

The copyright © of this thesis belongs to its rightful author and/or other copyright owner. Copies can be accessed and downloaded for non-commercial or learning purposes without any charge and permission. The thesis cannot be reproduced or quoted as a whole without the permission from its rightful owner. No alteration or changes in format is allowed without permission from its rightful owner.



**BUSINESS STRATEGY AND PERFORMANCE OF ALGERIAN
EXPORTING SMEs**

MOHAMED EL AMINE BESTEN



MASTER OF SCIENCE (MANAGEMENT)

UNIVERSITI UTARA MALAYSIA

January 2017

**BUSINESS STRATEGY AND PERFORMANCE OF ALGERIAN EXPORTING
SMEs**

By

MOHAMED EL AMINE BESTEN



UUM
Universiti Utara Malaysia

**Thesis Submitted to
Othman Yeop Abdullah Graduate School of Business,
Universiti Utara Malaysia,
in Partial Fulfilment of the Requirement for the Master of Sciences (Management)**

PERMISSION TO USE

In presenting this dissertation in partial fulfilment of the requirement for a Post Graduate degree from the Universiti Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this dissertation in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor or in their absence, by the Dean of School of Business Management where I did my dissertation. It is understood that any copying or publication or use of this dissertation parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the UUM in any scholarly use which may be made of any material in my dissertation.

Request for permission to copy or to make other use of materials in this dissertation in whole or in part should be addressed to:

Dean of School of Business Management

Universiti Utara Malaysia

06010 UUM Sintok

Kedah Darul Aman

ABSTRACT

Despite the importance of business strategy to small and medium-sized enterprises (SMEs), the literature reveals that there are limited studies that have attempted to investigate business strategy and organizational performance among the exporting SMEs in Algeria. This has resulted in little information and knowledge about the relationship between business strategy and the performance SMEs in Algeria. Given this, this study initiates an attempt to examine the linkage between six types of business strategy and organizational performance of exporting SMEs in Algeria. By using structured questionnaire, the data for the study was collected from exporting 72 SMEs located in the northern region of Algeria. The correlation analysis was used to test the hypotheses developed in the study. The results of the study show that the six types of business strategy are significantly associated to the performance of the exporting SMEs as measured in terms of sales, net profit, number of employees and number of products.

Keywords: business strategy, organizational performance, exporting, small and medium-sized enterprise and Algeria.

ABSTRAK

Meskipun didapati strategi perniagaan adalah penting bagi perniagaan kecil dan sederhana (PKS), ulasan karya serta kajian terdahulu menunjukkan bahawa tidak banyak kajian yang mengkaji strategi perniagaan yang mempunyai hubungkait dengan prestasi organisasi di kalangan PKS yang eksport, terutamanya di negara Algeria. Oleh yang demikian, terdapat maklumat yang terhad serta pengetahuan mengenai perhubungan di antara strategi perniagaan dengan prestasi organisasi di kalangan PKS yang eksport di Algeria. Oleh kerana terdapat jurang penyelidikan dan maklumat yang terhad, kajian ini mencuba untuk mengkaji perhubungan di antara enam jenis strategi perniagaan dan prestasi organisasi di kalangan PKS yang eskport di Algeria. Dengan menggunakan soal selidik berstruktur, data untuk kajian ini telah diperolehi daripada 72 PKS yang beroperasi di bahagian utara Algeria. Analisis korelasi telah digunakan untuk menganalisis menguji hipotesis kajian ini. Hasil kajian ini menunjukkan bahawa terdapat berhungan positif di antara keenam-enam strategi perniagaan dengan prestasi PKS yang eskport dari segi pengukuran jualan, untung bersih, jumlah bilangan pekerja dan jumlah bilangan barangan.

ACKNOWLEDGEMENT

In the name of Allah, the Most Gracious and Most Merciful

All praise to Allah for all his blessing and guidance which provide me strength to face all the tribulations and trails in completing this project. Firstly, my love and appreciation go to my parents, Mr. Abdelkader Besten and Mrs. Abla Hamadouche for all their prayers, motivation, and supports during this academic journey.

I would also like to convey my grateful thanks to my supervisor and my teacher, Professor. Dr. Mohd. Khairuddin bin Hashim for his support and advice. He had spent a lot of his time patiently and painstakingly giving valuable information, correcting and ensuring that the best effort has been given to the complete the study. Needless to say, I may not have completed this report if it not for his diligence and resourcefulness. Without his guidance, this study may not have been completed on time.

I would like to thank all my lecturers, for the knowledge, assistance, guidance, reading assignments, sharing ideas, and for guiding and supporting my efforts to succeed in this program. May Allah bless them all. I would also like to thank the examiners Dr. Darwina bt. Hj. Ahmad Arshad and the chairman of my viva panel Assoc. Prof. Dr. Sa'ari Bin Ahmad for their valuable feedback and remakes. Not forgetting, I extend my gratitude to all the owners and managers of the exporting SMEs for their willingness to participate in this study. To all my friends back home and in UUM who know the meaning of friendship. I say thank you.

I would like to express my gratitude also to my beloved family, starting with my dearest grandparents, my siblings, my uncles and aunts, for their constant demonstration of love and continuous moral supports throughout my years of study. I again thank Allah, The Sublime, The Majestic, for instilling in me the courage and strength to complete this study. May Allah, in His infinite Grace and Mercy, accept this humble effort- **Amin.**

Mohamed El Amine Besten

January 2017

TABLE OF CONTENTS

PERMISSION TO USE	i
ABSTRACT.....	ii
ABSTRAK.....	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS.....	v
LIST OF TABLES	vii
CHAPTER ONE: INRODUCTION	1
1.1 Introduction.....	1
1.2 Background of the Study.....	2
1.3 The Research Problem	4
1.4 Research Question	5
1.5 Objective of the Study.....	6
1.6 Scope of the Study	6
1.7 Significance of the Study	7
1.8 Definitions of Key Terms:	8
CHAPTER 2: REVIEW OF THE LITERATURE	9
2.1. Introduction.....	9
2.2 Defining Small and Medium-Sized Enterprises.....	9
2.3 Definitions of SMEs as Adopted in Algeria	10
2.4 Small and Medium-Sized Enterprises Sectors in Algeria	11
2.5 Importance of the SMEs Sector in Algeria	14
2.6 Business Strategy and Exporting SMEs.....	16
2.7 Organizational Performance	20
2.8 Business Strategy and Organizational Performance	23
CHAPTER 3: RESEARCH METHODOLOGY	27
3.1. Introduction.....	27
3.2 Research Framework	27
3.3. Hypotheses Development	29

3.4	Measurement of Research Variables.....	30
3.5	Questionnaire	31
3.6	Reliability and Validity of Measurement.....	32
3.7	Target Population and Sampling.....	32
3.8	Data Collection Method.....	33
3.9	Statistical Analysis.....	33
3.10	Summary.....	34
CHAPTER FOUR: THE RESULTS		35
4.1.	Introduction.....	35
4.2.	Characteristics of the Respondents	35
4.3	Profile of the Sample Firms	37
4.4	Firms and Respondents Involvement in Exporting Activity.....	39
4.5	Strategic Planning Practice	41
4.6	Business Strategies Emphasized by the Firm.....	42
4.7	Results of the Person Correlation Analysis.....	44
4.8	Summary	47
CHAPTER 5: CONCLUSION AND RECOMMENDATION		48
5.1	Introduction.....	48
5.2	Overview of the Study	48
5.3	Discussion.....	49
5.4	Implications of the Study	50
5.5	Limitations of the Study.....	51
5.6	Suggestions for Future Research.....	51
REFERENCES.....		53
APPENDIX 1: QUESTIONNAIRE.....		66
APPENDIX 2: SPSS OUTPUTS.....		76

LIST OF TABLES

Table 2.1 Definitions of SMEs in Algeria	11
Table 2.2 The SMEs Sectors in Algeria (as at the end of 2015)	13
Table 3.1 Measurement of the Variables	30
Table 3.2 Results of the Reliability Analysis	32
Table 4.1 Personal Characteristics of the Respondents	36
Table 4.2 Profile of the Sample Firms	38
Table 4.3 Firms' Involvement in Exporting Activity	40
Table 4.4 Respondents' Involvement in Exporting Activity.	41
Table 4.5 <i>Mean and Standard Deviation Scores of Strategic Planning Practice</i>	41
Table 4.6 Business Strategies as Emphasized by the Exporting SMEs	42
Table 4.7 Results of the Correlations between Business Strategy and Average Performance Measures	46
Table 4.8 Results of the Correlations between Business Strategy and Average Growth Performance Measures	46
Table 4.9 Summary of the Results of the Hypotheses Testing	47

CHAPTER ONE

INTRODUCTION

1.1 Introduction

Small and medium-sized enterprises (SMEs) are extremely important component of the business ecosystems in developed and developing countries. As an important part of the business ecosystems, SMEs make various economic contributions. In addition, the evidence from the literature suggests that they also play a significant role in helping governments to develop their economies, particularly in the developing countries (Amit et al., 2011; Hashim, 2011a).

Governments in many developing countries give preference to SMEs due to their various economic contributions as well as potentials. For instance, in the context of Algeria, since the liberation of its economy in the 1990s, the government has been promoting the development and growth of SMEs in the country through various national policies, development plans as well as assistance programs (A. Bouazza, Ardjouman, & Abada, 2015; GHARBI, 2011a)

In spite of their important role in the economic development of Algeria, SMEs as an area of study appear to have not been able to attract much research attention. More specifically, the review of literature divulges not only limited studies have investigated SMEs but also research in this area seems to be neglected as well. As a result, there is not much information

about the nature of SMEs as well as how these firms are being managed in the Algerian context.

In view of the limited research and information, this study initiated an attempt to examine SMEs from the business strategy perspective. More precisely, the study represents an effort to investigate the relationship between business strategy and performance of exporting SMEs in Algeria.

