

THE INFLUENCE OF EMPLOYEES' PERCEPTIONS ON BUSINESS STRATEGY OF SMALL AND MEDIUM-SIZED ENTERPRISES

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ABSTRACT

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. The research also examines employees' perceptions about 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. The target population of this research is employees of SMEs in Lao PDR, which comprises 100 respondents as the sample size. The findings show that employees who work for profitable SMEs believe business strategy is a key factor that drives superior business performance; certain degrees of interest in business strategy among employees work for SMEs regardless of their gender, age groups, and levels of education; 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.

INTRODUCTION

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). 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. There is no other reported or published research that has been conducted on business strategy of SMEs in Laos, particularly employees' perceptions which makes this study unique and it adds value to the body of knowledge.

In a developing country where the business environment is changing rapidly and is vastly different from the past, conventional business practices 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.

PROBLEM STATEMENT

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. 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. Perception is an important issue that needs to be understood for better behaviour management.

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?

PURPOSE AND AIM OF THIS STUDY

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 it in SMEs in Laos, and how these perceptions would affect the outcome of strategy.

This research has the following main aim: To identify the significance of employees' perceptions that contribute to the successful business strategy of SMEs in Lao PDR.

METHODOLOGY

Background

Bryman (2012) describes that a paradigm is 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 processes. 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.

Muijs (2010) explains that the positivist paradigm applies a logical and scientific method to the 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.

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).

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.

Sample selection

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.

Data collection

Questionnaires 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). This research project used the questionnaire as a research instrument. The questionnaire allowed the data that was collected from the respondents to be converted into computer readable data for statistical analysis and study. The data collected from questionnaires in this research project was processed and entered into statistical analysis program SPSS.

Questionnaire

The questionnaire consisted of questions to adequately explore the main research question, the aim and purpose of the research. 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. All the questions in the questionnaire were closed questions. 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.

LITERATURE REVIEW

Background

The definition of small and medium-sized enterprises (SMEs) differs 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 business around the world. They represent between 95 – 99 per cent of all businesses in different countries. SMEs are everywhere and scattered across 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). Munro (2013) is of the opinion that 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 businesses 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).

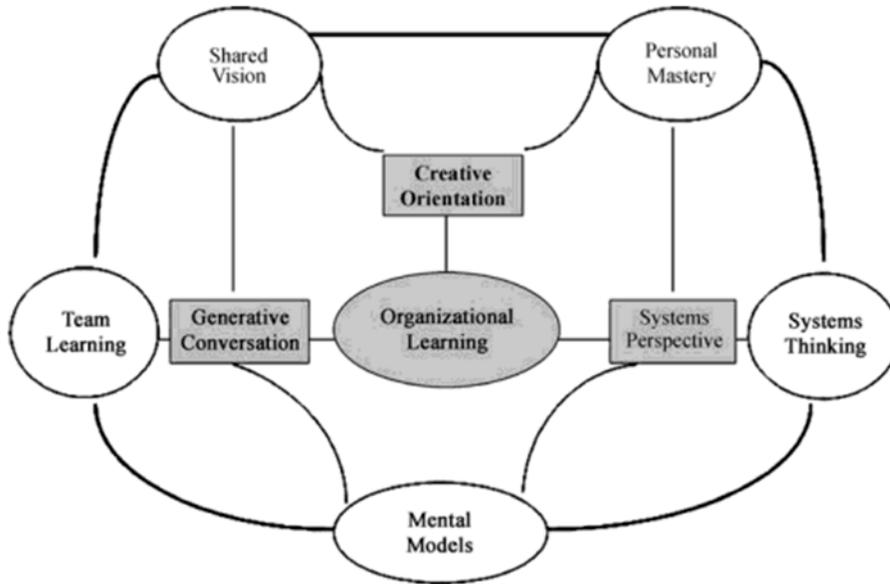
SMEs contribute significantly to the development of a country. They play a crucial role in reducing unemployment; providing skill training and development for employees and managers; supporting large organisations as suppliers and outsourcing companies; and easing the needs for importing products and skilled workers from foreign countries. 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 position than those of large corporations to apply their ideas and creativity on their business operations. 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 business. 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 1. Five Principles of a Learning Organisation



Source: Maani (2011, p. 742)

SMEs in Developing Countries

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 the 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. 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 the total SME labour force in most developing countries. The rest of the labour force includes employees and trainees or apprentices. 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. 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. 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.

