obtain new knowledge in order to explain the phenomenon. Universal laws can be understood by the observation and collection of data through scientific approaches, and the analysis of data based on the underlying principles to find out the causes of these phenomena. Moreover, Roberts-Holmes (2005) suggests that positivist research sees the world in a systematic way. Positivists believe that by using scientific methods, they can discover the truth and explain everything based on scientific laws. Positivist researchers often use quantitative method for their research.

Positivists rely on cause-and-effect theories to study the phenomena, then they organise those theories and find the way to develop hypotheses, which they could test later. The common methods used to test a hypothesis are variable manipulations, which can be done by the assistance of statistical software. Researchers then observe and record the results generated by the software. This type of research is generally referred to as the scientific research (McNabb, 2010). Positivists apply the scientific methods to the research of social reality. These methods comprise phenomenalism, inductivism, and deductivism principles (Bryman, 2012).

In contrast to the positivist paradigm, constructivist paradigm focuses on subjective reality and rejects the possibility of completely objective reality. Social constructivists believe that we are unable to comprehend the true nature of
reality. From this point of view, they argue that the knowledge is not necessarily the reality, but it is the result of social exchange; and when we agree about the knowledge, it becomes the truth (White & McBurney, 2013). Social constructivists challenge the fundamental principles used by positivists to uncover the truth. They argue that the research must involve the study of socioeconomic, cultural, and historical contexts in relation to the subjects, which will help gaining new knowledge about the phenomena (Lodico, Spaulding, & Voegtle, 2010).

Social constructivism focuses on mental representations, which can be study through social relationships, conversation, and interaction with people. It emphasises the importance of mental perceptions, and based on these perceptions it forms reality. Social constructivists claim that the beliefs of scientists may affect the result of their research and reality because their views about science might not necessarily be more objective than the other persons (Jupp, 2006). Social constructivists believe that individuals develop the reality through social interaction with each other. Different people have a different understanding about a particular situation based on their personal perceptions, and experiences. Reality is then gradually forming through social construction (Hammond & Wellington, 2013).

This research tries to study the phenomenon by exploring the reality in a scientific way. As a result, this research is based on the positivist paradigm, which aims at reflecting the facts by avoiding the researcher's intervention or influence on the subject, in order to deliver an outcome that is objective. The result of the findings is expected to be impartial, unbiased, and provide scientific evidence to support or reject hypotheses that are the key components to accomplish research objectives.
3.3. Quantitative Approach

Rasinger (2013) explains that the quantitative approach is carried out through gathering relevant data, and then analysing that data based on scientific calculation methods. The collected data must be in numerical form, so that it can be analysed using scientific methods. Some of the data exists in other forms and can also be gathered in a quantitative way by developing appropriate research instruments and converting raw data into numerical data. Moreover, Muijs (2010) states that statistical software is used to analyse the data. Some people might think that the analysis process is the most crucial part in quantitative research. However, designing the right research instrument is also very important and should not be underestimated.

The quantitative approach is different from qualitative approach in many ways. Simply said, qualitative approach is focused on explaining characteristics of people and their perceptions about situations without using statistical measurements. On the other hand, quantitative method involves a researcher applying numerical data collection and mathematical method to understand characteristics of people and reality (Thomas, 2003). However, there are some researchers who are not satisfied with such a simple explanation about the difference between the two methods. Hence, they dedicate their time to try to distinguish between quantitative and qualitative in far more detail (Ridenour & Newman, 2008).

Hoy (2010) points out that the quantitative view is sometimes referred to as the realistic view of the world. Realists believe that the purpose of the research is to discover the cause that leads to the understanding of reality by using objective research approaches. The researcher must maintain an unbiased view about the research as much as possible, apply methods that can improve objectivity, and reduce his or her intervention in the research down to the minimum level. In addition, Berger (2010) notes that the quantitative approach is concerned with
testing theories and hypotheses, and determining whether these hypotheses should be accepted or rejected. Reality can be understood objectively through effective design of research instruments.

Quantitative research uses figures and mathematical methods. It is based on the analysis of numerical measurements to observe the phenomenon. It aims at testing causal hypotheses, and generating objective results that can easily be replicated by other researchers. Quantitative researchers look for the answers that can be generalised to other people by applying several sampling techniques and research designs to assist the observation of results (Denscombe, 2007). In quantitative research, the researcher plays a vital role in observing and analysing the data. However, the researcher needs to ensure that there is no personal involvement that could alter the data, and produce manipulated results, because quantitative approach is all about objectivity (Fairbrother, 2007).

Furthermore, quantitative research method is more reliable than other methods because of its transparent, standard and systematic interpretation of the data. Other researchers can replicate the findings in order to recheck and verify the results. Quantitative data can also be used as secondary data, which will provide benefit for further observation and identification of new trends or patterns that may lead to another finding (Bryman, 2012; McNeill & Chapman, 2005). Therefore, this research can provide accurate data and unbiased results by using quantitative method. The data can help building scientific statistics that are useful to determine links and relationships among variables.

3.4. Data Collection

The research applied the survey method for data collection. The advantage of this method is the ability to collect data from a large sample, which can increase the accuracy of the findings. The survey can cover a broader area of the target population than other methods, which could be able to generalise the findings
and represent the reliable results that are needed for the research (Rubin & Babbie, 2012). Hence, the survey method was considered to be the most appropriate method for this research in which the data derived from this method was translated into statistical data for further quantitative analysis.

The target population of this research is employees of SMEs in Lao PDR. Because the research topic is concerned with the influence of employees’ perceptions on the outcome of business strategy, the researcher focuses only on employees who work for SMEs in Laos. Their opinions on the issues are suitable in reflecting the relationship between a variety of factors relating to the environment in which their companies operate and the outcome of the business strategy of their SMEs.

The sample size of this study comprises 100 respondents. This number may be relatively small in size, but compared to the size of companies in Laos, which mostly are small-size companies, these respondents are the employees of SMEs from various business sectors. Thus, this sample size should be sufficient for the analysis of data and the generation of findings. Bryman (2012) notes that there is no exact answer about how large a sample size should be. A certain sample size might be enough based on the research environment, and it is not completely true that the larger the size of a sample, the greater the precision of a sample. In addition, due to the limited amount of time and budget, the researcher applied the non-probability sampling method by randomly selecting SMEs in Laos and sending out the survey questionnaires to these companies.

The administration mode of the survey was based on face-to-face survey. The researcher approached the respondents directly in order to ensure the effectiveness of the survey. Face-to-face survey has many advantages such as high response rates, fewer unanswered questions, and chances to clarify questions that are confusing respondents (Rubin & Babbie, 2012). The researcher was also aware of the disadvantages of this survey method, but
according to conditions in Lao PDR, the face-to-face survey was the most appropriate administration mode for this study at the moment.

3.5. Questionnaire

According to McLafferty (2010), questionnaires are very important to survey research. Each questionnaire is designed specifically for a particular research project. There are many forms of questionnaires written differently based on situations, purposes of the research, and data collection methods. Its contribution to the success of the research is obvious to the researchers who use the questionnaire as a research instrument. In addition, Brace (2013) states that the questionnaire is used to provide a standardised approach to all respondents, so the researchers can be sure that the questions are asked exactly in the same way. One of the key elements of survey research is to ask questions of different individuals in the same manner.

The questionnaire is integrated into the survey process and plays a major role in determining the outcome of the research. It influences the methods of data gathering and analysis. The quality of the survey research depends largely on designing the right questionnaire (Dörnyei & Taguchi, 2010). Researchers should develop questions that are appropriate to respondents and related to the research objectives. Questions should not be too broad and involved in many areas of interests that are not relevant to the objectives. Otherwise, it will be a waste of time and resources that yields little value to the research (Brace, 2013).

Several quantitative researchers use the questionnaire survey method because it has many advantages. Questionnaire survey is considered to be of lower cost and spends less time than other methods. A researcher can send out questionnaires to multiple respondents within a short period of time by using either a mail survey or an online survey. The completed questionnaires are collected in a large-scale format, and the total process is usually finished by less than a month.
Moreover, there is no specific time to complete the questionnaire, which means that respondents can spend their free time to complete questionnaires without interrupting their normal schedules, and there is no requirement for immediate response from the researcher (Peterson, 2000).

Furthermore, the questionnaire survey can protect the anonymity of respondents because some of them may not want their identities to be revealed in the research. A questionnaire survey can also eliminate the researcher’s influence on respondents in order to ensure their unbiased answers to the questions (Babbie, 2008). Questionnaire make sure that respondents are asked the same questions in the same way, so the researcher can be certain that the data collected from them is impartial. Questionnaires can provide data needed by the researcher for testing hypotheses and generating results that lead to the achievement of research objectives (Bradburn, Sudman, & Wansink, 2004).

Hence, this research used the questionnaire as a research instrument because of its advantages such as cost saving and anonymity. The questionnaire allowed the data that was collected from the respondents to be converted into computer readable data for statistical analysis and study. The questionnaire took about 20 minutes to complete, and contained 33 questions. It had been translated into the Lao language to help local respondents understand the questions, so that they could answer the questionnaire correctly (refer Appendix B).

The survey questions in a questionnaire were developed and compiled based on the intention to answer research questions. The pilot survey has been conducted prior to disseminating the final survey questionnaire in order to adjust and validate these key questions.

3.6. Data Analysis

The data collected from questionnaires was processed and entered into statistical analysis program SPSS. All relevant information was observed and
analysed. This information played a crucial role in achieving research objectives, and contributed significantly to the interpretation of the research findings. The data analysis method is discussed as follows:

Univariate analysis involves the analysis of only one single variable without concern for other variables. Sometimes it can be more than one variable, but without observing their relationships. It is used mainly for descriptive purposes, such as explaining the frequency of each variable in figure or percentage through frequency tables and diagrams (Bryman, 2012). Frequency tables describe the figures in a form of rows and columns. It is the clearest method for analysing numerical data such as nominal and ordinal values. Univariate analysis is often used in exploratory research to observe how the data from different categories is distributed in the sample (Sekaran & Bougie, 2009).

Bivariate analysis refers to the analysis of two different variables in order to study their relationships and test the hypothesis. This means that we look for the evidence to identify the existence of the relationships between these variables. Different techniques have been employed to analyse their relationships, depending on the nature of the variables. Bivariate analysis is primary for explanatory purposes, and describes what has been found based on statistical data and value (Rubin & Babbie, 2012). For example, cross-tabulation helps us observe frequencies of numerical data in specific categories for more than one variable. Cross-tabulation is the simplest approach to summarise the data from any sample size in terms of columns and rows (Kothari, 2008).

Multivariate analysis refers to the analysis of three or more variables at the same time. This type of analysis is more complicated than the previous two and requires certain knowledge of statistical analysis in order to interpret the data more effectively. This analysis technique is very practical and gives a sense of reality, and provides support for decision-making. The analysis involves examining spurious relationships between variables, identifying intervening
variables, and recognising moderated relationships among variables (Marlow & Boone, 2011). Multivariate analysis is concerned with the attempt to determine the influences of different independent variables on a single dependent variable. Some multivariate techniques are multiple regression, correlation, ANOVA, and factor analysis (Dantzker & Hunter, 2012).

3.7. Chapter Summary

This chapter discusses two major paradigms of the research, and explains the rationale behind the selection of the positivist paradigm for this research. Quantitative research method has been chosen in order to produce objective results of the findings. The questionnaire survey is used as an instrument for data collection due to its advantages over the other methods. The raw data from questionnaires is converted into numerical data and input into SPSS software, to be processed and analysed.

In the next chapter, the researcher uses SPSS to generate the statistical results for the observations and analyses, as well as to test hypotheses that are related to the main research question and sub-questions.
Chapter Four: Findings

4.1. Introduction

This chapter focuses on the analysis of the data collected from respondents by using SPSS software to produce statistical results that are vital to the explanation of the findings. The analysis process is based on the structure of the questionnaire, which is arranged orderly. It involves identifying demographic information of respondents, and their perceptions about business strategy. In addition, this chapter concentrates on generating the findings about strategy formulation, implementation, and business performance perceived by the respondents. In order to be able to provide the answer to the main research question and sub-questions, the researcher has developed hypotheses to test the relationship and difference between variables, which are presented in the later part of the chapter.

The findings are derived from the use of quantitative analysis such as frequency, cross-tabulation, correlation, t-test, and ANOVA. The results provide the evidence for further discussion, which is crucial to the completion of the research.