1.2 Background of the Study

The business environment in which SMEs operate their business activities is continuously changing and becoming more complex, dynamic, uncertain as well as becoming more global in nature. The changes in the business environment have posed both opportunities and challenges to the SMEs. More importantly, for SMEs to exploit the opportunities and cope with the challenges, they need to adopt effective business strategy (Hashim, 2011b).

Business strategy is essential to SMEs. Their success is often attributed to effective business strategy. Given this, it is therefore important for SMEs to be able to adopt business strategy. SMEs can formulate and implement business strategy through the strategic management process. The strategic management process guides business organizations such as SMEs to not only optimise the utilization of their resources effectively and efficiently but also to develop the competitive advantage that they need for formulating and implementing their business strategy.

Furthermore, the strategic management process helps SMEs to monitor and analyse their business environment. The monitoring and analysis of the environment provide crucial information and feedback for SMEs to develop more effective business strategies (Armando, Azevedo, Fischmann, & Pereira, 2016; Hashim, 2011b; Leonidou, Fotiadis, Christodoulides, Spyropoulou, & Katsikeas, 2015; Mellat-Parast, Golmohammadi, McFadden, & Miller, 2015; Patel & Cespedes, 2016).

Different companies competing in different business environment require different kind of business strategy. Findings of past studies have found companies that utilised a specific business strategy in a specific business environment have a tendency to accomplish better business performance than those companies that did not (Hashim & Zakaria, 2010; Kapurubandara, Arunatileka, & Gnige, 2004; Lee, Lim, & Tan, 1999; Singh, Garg, & Deshmukh, 2008)

Previous studies have also indicated the important linkage between business strategy and the performance of exporting SMEs. According to the findings of these studies, business strategy of exporting SMEs that fit with their capabilities as well as business environment are related to their organizational performance (Francioni, Pagano, & Castellani, 2016; Hashim & Ahmad, 2009; Jumat Muhajar & Hashim, 2002; Love, Roper, & Zhou, 2016; Patel & Cespedes, 2016).

1.3 The Research Problem

Like other business organizations, small and medium-sized enterprises (SMEs) need effective business strategy to compete successfully in the market. This is because the business environment within which the SMEs compete is rapidly changing and becoming more competitive. The rapid changes and competition will affect the products and services produced by SMEs as well as the way they sell them in the market.

In order to cope with the changes and compete in the market, SMEs need to be able to develop effective business strategy. However, the literature reveals that there is not much information about business strategy adopted by SMEs in Algeria (Bouazza ,2015). Furthermore, the review of past studies suggests that there is little research that investigates business strategy adopted by exporting SMEs, particularly in Algerian context. In Algeria, SMEs represent more than 99% of the overall numbers of enterprises in the country's economy. Yet research on SMEs from the business strategy perspective has not attracted much interest and emphasis (Armando et al., 2016; A. Bouazza et al., 2015).

Despite the importance of SMEs as well as the relevance and applicability of business strategy to exporting SMEs, empirical studies in this research area remained not only restricted but also neglected in Algeria. This limitation has resulted a little information and not much knowledge about business strategy among SMEs in Algeria. (Aliouat, 2011; Armando et al., 2016; A. Bouazza et al., 2015; Hashim & Ahmad, 2009; Jumat Muhajar & Hashim, 2002; Ryszard, 2005; Tse & Soufani, 2003).

In addition, although the literature emphasizes on important relationship between business strategy and organizational performance, the past empirical studies have mostly focused on investigating large business firms (Beal, 2000; Ebben, 2007; Hashim, 2000; Hashim & Zakaria, 2010). The review of the small business literature shows that the linkage between business strategy and performance of SMEs has received not much research attention, particularly in the Algerian context. The lack of information and research suggest the need for more studies to be conducted in this field of study. Given this limitation, this study investigates the relationship between business strategy and the performance of exporting SMEs in Algeria.

1.4 Research Question

This study initiated an attempt to examine not only the business strategy adopted by exporting SMEs in Algeria but also to determine their relationship to their organizational performance. More specifically, the study strived to answer the following research questions:

1. What type of business strategy do exporting SMEs in Algeria adopt?
2. Is there a relationship between the business strategy adopted by the exporting SMEs in Algeria and their performance?

1.5 Objective of the Study

The main objective of this study is to investigate the relationship between business strategy and the organizational performance of the exporting SMEs. More specifically, the objectives of the study are:

1. To determine the type of business strategy adopted by exporting SMEs in Algeria.
2. To determine the relationship between the business strategy adopted by exporting SMEs in Algeria and their performance.

1.6 Scope of the Study

There are not only many SMEs in Algeria but they are also located in four main regions in the country. The regions include; the northern region, the eastern region, the western region and the southern region. Since the SMEs are scattered in different locations, this study selected exporting firms located in the northern region of Algeria. It is assumed that the exporting SMEs in the northern region consisted of firms that represent the general population of exporting firms found in Algeria.

The SMEs involved in this study were restricted to those firms that registered with the Algerian Chamber of Commerce and Industry. The listing of SMEs procured from the Chamber was used as the sampling frame of this study. The research model developed in this study was used to assess the business strategy of the exporting SMEs within this sampling frame. Furthermore, the study investigated only existing firms that met the following chosen size criteria; firms with not more than 250 employees and that these firms

have been involved in exporting activities for at least four years because the performance of any company could not be well measured on a time shorter than four years, Kellen, V., & Wolf, B. (2003) measured the performance through 3 years. Andrew Blackman. (2014) point out that the measurement should be about the recent past five years.

1.7 Significance of the Study

The main purpose of this study was to investigate the type of business strategy adopted by exporting SMEs and their relationship to organizational performance. The findings of this study would be useful for new and existing exporting SMEs in Algeria. More specifically, the study would be able to offer the following theoretical and practical contributions.

Theoretical Contribution

Information from the study will contribute to the literature on business strategy among Algerian exporting SMEs. This study helps to improve our understanding of business strategy and organizational performance of exporting SMEs in Algeria. In particular, the finding of the research is expected to be added to the existing body of knowledge on SMEs by providing empirical evidence that suggests the existence of the relationship between business strategy and organizational performance of exporting SMEs. In addition, this study may also provide information on the current understanding of business strategy among the exporting SMEs in the Algerian economy.

Practical Contribution

Finding of the study would provide some practical managerial contributions. For instance, the research will provide the owners and managers of exporting SMEs an insight into the

importance of business strategy for improving their not only their performance but also their exporting activity. The findings of the study would also be useful in identifying and developing assistance and consultancy programs needed by exporting SMEs, in particular those important for improving their skills and knowledge that they required for competing in the exporting market.

1.8 Definitions of Key Terms:

The operational definitions of the important terms adopted in the study are presented below:

Business strategy in this study referred to the way in which a firm decides to compete, pursue, achieve and maintain its competitive advantage in an industry. More specifically, the study adopted the following six business strategy; niche strategy, product differentiation strategy, marketing differentiation strategy, service differentiation strategy, innovation strategy and low cost strategy (Hashim & Ahmad, 2009).

Organizational Performance in this study is measured in terms of the following; sales, net profit, employment and number of products.

Exporting Small and medium-sized enterprises in this study are defined as those firms involved in exporting activities and that they have between 10 to 250 employees as well as have been exporting for more than four years.

CHAPTER 2

REVIEW OF THE LITERATURE

2.1. Introduction

This chapter presents the literature relevant and related to this study. More specifically, the literature is presented in two parts. The first part focuses on small and medium-sized enterprises (SMEs) begins by examining their definition and also their importance to the economy in Algeria. Next, the second part reviews the literature and previous studies on business strategy, exporting activity and the research variables related to this study. The literature in this chapter explains SMEs in Algeria and also the need for research to investigate business strategy and their relationship to organizational performance, particularly among exporting SMEs.

2.2 Defining Small and Medium-Sized Enterprises

Given their importance, small and medium-sized enterprises (SMEs) continued to attract the attention of policymakers, scholars and consultants in both developed and developing countries. Nonetheless, the concept of SMEs appears to have different meaning among different people in various parts of the world. This in turn has resulted in numerous different definitions of SMEs being introduced in different countries (Hashim, 2010) (Hashim, 2011a; Tewari, Skilling, Kumar, & Wu, 2013).

With regard to the formal definitions of SMEs, various different criteria have been adopted to define these firms. However, the literature indicates that in general, qualitative and quantitative criteria are frequently used to categorize firms as SMEs. Of the two commonly adopted criteria, fixed quantitative criteria have become the standard for determining enterprises as small and medium sized (Hashim, 2005) (Berisha & Pula, 2015; Haron & Hashim, 2015; Hashim, 2011b).

The literature reveals that in many of the developed and developing countries, fixed quantitative criteria such as the capital's amount, the employees' number, the number of assets and the turnover of sales have been commonly being used to classify the size of firms as small and medium (A. Bouazza et al., 2015; A. B. Bouazza, 2015; Haron & Hashim, 2015; Hashim, 2010; Hashim, 2011b; Mi & Baharun, 2013). The survey by the World Bank (2014) however suggested that the classification of firms should not only focus on their size but also their interaction with the business environmental conditions in a country as well as their economic performance.

2.3 Definitions of SMEs in Algeria

As in the other countries, the SMEs in Algeria are also defined on the basis of fixed quantitative criteria. Similarly, in the country, the fixed quantitative criteria used to define SMEs involved; number of employees, annual sales turnover and annual profit. Based on these quantitative criteria, the (Secrétariat général du gouvernement, 2001) as showing in the following Table 2.1 lists the formal definitions of the three distinct groups of SMEs as documented in Algeria.

Table 2.1
Definitions of SMEs in Algeria

	Number of Employees	Sales Turnover (Dinar Algeria)	OR Annual Profit (Dinar Algeria)
Micro	From 1 to 9	Less than 20 million	Less than 10 million
Small	From 10 to 49	From 20 to less than 200 million	From 10 to less than 100 million
Medium	From 50 to 250	From 200 to less than 2 billion	From 100 to less than 500 million

Source: official journal the Act N° 01-18 du 12/12/2001 on declaration 5, 6 and 7 Secrétariat général du gouvernement (2001).