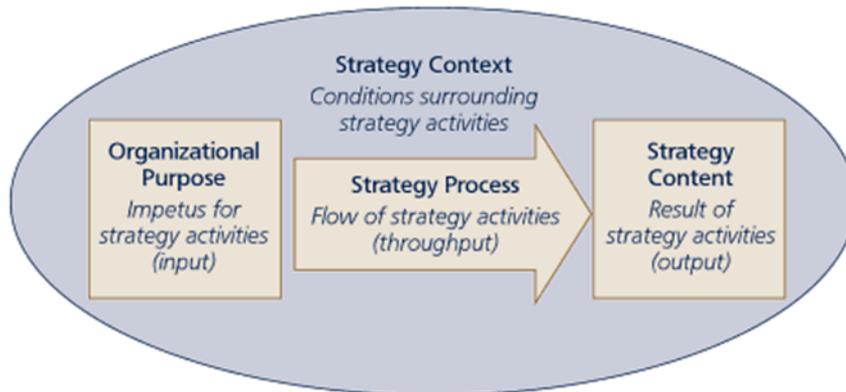
Business Strategy

The definition of strategy varies among theorists, researchers and managers. There is no one single definition that could explain the meaning of strategy clearly. According to Google, 58 million answers are found when searching 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 (see Figure 2 below). 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. 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).

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).

Figure 2 Three Dimensions of Strategy



Source: De Wit and Meyer (2010, p. 5)

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

- 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.
- The process is an activity that occurs from start to finish and is responsible by people who manage it.

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.

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 the main research question, aim and purpose of this study, which examines the influence of employees' perceptions on strategy in small and medium enterprises.

ANALYSIS OF THE RESULTS

Section A of the questionnaire comprises 6 questions, starting from Question 1 to 6. Each of the questions is discussed in detail as follows:

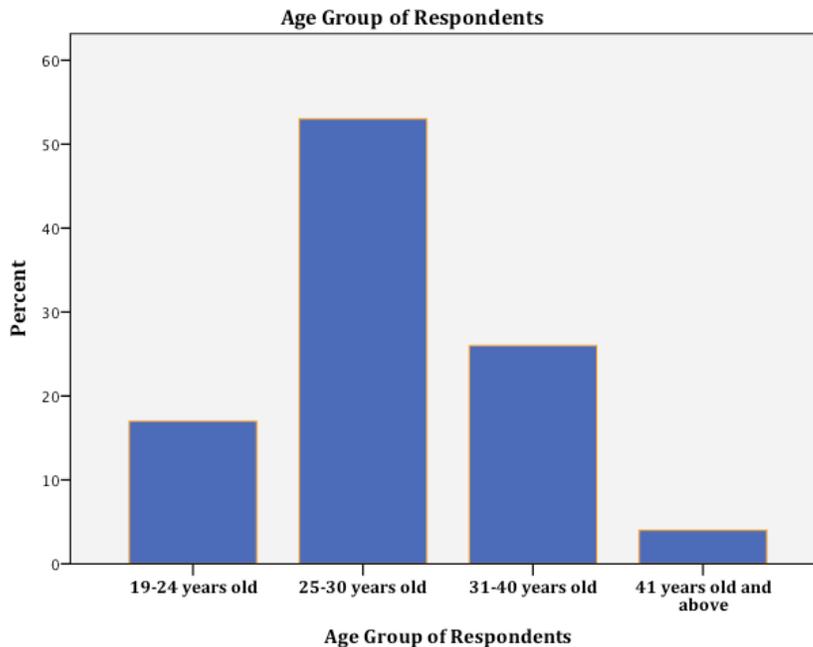
Question 1: The respondents were asked about their gender, and the findings are shown in Table 1; the total number of respondents is 100 people, by which 54% of respondents are male and 46% of respondents are female. The result shows that the number of male respondents is slightly higher than female respondents. Hence, the contribution of gender in this survey is considered to be fairly proportionate.

Table 1 Gender of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	54	54.0	54.0	54.0
	Female	46	46.0	46.0	100.0
	Total	100	100.0	100.0	

Question 2: The respondents were asked about their age groups, and the findings are shown in Figure 6.