4.2. Section A: Demographic Information

This section discusses relevant demographic information of respondents. It involves the identification of gender, age groups, levels of education, work experience and so on. The observation of this data gives the researcher a general grasp about the respondents, and provides useful information for later analysis.

Section A comprises 6 questions, starting from Question 1 to 6. Each of the questions is discussed in detail as follows:
Question 1: The respondents were asked about their gender, and the findings are shown in Table 4.1.

Table 4.1. Gender of Respondents

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Male</td>
<td>54</td>
<td>54.0</td>
<td>54.0</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>46</td>
<td>46.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

In Table 4.1, the total number of respondents is 100 people, by which 54% of respondents are male and 46% of respondents are female. The result shows that the number of male respondents is slightly higher than female respondents. Hence, the contribution of gender in this survey is considered to be fairly proportionate.

Question 2: The respondents were asked about their age groups, and the findings are shown in Figure 4.1.

Figure 4.1. Age Groups of Respondents
In Figure 4.1, the graph shows that the majority of respondents belong to the age group of 25-30 years old, which represent at 53%; the age group of 31-40 years old represents at 26%; 19-24 years old represents at 17%; and the remaining age groups represent at 4% of the total respondents. The findings indicate that the new generation of young workforce is filling up the businesses in Lao PDR.

**Question 3:** The respondents were asked about their levels of education, and the findings are shown in Figure 4.2.

**Figure 4.2. Levels of Education**

The result in Figure 4.2 illustrates that the majority of respondents have received their education at bachelor's degree level, which account for 68%. This is followed by master's degree, diploma, and high school level at 20%, 8%, and 4% respectively. The result suggests that employees who work in SMEs mostly are well educated. However, the quality of educational system in Laos may affect the effectiveness of bachelor's degree when compared to other developed countries.

**Question 4:** The respondents were asked about their work experience, and the findings are shown in Table 4.2.
According to the information in Table 4.2, 40% of employees have 1-3 years of work experience, 26% of them have 4-6 years of work experience, 21% of them have 7 years and above of work experience, and 13% of them have less than one year of work experience. The findings display that many employees have limited work experience in the organisations. This group of employees may lack certain knowledge and skills to perform their tasks efficiently. However, the groups of more experienced employees represent almost a half of total respondents, which indicate that their expertise and capabilities may help driving the business of their companies.

**Question 5:** The respondents were asked how long have they been working with their current companies, and the findings are shown in Table 4.3.

In Table 4.3, the result demonstrates that a majority of employees are working with their current companies between 1-3 years at 48%, and in less than a year
at 20%. The remaining periods are rather small, which account for 16% between 4-6 years, and 16% between 7 years and above. The result suggests that most of respondents are either constantly looking for a more suitable job or accumulating enough experience then move on to find a better job in other companies.

**Question 6:** The respondents were asked how many employees in their current company, and the findings are shown in Figure 4.3.

**Figure 4.3. Number of Employees in the Company**

The information presented in Figure 4.3 displays that most of respondents are working at the company with the number of employees between 50-99 people at 53%, between 11-19 people at 22%, between 20-39 people at 15%, and other categories account for the rest 10%. The result indicates that a large proportion of respondents are working at medium-sized enterprises, which represent more than 70% of the total figures. Hence, the research results may tend to be more appropriate for medium-sized enterprises.
4.3. **Section B: Business Strategy**

The questionnaire was distributed to more than 100 respondents. However, the researcher used only 100 of those respondents who answered that their companies have applied business strategy in their businesses. The purpose of this section is to understand the perceptions of respondents or employees about business strategy. It involves identifying the way employees view business strategy and how much attention has been paid to it. This section observes how respondents perceive business strategy in relation to the success of company. In addition, it also focuses on determining how employees think about the quality of strategy applied by their organisations. Finally, employees are asked whether their strategies should be improved. Thus, it provides answers to sub-questions 2 and 3, as well as the main research question.

Section B comprises 9 questions, starting from Question 7 to 15. Each of the questions is discussed in detail as follows:

**Question 7:** The respondents were asked about the necessity of applying business strategy to their companies, and the findings are shown in Table 4.4.

**Table 4.4. Level of Agreement about Business Strategy**

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>16</td>
<td>16.0</td>
<td>16.0</td>
<td>19.0</td>
</tr>
<tr>
<td>Agree</td>
<td>55</td>
<td>55.0</td>
<td>55.0</td>
<td>74.0</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>26</td>
<td>26.0</td>
<td>26.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

In Table 4.4, it is clear that most of the respondents recognise the necessity of applying strategy into their business. The result shows that 55% of respondents agree with the necessity of strategy, and 26% of them are strongly agree with the
statement. While 16% of them remain neutral because they do not see the
difference the strategy could bring, and only 3% of employees disagree with the
use of business strategy.

**Question 8:** The respondents were asked whether business strategy can lead to
business success, and the findings are shown in Table 4.5.

**Table 4.5. Business Strategy Leads to Business Success**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>88</td>
<td>88.0</td>
<td>88.0</td>
<td>88.0</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Not sure</td>
<td>10</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The information presented in Table 4.5 shows that the majority of respondents
believe business strategy is an important tool that determines the success of
companies in which 88% of respondents answer “yes” to this question, only 10%
and 2% of them answer “Not sure” and “No” to the question respectively.

**Question 9:** The respondents were asked how they are satisfied with the
business strategy of their companies, and the findings are shown in Table 4.6.

**Table 4.6. Business Strategy Satisfaction**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very dissatisfied</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Neither satisfied nor dissatisfied</td>
<td>35</td>
<td>35.0</td>
<td>35.0</td>
<td>38.0</td>
</tr>
<tr>
<td>Satisfied</td>
<td>52</td>
<td>52.0</td>
<td>52.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>10</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
The result shown in Table 4.6 illustrates that more than half of the respondents are satisfied with the current business strategy of their companies, which represent at 52%. However, there are a certain number of respondents who are not completely satisfied with the strategy. Respondents who are neutral about the strategy of their companies represent at 35%, and those who are dissatisfied with the strategy represent a very small portion of 3%. Therefore, the findings provide the answer to sub-question 3, and it can be deduced that employees believe in the effectiveness of business strategy of their companies.

**Question 10:** The respondents were asked about the level of their agreement with the statement that a good business strategy contributes significantly to the success of a company, and the findings are shown in Table 4.7.

<table>
<thead>
<tr>
<th>Table 4.7. The Contribution of Business Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>Valid</td>
</tr>
<tr>
<td>Strongly disagree</td>
</tr>
<tr>
<td>Disagree</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
</tr>
<tr>
<td>Agree</td>
</tr>
<tr>
<td>Strongly agree</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

The findings in Table 4.7 demonstrate that a large number of respondents agree with the major contribution of business strategy to the success of company, which account for 81%. In addition, 19% of them neither agree nor disagree with the statement. And unsurprisingly, none of respondents disagrees against the significant contribution of business strategy. This gives more insight to sub-question 2, and the findings suggest that employees pay close attention to business strategy.
**Question 11:** The respondents were asked about the importance of business strategy in relation to the performance of their companies, and the findings are shown in Table 4.8.

**Table 4.8. Business Strategy and Business Performance**

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very unimportant</td>
<td>0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Unimportant</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>17</td>
<td>17.0</td>
<td>17.0</td>
<td>18.0</td>
</tr>
<tr>
<td>Important</td>
<td>56</td>
<td>56.0</td>
<td>56.0</td>
<td>74.0</td>
</tr>
<tr>
<td>Very Important</td>
<td>26</td>
<td>26.0</td>
<td>26.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

In Table 4.8, the result displays the majority of respondents acknowledge the importance of business strategy in which they perceive it can help improving business performance. Among them, 82% of respondents view strategy as an important element to enhance business performance, followed by those who have a neutral opinion about strategy at the rate of 17%, while only 1% of them who think strategy is not important. The main research question is to examine the influence of employees’ perceptions on business strategy, and the table’s results confirm that employees are confident in the successful outcome of strategy.

**Question 12:** The respondents were asked about the degree of their interests in business strategy, and the findings are shown in Table 4.9.
Table 4.9. The Interest in Business Strategy

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all interest</td>
<td>3</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Little interest</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Some interest</td>
<td>37</td>
<td>37.0</td>
<td>37.0</td>
<td>42.0</td>
</tr>
<tr>
<td>Moderate interest</td>
<td>42</td>
<td>42.0</td>
<td>42.0</td>
<td>84.0</td>
</tr>
<tr>
<td>Very interest</td>
<td>16</td>
<td>16.0</td>
<td>16.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The information shown in Table 4.9 indicates that the respondents in this survey who have a moderate interest, and some interest in business strategy are at 42% and 37% respectively. Then, those who are very interested in strategy account for 16%, and the remaining 5% are respondents who have little or no interest in business strategy at all. The findings suggest that employees in Laos have a certain degree of knowledge about business strategy and the tables below give answers to sub-question 3.

**Question 13:** The respondents were asked how they feel about the quality of business strategy of their companies, and the findings are shown in Table 4.10.

Table 4.10. The Quality of Business Strategy

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Fair</td>
<td>10</td>
<td>10.0</td>
<td>10.0</td>
<td>12.0</td>
</tr>
<tr>
<td>Good</td>
<td>53</td>
<td>53.0</td>
<td>53.0</td>
<td>65.0</td>
</tr>
<tr>
<td>Very good</td>
<td>31</td>
<td>31.0</td>
<td>31.0</td>
<td>96.0</td>
</tr>
<tr>
<td>Excellent</td>
<td>4</td>
<td>4.0</td>
<td>4.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
The result appeared in Table 4.10 shows that more than half of the respondents think their firms have applied a good business strategy, which represent 53% of the total respondents. The other 31% of them view the quality of their firms' strategy is very good, while employees who believe in the excellent quality of strategy used by their organisations account for 4%. Only 12% of them think the quality of their companies’ strategy is fair or poor.

**Question 14:** The respondents were asked about the level of their agreement that the business strategy of their companies is sufficient to compete in the market, and the findings are shown in Figure 4.4.

**Figure 4.4. Business Strategy and Business Competition**

The graph shown in Figure 4.4 demonstrates that the majority of respondents believe the business strategy of their companies can compete very well in the
marketplace. Respondents who agree with the statement make up 47%, those who strongly agree contribute another 12%. Furthermore, employees who neither agree nor disagree account for 35%, and the remaining 6% are those who disagree with the statement. Therefore, the result gives more insight to sub-question 3, and indicates that employees are optimistic about the strategy of their companies.

**Question 15:** The respondents were asked about the importance of business strategy improvement to their companies, and the findings are shown in Figure 4.5.

**Figure 4.5. The Importance of Business Strategy Improvement**

From the information in Figure 4.5, it shows that 65% of respondents think the improvement of strategy is important to their companies; essentially those who think the strategy improvement is very important represent at 14%. Moreover, employees who provide a neutral opinion about the perfection of strategy account for 19%, while the remaining 2% are those who do not feel the
importance of strategy improvement. The findings provide an answer to sub-question 2, which suggest that employees acknowledge the need of strategy improvement.

4.4. **Section C: Strategy Formulation**

This section discusses employees’ perceptions about the strategy formulation, which relates to how they think about the development of business strategy and its effects on the company’s performance. It involves discerning the way respondents answer the questions, generating the results based on numerical data analysis, and giving more information to sub-question 4 and the main research question. Moreover, the researcher also identifies how employees think about the benefits of strategy formulation, and its importance to the performance of their companies, as well as to themselves.

Section C comprises 6 questions, starting from Question 16 to 21. Each of the questions is discussed in detail as follows:

**Question 16:** The respondents were asked whether their companies have developed a good business strategy, and the findings are shown in Table 4.11.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>70</td>
<td>70.0</td>
<td>70.0</td>
<td>70.0</td>
</tr>
<tr>
<td>No</td>
<td>7</td>
<td>7.0</td>
<td>7.0</td>
<td>77.0</td>
</tr>
<tr>
<td>Not sure</td>
<td>23</td>
<td>23.0</td>
<td>23.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
The result in Table 4.11 shows that 70% of respondents believe their companies have developed a good business strategy, while 23% of them are unsure about the quality of the strategy formulation of their firms. Only a small number of employees which representing 7%, think their companies have failed to formulate an effective strategy.

**Question 17:** The respondents were asked whether strategy formulation can lead to the improvement of the company’s overall performance, and the findings are shown in Table 4.12.