2.4 Small and Medium-Sized Enterprises Sectors in Algeria

Like in most of the developing countries in the world, SMEs represent majority of the enterprises in Algeria. There are a huge number of SMEs in Algeria operating in various industries and economic sectors. The Ministry of Industry and Mines (2016) indicates that SMEs in the country dominate six broad economic sectors. The six economic sectors include:

a. Agriculture Sector

The SMEs in the agriculture sector are involved in business activities that are mainly related to agriculture and fisheries.

b. Oil, Energy, Mines and Services Sector

In this sector, SMEs are involving in activities and works related to water and energy, hydrocarbons, petroleum, mining and quarrying as well as business, maintenance and personal services.

c. Construction Sector

In the construction sector, the SMEs are mainly involved in small scale construction and public works related to infrastructure and buildings projects.

d. Manufacturing Sector

The SMEs that operate in this sector manufactured products that are mainly related to mechanical and electrical (ISMME), building materials, chemicals, plastics, food industry, textile industry, leather industry, manufacture of wood and paper, and other various products.

e. Services Sector

The SMEs in this sector provides services such as transportation and communication, commerce related services, hospitality, business services, services to households, financial institutions, corporate real estate, and contract services.

f. Craft Sector

The SMEs in the craft sector mainly produce local handicrafts products.

The following Table 2.2 indicates the breakdown of the total number of SMEs in Algeria according to the six economic sectors as identified and reported by the Algerian Ministry of Industry and Mines in 2016.

Table 2.2

The SMEs Sectors in Algeria (as at the end of 2015)

	Activity Sectors	Private		Public		Total	Total
		Number	%	Number	%	(number)	(%)
I	Agriculture	5 625	0.60	180	33.83	5 805	0.62
II	Oil, Energy, Mines and Services	2 639	0.28	08	1.50	2 647	0.28
III	Construction	168 557	18.05	38	7.14	168 595	18.04
IV	Manufacturing	83 701	8.96	160	30.26	83 861	8.97
V	Services including the professions	456 373	48.86	145	27.26	456 518	48.85
VI	Craft	217 142	23.25	0	0	217 142	23.23
Total		934 037	100	532	100	934 569	100
Percentage (%)		99.94		0.06		100	

Source: the Statistical Information Bulletins SMEs, Algerian Ministry of Industry and Mines (2016).

2.5 Importance of the SMEs Sector in Algeria

The literature emphasizes on the important role of SMEs as well as their contributions in the economies of both developed and developing countries. For instance, the studies by Ramadan and Levratto (2016), Bouazza et. al (2015), Mohsen and Laadjal (2015), Hashim (2011) and Amit et al. (2011) have indicated that SMEs represent a vital component of the economies in many developing countries because collectively they play a significant role in furthering economic development as well as national growth and prosperity. A. B. Bouazza (2015) further considered SMEs in developing countries such as Algeria as the heart of economic revival as well.

According to the Organization for Economic Co-operation and Development (OECD), SMEs account for 90% of organizations and 63% employees of the workforce in the world (Munro, 2013). In a more report, the World Bank (2016) viewed SMEs as the fundamental to the economic development in many developing countries because they are considered as engines of growth in the emerging markets. In addition, they also provide jobs opportunities in these countries. As for their economic contributions, the World Bank (2015) reported that SMEs in developing countries contributed up to 33% of their gross domestic product (GDP) as well as more than 45% of their total employment.

In the same way, the SMEs in Algeria are considered as one of the most important levers of economic growth. According to the government of Algeria, SMEs represent not only as an essential source for creating wealth in the country but also for generating employment opportunities as well as in terms of expanding their export activities and

markets (Amroune, Hafsi, Bernard, & Plaisent, 2014a, 2014b; A. Bouazza et al., 2015; A. B. Bouazza, 2015; Bouyacoub, 2003; GHARBI, 2011b; 2013, 2016; خوني & هالم, رمضان, 2016).

More recently, according to the Small and Medium Enterprises and Investment Promotion Agency in the Algerian Ministry of Industry and Mines (2016), the role of the SMEs sector is becoming more important for the development of the country's economic. For instance, with the support from the government, within the past ten years, the number of SMEs in Algeria have increased tremendous to 934, 569 firms (as at the end of 2015). At the same time, collectively, the SMEs in the country were able to create as many as 2,371,020 jobs.

In terms of business enterprises in Algeria, the Algerian Ministry of Industry and Mines (2015) also indicated that SMEs accounted for almost 95% of the total number of businesses operating in the country. Collectively, these firms were able to provide jobs to about 56% of the total working population in the country. Furthermore, in the private non-hydrocarbon sector, SMEs produce 52% of the total production and are also responsible for 35% of the value added in the sector.

Having discussed the definition of SMEs and their importance to the Algerian economy, the following section presents the literature review on the research variables relevant to this study.

2.6 Business Strategy and Exporting SMEs

The global increasing influences such competition, social changes, technological advances, the shifts in investment policies and government trade, and changing consumers' markets are obliging business organizations such as SMEs to compete in international markets. With the globalization's effects, the stiffer competition prospects, maturing markets, and limited opportunities on the local market, the potential consequences of international business for Algerian SMEs are obvious. As these globalization's drivers intensified, SMEs need more than just to seek international business options and operations, but they are also obliged to compete globally in order to survive (Hashim, Ahmad, & Zakaria, 2012) (Hashim & Ahmad, 2009).

Exporting provides SMEs one of the viable options of doing business internationally. For SMEs, developing export markets can be both a major challenge and a growth opportunity. Moreover, in view of harder competition, maturing markets as well as increasingly limited domestic market opportunities, SMEs need to consider expanding their exporting activities through the adoption of business strategy. For this purpose, they need to adopt effective business strategy (Hashim & Ahmad, 2009).

The literature underscores the need for firms operating in a competitive business environment to develop and adopt effective business strategy. Firms need business strategy to compete successfully and sustain their performance. Business strategy has been characterized as the way in which a firm decides to compete, pursue, achieve and maintain its competitive advantage as well as achieve its organizational objectives

(Hipsher, 2013; Patel & Cespedes, 2016; Slocum, Lei, & Buller, 2014; Zaefarian, Henneberg, & Naudé, 2013).

With competitive advantage, firms are able to produce products and services that can provide value to their customers. With competitive advantage, a company is able to offer customers what its competitors cannot match. The earlier works by Porter (1980 and 1986) indicated that a firm can develop its competitive advantage through performing the important strategic activities chain (such as marketing, service, production, sales, technology development, human resource management and procurement activities) cheaply or better than its competitors. The business strategies that focused on these activities are called generic strategies. The generic business strategies include three types; low cost strategy, differentiation strategy, and focus or niche strategy. In a low cost, the firm strives to lower its costs, increase profit and sales by adopting economics of scales, scope and technology. In a differentiation, the firm stresses on its products by making it appear unique and different. Finally, in a niche or focus, the firm stresses on the development of the product and marketing efforts in a particular market segment that it has a cost advantage or differentiation advantage (Hashim, 2008).

With regard to business strategy in exporting SMEs, the earlier study by Namiki (1988) identified four patterns of competitive strategy adopted by small-sized exporting firms in a study of 393 small computer hardware manufacturers in the United States of America. Among the competitive strategy include; marketing differentiation strategy, differentiation focused strategy, innovation differentiation strategy, and product-oriented

strategy. According to the study, marketing differentiation strategy focused on the development of brand, competitive pricing, control over distribution, advertising and innovation in terms of marketing techniques. Differentiation focused strategy stressed on the ability to offer specialized products to specific customer groups. Innovation differentiation strategy was developed on the basis the firm's ability to offer technologically superiority of products and new product development. Product-oriented strategy stressed on the quality of the products and high levels of services provided to customers. More importantly, the findings of the study showed that the firms that adopted a differentiation focused or innovative differentiation strategy achieved higher export performance than those firms that used a marketing differentiation strategy.

The other studies by De Noble, Castaldi, and Moliver (1989) and Cavusgil and Knight (1997) indicated that small firms compete in exporting markets by developing business strategies based on a variety of factors. Among these factors include; market research and business opportunities, promotion of the business and products, selection of agents and distributors and collaboration with them, local contacts development and services after sales provision, pricing, credit risk analysis, sales force management, knowledge of business practices, awareness of the competition, and product research, development, and adaptation.

Baird, Lyles, and Orris (1994) attempted to examine the relationship between international strategy and performance of small firms as well as the attributes associated with the adoption of an international strategy. This study found three types of international

strategies being adopted by small firms. The findings of the study indicated that among the three international strategies used by the small firms included; international strategy (which emphasized on exporting, foreign equity investment, and foreign alliances to develop new products and enter new markets), domestic alliances strategy (which focus on domestic alliance formation, using domestic alliances to enter new markets, develop new products), and domestic solo strategy (the firm entering new markets and developing new products on its own). Further, the results of the study showed that international strategy was positively related to return on sales but negatively related to growth in sales.

In another more recent study, Filipe Lages and Montgomery (2004) identified four common strategies used by exporting firms that include; price strategy, product strategy, distribution strategy, and promotion strategy. In pricing strategy, the firm used concession of credit, price discount policy, and margins to offer products at different prices across national boundaries. In product strategy, the firm stressed on differentiating the products offered in the domestic market and the products sold in the export markets in terms of design, labelling, brand name, variety of main exporting product line, and quality. Distribution strategy involved selecting the distribution system, budget for distribution, transportation, and distribution network to the export market. The promotion strategy focused on adjusting the domestic promotion program towards the export market in areas such as advertising idea and theme, media channels for advertising, promotion objectives, budget for promotion, public relations emphasis, and direct marketing and mailing.

Hashim and Ahmad (2009) examined the relationship between business strategy and the performance of SMEs involved in exporting. In the study, the researchers used six business strategies (niche strategy, product differentiation strategy, marketing differentiation strategy, service differentiation strategy, innovation and low cost strategy). The findings of the study showed that the companies which adopting a differentiation focused or innovative differentiation strategy realized higher export performance than those companies that used a marketing differentiation strategy.