Figure 3: Age Group of Respondents

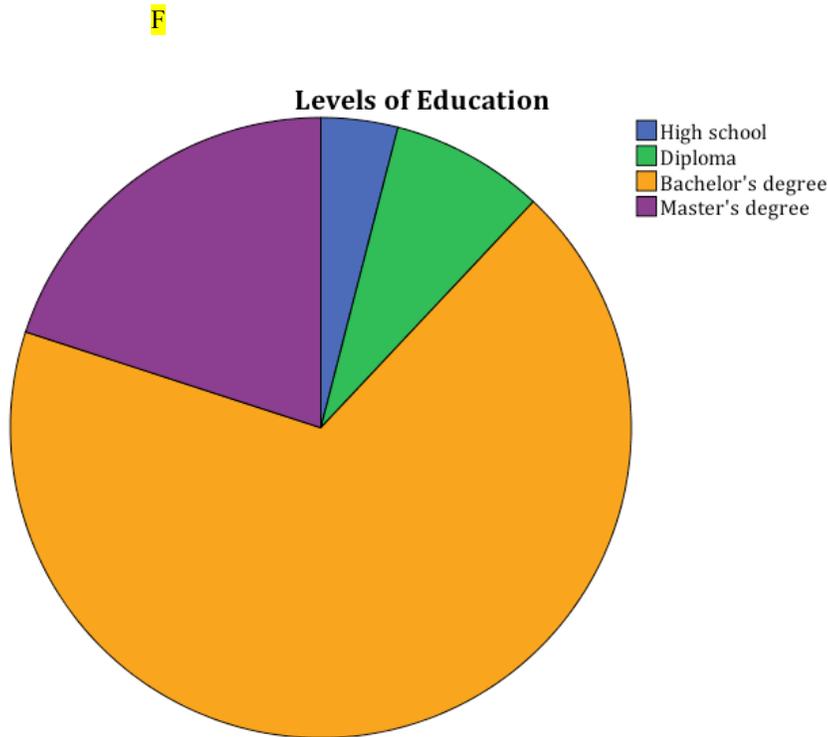


In Figure 3 above, the graph shows that the majority of respondents belong to the age group 25-30 years old, which represents 53% of the respondents; the age group of 31-40 years old represents at 26%; 19-24 years old at 17%; and

the remaining age groups represents 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.

Figure 4: Levels of Education



The results in Figure 4 illustrate 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 2.

In Table 2 below, 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 work experience. The findings display that many employees have limited work experience in the SMEs. 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 the total respondents, which indicate that their expertise and capabilities may help their business to success.

Table 2: Work Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	13	13.0	13.0	13.0
	1-3 years	40	40.0	40.0	53.0
	4-6 years	26	26.0	26.0	79.0
	7 years and above	21	21.0	21.0	100.0
	Total	100	100.0	100.0	

Question 5: The respondents were asked how long have they been working with their current companies, and the findings are shown in Table 3 below. The result demonstrates that a majority of employees are working with their current companies between 1-3 years at 48%, and 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 the respondents are either constantly looking for a more suitable job or accumulating enough experience to move on to find a better job in other SMEs.

Table 3: Number of years working in the company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	20	20.0	20.0	20.0
	1-3 years	48	48.0	48.0	68.0
	4-6 years	16	16.0	16.0	84.0
	7 years and above	16	16.0	16.0	100.0
	Total	100	100.0	100.0	

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.

Question 7: The respondents were asked about the necessity of applying business strategy to their SMEs, and the findings are shown in Table 4 below. In Table 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 13% 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.

Table 4: Level of Agreement about Business Strategy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.0	1.0	1.0
	Disagree	2	2.0	2.0	3.0
	Neither agree nor disagree	16	16.0	16.0	19.0
	Agree	55	55.0	55.0	74.0
	Strongly agree	26	26.0	26.0	100.0
	Total	100	100.0	100.0	

Question 8: The respondents were asked whether business strategy can lead to business success, and the findings are shown in Table 5.

Table 5: Business Strategy Leads to Business Success

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	88	88.0	88.0	88.0
	No	2	2.0	2.0	90.0
	Not sure	10	10.0	10.0	100.0
	Total	100	100.0	100.0	

The data in Table 5 shows that the majority of the respondents' perception is that 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 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 7 below.

Table 6: The Contribution of Business Strategy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	0	0.0	0.0	0.0
	Disagree	0	0.0	0.0	0.0
	Neither agree nor disagree	19	19.0	19.0	19.0
	Agree	56	56.0	56.0	75.0
	Strongly agree	25	25.0	25.0	100.0
	Total	100	100.0	100.0	

The findings in Table 6 above demonstrate that the perception of the respondents is that a large agrees with the major contribution of business strategy to the success of SMEs, which account for 81%. In addition, 19% of them neither agree nor disagree with the statement. And unsurprisingly, none of the respondents disagrees against the significant contribution of business strategy. This gives more insight to the findings 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 7 below.