**Table 4.12. Business Strategy Formulation and Business Performance**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>91</td>
<td>91.0</td>
<td>91.0</td>
<td>91.0</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>93.0</td>
</tr>
<tr>
<td>Not sure</td>
<td>7</td>
<td>7.0</td>
<td>7.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

According to the information in Table 4.12, the findings illustrate that the majority of respondents which representing 91%, think the formulation of business strategy can actually lead to the improvement of business performance. While there is only a small portion of them who answer “Not sure” and “No” at the rate of 7% and 2% respectively. Sub-question 4 is supported by Tables 4.11 and 4.12.

**Question 18:** The respondents were asked whether the formulation of strategy is helpful in terms of their work performance, and the findings are shown in Table 4.13.
Table 4.13. Business Strategy Formulation and Work Performance

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not at all helpful</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Not so helpful</td>
<td>3</td>
<td>3.0</td>
<td>3.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Neither helpful nor</td>
<td>18</td>
<td>18.0</td>
<td>18.0</td>
<td>23.0</td>
</tr>
<tr>
<td>unhelpful</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Somewhat helpful</td>
<td>58</td>
<td>58.0</td>
<td>58.0</td>
<td>81.0</td>
</tr>
<tr>
<td>Very helpful</td>
<td>19</td>
<td>19.0</td>
<td>19.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The information presented in Table 4.13 displays that 58% of respondents view the formulation of strategy is helpful to their work performance, and those who feel the development of strategy is particularly very helpful to them account for 19%. Employees who think strategy formulation is neither helpful nor unhelpful make up 18%, and the remaining 5% of them are those who perceive the formulation of strategy is unhelpful. It can therefore be deduced that employees’ performance is influenced by their perceptions, which can lead to the successful outcome of strategy, and the findings answer the main research question.

**Question 19:** The respondents were asked whether there are benefits to their companies by developing strategy, and the findings are shown in Table 4.14.

Table 4.14. The Benefits of Business Strategy Formulation

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>90</td>
<td>90.0</td>
<td>90.0</td>
<td>90.0</td>
</tr>
<tr>
<td>No</td>
<td>3</td>
<td>3.0</td>
<td>3.0</td>
<td>93.0</td>
</tr>
<tr>
<td>Not sure</td>
<td>7</td>
<td>7.0</td>
<td>7.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
The result shown in Table 4.14 demonstrates that most of the respondents which representing 90%, admit that the development of business strategy could bring some benefits to their companies. While there are 7% of them who remain unsure about the benefits that the formulation of strategy could provide, and employees who do not see any benefits of formulating strategy represent a fractional of 3%.

**Question 20:** The respondents were asked how important it is for the development of strategy to their companies, and the findings are shown in Table 4.15.

**Table 4.15. The Importance of Business Strategy Formulation**

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very unimportant</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Unimportant</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>18</td>
<td>18.0</td>
<td>18.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Important</td>
<td>56</td>
<td>56.0</td>
<td>56.0</td>
<td>76.0</td>
</tr>
<tr>
<td>Very Important</td>
<td>24</td>
<td>24.0</td>
<td>24.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 4.15, the information shows that more than half of respondents which representing 56%, recognise the importance of strategy formulation, 24% of employees feel the development of strategy is very important to their companies, and 18% of them have a neutral opinion about the importance of the
formulation. While there are a tiny 2% of respondents who think strategy formulation is unimportant. Sub-question 4 implies that employees’ perceptions about strategy formulation can influence their behaviour and their determination.

**Question 21:** The respondents were asked about their levels of agreement with the statement that the development of business strategy is one of the key factors to the business success of their companies, and the findings are shown in Figure 4.6.

**Figure 4.6. Business Strategy Formulation as an Important Factor**

The graph appeared in Figure 4.6 illustrates that 55% of respondents agree with the statement, and the other 24% of them are those who strongly agree with the statement that strategy formulation is a key factor to business success. Moreover, those who neither agree nor disagree with the statement account for
20%, and the remaining 1% are those who disagree with the statement. The result gives more insight to the main research question.

4.5. Section D: Strategy Implementation

This section involves identifying employees’ perceptions about the strategy implementation, and the way they think about its contribution to the company’s performance. It is concerned with the observation of the data provided in the questionnaires, and the process of describing the results using statistical software analysis. In addition, this section discusses how employees think about the benefits of strategy implementation, its vital role in increasing their work performance, and its importance to the success of business.

Section D comprises 6 questions, starting from Question 22 to 27. Each of the questions is discussed in detail as follows:

**Question 22:** The respondents were asked whether their companies have implemented a successful business strategy, and the findings are shown in Table 4.16.

**Table 4.16. Successful Business Strategy Implementation**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>67</td>
<td>67.0</td>
<td>67.0</td>
<td>67.0</td>
</tr>
<tr>
<td>No</td>
<td>11</td>
<td>11.0</td>
<td>11.0</td>
<td>78.0</td>
</tr>
<tr>
<td>Not sure</td>
<td>22</td>
<td>22.0</td>
<td>22.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The result in Table 4.16 displays that 67% of respondents think their companies have implemented a successful business strategy, while 22% of them are unsure about the quality of the strategy execution of their firms. Only a small number of
employees which representing 11%, feel their companies have failed to implement a successful strategy.

**Question 23:** The respondents were asked whether strategy implementation can lead to the improvement of the company’s overall performance, and the findings are shown in Table 4.17.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Yes</td>
<td>88</td>
<td>88.0</td>
<td>88.0</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>Not sure</td>
<td>10</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

According to the information in Table 4.17, the findings show that the majority of respondents which representing 88%, think the implementation of business strategy can actually lead to the improvement of business performance. While there is only a small portion of them who answer “Not sure” and “No” at the rate of 10% and 2% respectively. The findings in the two above Tables answer sub-question 5, which indicate that employees have positive perceptions about the implementation process of their SMEs.

**Question 24:** The respondents were asked whether the implementation of strategy is helpful in terms of their work performance, and the findings are shown in Table 4.18.
Table 4.18. Business Strategy Implementation and Work Performance

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not at all helpful</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Not so helpful</td>
<td>3</td>
<td>3.0</td>
<td>3.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Neither helpful nor unhelpful</td>
<td>21</td>
<td>21.0</td>
<td>21.0</td>
<td>26.0</td>
</tr>
<tr>
<td>Somewhat helpful</td>
<td>53</td>
<td>53.0</td>
<td>53.0</td>
<td>79.0</td>
</tr>
<tr>
<td>Very helpful</td>
<td>21</td>
<td>21.0</td>
<td>21.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The information presented in Table 4.18 demonstrates that 53% of respondents view the implementation of strategy is helpful to their work performance, and those who believe the execution of strategy is particularly very helpful to them account for 21%. Employees who think strategy implementation is neither helpful nor unhelpful make up 21%, and the remaining 5% of employees are those who perceive the execution of strategy is unhelpful. The findings (also below in Table 4.19) give more insights to the main research question, and it can be deduced that employees’ perceptions can influence their work performance and the outcome of strategy.

**Question 25:** The respondents were asked whether there are benefits to their companies by implementing strategy, and the findings are shown in Table 4.19.

Table 4.19. The Benefits of Business Strategy Implementation

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>90</td>
<td>90.0</td>
<td>90.0</td>
<td>90.0</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>91.0</td>
</tr>
<tr>
<td>Not sure</td>
<td>9</td>
<td>9.0</td>
<td>9.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
The result shown in Table 4.19 illustrates that most of the respondents which representing 90%, admit that the execution of business strategy could bring some benefits to their companies. While there are 9% of them who remain unsure about the benefits that the implementation of strategy could produce, and employees who do not see any benefits of the implementation represent a fractional of 1%.

**Question 26:** The respondents were asked how important it is for the implementation of strategy to their companies, and the findings are shown in Table 4.20.

**Table 4.20. The Importance of Business Strategy Implementation**

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very unimportant</td>
<td>0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Unimportant</td>
<td>2</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>22</td>
<td>22.0</td>
<td>22.0</td>
<td>23.0</td>
</tr>
<tr>
<td>Important</td>
<td>56</td>
<td>57.0</td>
<td>57.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Very Important</td>
<td>20</td>
<td>20.0</td>
<td>20.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 4.20, the information demonstrates that more than half of respondents which representing 56%, acknowledge the importance of strategy implementation, 20% of employees think the execution of strategy is very important to their companies, and 22% of them have a neutral opinion about the importance of the implementation. While there are a tiny 2% of respondents who feel strategy implementation is unimportant. The findings relate to sub-question 5.

**Question 27:** The respondents were asked about their levels of agreement with the statement that the implementation of business strategy is one of the key
factors to the business success of their companies, and the findings are shown in Figure 4.7.

Figure 4.7. Business Strategy Implementation as an Important Factor

The graph presented in Figure 4.7 shows that 59% of respondents agree with the statement, and 19% of them are those who strongly agree with the statement that strategy implementation is a key factor to business success. Moreover, those who neither agree nor disagree with the statement account for 21%, and the remaining 1% are those who disagree with the statement.
4.6. Section E: Business Performance

This section focuses on employees’ perceptions about the business performance of their companies in relation to business strategy, and relates to the main research question and sub-question 1. It is concerned with the analysis of numerical data through the use of statistical software. Furthermore, this section discusses how employees think about the quality of their companies’ performance, and the degree of their satisfaction after applying business strategy to their businesses. It also observes the way employees perceive about the significance of strategy, and their opinions over the continuous improvement of business strategy.

Section E comprises 6 questions, starting from Question 28 to 33. Each of the questions is discussed in detail as follows:

**Question 28:** The respondents were asked about the performance of their companies, and the findings are shown in Table 4.21.

**Table 4.21. The Quality of Business Performance**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Fair</td>
<td>17</td>
<td>17.0</td>
<td>17.0</td>
<td>19.0</td>
</tr>
<tr>
<td>Good</td>
<td>43</td>
<td>43.0</td>
<td>43.0</td>
<td>62.0</td>
</tr>
<tr>
<td>Very good</td>
<td>32</td>
<td>32.0</td>
<td>32.0</td>
<td>94.0</td>
</tr>
<tr>
<td>Excellent</td>
<td>6</td>
<td>6.0</td>
<td>6.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The result appeared in Table 4.21 demonstrates that 43% of the respondents think their firms are performing well. This is followed by 32% of them who view the quality of the performance is very good, and employees who believe in the excellent quality of their organisational performance account for 6%. While 17%
of them think the quality of their companies’ performance is fair, and 2% of them feel the poor quality of their business performance.

**Question 29:** The respondents were asked how they are satisfied with the performance of their companies, and the findings are shown in Table 4.22.

**Table 4.22. Business Performance Satisfaction**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very dissatisfied</td>
<td>0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Neither satisfied nor</td>
<td>43</td>
<td>43.0</td>
<td>43.0</td>
<td>45.0</td>
</tr>
<tr>
<td>dissatisfied</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfied</td>
<td>50</td>
<td>50.0</td>
<td>50.0</td>
<td>95.0</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>5</td>
<td>5.0</td>
<td>5.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The result shown in Table 4.22 illustrates that 50% of the respondents are satisfied with the performance of their companies, and 5% of them are very satisfied with the performance. Respondents who have a neutral opinion about the performance of their companies account for 43%, and those who are dissatisfied with the business performance represent a very small portion of 2%.

**Question 30:** The respondents were asked whether the performance of their companies is improved after applying business strategy, and the findings are shown in Table 4.23.
Table 4.23. Business Strategy Improves Business Performance

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>77</td>
<td>77.0</td>
<td>77.0</td>
<td>77.0</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>78.0</td>
</tr>
<tr>
<td>Not sure</td>
<td>22</td>
<td>22.0</td>
<td>22.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The result in Table 4.23 shows that 77% of respondents believe the performance of their companies have improved after applying business strategy, while 22% of them are unsure about results. Only a small number of employees which representing 1%, think business strategy has failed to improve the performance of their companies.

**Question 31:** The respondents were asked how they feel about the relationship between business strategy and the performance of their companies, and the findings are shown in Table 4.24.