2.7 Organizational Performance

Organizations are created for specific objectives. For organizations to achieve their objectives, they must be able to perform their operations efficiently and effectively. Organizations need to adopt effective business practices to help them accomplish their objectives as well as sustain their organizational performance. The performance of organizations is measured in terms of their abilities to achieve their specific organizational objectives (Hashim, 2003) (Hashim et al., 2013) (Gavrea, Ilies, & Stegorean, 2011); L.-A. Ho (2008); (Madella, Bayle, & Tome, 2005; Moghaddam, Akhavan, & Mehralian, 2015; Yunis, Jung, & Chen, 2013).

The literature indicates that different organizations use different methods and measurement to determine their level of performance as well as to know the extent to which they are able to achieve the specific organizational objectives. Different organizations in different industry use different methods and measurement of performance because each different organization has different set of organizational

objectives to accomplish. In measuring the performance of an organization, it is necessary to identify as well as know its primary objectives. Organizations establish their primary objectives based on their business mission or the purpose they are created. Once the organizations have determined their specific objectives, they need to work on how best to achieve all of their objectives in a given period of time (Drucker, 1977).

Although the literature reveals that different organizations in different industries and countries have a tendency to emphasize on different performance measurement, findings of past studies indicated that growth and financial profitability are the most common measures of organizational performance. The earlier studies by Robinson and Pearce (1983) and Galbraith and Schendel (1983) specifically found that financial indicators such as return on assets, profit margin, return on sales and return on equity are considered to be the common measures of financial performance of organizations.

Similarly, in the context of the performance of manufacturing firms in Malaysia, the study by Abu Kassim et. al (1989) found that firms in the country measured their performance based on financial indicators. According to the study, these firms used by sales, sales growth, net profit and gross profit as their financial measures. The studies by Nash (1993) and Doyle (1994) indicated that in the western business society, firms to emphasize on financial performance. For instance, Nash claimed that the best indicator to measure whether an organization is performing its profitability. According to the author, to measure the organizational success profitability can be used as the primary measurement. In the same manner, Doyle (1994) further considered profitability not only as the most

common measure of performance but also claimed that western companies primarily used profitability measures to determine the extent to which their companies are performing.

According to another study by Hancott (2005), a number of financial indicators have been adopted to measure the organisational performance since the 1950s. Among them included; net or total assets growth rate, profit growth rate, shareholder return, return on sales, growth in market share, the number of new products, return on net assets, return on capital and return on net assets.

However, more recently, studies by Ha, Lo, and Wang (2016), Köseoglu, Topaloglu, Parnell, and Lester (2013), (Jyoti & Sharma, 2012), Richard, Devinney, Yip, and Johnson (2009), (Crabtree & DeBusk, 2008; Tangen, 2003) and Kaplan and Norton (2008) argued that the organisational performance should be measured from the multidimensional perspective. According to these studies, there is a need for a more balance and complete evaluation of organisational performance that include both financial as well as non-financial dimensions. According to these authors, non-financial dimensions are also needed because the organisational performance could not take place without the integration of systems, operations, customers, people, partners and management. Moreover, it is also necessary for organisations to include non-financial performance measures such as employee satisfaction, client satisfaction, internal business process efficiency and innovation ability in order to measure the performance increase resulted from these intangible assets. In addition, these non-financial performance measures are

more contributory for predicting future performance as well as in facilitating the performance of the organisations.

In short, the review of previous studies indicates that both financial and non-financial measures have been used to measure organisational performance. As for the financial measures, profitability measures such as sales, gross profit, net profit, return on sales, return on assets, return on equity and return on investment are commonly used to measure organizational performance. In terms of the non-financial performance, the following measures are adopted; market share, output or productivity, efficiency, quality, and the attitudinal and behavioural measures such as intention to quit, commitment, and satisfaction.

2.8 Business Strategy and Organizational Performance

The literature emphasizes not only on the importance of business to organizations but also suggests the existence of the relationship between business strategy and their organizational performance Habib and Hasan (2016); Zuru, Hashim, and Arshad (2016); Akter, Wamba, Gunasekaran, Dubey, and Childe (2016); Martinez-Simarro, Devece, and Llopis-Albert (2015); Ben Romdhane Ladib and Lakhal (2015); Nulkar (2014); Yunis et al. (2013); Pleshko (2007); Blumentritt and Danis (2006); (Hashim & Mad, 2005), Aragón-Sánchez and Sánchez-Marín (2005); Hambrick (2003); (Hashim, 2003), S. S. Ho and Pike (1998); Thomas and Ramaswamy (1996).

Findings of past studies have provided the evidence that suggests business strategy is associated to organizational performance. For instance, the earlier study by Smith, Guthrie, and Chen (1989) found positive relationship between business strategies and organizational performance as evaluated in terms both financial and non-financial measures.

Another study by Parnell (1997) also discovered the linked between business strategy and performance of organizations. Results of the study showed that the firms adopted that the prospector strategy in a single type of industry outperformed the other strategies as measured in terms of sales growth. The study also indicated that firms that used the analyses strategy performed better in terms of return on assets.

Findings of the study by Hashim (2000) show that the association between performance of SMEs and business strategy differed according to the strategy adopted. Results of the indicate that the low cost, differentiation and focus strategies with their choice of business strategy are related to the financial performance of SMEs as measured in terms of return on asset and return on investment.

The study by Hashim and Ahmad (2009) attempted to investigate the relationship between business strategy and performance of 73 exporting SMEs. The results of the study showed that the exporting SMEs adopted the following business strategies; niche strategy, product differentiation strategy, marketing differentiation strategy, service differentiation strategy, innovation strategy and low cost strategy. In addition, findings of the indicated

that the performance of the exporting SMEs as measured in terms of sales, net profit and number of employees are related to the six business strategies adopted by these exporting firms.

In the other more recent study by Bastian and Muchlish (2012) also investigated the relationship between business strategy and organizational performance by using both financial and non-financial performance indicators. However, findings of the study indicated the association between business strategy and performance was only significant for non-financial performance.

According to the study by Acquaah (2013), Köseoglu et al. (2013) and Lo (2012), many of the previous studies that examined the competitive strategy and performance relationship by using Porter's (1980) three generic business strategies (cost leadership, differentiation and cost leadership) have found the linkage between these three strategies and organizational performance of the firms in both advanced and transition economies (Acquaah, Adjei, and Mensa-Bonsu (2008); ; Kim, Nam, and Stimpert (2004); Spanos, Zaralis, and Lioukas (2004).

2.9 Summary

In summary, the literature emphasizes not only on the importance of exporting SMEs but also the need for these firms to adopt business strategy. Furthermore, the review of the literature and past studies indicates the linkage between business strategy and the performance of business organizations such as SMEs. Accordingly, the following chapter three explains the research methodology adopted in this study.



CHAPTER 3

RESEARCH METHODOLOGY

3.1. Introduction

The research methodology adopted in the study is presented in this chapter. More precisely, the chapter explains the research framework, the research hypotheses, the measurement of variables, the development of questionnaire, the sampling procedures, research subjects, the data collection method as well as the statistical analysis used to analyse the data as well as test the hypotheses developed in the study

3.2 Research Framework

As emphasized in the previous chapter, despite the importance of SMEs and the increase of knowledge in the area of business strategy, researches that investigate business strategy in exporting SMEs appear to remain limited, particularly in the context of Algeria. In particular, the review of past studies on business strategy do not offer much information on the types of business strategy adopted by exporting SMEs in Algeria as well as their relationships to organizational performance.

In an attempt to narrow the research and information gaps in the area of business strategy and performance of Algerian SMEs, this study seeks to advance the knowledge in this area of study by empirically investigating the linkage between business strategy and performance. Based on the suggested relationships of these variables as presented in the

literature and past studies, it was hypothesized that business strategy is associated to the performance of SMEs in Algeria.

Figure 3.1 below shows the research model developed in the study. As shown in Figure 3.1, the research model consisted of two focal research variables. The two variables include; business strategy (niche strategy, product differentiation strategy, marketing differentiation strategy, service differentiation strategy, innovation strategy and low cost strategy) as the independent variable and organizational performance as the dependent variable.

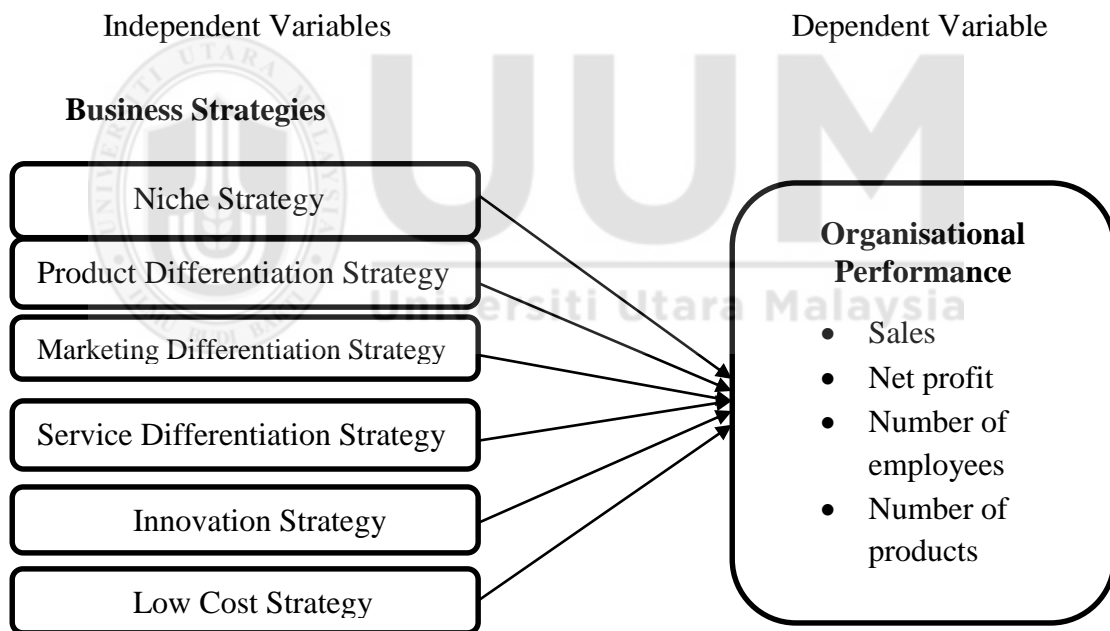


Figure 3.1. *Research Framework*

3.3. Hypotheses Development

In order to test the proposed relationship between the variables presented in the research model, this study developed several hypotheses. As mentioned earlier, the literature suggests the general proposition that business strategy is associated to the performance of exporting SMEs. Applying this general proposition generates the following hypotheses:

H1: There is a positive relationship between niche strategy and performance of exporting SMEs in Algeria.