Table7: Business Strategy and Business Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very unimportant	0	0.0	0.0	0.0
	Unimportant	1	1.0	1.0	1.0
	Neutral	17	17.0	17.0	18.0
	Important	56	56.0	56.0	74.0
	Very Important	26	26.0	26.0	100.0
	Total	100	100.0	100.0	

In Table 7, the result displays the majority of respondents acknowledge the importance of business strategy in which their perception is that 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 think strategy is not important.

The main research question is to examine the influence of employees' perceptions on business strategy, and the above table's results confirm that employees are confident in the successful outcome of strategy.

The below section discusses employees' perceptions about the strategy formulation, which relates to their perceptions about the development of a business strategy and its effects on the SME's performance. It involves discerning the way respondents answer the questions, generating the results based on numerical data analysis.

Question 16: The respondents were asked whether their companies have developed a good business strategy, and the findings are shown in Table 8 below.

Table 6: Good Business Strategy Formulation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	70	70.0	70.0	70.0
	No	7	7.0	7.0	77.0
	Not sure	23	23.0	23.0	100.0
	Total	100	100.0	100.0	

The result in Table 8 above shows that the perception of 70% of respondents is that their SMEs have developed a good business strategy, while 23% of them are unsure about the quality of the strategy formulation of their SMEs. Only a small number of employees 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 SME’s overall performance, and the findings are shown in Table 9 below.

Table 9: Business Strategy Formulation and Business Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	91	91.0	91.0	91.0
	No	2	2.0	2.0	93.0
	Not sure	7	7.0	7.0	100.0
	Total	100	100.0	100.0	

According to Table 9 above, the findings illustrate that the majority of respondents which represent 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.

This question and results answers the **influence of employees’ perceptions** about the strategy formulation process of their SMEs.

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 10 below.

Table 70: Business Strategy Formulation and Work Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all helpful	2	2.0	2.0	2.0
	Not so helpful	3	3.0	3.0	5.0
	Neither helpful nor unhelpful	18	18.0	18.0	23.0
	Somewhat helpful	58	58.0	58.0	81.0
	Very helpful	19	19.0	19.0	100.0
	Total	100	100.0	100.0	

The data presented in Table 10 displays the perception of 58% of respondents that 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 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 11 below.

Table 8: Business Strategy Implementation and Business Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	88	88.0	88.0	88.0
	No	2	2.0	2.0	90.0
	Not sure	10	10.0	10.0	100.0
	Total	100	100.0	100.0	

According to the information in Table 11 above, the findings show that the perception of the majority of respondents representing 88% is that the implementation of business strategy can actually lead to the improvement of business performance. While there is only a small portion of them who answered "Not sure" and "No" at the rate of 10% and 2% respectively.

The findings in the above table indicate that **employees have a positive perception** 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 12 below.

Table 9: Business Strategy Implementation and Work Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all helpful	2	2.0	2.0	2.0
	Not so helpful	3	3.0	3.0	5.0
	Neither helpful nor unhelpful	21	21.0	21.0	26.0
	Somewhat helpful	53	53.0	53.0	79.0
	Very helpful	21	21.0	21.0	100.0
	Total	100	100.0	100.0	

The information presented in Table 12 above demonstrates that 51% of respondents perceive the implementation of strategy as 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 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.**

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.

From the analysis, the findings answer the main research question: "How can employees' perceptions influence the outcome of business strategy of SMEs in Lao PDR?" The answer 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. 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 SMEs.

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.

RECOMMENDATIONS FOR HR PRACTITIONERS, OWNERS AND EMPLOYERS OF SME'S

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

- 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.
- Managers should encourage 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.
- Managers of SMEs should demonstrate sound knowledge and understanding about strategy formulation process.
- SMEs in Laos should consolidate the effectiveness of strategy implementation processes by influencing the perceptions of employees in a positive way.

CONCLUSIONS

In conclusion, this research has addressed all the research questions, purpose, aim and objectives and successfully provided the answer to the main research question. The findings derived from these hypotheses provide crucial evidence that answers the main research question, and achieve the purpose and aim of the research. 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 / owners of SMEs and HR practitioners should consider every possible factor that can lead to the success of their SMEs. Undoubtedly, employees' perceptions are the factors that should not be neglected. 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.

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