Table 4.24. Relationship Between Business Strategy and Performance

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>80</td>
<td>80.0</td>
<td>80.0</td>
<td>80.0</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>82.0</td>
</tr>
<tr>
<td>Not sure</td>
<td>18</td>
<td>18.0</td>
<td>18.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The result shown in Table 4.24 displays that most of the respondents which representing 80%, admit there is a strong relationship between business strategy and the performance of their companies. While there are 18% of them who remain unsure about such relationship, and employees who do not see any relationship between them represent a fractional of 2%. The findings in Table 4.23 and Table 4.24 support sub-question 1.
**Question 32:** The respondents were asked how often business strategy helps improving the performance of their companies, and the findings are shown in Table 4.25.

**Table 4.25. Frequency of Business Performance Improvement**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Rarely</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Sometimes</td>
<td>44</td>
<td>44.0</td>
<td>44.0</td>
<td>46.0</td>
</tr>
<tr>
<td>Often</td>
<td>46</td>
<td>46.0</td>
<td>46.0</td>
<td>92.0</td>
</tr>
<tr>
<td>Always</td>
<td>8</td>
<td>8.0</td>
<td>8.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 4.25, the result shows 46% of respondents realise that business strategy often helps improving the performance of their companies, 44% of employees feel business strategy sometimes helps increasing the performance, and 8% of them think strategy always assists in improving productivity. While only 2% of respondents who think strategy rarely helps enhancing the performance of their companies. It can therefore be deduced that employees’ perceptions about strategy can have an impact on the success of business, which answer the main research question.

**Question 33:** The respondents were asked about their levels of agreement with the statement that business strategy needs to keep adjusting in order to be able to improve the business performance, and the findings are shown in Figure 4.8.
The graph presented in Figure 4.8 shows that 60% of respondents agree with the statement, and 22% of them are those who strongly agree with the statement that business strategy should keep adjusting in order to ensure the greater business performance. Moreover, those who neither agree nor disagree with the statement account for 18%, and there is none who disagrees with the statement.

4.7. Hypotheses

This section discusses relevant hypotheses that are related to the objectives of the research. It aims at achieving the objective 1 to 5 by generating findings and evidence to support the discussion. The hypotheses focus on 5 objectives relating to employees' perceptions about business strategy and their influences on business performance. The findings help answer the main research question, sub-questions, and accomplish the research aim. The hypotheses are verified using different quantitative analysing techniques that are available in the well-known application software “SPSS”.
4.7.1. Objective 1

According to Objective 1: To determine the relationship between employees’ perceptions about business strategy and business performance, the researcher has developed the following hypothesis:

\( H_{10} \) – There is no relationship between employees’ perceptions about business strategy and business performance.

\( H_{1a} \) – There is a relationship between employees’ perceptions about business strategy and business performance.

❖ The researcher uses cross-tabulation method to analyse the relationship between Question 28 (Q28) and Question 30 (Q30). The result is displayed as follows:

**Table 4.26. The Quality of Business Performance * Business Strategy Improves Business Performance Cross-tabulation**

<table>
<thead>
<tr>
<th></th>
<th>Business Strategy Improves Business Performance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>The Quality of Business Performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Fair</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Good</td>
<td>32</td>
<td>0</td>
</tr>
<tr>
<td>Very good</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>Excellent</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>77</td>
<td>1</td>
</tr>
</tbody>
</table>

The result in Table 4.26 shows that among 77 employees who perceive the business strategy improves their business performance, there are 32 employees who believe the performance of their companies is good, and the other 30 employees agree that their companies have a very good business performance.
Table 4.27. Chi-Square Tests of Q28 & Q30

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>58.696&lt;sup&gt;a&lt;/sup&gt;</td>
<td>8</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>18.771</td>
<td>8</td>
<td>.016</td>
</tr>
<tr>
<td>Linear-by-Linear</td>
<td>3.917</td>
<td>1</td>
<td>.048</td>
</tr>
<tr>
<td>Association</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> 10 cells (66.7%) have expected count less than 5. The minimum expected count is .02.

According to the information in Table 4.27, the significant value of Pearson Chi-Square is 0.00, which is less than 0.05. Hence, the result supports H<sub>1a</sub>.

* In addition, the researcher employs cross-tabulation approach to analyse the relationship between Q29 and Q31. The result is displayed as follows:

Table 4.28. The Satisfaction of Performance * The Relationship Between Strategy and Performance Cross-tabulation

<table>
<thead>
<tr>
<th>Count</th>
<th>The Relationship Between Strategy and Performance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>The satisfaction of</td>
<td>Dissatisfied</td>
<td>1</td>
</tr>
<tr>
<td>Performance</td>
<td>Neither satisfied nor dissatisfied</td>
<td>28</td>
</tr>
<tr>
<td>Satisfied</td>
<td>47</td>
<td>0</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>2</td>
</tr>
</tbody>
</table>

The result presented in Table 4.28 illustrates that there are 80 employees who believe there is a strong relationship between the business strategy and the performance. Among them, 47 employees are satisfied with the performance of their companies.
Table 4.29. Chi-Square Tests of Q29 & Q31

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>36.238a</td>
<td>6</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>19.644</td>
<td>6</td>
<td>.003</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>7.368</td>
<td>1</td>
<td>.007</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is .04.

Based on Table 4.29, the significant value of Pearson Chi-Square is 0.00, which is less than 0.05. Thus, the result rejects H10.

Furthermore, the researcher applies correlation analysis to investigate the correlation between Q32 and Q33. The result is displayed as follows:

Table 4.30. Correlation Between Q32 and Q33

<table>
<thead>
<tr>
<th></th>
<th>The Usefulness of Strategy</th>
<th>The Improvement of Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Frequency of Useful Strategy</td>
<td>Pearson Correlation 1 .516**</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) .000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N 100</td>
<td>100</td>
</tr>
<tr>
<td>The Continuous Improvement of Strategy</td>
<td>Pearson Correlation .516**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) .000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N 100</td>
<td>100</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

According to the information in Table 4.30, there is a moderate correlation between Q32 and Q33, which is loaded at 0.516, and the significant value is 0.00, which is less than 0.05. The result indicates that employees who realise the effectiveness of strategy perceive their companies should keep adjusting business strategy in order to further improve the performance. Thus, the result supports that there is a relationship between employees' perceptions about
business strategy and business performance, and it can be deduced that employees' perceptions can influence the outcome of strategy, which answers the main research question.

4.7.2. Objective 2

According to Objective 2: To determine the difference in the perceptions of employees regarding business strategy, the researcher has established the following hypothesis:

H2o – There is no difference in the perceptions of employees regarding business strategy.

H2a – There is a difference in the perceptions of employees regarding business strategy.

The researcher uses t-test method to analyse the difference between male and female (Q1) towards their levels of agreement that business strategy is necessary for any company (Q7), and the result is displayed as follows:

Table 4.31. Independent Samples Test

<table>
<thead>
<tr>
<th>Level of Agreement about Strategy</th>
<th>Levene's Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>.003</td>
<td>.957</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
From Table 4.31, the significant value of Levene’s test is 0.957, which is greater than 0.05. Therefore, there is no difference in the variances between male and female towards their agreement about business strategy. Thus, the result fails to reject $H_{20}$.

Moreover, the researcher applies ANOVA approach to analyse the difference in age groups (Q2) towards the perceptions that their companies rely on business strategy for success (Q8), and the findings are displayed as follows:

**Table 4.32. Test of Homogeneity of Variances**

<table>
<thead>
<tr>
<th>The Reliance on Business Strategy For Success</th>
<th>Levene Statistic</th>
<th>df1</th>
<th>df2</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.747</td>
<td>3</td>
<td>96</td>
<td>.162</td>
</tr>
</tbody>
</table>

From Table 4.32, the significant value of homogeneity is 0.162, which is greater than 0.05. Hence, the statistics are valid.

**Table 4.33. ANOVA - The Reliance on Business Strategy for Success**

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>.415</td>
<td>3</td>
<td>.138</td>
<td>.361</td>
<td>.781</td>
</tr>
<tr>
<td>Within Groups</td>
<td>36.745</td>
<td>96</td>
<td>.383</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>37.160</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to the information in Table 4.33, the significant value of ANOVA is 0.781, which is greater than 0.05. The result suggests that there is no difference between variables.
Table 4.34. Post Hoc Tests - Multiple Comparisons

<table>
<thead>
<tr>
<th>(I) Age Group of Respondents</th>
<th>(J) Age Group of Respondents</th>
<th>Mean Difference (I-J)</th>
<th>Std. Error</th>
<th>Sig.</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>19-24 years old</td>
<td>25-30 years old</td>
<td>-.029</td>
<td>.172</td>
<td>.998</td>
<td>-.48</td>
</tr>
<tr>
<td></td>
<td>31-40 years old</td>
<td>.081</td>
<td>.193</td>
<td>.975</td>
<td>-.42</td>
</tr>
<tr>
<td></td>
<td>41 years old and above</td>
<td>.235</td>
<td>.344</td>
<td>.903</td>
<td>-.66</td>
</tr>
<tr>
<td>25-30 years old</td>
<td>19-24 years old</td>
<td>.029</td>
<td>.172</td>
<td>.998</td>
<td>-.42</td>
</tr>
<tr>
<td></td>
<td>31-40 years old</td>
<td>.110</td>
<td>.148</td>
<td>.879</td>
<td>-.28</td>
</tr>
<tr>
<td></td>
<td>41 years old and above</td>
<td>.264</td>
<td>.321</td>
<td>.843</td>
<td>-.57</td>
</tr>
<tr>
<td>31-40 years old</td>
<td>19-24 years old</td>
<td>-.081</td>
<td>.193</td>
<td>.975</td>
<td>-.59</td>
</tr>
<tr>
<td></td>
<td>25-30 years old</td>
<td>-.110</td>
<td>.148</td>
<td>.879</td>
<td>-.50</td>
</tr>
<tr>
<td></td>
<td>41 years old and above</td>
<td>.154</td>
<td>.332</td>
<td>.967</td>
<td>-.71</td>
</tr>
<tr>
<td>41 years old and above</td>
<td>19-24 years old</td>
<td>-.235</td>
<td>.344</td>
<td>.903</td>
<td>-1.13</td>
</tr>
<tr>
<td></td>
<td>25-30 years old</td>
<td>-.264</td>
<td>.321</td>
<td>.843</td>
<td>-1.10</td>
</tr>
<tr>
<td></td>
<td>31-40 years old</td>
<td>-.154</td>
<td>.332</td>
<td>.967</td>
<td>-1.02</td>
</tr>
</tbody>
</table>

The information in Table 4.34 describes the relationship between variables in more detail, especially the significant values, which can identify the difference between them. The findings show that the significant values between these age groups are greater than 0.05, which mean that there is no difference between variables. Hence, the findings support $H_{20}$. 
Furthermore, the researcher employs ANOVA method to analyse the difference in respondents’ levels of education (Q3) towards their agreement about the importance of business strategy (Q10), and the findings are displayed as follows:

Table 4.35. Test of Homogeneity of Variances

<table>
<thead>
<tr>
<th>Agreement about the Importance of Business Strategy</th>
<th>Levene Statistic</th>
<th>df1</th>
<th>df2</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.926</td>
<td>3</td>
<td>96</td>
<td>.130</td>
</tr>
</tbody>
</table>

The statistic in Table 4.35 shows that the significant value of homogeneity is 0.130, which is greater than 0.05. The data suggests that the findings are reliable.

Table 4.36. ANOVA - Agreement about the Importance of Business Strategy

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>.815</td>
<td>3</td>
<td>.272</td>
<td>.464</td>
<td>.708</td>
</tr>
<tr>
<td>Within Groups</td>
<td>56.175</td>
<td>96</td>
<td>.585</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>56.990</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to the information Table 4.36, the significant value of ANOVA is 0.708, which is greater than 0.05. Therefore, there is no difference in respondents’ levels of education towards their agreement about the importance of business strategy.
Table 4.37. Post Hoc Tests - Multiple Comparisons

| Dependent Variable: Agreement About The Importance of Business Strategy | Tukey HSD |
|---|---|---|---|---|---|---|---|
| (I) Level of Education | (J) Level of Education | Mean Difference (I-J) | Std. Error | Sig. | 95% Confidence Interval | Lower Bound | Upper Bound |
| High School | Diploma | -.125 | .468 | .993 | -1.35 | 1.10 |
| Bachelor’s degree | -.250 | .394 | .920 | -1.28 | .78 |
| Master’s degree | -.400 | .419 | .775 | -1.50 | .70 |
| Diploma | High School | .125 | .468 | .993 | -1.10 | 1.35 |
| Bachelor’s degree | -.125 | .286 | .972 | -.87 | .62 |
| Master’s degree | -.275 | .320 | .826 | -1.11 | .56 |
| Bachelor’s degree | High School | .250 | .394 | .920 | -.78 | 1.28 |
| Diploma | .125 | .286 | .972 | -.62 | .87 |
| Master’s degree | -.150 | .195 | .867 | -.66 | .36 |
| Master’s degree | High School | .400 | .419 | .775 | -.70 | 1.50 |
| Diploma | .275 | .320 | .826 | -.56 | 1.11 |
| Bachelor’s degree | .150 | .195 | .867 | -.36 | .66 |

The information shown in Table 4.37 illustrates the difference between educational variables of respondents in relation to the importance of business strategy. The findings display the significant values between these variables are greater than 0.05, which indicate that there is no difference between variables. Hence, the findings support H20.