H2: There is a positive relationship between product differentiation strategy and performance of exporting SMEs in Algeria.

H3: There is a positive relationship between marketing differentiation strategy and performance of exporting SMEs in Algeria.

H4: There is a positive relationship between service differentiation strategy and performance of SMEs in Algeria.

H5: There is a positive relationship between innovation strategy and performance of exporting SMEs in Algeria.

H6: There is a positive relationship between Low Cost Strategy and performance of exporting SMEs in Algeria.

3.4 Measurement of Research Variables

As previously stated, the research variables involved in this study consist of business strategy as the independent variable and organizational as the dependent variable. These variables were adapted from previous studies. A five-point numerical scale ranging from (One) totally disagree to (Five) totally agree was used to measure these variables. Table 3.1 below summarizes the research measurement of the variables, their dimensions as well as the previous studies from which these variables they were adapted from.

Table 3.1
Measurement of the Variables

Variables	Measurement	Items	Source
Organizational Performance	<ul style="list-style-type: none"> • Sales (1)(2) • Net profit (3)(4) • Number of employees (5)(6) • Number of products (7)(8) 	2 2 2 2	Ha, Lo, and Wang (2016), Hashim and Ahmad (2009), Tamalee, Sulaiman, and Ismail (2008)
Business Strategies	Comprised of six different strategies: <ol style="list-style-type: none"> 1. Niche Strategy 2. Product Differentiation Strategy 3. Marketing Differentiation Strategy 4. Service Differentiation Strategy 5. Innovation Strategy 6. Low Cost Strategy 	5 5 8 5 5 5	Hashim and Ahmad (2009), Porter (1980), Beal (2000), Hashim and Zakaria (2010).

3.5 Questionnaire

The structured questionnaire developed in this study contained of a total of 87 items.

These items were divided into five sections. The five sections included the following;

The first section of the questionnaire contained 15 items that were used to obtain the general information concerning the background of the respondents. Following this, another 24 items in second section of the questionnaire focused on obtaining the information about the characteristics of the exporting firms. Next, the third section come with 11 items were designed to capture the extent to which strategic planning is being adopted in the SMEs. In section four, other 33 items were used to measure the six business strategies adopted by the exporting firms. These items contained brief descriptions of each the six business strategies.

Finally, the fifth section evaluates the organisational performance of the exporting SMEs. Four items were used to measure the average and growth performance of the exporting SMEs. The four items included; sales, net profit, number of employees, and number of products. The data on performance of the firms were collected for the past four years (2012, 2013, 2014 and 2015). The average value for the performance measures were calculated by adding the total for the four years and divided them by four years. The average growth rate was calculated by using the following formula: $(t \text{ year's value minus the } t-1 \text{ year's value}) \text{ divided by } t-1 \text{ year's value then multiplied by } 100$.

3.6 Reliability and Validity of Measurement

The reliability analysis was used to measure the reliability of the research variables. The coefficient alpha scores of the measures were used to determine their reliability. Table 3.2 present the results of the reliability analysis. As shown in Table 3.2, the coefficient alpha scores for the variables ranged from 0.78 to 0.951. In addition, the questionnaire was also assessed for validity through the content (face) validity approach. Copies of the questionnaires were also showed to experts (such as associate professors and professors) and their feedback suggested that most of the measures reflected their conceptual content. Some tentative evidence of the reliability and validity of the variables was obtained in this study.

Table 3.2
Results of the Reliability Analysis

Variables	No of Items	Alpha values
Niche Strategy	5	0.951
Product Differentiation Strategy	5	0.937
Marketing Differentiation Strategy	8	0.896
Service Differentiation Strategy	5	0.942
Innovation Strategy	5	0.924
Low Cost Strategy	5	0.951
Organizational performance	8	0.781

3.7 Target Population and Sampling

The target population of this study involved exporting SMEs located in northern Algeria. The SMEs selected in the study were registered with the Algerian Chamber of Commerce and Industry. The study obtained the listing of exporting SMEs from the Chamber and used it as the sampling frame. From the listing, the study identified and selected 389 SMEs.

These SMEs were chosen based on their number of employees (10 to 250 employees) and annual turnover (between 100 million and two billion Dinar Algerian).

3.8 Data Collection Method

The data for the study was collected by using the structured questionnaire. Through the telephone conversation and e-mails, the participation of the respondents were requested and confirmed. Of the 389 exporting SMEs, 72 firms confirmed their participation and completed the questionnaires. Through face to face method, the questionnaires were completed by the Managing Directors, Chief Executive Officers, General Managers and Senior Manager of the exporting SMEs. The data collection took about two months. The response rate was 18.5%.

3.9 Statistical Analysis

This study used descriptive and correlation analyses to analyse the data collected as well as to test the hypotheses of the study. The first part of the data analysis involved descriptive statistics. This included determining the percentages, means, modes, standard deviations, minimum and maximum value of the number of items used in collecting the data for the study. In the second part, the correlation analysis was used to test hypothesis 1 through hypothesis 6. The correlation analysis was undertaken to determine the relationships between business strategy and organizational performance of the exporting SMEs. More specifically, this method was employed to determine the statistically significant relationship that exists between business strategy and organizational performance of the exporting SMEs.

3.10 Summary

In short, this chapter presented the research methodology adopted in this study. More precisely, the chapter explained the research framework, the research hypotheses, research variables, the questionnaire, the sampling procedures, the data collection method as well as the analysis of the data collected in the study. Accordingly, the following chapter 4 will provide the results of the study.



CHAPTER FOUR

THE RESULTS

4.1. Introduction

In this chapter, the results of the study are presented in two sections. In the first section, the chapter provides the descriptive statistics of the characteristics of the respondents, the profile of the participating SMEs as well as the research variables investigated in the study. Following this, the second section shows the results of the hypotheses testing. The research hypotheses developed in the study was tested by using the correlation analysis.

4.2. Characteristics of the Respondents

The respondents of study comprised of owners of the companies, Chief Executive Officers and managers. Of the 72 respondents, 42 respondents were owners and managers of their firms, another 22 were owners as well as Chief Executive Officer (CEO), the other six respondents were managers but not owners and the remaining two respondents were owners but not managers.

The following Table 4.1 summarises the personal characteristics of the 72 respondents that were involved in the study. As shown in Table 4.1, of the 72 respondents, 68 were males and only four were females. In terms of their age, 42 respondents were between 41 to 60 years old, 16 were less than forty years old and 14 were above 60 years old. Sixty-three of the 72 respondents were married, another three never married, the two had divorced and the remaining four were widowed.

As for their education level, eight had school certificate, 25 respondents had diploma, 24 obtained bachelor's degree, 13 earned a master's degree and the remaining two respondents earned a PhD degree. In terms of their work experience in the industry, the information gathered from the study indicated that 51 respondents had more than 10 years of work experience and the remaining 21 respondents had less than 10 years of experience in exporting.

Table 4.1
Personal Characteristics of the Respondents

Demographic Characteristics (n=72)	Frequency	Percentage (%)
Gender		
Male	68	94.44
Female	4	5.55
Age		
20-40years' old	16	22.22
41-60years' old	42	58.33
More than 60years' old	14	19.44
Marital status		
Married	63	87.5
Never married	3	4.16
Divorced or separate	2	2.77
Widowed	4	5.55
Highest Education Level		
Secondary school	8	11.11
College or institute	23	31.9
University	41	56.9
Highest Certificate or Degree		
School certificate	8	11.11
Diploma	25	34.7
Bachelor's degree	24	33.3
Masters' degree	13	18.1
PhD degree	2	2.8

Table 4.1 (Continued)

Personal Characteristics of the Respondents

Demographic Characteristics (n=72)	Frequency	Percentage (%)
Respondents' Positions in the firms		
Owner and CEO	22	30.55
Owner and a manager	42	58.33
Manager but not an owner	5	6.94
Owner but not a manager	2	2.77
Export Manager	1	1.38
Length of experience in the industry		
Less than 5 years	1	1.38
5 to 10 years	20	27.77
More than 10 years	51	70.83

4.3 Profile of the Sample Firms

The following Table 4.2 presents the profile of the 72 exporting firms that participated in the study. Thirty-two of the 72 firms were limited commercial companies, another twenty-two were limited liability companies, and the remaining 18 firms were partnership companies. In terms of number of employees, 25 firms employed between 201 to 250 employees, 23 firms employed between 11 to 50 employees, 16 firms employed between 51 to 100 employees and the remaining eight firms employed between 101 to 200 employees.

As far as the age of the firms is concerned, the study found that out of the exporting 72 firms, 19 firms had been in operations since less than six years, 18 firms had been in operations between eleven to fifteen years, 25 firms were operating the last twenty years and ten firms were more than twenty years' old.

The total sales volume of the firms ranged from less than 500,000 USD to more than 15 million USD for the year 2015. The net profit before tax also ranged less than 500 000 USD to more than 6.5 million USD. Sixty-two firms were family owned business and the remaining ten were not a family owned business.

As for the types of industry, 32 firms were in the food and beverage industry, another 12 firms represented the pharmaceuticals and cosmetics industry, 11 firms operated in the agriculture and fisheries industry, seven firms were from the electronic industry, six firms were from the construction materials industry, five firms were from the chemistry and plastic industry, four firms were manufacturers of wood and paper products, three firms were involved in the leather industry and the remaining one firm was from energy industry.

Table 4.2
Profile of the Sample Firms

Profile of the Firms (n=72)	Frequency	Percentage (%)
Legal Form		
Single Member Limited Liability Company	22	30.55
Partnerships	1	1.38
Limited Commercial Companies	32	44.44
Stock Companies	17	23.61
Number of Employees		
11 - 50 Employees	23	31.94
51 - 100 Employees	16	22.22
101 - 200 Employees	8	11.11
201 - 250 Employees	25	34.72
Age of Company		
Six to ten years	19	26.38
11 to 15 years	18	25
16 to 20 years	25	34.72
More than 20 years	10	13.88

Table 4.2 (Continued)

Profile of the Firms (n=72)	Frequency	Percentage (%)
Total Sale in 2015 (USD)		
< 500 000 USD	2	2.77
500 001 - 5 000 000 USD	1	1.38
5 000 001 - 10 000 000 USD	24	33.33
10 000 001 - 15 000 000 USD	18	25
>15 000 001 USD	27	37.5
Net Profit in 2015 (before tax)		
< 500 000 USD	3	4.16
500 001 - 2 500 000 USD	16	22.22
2 500 001 - 4 500 000 USD	19	26.38
4 500 001 - 6 500 000 USD	32	44.44
> 6 500 001 USD	2	2.77

4.4 Firms and Respondents Involvement in Exporting Activity.

The following Table 4.3 and Table 4.4 summarize the information on the firms as well as the respondents' involvement in the exporting activity. As shown in Table 4.3, 40 firms had been exporting for six to ten years, 24 firms for three to five years, six firms had been exporting for eleven to fifteen years and two firms for 16 to 20 years.

In terms of the exporting countries, 33 firms exported to less than three countries, the other 18 firms exported to between three to five countries, another 10 firms exported to between six to ten countries and the remaining 11 firms exported to more than ten countries. The percentage of export sales to the firms' total sales ranged from less than 20% to more than 70% of their total sales.

As for international orientation and dealings, the top management of the firms were competence with foreign languages. Out of the 72 respondents, 42 spoke at least one

foreign language, another 25 respondents spoke two other foreign languages and the remaining five spoke three foreign languages. In terms of the frequency of their foreign travels, 33 respondents travel outside Algeria as many as three to five times a year, another 22 travelled between one or two times a year, the other eight respondents travelled between six to ten times a year and the remaining nine indicated that they travelled more than ten times a year.

Table 4.3
Firms' Involvement in Exporting Activity

Involvement in Exporting (n=72)	Frequency	Percentage (%)
Number of years involved in exporting:		
Three to five years	24	33.33
Six to ten years	40	55.55
11 to 15 years	6	8.33
16 to 20 years	2	2.77
Number of countries exported to:		
Less than 3	33	45.83
3 to 5 countries	18	25.00
6 to 10 countries	10	13.88
More than 10	11	15.27
Percentage of export sales to total sales		
Less than 20 %	14	19.44
20–49%	24	33.33
50–69%	18	25.00
Over 70%	16	22.22

Table 4.4

Respondents' Involvement in Exporting Activity.

Exporting Activity (n=72)	Frequency	Percentage (%)
Foreign Travel		
One to two times a year	22	30.55
Three to five times a year	33	45.83
Six to ten times a year	8	11.11
More than ten times a year	9	12.50
Foreign language competence		
One language	42	58.33
Two languages	25	34.72
Three languages	5	6.94

4.5 Strategic Planning Practice

Table 4.5 below provides the mean and standard deviation scores of the eleven dimensions of strategic planning as adopted by the exporting SMEs. As shown in the following Table 4.5, the mean scores for the eleven items that measured the strategic planning ranged from 3.73 to 4.2. In general, the positive high mean values suggest that most of the 72 firms that participated in the study have adopted strategic planning in their firms.

Table 4.5

Mean and Standard Deviation Scores of Strategic Planning Practice

Strategic Planning Practice	Mean	Std. Deviation
Consider strategic planning as an important task	4.16	0.872
Developed a clear business vision	4.12	0.933
Have a clear business mission statement	3.91	1.071
Stated the organizational objectives clearly	4.19	0.704
Assess our internal organizational environment	4.05	1.033
Analyse our external business environment	4.00	1.061
Formulated business strategy	4.08	1.003
Implementing our formulated strategy	4.20	0.821
Assess the performance of our organization	3.93	0.939
Evaluate the implemented strategy	3.73	0.978
Control the strategy that we implemented task	3.95	1.131

4.6 Business Strategies Emphasized by the Firm

The following Table 4.6 presents the mean scores and standard deviation of the six business strategies as recorded from the 72 exporting SMEs in Algeria. The six business strategy included in the study involved; the niche strategy, the product differentiation strategy, the market differentiation strategy, the service differentiation strategy, the innovation strategy and the low cost strategy.

As indicated in Table 4.6, the mean scores for the niche strategy ranged from 3.44 to 3.88. As for the product differentiation strategy, the mean scores ranged from 2.31 to 2.41. The mean scores for marketing differentiation strategy ranged from 2.67 to 3.37. In the case of service differentiation strategy, the mean scores ranged from 2.35 to 2.57. The mean scores for the innovation strategy ranged from 3.17 to 3.94. Lastly, the mean scores for low cost strategy ranged from 2.93 to 3.24. In general, these mean values suggest that the 72 exporting firms that were involved in this study adopted the six types of business strategy as advocated in the literature.

Table 4.6
Business Strategies as Emphasized by the Exporting SMEs

Business Strategy	Mean	Std. Deviation
Niche Strategy:		
Focus on specialty products.	3.44	0.902
Focus on a specific range of products.	3.50	1.175
Focus on a specific foreign market.	3.69	0.915
Focus on specific foreign customers.	3.58	1.045
Focus on new product.	3.81	0.973

Table 4.6 (Continued)

Business Strategy	Mean	Std. Deviation
Product Differentiation Strategy:		
Emphasize on product quality.	2.47	0.855
Emphasize on packaging	2.36	0.969
Emphasize on design and style.	2.31	0.833
Emphasize on product uniqueness.	2.40	1.159
Maximizing the perceived value of product.	2.38	0.721
Marketing Differentiation Strategy:		
Focus on Adopting a competitive pricing.	2.67	0.855
Focus on creating a new distribution channel.	2.83	0.850
Focus on increasing the advertising and promotion.	3.22	0.711
Focus on brand building.	2.92	0.675
Focus on updating product line.	3.37	0.800
Focus on using market research.	2.85	0.804
Focus on using personal selling.	2.87	0.715
Focus on developing a new market for product.	3.11	0.767
Service Differentiation Strategy:		
Provide a quick product delivery.	2.47	1.255
Provide a prompt response to customer's orders.	2.57	1.254
Offer extensive customer service.	2.47	1.034
Personal contacts with overseas distributors.	2.53	1.007
Provide quality service.	2.35	0.858
Innovation Strategy:		
Technological superiority of product.	3.17	1.353
Focus on new innovative product.	3.50	1.175
Use advanced communication technologies.	3.69	0.914
Improve existing product.	3.60	1.057
Improve product process.	3.94	1.060
Low Cost Strategy:		
Purchase materials in large volumes	3.24	0.428
Mass produce products.	3.12	0.580
Limited range of products.	2.96	0.488
Maximize economies of scale.	2.93	0.738
Sell product at budget price.	3.14	0.348

4.7 Results of the Person Correlation Analysis

Table 4.7 summarizes the results of the correlations between the six business strategies and the average performance measures of the 72 exporting SMEs that participated in the study. Following this, Table 4.8 provides the results of the correlations between the six business strategies and average growth performance measures of the SMEs.

The results Table 4.7 show that niche strategy is significantly related to the performance of the exporting SMEs as measured in terms of average sales, average net profit and average number of employees. However, there was not relationship between niche strategy and average number of products. In addition, as indicated in Table 4.8, niche strategy was also significantly related to the four measures of average growth performance.

As for the product differentiation strategy, the results in Table 4.7 suggest that this strategy is significantly related to the performance of the exporting SMEs as measured in terms of average sales, average net profit and average number of products. The relationship between product differentiation and average number of employees was not significant. The results as presented in Table 4.8 indicate that product differentiation was also significantly related to all of the four measures of average growth performance.

In the case of the market differentiation strategy, the results presented in Table 4.7 show that this particular strategy is only significantly related to the performance as measured in terms of average number of products. The relationship between market differentiation and

average sales, net profit and average number of employees was not significant. However, the results in Table 4.8 indicate that market differentiation strategy was significantly associated all of the four measures of average growth performance.

With regard to the service differentiation strategy, the results in Table 4.7 show that this specific strategy is not related to any of the four average performance measures. The results in Table 4.8 however indicate that service differentiation strategy was significantly associated to three of the four measures of average growth performance that included; average growth sales, average net profit growth and average growth of products.

As far as the relationship between innovation strategy and the average performance measures is concerned, the results in Table 4.7 indicate that innovation strategy is positively associated to three of the four measures of average performance that included average sales, average net profit and average number of employees. In addition, results in Table 4.8 also suggest significantly positive relationship between innovation strategy and all of the four average growth performance measures.

Finally, as presented in Table 4.7, the results show that low cost strategy is significantly associated to three of the four average performance measures that included; average sales, average net profit and average number of employees. Furthermore, the results in 4.8 also indicate that low cost strategy is also related to average net profit growth, average growth of employees and average growth of products.