4.7.3. Objective 3

According to Objective 3: To determine the relationship between employees’ perceptions about business strategy and the effectiveness of business strategy of their companies, the researcher has developed the following hypothesis:

H30 – There is no relationship between employees’ perceptions about business strategy and the effectiveness of business strategy of their companies.
**H₃a** - There is a relationship between employees’ perceptions about business strategy and the effectiveness of business strategy of their companies.

- The researcher uses cross-tabulation method to analyse the relationship between Q9 and Q11. The result is displayed as follows:

**Table 4.38. Strategy Satisfaction * The Importance of Strategy Cross-tabulation**

<table>
<thead>
<tr>
<th>Strategy Satisfaction</th>
<th>The Importance of Strategy</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Very unimportant</td>
<td>Unimportant</td>
<td>Neutral</td>
<td>Important</td>
<td>Very Important</td>
<td></td>
</tr>
<tr>
<td>Very dissatisfied</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Neither satisfied nor dissatisfied</td>
<td>0</td>
<td>0</td>
<td>13</td>
<td>19</td>
<td>3</td>
<td>35</td>
</tr>
<tr>
<td>Satisfied</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>32</td>
<td>15</td>
<td>52</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>1</td>
<td>17</td>
<td>55</td>
<td>26</td>
<td>100</td>
</tr>
</tbody>
</table>

The result presented in Table 4.38 shows that the total number of employees who perceive the importance of business strategy is 55, in which 32 of them are satisfied with the strategy of their companies. In addition, 15 out of 26 employees, who view the strategy as very important, are also satisfied with the actual strategy of their firms.
Table 4.39. Chi-Square Tests of Q9 & Q11

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>28.205a</td>
<td>16</td>
<td>.030</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>28.751</td>
<td>16</td>
<td>.026</td>
</tr>
<tr>
<td>Linear-by-Linear</td>
<td>4.358</td>
<td>1</td>
<td>.037</td>
</tr>
<tr>
<td>Association</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

aN. 18 cells (72.0%) have expected count less than 5. The minimum expected count is .01.

According to the information in Table 4.39, the significant value of Pearson Chi-Square is 0.03, which is less than 0.05. Thus, the findings support the relationship between Q9 and Q11.

Moreover, the researcher employs cross-tabulation approach to analyse the relationship between Q7 and Q13. The findings are displayed as follows:

Table 4.40. The Quality of Strategy * Agreement About Strategy Cross-tabulation

<table>
<thead>
<tr>
<th>Quality of Strategy</th>
<th>Agreement About Strategy</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neither agree nor disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td></td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Fair</td>
<td></td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Good</td>
<td></td>
<td>1</td>
<td>2</td>
<td>9</td>
<td>33</td>
<td>8</td>
<td>53</td>
</tr>
<tr>
<td>Very good</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>16</td>
<td>15</td>
<td>31</td>
</tr>
<tr>
<td>Excellent</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1</td>
<td>2</td>
<td>16</td>
<td>55</td>
<td>26</td>
<td>100</td>
</tr>
</tbody>
</table>

The result shown in Table 4.40 demonstrates that there are 55 employees who agree that business strategy is necessary for any company. Among them, 33
employees view the quality of their companies’ strategy as good, and 16 of them think the quality of the strategy is very good. Furthermore, there are 26 employees who strongly agree with the necessity of strategy, in which 15 of them rate the quality of strategy as very good.

Table 4.41. Chi-Square Tests of Q7 & Q13

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>41.924a</td>
<td>16</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>43.519</td>
<td>16</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>24.473</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 19 cells (76.0%) have expected count less than 5. The minimum expected count is .02.

Based on Table 4.41, the significant value of Pearson Chi-Square is 0.00, which is less than 0.05. Thus, the result achieved through cross-tabulation analysis rejects $H_{30}$.

Furthermore, the researcher applies correlation analysis to investigate the correlation between Q12 and Q14. The result is displayed as follows:

Table 4.42. Correlations

<table>
<thead>
<tr>
<th></th>
<th>Business Competition</th>
<th>The Interest of Business Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Competition</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>100</td>
</tr>
<tr>
<td>The Interest of Business Strategy</td>
<td>Pearson Correlation</td>
<td>.452**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>100</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

According to the information in Table 4.42, there is a moderate correlation between Q12 and Q14, which is loaded at 0.452, and the significant value is 0.00,
which is less than 0.05. This implies that employees who are interested in business strategy perceive their companies’ strategy is effective and sufficient enough to compete in the market. Therefore, the findings support H₃a.

4.7.4. Objective 4

According to Objective 4: To determine relationship between employees’ perceptions about strategy formulation process and the performance of their companies, the researcher has established the following hypothesis:

H₄ₒ – There is no relationship between employees’ perceptions about strategy formulation process and the performance of their companies.

H₄ₐ – There is a relationship between employees’ perceptions about strategy formulation process and the performance of their companies.

The researcher uses cross-tabulation method to analyse the relationship between Q16 and Q18. The findings are displayed as follows:

Table 4.43. Work Performance * Strategy Formulation Cross-tabulation

<table>
<thead>
<tr>
<th>Work Performance</th>
<th>Strategy Formulation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Not at all helpful</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Not so helpful</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Neither helpful nor unhelpful</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Somewhat helpful</td>
<td>44</td>
<td>2</td>
</tr>
<tr>
<td>Very helpful</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>7</td>
</tr>
</tbody>
</table>

The findings shown in Table 4.43 display that the total number of employees who believe their companies have developed a good business strategy is 70, in which 44 of them perceive the formulation of strategy is helpful to improve their
work performance. Moreover, 17 of them think the strategy formulation is very helpful to increase their work efficiency.

**Table 4.44. Chi-Square Tests of Q16 & Q18**

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>28.500a</td>
<td>8</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>26.299</td>
<td>8</td>
<td>.001</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>4.884</td>
<td>1</td>
<td>.027</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 11 cells (73.3%) have expected count less than 5. The minimum expected count is .14.

According to the information in Table 4.44, the significant value of Pearson Chi-Square is 0.00, which is less than 0.05. Thus, the findings support the alternative hypothesis (H₄₅).

△ In addition, the researcher employs cross-tabulation approach to analyse the relationship between Q17 and Q20. The result is displayed as follows:

**Table 4.45. The Importance of Strategy Formulation * Business Performance Cross-tabulation**

<table>
<thead>
<tr>
<th>The Importance of Strategy Formulation</th>
<th>Very unimportant</th>
<th>Unimportant</th>
<th>Neutral</th>
<th>Important</th>
<th>Very Important</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>55</td>
<td>23</td>
<td>91</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>1</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Not sure</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>1</td>
<td>7</td>
<td>56</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>

The result appeared in Table 4.45 illustrates that there are 91 employees who perceive that the formulation of strategy can lead to the improvement of their companies’ overall performance. Among them, 55 employees view the strategy...
formulation process is important, and 23 of them think the formulation process is very important.

**Table 4.46. Chi-Square Tests of Q17 & Q20**

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>26.854(^a)</td>
<td>8</td>
<td>.001</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>21.897</td>
<td>8</td>
<td>.005</td>
</tr>
<tr>
<td>Linear-by-Linear</td>
<td>9.701</td>
<td>1</td>
<td>.002</td>
</tr>
<tr>
<td>Association</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{a}\) 12 cells (80.0%) have expected count less than 5. The minimum expected count is .02.

According to the information in Table 4.46, the significant value of Pearson Chi-Square is 0.01, which is less than 0.05. Thus, the result achieved through cross-tabulation analysis rejects the null hypothesis (\(H_0\)).

Moreover, the researcher applies cross-tabulation analysis to investigate the relationship between Q19 and Q21. The findings are displayed as follows:

**Table 4.47. Strategy Formulation as an Important Factor * The Benefits of Strategy Formulation Cross-tabulation**

<table>
<thead>
<tr>
<th>Strategy Formulation as an Important Factor</th>
<th>The Benefits of Strategy Formulation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Disagree</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Agree</td>
<td>54</td>
<td>0</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>24</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>3</td>
</tr>
</tbody>
</table>
The findings presented in Table 4.47 demonstrate that there are 90 employees who perceive that the formulation of strategy can bring the benefits to their companies. Among them, 54 employees agree that strategy formulation is an important factor to business success, and the other 24 employees are those who strongly agree with the statement. The findings answer the main research question, which suggests that employees’ perceptions about the significance of strategy formulation can be a driving force to the success of their companies.

Table 4.48. Chi-Square Tests of Q19 & Q21

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>59.550a</td>
<td>6</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>31.320</td>
<td>6</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear</td>
<td>19.606</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>Association</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 9 cells (75.0%) have expected count less than 5. The minimum expected count is .03.

Based on Table 4.48, the significant value of Pearson Chi-Square is 0.00, which is less than 0.05. Therefore, the result achieved through cross-tabulation analysis supports the alternative hypothesis (H₄ₐ).

4.7.5. Objective 5

According to Objective 5: To determine the relationship between employees’ perceptions about strategy implementation process and the performance of their companies, the researcher has developed the following hypothesis:

H₅ₒ – There is no relationship between employees’ perceptions about strategy implementation process and the performance of their companies.

H₅ₐ - There is a relationship between employees’ perceptions about strategy implementation process and the performance of their companies.
The researcher uses cross-tabulation method to analyse the relationship between Q22 and Q24. The findings are displayed as follows:

**Table 4.49. Work Performance * Strategy Implementation Cross-tabulation**

<table>
<thead>
<tr>
<th>Work Performance</th>
<th>Strategy Implementation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Not at all helpful</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Not so helpful</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Neither helpful nor unhelpful</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>Somewhat helpful</td>
<td>41</td>
<td>2</td>
</tr>
<tr>
<td>Very helpful</td>
<td>13</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>67</td>
<td>11</td>
</tr>
</tbody>
</table>

The findings presented in Table 4.49 show that the total number of employees who believe their companies have implemented a good business strategy is 67, in which 41 of them perceive the execution of strategy is helpful to the improvement of their work performance.

**Table 4.50. Chi-Square Tests of Q22 & Q24**

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>33.315a</td>
<td>8</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>25.039</td>
<td>8</td>
<td>.002</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>3.138</td>
<td>1</td>
<td>.076</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 10 cells (66.7%) have expected count less than 5. The minimum expected count is .22.

According to the information in Table 4.50, the significant value of Pearson Chi-Square is 0.00, which is less than 0.05. Hence, the findings support the alternative hypothesis (H5a).
Moreover, the researcher employs cross-tabulation approach to analyse the relationship between Q23 and Q26. The result is displayed as follows:

Table 4.51. The Importance of Strategy Implementation * Business Performance Cross-tabulation

<table>
<thead>
<tr>
<th>Count</th>
<th>Business Performance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>The Importance of Strategy Implementation</td>
<td>Very unimportant</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Unimportant</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Neutral</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Important</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Very Important</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>88</td>
<td>2</td>
</tr>
</tbody>
</table>

The result appeared in Table 4.51 demonstrates that there are 88 employees who perceive the implementation of strategy can lead to the improvement of their companies’ overall performance. Among them, 55 employees view the strategy implementation process is important.

Table 4.52. Chi-Square Tests of Q23 & Q26

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>42.209&lt;sup&gt;a&lt;/sup&gt;</td>
<td>6</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>23.520</td>
<td>6</td>
<td>.001</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>7.322</td>
<td>1</td>
<td>.007</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to the information in Table 4.52, the significant value of Pearson Chi-Square is 0.00, which is less than 0.05. Thus, the result achieved through cross-tabulation analysis rejects the null hypothesis (H<sub>0</sub>).