Table 4.7

Results of the Correlations between Business Strategy and Average Performance Measures

Business Strategy	Sales	Net Profit	No. of Employees	No. of Products
Niche strategy	0.499**	0.336**	0.563**	0.200
Product differentiation	0.272*	0.298*	-0.022	0.913**
Marketing differentiation	0.064	0.096	-0.221	0.954**
Service differentiation	-0.048	-0.087	-0.073	0.112
Innovation strategy	0.506**	0.339**	0.573**	0.185
Low cost strategy	0.246*	0.284*	-0.067	0.910**

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

* Correlation is significant at the 0.05 level (2-tailed)

Table 4.8

Results of the Correlations between Business Strategy and Average Growth Performance Measures

Business Strategy	Sales	Net Profit	No. of Employees	No. of Products
Niche strategy	0.822**	0.778**	0.302**	0.550**
Product differentiation	0.232*	0.459**	0.594**	0.855**
Marketing differentiation	0.045	0.291*	0.476**	0.761**
Service differentiation	0.764**	0.739**	0.128	0.353**
Innovation strategy	0.807**	0.755**	0.315**	0.548**
Low cost strategy	0.196	0.417**	0.578**	0.832**

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

* Correlation is significant at the 0.05 level (2-tailed)

The correlations analysis was used to test the hypotheses of the study. The results of the correlations analysis are indicated in the above Table 4.7 and Table 4.8. Based on the results of the correlation analysis presented in Table 4.7 and Table 4.8, the following 4.9 summarizes the results of the hypotheses developed in the study.

Table 4.9

Summary of the Results of the Hypotheses Testing

Hypotheses	Results
H 1: There is a relationship between niche strategy and performance of exporting SMEs in Algeria.	Supported
H 2: There is a relationship between product differentiation strategy and performance of exporting SMEs in Algeria.	Supported
H3: There is a relationship between marketing differentiation strategy and performance of exporting SMEs in Algeria.	Supported
H 4: There is a relationship between service differentiation strategy and performance of exporting SMEs in Algeria.	Supported
H 5: There is a relationship between innovation strategy and performance of exporting SMEs in Algeria.	Supported
H 6: There is a relationship between low cost strategy and performance of exporting SMEs in Algeria.	Supported

4.8 Summary

The main purpose of this study was to determine the linkage between business strategies and performance of exporting SMEs in Algeria. The results of the study presented in this chapter provide empirical evidence that suggests not only SMEs in Algeria adopted business strategy but also there is relationship between the business strategy and organizational performance of the exporting SMEs as measured in terms of average as well as growth performance. Accordingly, the following chapter five will offer the conclusion and recommendation of the study.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.1 Introduction

Based on the major findings found in the study, this final chapter presents its conclusion and recommendation. The chapter begins by providing a brief overview of the study. Following this, the chapter offers conclusion of the study. Next, the chapter explains the implication as well as limitation of the study. The suggestions for possible further research in the area of business strategy in exporting SMEs are proposed in last section.

5.2 Overview of the Study

This study investigates exporting SMEs from the business strategy perspective. The study attempted to examine the relationships between the business strategy and the organisational performance of exporting SMEs in Algeria. The study was a cross-sectional sample survey of exporting SMEs operating in various industries in northern Algeria. The data was collected through face-to-face contact with the owners and managers of the 72 exporting SMEs that participated in the study.

The primary data for the study was gathered by using structured questionnaire. The structured questionnaire developed in the study was based on previous instruments and questions which were designed to measure the research variables involved in the study. The questionnaire used to collect the data demonstrated reliability and validity to measure the research variables of interest to the study

5.3 Discussion

In this study, six types of business strategy (niche, product differentiation, market differentiation, service differentiation, innovation and low cost strategies) were measured to determine their relationship to the performance of exporting SMEs in Algeria. The performance of the exporting SMEs was evaluated based on average and average growth measures. The average and average growth measures were developed from the information on sales, net profit, number of employees and number of products recorded from the respondents.

The mean values from the study indicate that at the general level, the 72 exporting SMEs surveyed adopted the six types of business strategy. This empirical evidence suggests the relevant and applicability of business strategy to the exporting SMEs in Algeria. This finding adds support to previous studies that have also emphasized on the importance of business strategy to business organizations such as exporting SMEs (Cavusgil & Knight, 1997; De Noble et al., 1989; Filipe Lages & Montgomery, 2004; Hashim & Ahmad, 2009; Namiki, 1988; Zakaria, Hashim, & Ahmad, 2016) .

In addition, the results of the correlations analyses indicated statistically significant relationships between the six types of business strategy and organizational performance of the 72 exporting SMEs. More specifically, the results in Table 4.7 and Table 4.8 as presented in the previous chapter four showed statistically significant positive relationship between the six types of business strategy and the average as well as the average growth performance of the exporting SMEs that participated in this study.

Based on the results of the study, several findings can be summarized. First, the empirical information resulted from this study suggest that business strategy (such as niche, product differentiation, market differentiation, service differentiation, innovation and low cost strategies) are positively related to the performance of exporting SMEs. Second, in terms of the six types of business strategy, the results of the study suggest that the 72 firms followed the patterns of successful SMEs firms as emphasized in the literature. Third, the findings of the study indicate that SMEs adopt business strategy with specific focus and scope as suggested in prior studies. These findings seem to be consistent with the earlier studies by Hashim and Zakaria (2010), Hashim and Ahmad (2009), Hashim and Hassan (2008), Beal (2000), Baird et al. (1994), Mosakowski (1993) and Chaganti (1987).

5.4 Implications of the Study

The findings of this study offer the following managerial implications for exporting SMEs in Algeria. On the basis of the results of this study, owners and managers of exporting SMEs should realize that there is not one best business strategy for exporting. Given this, the exporting firms should attempt to adopt business strategy that fits with the capabilities of their firms. Furthermore, to ensure that their firms would be able to compete in international markets, owners and managers of exporting SMEs need to focus on developing their business strategy based on the competitive advantage of their firms.

5.5 Limitations of the Study

There are several limitations of the study. First, answering the research questions and collecting the data for the study require engagement with as many manager and owners of exporting SMEs. In the study, getting the SMEs to cooperate in the study was a major problem. When the SMEs were asked to participate in the study, many had refused. Second, the number of SMEs surveyed in the study may be considered small. Although the sample size consisted of 389 exporting SMEs, just 72 SMEs participated and completed the questionnaires. Third, although the exporting SMEs operate in nine different industries, majority of the exporting SMEs that were involved in the study were mainly represented by three industries, namely: food and beverage industry (23 firms), pharmaceutical (12 firms) and agriculture and fisheries industry (11 firms). The remaining 26 firms operated in the other six different industries.

5.6 Suggestions for Future Research

Despite the importance business strategy to exporting SMEs, empirical research in the area of study is very limited in Algeria. This study suggests several opportunities for researchers interested in further investigating the linkage between business strategy and organizational performance.

The results of this study suggest that business strategy is related to the performance of exporting SMEs in Algeria. However, since these results are based on one study, they should be regarded as only suggestive. Therefore, more empirical studies are needed to

provide more evidence to further support the view that business strategy and organizational are strongly related, particularly among the exporting SMEs in Algeria.

Furthermore, other studies on SMEs in the other different business sectors such as wholesaling, retailing, and construction are needed in order to develop a more comprehensive theory and understanding of the business strategy adopted by the SMEs in these sectors in particular, this is important in Algeria because very few studies have investigated SMEs in these sectors. Future research might also focus on examining the industrial effects as well as entrepreneurial types on the adoption of business strategy among exporting SMEs.

Researchers may also use the present study as a starting point for future research. For instance, the other relevant aspects of business strategy such as strategy formulation and evaluation which this study did not address, would present as research areas to be investigated further. Furthermore, it is important to note that the business strategy observed this study may not necessarily prevail in SMEs that operate in the other business sectors.

REFERENCES

- Acquaah, M. (2013). Management control systems, business strategy and performance: A comparative analysis of family and non-family businesses in a transition economy in sub-Saharan Africa. *Journal of Family Business Strategy*, 4(2), 131-146. doi:<http://dx.doi.org/10.1016/j.jfbs.2013.03.002>
- Acquaah, M., Adjei, M. C., & Mensa-Bonsu, I. F. (2008). Competitive strategy, environmental characteristics and performance in African emerging economies: Lessons from firms in Ghana. *Journal of African Business*, 9(1), 93-120.
- Akter, S., Wamba, S. F., Gunasekaran, A., Dubey, R., & Childe, S. J. (2016). How to improve firm performance using big data analytics capability and business strategy alignment? *International Journal of Production Economics*, 182, 113-131. doi:<http://dx.doi.org/10.1016/j.ijpe.2016.08.018>
- Aliouat, B. (2011). Droit et Stratégie d'entreprise. *La contribution des juristes et du droit à la performance de l'entreprise*, 327.
- Amit, B., Mark, B., Magatte, D., Randall, K., Bailey, K., & Keely, S. (2011). *Report on Support to SMEs in Developing Countries Through Financial Intermediaries / Innovations for Poverty Action*. Retrieved from <http://www.poverty-action.org/news/report-support-smes-developing-countries-through-financial-intermediaries>
- Amroune, B., Hafsi, T., Bernard, P., & Plaisent, M. (2014a). Critical factors for survival of SMEs in the Algerian context of change. *Building Businesses in Emerging and Developing Countries: Challenges and Opportunities*, 256.