---

<sup>a</sup> 8 cells (66.7%) have expected count less than 5. The minimum expected count is .04.
Furthermore, the researcher applies cross-tabulation analysis to investigate the relationship between Q25 and Q27. The result is displayed as follows:

Table 4.53. Strategy Implementation as an Important Factor * The Benefits of Strategy Implementation Cross-tabulation

<table>
<thead>
<tr>
<th>Count</th>
<th>The Benefits of Strategy Implementation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Strategy Implementation as an Important Factor</td>
<td>Strongly disagree</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Neither agree nor disagree</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>1</td>
</tr>
</tbody>
</table>

The result appeared in Table 4.53 shows that there are 90 employees who perceive that the implementation of strategy can bring the benefits to their companies. Among them, 56 employees agree that strategy implementation is an important factor to business success. The findings give more insight to the main research question.

Table 4.54. Chi-Square Tests of Q25 & Q27

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>112.817^a</td>
<td>6</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>22.673</td>
<td>6</td>
<td>.001</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>11.856</td>
<td>1</td>
<td>.001</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

^a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is .01.
Based on Table 4.54, the significant value of Pearson Chi-Square is 0.00, which is less than 0.05. Thus, the result achieved through cross-tabulation analysis supports the alternative hypothesis (Hₐ).

4.8. Chapter Summary

Chapter four applies quantitative research method to generate the findings based on the data collected from the questionnaire survey. The findings derived through the use of statistical software SPSS are presented in forms of figures and tables. The first part of the chapter is divided into five sections by using frequency analysis to provide general findings to the research. The latter part of the chapter concentrates on testing hypotheses, which aims at achieving the five objectives of the research. The five hypotheses are tested using relevant quantitative analysis methods.

The next chapter discusses and interprets the findings, which are important to provide answers to the main research question and sub-questions.
Chapter Five: Discussion

5.1. Introduction

This chapter discusses employees’ perceptions about business strategy based on the findings from the previous chapter. It explains in detail about how employees perceive business strategy of their SMEs, and how their perceptions can influence the outcome of strategy, as well as the performance of their companies. The chapter firstly examines the concept of employees’ perceptions. Next, it explores employees’ perceptions about business strategy in general. Then, the researcher investigates employees’ perceptions about business strategy used by their SMEs. Finally, the chapter discusses employees’ perceptions about strategy formulation, implementation of their SMEs.

5.2. Perceptions of Employees on Business Strategy

The purpose of this research is to understand the perceptions of employees who work for SMEs in Lao PDR, especially on business strategy. It is important to determine how their perceptions can influence the outcome of the business strategy, which is vital to the success of the business. Employees’ perceptions on business strategy could be one of major factors that contribute to the successful strategy of companies, provided such perceptions are positive. The perceptions of employees on business strategy can influence their work performance in organisations. Employees who have positive perceptions towards success will motivate themselves in order to improve their skills, increase their work output, and progress closer to their goals (Miner, 2007; Robbins & Judge, 2007).

By studying employees’ perceptions, the researcher aims at identifying the issues that may prevent SMEs in Laos from applying successful business strategy, as well as providing recommendations to tackle with these issues. Employees’ perceptions can be a powerful force, which may help companies in enhancing
their business performance and getting closer to the success. Employees’ perceptions about the ability of themselves can have an effect on their work performance, which allows them to manage and organise their jobs systematically, and to give the priority to different tasks in order to improve their results effectively (Griffin & Moorhead, 2012; Hellriegel & Slocum, 2009).

This research involves examining employees’ perceptions in the area of business strategy, which includes the business performance in relation to business strategy, business strategy in general, strategy formulation, and strategy implementation. The discussion of the findings is covered as follows:

5.3. Influence of Employees’ Perceptions on Business Strategy in SMEs

5.3.1. Employees’ Perceptions Influencing Business Performance

From the analysis in Chapter Four, the result showed that 43% of the respondents believed their firms were performing well, and 32% of them viewed the quality of the performance was very good (refer Table 4.21). These findings suggest that the business performance of SMEs in Laos is in a satisfactory level. In addition, three analyses were conducted to study the relationship between employees’ perceptions about business strategy and business performance in which the findings support hypothesis $H_{1a}$ – There is a relationship between employees’ perceptions about business strategy and business performance. These findings are derived through the analyses of questions in Section E, which are as follows:

From the study of the relationship between Q28 & Q30 using cross-tabulation analysis, it displayed that there were 77 employees who perceived the business strategy improved the business performance. Among them, 62 employees believed the performance of their companies was good or even better (see Table 4.26). The findings suggest that employees’ perceptions about business strategy could influence the performance of their firms, because perception plays a
crucial role in dictating people’s behaviour and their motivation in order to achieve something. If they perceive business strategy can help improving the performance of their firms, they tend to work harder, follow the strategic direction set by their leaders, and try their best to complete the assigned tasks (Jeffs, 2008; Sims, 2002).

The study of relationship between Q29 & Q31 illustrated that there were 47 employees who recognised the relationship between strategy and performance. This group of employees were satisfied with the performance of their companies (refer Table 4.28). The findings indicate that employees’ perceptions about strategy could have an impact on business performance. Business strategy is important in many ways. It allows managers to ensure the accomplishment of organisational objectives, and successfully increase the performance of the firms. Employees who perceive business strategy can lead to the achievement of their companies will motivate themselves and exert all their efforts to accomplish their goals (Analoui & Karami, 2003; Phillips & Gully, 2012). Hence, the way employees perceive about strategy would be a driving force to higher business performance.

The study of correlation between Q32 & Q33 showed that employees who realised the effectiveness of strategy perceived their companies should keep adjusting business strategy to ensure the improvement of business performance (refer Table 4.30). In today’s market environment, business strategy needs to be flexible and adaptive in order to identify new opportunities and increase the business performance. Employees become achievement-oriented, ready for new challenges, and more capable of dealing with change when they perceive business strategy can provide guidance and enables them to perform their jobs effectively (Griffin & Moorhead, 2012; Witcher & Chau, 2010). Thus, employees’ perceptions about business strategy should have an impact on business performance of their companies. Therefore, the findings help achieving objective 1, which verifies the validity of hypothesis 1 ($H_1$).
The above analyses aim at answering sub-question 1 - What is the effect of employees' perceptions about business performance in relation to business strategy of their SMEs? The findings show strong evidence that supports the relationship between employees’ perceptions about strategy and business performance. The good business performance is relied on the effective business strategy (Thompson & Martin, 2010). However, it requires not only the strategy itself that needs to be effective, but also the perceptions of employees. Employees’ perceptions are important and cannot be ignored. Employees are motivated and eager for achievement when they perceive the strategy of their companies can lead to the increased performance and bring the benefits to them in the workplace (Robbins & Judge, 2007).

Therefore, SMEs in Laos should pay attention to the perceptions of employees when they try to apply strategy into their businesses. The owner/manager should explain to employees why the strategy needs to be put in place, and how it will affect the company and what benefit it would bring to employees. The positive perceptions can be derived through open communication between the managers who devise the strategic plan and employees who carry out such plan.

5.3.2. Employees’ Perceptions Influencing Business Strategy in General

From the analysis of Q12 using frequency approach, the result demonstrated that employees who had some interest in business strategy accounted for 37%, those with a moderate interest in strategy were at 42%, and those who were very interested in strategy represented at 16%. The combined percentage of employees who had an interest in business strategy was 95% (see Table 4.9). The findings imply that most employees of SMEs in Laos recognise the importance of business strategy. Furthermore, three analyses were conducted to examine the difference in employees' perceptions towards business strategy in which the results support hypothesis $H_{20}$ – There is no difference in the
perceptions of employees regarding business strategy. These results are obtained from the analyses of questions in Section A and B, which are as follows:

The analysis of the difference between male and female (Q1) towards their levels of agreement that business strategy is necessary for any company (Q7) showed that there was no difference in the variances between male and female towards their agreement about business strategy (refer Table 4.31). These findings indicate that employees perceive the significance of strategy and its greatly contribution to the company regardless of their gender. A majority of business people agree that business strategy is necessary for the company. Business strategy allows a company to build the competitive advantage, which will help the firm to outperform its competitors. When employees perceive the necessity of strategy, they are more focused on their work, and ready to perform at their best to carry out the strategy successfully (Amason, 2011).

The study of the difference in age groups (Q2) towards the perceptions that their companies rely on business strategy for success (Q8) illustrated that the significant value of ANOVA was 0.781, which was greater than 0.05 (refer Table 4.33), and the significant values of multiple comparisons between these age groups were also greater than 0.05 (refer Table 4.34). Hence, the results suggest that there is no difference in age groups towards their perceptions about the importance of business strategy. Business strategy can be adjusted accordingly based on the skills and experience of the strategists. Managers and employees are responsible for the development and execution of the strategy. Despite their differences in age groups, skills, and knowledge; they must treat the strategy seriously in order to achieve their objectives (Goldman & Nieuwenhuizen, 2006).

The study of the difference in respondents' levels of education (Q3) towards their agreement about the importance of business strategy (Q10) showed the significant value of ANOVA was 0.708, which was greater than 0.05 (see Table 4.36), and the significant values of multiple comparisons between these variables
were also greater than 0.05 (see Table 4.37). Therefore, the findings imply that there is no difference in employees’ levels of education regarding their perceptions about the importance of business strategy. Skilful and well-educated employees who perceive the importance of business strategy are likely to perform their jobs successfully. In addition, employees with lower levels of education can improve their skills if they follow the strategic plan and are given the authority to complete their tasks (Levy & Powell, 2005; Peng, 2009). Therefore, the findings help achieving objective 2, which verifies the validity of hypothesis 2 (H2).

The above analyses aim at answering sub-question 2 - What is the effect of employees’ perceptions about business strategy? The results illustrate that a majority of employees have a positive perception towards business strategy regardless of their gender, age groups, and levels of education. Companies can take the advantages of applying business strategy and enjoy the benefits it provides. It can help employees to understand the position of their firms in the market, increase their knowledge, accumulate their experience, and improve their efforts to accomplish organisational objectives (Morden, 2007). A positive perception towards business strategy is a good sign for the company. Employees will become more active and ready to undertake arduous tasks if they perceive the strategy can help improve their skills and abilities (Nelson & Quick, 2012).

Hence, the perceptions of employees should be one of the factors that determine the successful business strategy of SMEs in Lao PDR. These perceptions play a crucial role in defining the outcome of strategy. Owners/managers need to ensure that employees are having positive perceptions in order to increase the chance of success when applying business strategy.
5.3.3. Employees’ Perceptions Influencing Business Strategy Used By SMEs

From the analysis of Q9 in the previous chapter, the findings displayed that 52% of the respondents were satisfied with the strategy used by their firms, followed by 10% of those who were very satisfied with the application of strategy, while 35% of them were neither satisfied nor dissatisfied with the strategy of their SMEs (see Table 4.6). These findings indicate that a majority of SMEs in Laos have applied a fairly successful business strategy. However, some of them may not enjoy the successful result after applying business strategy. Furthermore, three analyses were conducted to study the relationship between employees’ perceptions about business strategy and the real business strategy of their companies in which the findings support hypothesis $H_{3a}$ – There is a relationship between employees’ perceptions about business strategy and the effectiveness of business strategy of their companies.

From the study of the relationship between Q9 & Q11 using cross-tabulation method, it showed that there were 55 employees who recognised the importance of business strategy. Among them, 32 employees were satisfied with the strategy of their companies (see Table 4.38). The findings suggest that employees’ perceptions about business strategy could influence the application of the strategy of their firms. When employees perceive their action or behaviour is the determinant for the success, they will be more active in the workplace, and committed to their tasks. The application of business strategy is likely to be more successful when employees are focused on their work and putting up their efforts to overcome the challenge (Champoux, 2011; Grant et al., 2010).

The study of relationship between Q7 & Q13 demonstrated that there were 55 employees who agreed that business strategy was necessary for any company. Among them, 33 employees viewed the quality of their companies’ strategy as good, and 16 of them believed the quality of the strategy was very good (see Table 4.40). The findings indicate that employees’ perceptions about strategy
may have an impact on the quality of the strategy of their companies. If employees perceive the strategy can bring benefits to them and their organisations, they will become more active and persevering until they achieve their goals. Their behaviour will lead to the increased job performance and better business result (Gatewood et al., 2011; Nelson & Quick, 2012).

The study of correlation between Q12 & Q14 illustrated that employees who were interested in business strategy perceived their companies’ strategy was effective and sufficient enough to compete in the market (see Table 4.42). The findings imply that employees are more focused on the strategy of their companies when they perceive there is a potential for success in applying business strategy. Business strategy is important to SMEs, because it helps the firms to evaluate their strengths and weaknesses, eliminate potential threats, and exploit market opportunities. In addition, employees who are interested in the outcome of the strategy will dedicate considerable efforts to finish their jobs, and have the right mind-set towards achieving the strategic plan (Hogeforster, 2012; McFarlin & Sweeney, 2013). Therefore, the findings help achieving objective 3, which verifies the validity of hypothesis 3 (H3).

The above analyses aim at answering sub-question 3 - What is the effect of employees’ perceptions about business strategy used by their SMEs? The findings indicate the significant relationship between employees’ perceptions about business strategy and the effectiveness of business strategy of their companies. Employees with positive perceptions about things are likely to perform well in their jobs, open to new experiences, communicate clearly with others, and be ready for new challenges. Their perceptions about business strategy of their companies can influence their productivity, creativity, and attitudes towards their jobs. The application of business strategy could be more effective if employees are willing to contribute their efforts in order to achieve organisational objectives (Fineman, 2005; Robbins & Judge, 2007).
5.3.4. Employees’ Perceptions Influencing Strategy Formulation

From the analysis of Q16 using frequency analysis, the findings showed that 70% of respondents believed their companies had formulated a good business strategy, while 23% of them were unsure about the quality of the strategy formulation of their SMEs (refer Table 4.11). The findings suggest that most of SMEs in Laos have developed the business strategy that successfully increased the performance of their companies. In addition, three analyses were conducted to study the relationship between employees’ perceptions about strategy formulation process and the performance of their companies in which the findings support hypothesis H$_{4a}$ – There is a relationship between employees’ perceptions about strategy formulation process and the performance of their companies.

From the study of the relationship between Q16 & Q18, the total number of employees who perceived their companies had developed a good business strategy was 70. Among them, there were 44 employees who believed the formulation of strategy was helpful to improve their work performance, and 17 of them viewed the strategy formulation was very helpful to them (refer Table 4.43). The findings indicate that employees’ perceptions about strategy formulation could affect the improvement of their work performance. Strategy formulation plays a crucial role in organisational success. Effective strategy formulation could provide competitive position to the company, and enhance the performance of employees. Moreover, the perception of employees can act as a catalyst for increasing the efficiency of their work outcome (Ahmad et al., 2008; Ulwick, 2005).

The study of relationship between Q17 & Q20 displayed that there were 91 employees who perceived the formulation of strategy can lead to the improvement of their companies’ overall performance. Among them, 55 employees viewed the strategy formulation process was important, and 23 of
them believed the formulation process was very important (refer Table 4.45). The findings suggest that employees’ perceptions about strategy formulation may have an impact on the overall performance of their companies. Strategy formulation can reduce personal influence on decision-making, provide the standard analysing process with clear vision, and increase the overall performance of an organisation. Furthermore, employees’ perceptions can assist the strategy formulation process, which is an important part that stimulates the growth of business (Agarwal, 2009; Henry, 2008).

The study of relationship between Q19 & Q21 using cross-tabulation analysis showed that the total number of employees who perceived the formulation of strategy could bring benefits to their companies was 90. Among them, 78 employees agreed or strongly agreed that strategy formulation was an important factor to business success (refer Table 4.47). The findings indicate that employees’ perceptions about strategy formulation could play a vital role in driving superior business performance. Strategy formulation allows companies to develop plans and solutions to the problems in advance, which can ensure the consistency of organisational performance and sustainability of competitive advantage. Employees are keen to participate in the formulation process if they perceive such process could produce the desired outcome to them and their organisations (Morden, 2007; Murray et al., 2006). Hence, the findings help achieving objective 4, which verifies the validity of hypothesis 4 (H4).

The above analyses aim at answering sub-question 4 - What is the effect of employees’ perceptions about strategy formulation process of their SMEs? The findings indicate the close relationship between employees’ perceptions about strategy formulation process and the performance of their companies. A majority of employees perceive that strategy formulation process is an important element that encourages the growth and enhances the performance of their companies. They recognise its significance and their perceptions suggest that they are willing to contribute their knowledge and skills to strategy development process
in order to increase the chance of success for their businesses (Champoux, 2011; Murray et al., 2006).

5.3.5. Employees’ Perceptions Influencing Strategy Implementation

From the analysis of Q29 in using frequency analysis, the findings displayed that 67% of respondents perceived their companies had implemented business strategy successfully, and those who answered “Not sure” accounted for 22% (see Table 4.16). The findings indicate that a majority of SMEs in Laos have executed business strategy effectively, which lead to the improved performance of their companies. Moreover, three analyses were conducted to study the relationship between employees’ perceptions about strategy implementation process and the performance of their companies in which the findings support hypothesis H5a – There is a relationship between employees’ perceptions about strategy implementation process and the performance of their companies.

From the study of the relationship between Q22 & Q24, the total number of employees who believed their companies had executed a good business strategy was 67. Among them, there were 41 employees who perceived the implementation of strategy was helpful to improve their work performance (see Table 4.49). The findings imply that employees’ perceptions about strategy implementation may actually have an impact on their work performance. Effective strategy implementation can improve managerial ability, enhance employee skills, and increase product and service qualities. In addition, employees’ perceptions about strategy implementation can dictate their behaviour in the workplace and increase their participation in the strategy execution process (Karami, 2007; Sims, 2002).

The study of relationship between Q23 & Q26 displayed that there were 88 employees who perceived the implementation of strategy can lead to the improvement of their companies’ overall performance. Among them, 55
employees viewed the strategy implementation process was important (see Table 4.51). The findings suggest that employees’ perceptions about strategy implementation could influence the overall performance of their companies. Strategy implementation is a driving force to maximise organisational performance. Companies that keep improving their implementation processes are more likely to become successful in enhancing their performance. Moreover, employees, who perceive the implementation process can lead to the success of business, will exert their efforts on their tasks and create positive effects to the firms (Heracleous, 2003; Ranganayakulu, 2005).

The study of relationship between Q25 & Q27 using cross-tabulation method showed that there were 90 employees who perceived that the implementation of strategy could bring the benefits to their companies. Among them, 75 employees agreed or strongly agreed that strategy implementation was an important factor to business success (see Table 4.53). The findings indicate that employees’ perceptions about strategy implementation could help inducing the growth of their companies. The implementation process is very crucial to the firms because the strategic goals and objectives depend on this process to become realised and successful. Furthermore, when employees believe in the effectiveness of strategy implementation process, they will have the right attitudes and respond positively to the tasks under their responsibilities (Aquinas, 2008; Goldman & Nieuwenhuizen, 2006). Thus, the findings help achieving objective 5, which verifies the validity of hypothesis 5 (H5).

The above analyses aim at answering sub-question 5 - What is the effect of employees’ perceptions about strategy implementation process of their SMEs? The findings illustrate the strong relationship between employees’ perceptions about strategy implementation process and the performance of their companies. Most employees participated in the survey acknowledged the significance of strategy implementation process, and believed it is one of the important factors that contribute to the success of business. Their perceptions about strategy
implementation indicate that they could behave, think, response, and feel positively towards their jobs and their organisations. These positive perceptions will increase the level of their motivation, affect their behaviour in the workplace, and greatly influence the success of business strategy of their companies (Ahmad et al., 2008; Sinha, 2008).

5.4. Chapter Summary

Chapter Five discusses and explains the findings of Chapter Four. These findings are supported by relevant literature in order to deliver the conclusions to the research. All relevant hypotheses are carefully analysed based on statistical data and quantitative analysis. This chapter provides credible evidence that supports hypotheses in which lead to the achievement of research objectives. These objectives help answering the main research question and sub-questions, and ultimately achieving the aim of the research.

Chapter Six discusses conclusions, recommendations, and further areas of research.
Chapter Six: Conclusions and Recommendations

6.1. Research Conclusions

Laos is among other emerging nations where economies are growing rapidly. In the current environment, SMEs in Laos begin to feel the tension in the market, and the need of applying business strategy seems inevitable (Kyophilavong, 2007). Moreover, effective strategy involves bringing all the people in the organisation to work together in order to perform the tasks effectively. Managers are responsible for developing the strategy, and employees are having their duties to carry out the developed strategy. However, a well-formulated strategy is less likely to become successful if employees do not feel the same way as the managers (Amason, 2011; Harrison & John, 2012). This means that the way employees perceive about strategy will dictate their actions and affect the strategy of their companies.

Hence, the importance of employees’ perceptions cannot be overlooked. Managers/owners need to ensure that employees fully understand the value of business strategy. Their positive perceptions about strategy will directly influence their behaviour, change their attitudes, improve their personalities, and motivate them to engage in their tasks, which will greatly increase the chance of successful business strategy (Griffin & Moorhead, 2012; Schermerhorn, 2012).

SMEs seek to improve business performance, and create competitive advantage through the application of business strategy. Hence, the outcome of the strategy is very important to them. There are several factors that influence the outcome of business strategy, such as the result of previous strategy, the knowledge about strategy, the effectiveness of current strategy, and the strategy formulation and implementation process (Analoui & Karami, 2003; Jeffs, 2008). Therefore, in order to understand how employees’ perceptions can influence the outcome of
the strategy, we need to understand their perceptions about these factors. The answers to the research sub-questions are clearly explained as follows:

The first sub-question is to examine employees’ perceptions about the business performance in relation to business strategy of their SMEs. The findings show that employees who work for profitable SMEs believe business strategy is a key factor that drives superior business performance. In other words, their companies have successfully applied strategy into their business practices. The findings indicate that the managers have done a good job in formulating the strategy, and the employees have carried out the strategy effectively. The effective strategy implementation may be derived through the perceptions of employees who perceive that a good business strategy can actually lead to the improvement of business performance.

The second sub-question is to investigate employees’ perceptions about business strategy. The results illustrate that there were certain degrees of interest in business strategy among employees who work for SMEs in Laos, regardless of their gender, age groups, and levels of education. A high degree of interest in business strategy suggests that employees may be able to bring some positive effects to the companies. The findings indicate that employees with sufficient knowledge about strategy are more likely to outperform their peers when they are involved in the area of business strategy. In addition, there is a high tendency that they will cooperate and collaborate well with each other, and be able to improve their skills through continuous learning from their own experience in which could benefit the companies in the long run.

The third sub-question is to analyse employees’ perceptions about business strategy used by their SMEs. The findings indicate that employees who were satisfied with the strategy of their companies performed well in their jobs. Employees would have put a lot of efforts into their work in order to carry out the strategy effectively. Their positive perceptions about the strategy of their
companies suggest that they will be motivated, and these perceptions will encourage them to give their best in performing their tasks and achieving their goals. In addition, the findings show that their perceptions about successful strategy may provide them with a sense of achievement, and improve their self-esteem, which would influence the outcome of the strategy.

The fourth sub-question is to assess employees’ perceptions about strategy formulation process of their SMEs. The findings show that employees who value the formulation process are those who believe in the management system of their companies, and perceive the management team are capable of formulating the strategy that will work very well. The results imply that if employees think the formulated strategy is effective, then, they would readily participate in the implementation process. Their optimistic perceptions would boost their levels of confidence and prepare them for new challenging tasks, which could influence the outcome of strategy.

Finally, the fifth sub-question is to assess employees’ perceptions about strategy implementation process of their SMEs. The findings illustrate that employees who believe in the success of business strategy of their companies are paying close attention to the implementation process. The results suggest that because employees are those who implement the strategy, hence their perceptions would have a direct impact on the strategy. The positive perceptions about implementation process would allow them to focus on their tasks, be more motivated, achievement-oriented, and persevering. These qualities would significantly influence the outcome of strategy of their companies.

From the discussion of the above sub-questions, the findings can help explain the main research question: “How can employees’ perceptions influence the outcome of business strategy of SMEs in Lao PDR?” The answer to this question is because employees’ perceptions exist in every stage of business strategy. The perceptions of employees control their actions, behaviour, level of motivation, and their
efforts in working towards achieving their goals which is also supported by literature in Chapter Two (See Nelson & Quick, 2012). Business strategy requires both the participation of managers and employees. Managers can try their best to formulate and monitor the strategy. However, it is employees who carry out the strategy. Therefore, their positive perceptions will highly increase the chance of successful business strategy of their companies (Levy & Powell, 2005).

Based on the answer of the research question, the study has achieved the research aim: “To identify the significance of employees’ perceptions that contributes to the successful business strategy of SMEs in Lao PDR”. The findings show that there is a great significance of employees’ perceptions that contributes to the successful business strategy. Employees’ perceptions are influencing several factors that are important to successful business strategy. Thus, its significance is something that is worth the attention of managers/owners of SMEs in Laos. The results suggest that employees’ positive perceptions about business strategy would dramatically increase the rate of success, whereas the negative perceptions would gradually decrease the possibility of successful business strategy.

In conclusion, this research has addressed all the research sub-questions and successfully provided the answer to the main research question. In addition, the research has achieved the five objectives, which aims at verifying the validity of the hypotheses. The five hypotheses are tested using relevant quantitative analysing methods available in statistical software analysis “SPSS”, and the analysis supports the validity of the hypotheses. The findings derived from these hypotheses provide crucial evidence that helps answer the main research question, sub-questions, and achieve the aim of the research.
6.2. Recommendations

According to the results of the study, the researcher has provided recommendations that could improve the outcome of business strategy of SMEs in Laos, which are as follows:

1. The owners/managers of SMEs in Laos should develop more understanding about employees’ perceptions. The performance of the company after applying business strategy should be able to influence how employees feel about their senior management team. Despite the poor performance, managers should explain the reasons why the strategy failed to employees, and encourage them to try harder when applying the new strategy. Then, the performance of the company should be able to improve if employees are fully concentrating on their work.

2. SMEs in Laos should expand the knowledge of business strategy among their employees. Employees’ perceptions about business strategy should be progressed in tandem with the intentions of the manager. They should understand why the company has to apply the strategy and what effect such strategy could bring to them and how it will affect their performance in the workplace. Moreover, managers should explain the importance of strategy to their employees. If the strategy were seemingly to become successful, then employees would be motivated in their jobs.

3. Managers should encourage the positive perceptions of employees about the strategy used by their SMEs by increasing their levels of participation in the strategic process, asking their ideas, listening to them, and communicating openly with each other. In addition, managers should monitor the levels of satisfaction of employees about the developed strategy. The strategy of their companies should be solid and be able to persuade employees into performing their best in order to achieve the objectives of the strategy.
4. Managers of SMEs should demonstrate sound knowledge and understanding about strategy formulation processes. They should demonstrate to the employees that the formulation process of their companies is effective and could be able to deliver profits to the firms. Employees should be assured that the formulated strategy has the potential for success, and the successful strategy would bring the benefits to them in return for their efforts. Furthermore, employees’ perceptions about formulation process should be considered as a vital element to the outcome of business strategy.

5. SMEs in Laos should consolidate the effectiveness of strategy implementation processes by influencing the perceptions of employees in a positive way. Employees need to be encouraged that their jobs are important to the implementation process, and the success of the strategy depends on their performance. Moreover, the manager should reward employees who perform well in their tasks, and try to influence their perceptions by inspiring them to value the result of hard working.

6.3. Limitations of the Research

This research has some limitations that may influence the findings, and affect the full representation of the whole SMEs in Lao PDR. First, the respondents belong to SMEs that are located in the capital city of Laos. Although the capital city is home to many businesses, and SMEs are highly concentrated around the area; however, these SMEs can only be represented as regional SMEs, but not for the whole country. Hence, the findings are more likely to be appropriate for SMEs located in the major cities of Laos. Second, the sampling size is relatively small, which may reduce the accuracy of the findings. The small volume of sampling size is due to the time-constraints and limited resources that are available to the researcher. However, the researcher has lowered the sampling impact by disseminating the questionnaires through several SMEs in different areas of businesses.
6.4. Further Research

This research is conducted based on a relatively small sample size. Hence, the research with a larger sample size would help consolidate the accuracy of the findings. In addition, areas of further research could be as follows:

- The research could be conducted to identify the levels of motivation among employees who are interested in business strategy, and how their motivation can be used to increase the business performance.

- The research could be conducted on how to improve employees’ perceptions about the strategy of their companies, and the approach of using the perceptions to enhance work performance.

6.5. Closing Statement

This research provides guidance for SMEs to improve their performance and gives them the edge over their competitors in the industry. Although there are several factors that influence the outcome of strategy, however, the perceptions of employees are certainly among other major factors that determine the success of business strategy. Managers should consider every possible factor that can lead to the success of their companies. Undoubtedly, employees’ perceptions are the factors that should not be neglected. The careful analysis and evaluation of employees’ perceptions could reward the managers with a worthy price that might allow SMEs in Laos to acquire sustainable competitive advantage.
References


Appendix A: Information Sheet

PARTICIPANT INFORMATION FORM

My name is Sompaseuth Phasinsaksith. I am currently enrolled in the Master of Business at Unitec New Zealand and seek your help in meeting the requirements of research for a thesis course which forms a substantial part of this degree.

The aim of my project is:

To identify the significance of employees' perceptions that contributes to the successful business strategy of SMEs in Lao PDR.

You have been selected to participate in the survey by our random selection of available business addresses in Lao PDR.

I request your participation in the following way:

Please answer all the questions in the questionnaire, which are related to SMEs in Lao PDR, it will take between 15 – 20 minutes to complete.

Neither you nor your organisation will be identified in the thesis. You do not need to identify yourself or your company in the questionnaire itself. The questionnaires will not be linked back to you. The results of the research activity will not be seen by any other person in your organisation.

You have the right to refuse to do the survey as it is voluntary.

If you wish however to receive a copy of the survey results when these are available please email me separately (dinohope@hotmail.com)

If you have any queries about the research, you may contact my principal supervisor at Unitec New Zealand.

My supervisor is: Dr Andries du Plessis phone: 815-4321 ext. 8923 or email: aduplessis@unitec.ac.nz

UREC REGISTRATION NUMBER: (2013-1051)

This study has been approved by the UNITEC Research Ethics Committee from (August, 2013) to (August, 2014). If you have any complaints or reservations about the ethical conduct of this research, you may contact the Committee through the UREC Secretary (ph: 09 815-4321 ext 6162). Any issues you raise will be treated in confidence and investigated fully, and you will be informed of the outcome.
Appendix B: Research Questionnaire

Researcher Name: Sompaseuth Phasinsaksith Participant No. ________________ (1-100)

Researcher ID: 1404025 Questionnaire length: _________ (In minutes)

Greetings! My name is Mr Sompaseuth Phasinsaksith. I’m now studying master’s degree at Unitec New Zealand. I’m currently conducting a survey for the research project of my master thesis. The title of the research project is “The Suitable Business Strategy for Small and Medium-Sized Enterprises in Lao People’s Democratic Republic”. It will take about 15-20 minutes for you to respond to this questionnaire. I appreciate your time for answering all the questions.

Section A: Demographics

1. What is your gender?
△ Male
△ Female

2. Which of the following age groups do you belong to?
△ Below 18 years
△ 19 – 24 years
△ 25 – 30 years
△ 31 – 40 years
△ 41 and above

3. What is the highest level of education you have completed?
△ High school level
△ Diploma
△ Bachelor’s degree
△ Master’s degree
△ PhD
Other, please specify: ________________________________
4. How many years do you have for your work experience?
   - ☐ Less than 1 year
   - ☐ 1 – 3 years
   - ☐ 3 – 5 years
   - ☐ 5 years and above

5. How long have you been working with your current company?
   - ☐ Less than 1 year
   - ☐ 1 – 3 years
   - ☐ 3 – 5 years
   - ☐ 5 years and above

6. How many employees in your current company?
   - ☐ Less than 10 employees
   - ☐ 11 – 19 employees
   - ☐ 20 – 39 employees
   - ☐ 40 – 49 employees
   - ☐ 50 employees and above

Section B: Business Strategy

7. Please indicate your level of agreement that business strategy is necessary for any company.

   - ☐ ☐ ☐ ☐ ☐

8. Do you think that your company relies on business strategy for the success?
   - ☐ Yes
   - ☐ No
   - ☐ Not sure

9. How satisfied are you with the business strategy of your company?

   - ☐ ☐ ☐ ☐ ☐
10. Please state your level of agreement with the following statement: A good business strategy contributes significantly to the success of a company.

1 Strongly disagree  2 Disagree  3 Neutral  4 Agree  5 Strongly agree
☐ ☐ ☐ ☒ ☐ ☐

11. How important to you is the business strategy in relation to the performance of your company?

1 Very unimportant  2 Unimportant  3 Neutral  4 Important  5 Very Important
☐ ☐ ☐ ☒ ☐ ☐

12. Please express your degree of interest in business strategy?

1 Not at all interest  2 Little interest  3 Some interest  4 Moderate interest  5 Very interest
☐ ☐ ☐ ☒ ☐ ☐

13. Please rate the quality of business strategy of your company.

1 Poor  2 Fair  3 Good  4 Very good  5 Excellent
☐ ☐ ☐ ☐ ☒ ☐

14. To what extent do you agree that the business strategy of your company is sufficient to compete in the market?

1 Strongly disagree  2 Disagree  3 Neutral  4 Agree  5 Strongly agree
☐ ☐ ☐ ☐ ☒ ☐

15. How important to your company is the improvement of current business strategy?

1 Very unimportant  2 Unimportant  3 Neutral  4 Important  5 Very Important
☐ ☐ ☐ ☐ ☒ ☐
Section C: Business Strategy Formulation

16. Do you think your company has developed a good business strategy?

☐ Yes
☐ No
☐ Not sure

17. Do you think the development of business strategy leads to the improvement of your company's overall performance?

☐ Yes
☐ No
☐ Not sure

18. How helpful is the development of business strategy in relation to your work performance?

1 Not at all helpful
2 Not so helpful
3 Neither helpful
4 Somewhat helpful
5 Very helpful

19. Do you think there are benefits to your company by developing business strategy?

☐ Yes
☐ No
☐ Not sure

20. How important to your company is the development of business strategy?

1 Very unimportant
2 Unimportant
3 Neutral
4 Important
5 Very Important

21. Please indicate your level of agreement that the development of business strategy is one of the key factors to the business success of your company.

1 Strongly disagree
2 Disagree
3 Neutral
4 Agree
5 Strongly agree
Section D: Business Strategy Implementation

22. Do you think your company has implemented business strategy successfully?
☐ Yes
☐ No
☐ Not sure

23. Do you think the implementation of business strategy helps improving the performance of your company?
☐ Yes
☐ No
☐ Not sure

24. How helpful is the implementation of business strategy in relation to your work performance?

1 Not at all helpful  2 Not so helpful  3 Neither helpful  4 Somewhat helpful  5 Very helpful
☐ ☐ ☐ ☐ ☐

25. Do you think the implementation of business strategy is creating the benefit to your company?
☐ Yes
☐ No
☐ Not sure

26. How important to your company is the implementation of business strategy?

1 Very unimportant  2 Unimportant  3 Neutral  4 Important  5 Very Important
☐ ☐ ☐ ☐ ☐

27. Please indicate your level of agreement that the implementation of business strategy is one of the key factors to the business success of your company.

1 Strongly disagree  2 Disagree  3 Neutral  4 Agree  5 Strongly agree
☐ ☐ ☐ ☐ ☐
Section E: Business Performance

28. Please rate the level of business performance of your company.

1 Poor       2 Fair       3 Good       4 Very good       5 Excellent
☐           ☐           ☐           ☐           ☐

29. How satisfied are you with the business performance of your company?

1 Very satisfied       2 Dissatisfied       3 Neither satisfied nor dissatisfied       4 Satisfied       5 Very satisfied
☐           ☐           ☐           ☐           ☐

30. Do you think the business performance of your company is improved after applying business strategy?

☐ Yes
☐ No
☐ Not sure

31. Do you think there is a strong relationship between the business strategy and the performance of your company?

☐ Yes
☐ No
☐ Not sure

32. Please indicate how often is the business strategy helps improving the business performance of your company?

1 Never       2 Rarely       3 Sometimes       4 Often       5 Always
☐           ☐           ☐           ☐           ☐

33. To what extent do you agree that the business strategy of your company needs to keep adjusting in order to be able to improve the business performance?

1 Strongly disagree       2 Disagree       3 Neutral       4 Agree       5 Strongly agree
☐           ☐           ☐           ☐           ☐