- Amroune, B., Hafsi, T., Bernard, P., & Plaisent, M. (2014b). SMEs in developing countries and institutional challenges in turbulent environments: the case of Algiers. *Building Businesses in Emerging and Developing Countries: Challenges and Opportunities*, 215.
- Aragón-Sánchez, A., & Sánchez-Marín, G. (2005). Strategic orientation, management characteristics, and performance: A study of Spanish SMEs. *Journal of Small Business Management*, 43(3), 287-308.
- Armando, E., Azevedo, A. C., Fischmann, A. A., & Pereira, C. E. C. (2016). Business strategy and upgrading in global value chains: a multiple case study in Information Technology firms of Brazilian origin. *RAI Revista de Administração e Inovação*, 13(1), 39-47. doi:<http://dx.doi.org/10.1016/j.rai.2016.01.002>
- Baird, I. S., Lyles, M. A., & Orris, J. B. (1994). The choice of international strategies by small businesses. *Journal of Small Business Management*, 32(1), 48.
- Bank, W. (2014). *The Big Business of Small Enterprises : Evaluation of the World Bank Group Experience with Targeted Support to Small, and Medium-Size Enterprises, 2006-2012* (pp. 262). doi:<http://dx.doi.org/10.1596/978-1-4648-0376-5>
- Bank, W. (2015). Small and Medium Enterprises (SMEs) Finance. *The World Bank Group*. doi:<http://www.worldbank.org/en/topic/financialsector/brief/smes-finance>
- Bank, W. (2016). Small and Medium EnterprisesThe World Bank Group A to Z 2016 (pp. 162-162). doi:<http://dx.doi.org/10.1596/978-1-4648-0484-7>

- Bastian, E., & Muchlish, M. (2012). Perceived Environment Uncertainty, Business Strategy, Performance Measurement Systems and Organizational Performance. *Procedia - Social and Behavioral Sciences*, 65, 787-792.
doi:<http://dx.doi.org/10.1016/j.sbspro.2012.11.200>
- Beal, R. M. (2000). Competing effectively: environmental scanning, competitive strategy, and organizational performance in small manufacturing firms. *Journal of Small Business Management*, 38(1), 27.
- Ben Romdhane Ladib, N., & Lakhali, L. (2015). Alignment between business model and business strategy and contribution to the performance: Empirical evidence from ICT Tunisian venture. *The Journal of High Technology Management Research*, 26(2), 168-176. doi:<http://dx.doi.org/10.1016/j.hitech.2015.09.004>
- Berisha, G., & Pula, J. S. (2015). Defining Small and Medium Enterprises: a critical review.
- Blumentritt, T., & Danis, W. M. (2006). Business strategy types and innovative practices. *Journal of Managerial Issues*, 274-291.
- Bouazza, A., Ardjouman, D., & Abada, O. (2015). Establishing the Factors Affecting the Growth of Small and Medium-sized Enterprises in Algeria. *American International Journal of Social Science*, 4(2), 101-121.
- Bouazza, A. B. (2015). Small and medium enterprises as an effective sector for economic development and employment creation in Algeria. *International Journal of Economics, Commerce and Management*, 3(2), 1-16.
- Bouyacoub, A. (2003). Les PME en Algérie: quelles réalités? *Document de Travail-Griot-Cnam-16-2003*. source: <http://www.lise.cnrs.fr/Docgriot16.pdf>.

- Cavusgil, S. T., & Knight, G. A. (1997). *Explaining an Emerging Phenomenon for International Marketing: Global Orientation and the Born Global Firm*.
- Chaganti, R. (1987). Small business strategies in different industry growth environments. *Journal of Small Business Management*, 25(3), 61-68.
- Crabtree, A. D., & DeBusk, G. K. (2008). The effects of adopting the balanced scorecard on shareholder returns. *Advances in Accounting*, 24(1), 8-15.
- De Noble, A. F., Castaldi, R. M., & Moliver, D. M. (1989). Export intermediaries: Small business perceptions of services and performance. *Journal of Small Business Management*, 27(2), 33-41.
- Doyle, P. (1994). Setting business objectives and measuring performance. *European Management Journal*, 12(2), 123-132.
- Ebben, J. J. (2007). Product Offering, Operational Strategy, and Performance of Small Firms. *Journal of Small Business & Entrepreneurship*, 20(3), 245-255.
- Filipe Lages, L., & Montgomery, D. B. (2004). Export performance as an antecedent of export commitment and marketing strategy adaptation: Evidence from small and medium-sized exporters. *European Journal of Marketing*, 38(9/10), 1186-1214.
- Francioni, B., Pagano, A., & Castellani, D. (2016). Drivers of SMEs' exporting activity: a review and a research agenda. *Multinational Business Review*, 24(3), 194-215. doi:doi:10.1108/MBR-06-2016-0023
- Galbraith, C., & Schendel, D. (1983). An empirical analysis of strategy types. *Strategic management journal*, 4(2), 153-173.

- Gavrea, C., Ilies, L., & Stegorean, R. (2011). Determinants of organizational performance: The case of Romania. *Management & Marketing*, 6(2), 285.
- GHARBI, S. (2011a). Les pme/pmi en algerie : etat des lieux
Sme/smi in algeria: inventory of fixtures. *Université Du Littoral Côte D'opale Laboratoire de Recherche sur l'Industrie et l'Innovation*.
- GHARBI, S. (2011b). Les PME/PMI en Algérie: Etat des Lieux. *DOCUMENTS DE TRAVAIL*(238).
- Ha, S.-T., Lo, M.-C., & Wang, Y.-C. (2016). Relationship between Knowledge Management and Organizational Performance: A Test on SMEs in Malaysia. *Procedia - Social and Behavioral Sciences*, 224, 184-189.
doi:<http://dx.doi.org/10.1016/j.sbspro.2016.05.438>
- Habib, A., & Hasan, M. M. (2016). Business strategy, overvalued equities, and stock price crash risk. *Research in International Business and Finance*, 39, Part A, 389-405. doi:<http://dx.doi.org/10.1016/j.ribaf.2016.09.011>
- Hambrick, D. C. (2003). On the staying power of defenders, analyzers, and prospectors. *The Academy of Management Executive*, 17(4), 115-118.
- Hancott, D. E. (2005). *The relationship between transformational leadership and organizational performance in the largest public companies in Canada*. Capella University.
- Haron, N., & Hashim, M. K. (2015). Suggestions for research on small and medium-sized enterprises in malaysia.

- Hashim, M. K. (2003). Business Strategy-Performance Relationship of the SMEs. In M. H. P. House. (Ed.), *Frontiers of Management in the New Economy* Mumbai, India
- Hashim, M. K. (2000). Business strategy and performance in Malaysian SMEs: A recent survey. *Malaysian Management Review*, 35(2), 1-10.
- Hashim, M. K. (2005). *Small and Medium-sized Enterprises in Malaysia: Problems and Prospects*: UUM Press.
- Hashim, M. K. (2008). *Strategic Management: Test and Cases*. Thomson Learning Publication, Kuala Lumpur, Malaysia.
- Hashim, M. K. (2010). *Fundamental Issues in Small and Medium-sized Enterprises*: UUM Press.
- Hashim, M. K. (2010). Revisiting The Role of Small and Medium-sized Enterprises in The Malaysian Economy. *Pedagogika*, 1(1).
- Hashim, M. K. (2003). Business Strategy-Performance Relationship of the SMEs. In M. H. P. House. (Ed.), *Frontiers of Management in the New Economy* Mumbai, India Himalaya Publishing House.
- Hashim, M. K. (2011a). Definitions of small and medium-sized enterprises in developed and developing countries. *Pedagogika*, 2(2).
- Hashim, M. K. (2011b). *Managing Small and Medium-sized Enterprises: The Malaysian Perspective*: Universiti Utara Malaysia Press.
- Hashim, M. K., & Ahmad, S. a. (2009). Business Strategy and Performance of Malaysian Exporting SMEs. *Journal of Mangement & Muamalah*, 1-11.

- Hashim, M. K., & Hassan, R. (2008). Internationalization of SMEs: Options, incentives, problems and business strategy. *Malaysian Management Review*, 43(1), 63-76.
- Hashim, M. K., & Zakaria, M. (2010). Business strategy and performance of small and medium manufacturing firms in Malaysia. *World Review of Entrepreneurship, Management and Sustainable Development*, 6(1-2), 125-134.
doi:doi:10.1504/WREMSD.2010.031642
- Hashim, M. K., Zakaria, M., & Hashim, A. J. (2013). Business strategy, leadership styles and performance of Takaful firms.
- Hashim, M. K., Ahmad, S. a., & Zakaria, M. (2012). A Study on Leadership Styles in SMEs.
- Hashim, M. K., & Mad, C. A. (2005). Strategic option for SMEs in global business environment: A Malaysian perspective.
- Hipsher, S. A. (2013). 4 - Business strategies and practices in developing economies *The Private Sector's Role in Poverty Reduction in Asia* (pp. 63-81): Chandos Publishing.
- Ho, L.-A. (2008). What affects organizational performance? The linking of learning and knowledge management. *Industrial Management & Data Systems*, 108(9), 1234-1254.
- Ho, S. S., & Pike, R. H. (1998). Organizational characteristics influencing the use of risk analysis in strategic capital investments. *The engineering economist*, 43(3), 247-268.

- Jumat Muhajar, A., & Hashim, M. K. (2002). Exporting Problems of Malaysian SMES: A Recent Survey. *Exporting Problems of Malaysian SMES: A Recent Survey*, 8(1), 1-13.
- Jyoti, J., & Sharma, J. (2012). Impact of market orientation on business performance: Role of employee satisfaction and customer satisfaction. *Vision: The Journal of Business Perspective*, 16(4), 297-313.
- Kaplan, R. S., & Norton, D. P. (2008). *The execution premium: Linking strategy to operations for competitive advantage*: Harvard Business Press.
- Kapurubandara, M., Arunatileka, S., & Gnige, A. (2004). *Application of e-business strategies for SMEs in developing countries*. Paper presented at the e-Technology, e-Commerce and e-Service, 2004. EEE'04. 2004 IEEE International Conference on.
- Kellen, V., & Wolf, B. (2003). Business performance measurement. *Information Visualization*, 1(312), 1-36.
- Kim, E., Nam, D.-i., & Stimpert, J. (2004). Testing the applicability of Porter's generic strategies in the digital age: A study of Korean cyber malls. *Journal of Business Strategies*, 21(1), 19.
- Köseoglu, M. A., Topaloglu, C., Parnell, J. A., & Lester, D. L. (2013). Linkages among business strategy, uncertainty and performance in the hospitality industry: Evidence from an emerging economy. *International Journal of Hospitality Management*, 34, 81-91. doi:<http://dx.doi.org/10.1016/j.ijhm.2013.03.001>
- Lee, K. S., Lim, G. H., & Tan, S. J. (1999). Dealing with resource disadvantage: Generic strategies for SMEs. *Small Business Economics*, 12(4), 299-311.

- Leonidou, L. C., Fotiadis, T. A., Christodoulides, P., Spyropoulou, S., & Katsikeas, C. S. (2015). Environmentally friendly export business strategy: Its determinants and effects on competitive advantage and performance. *International Business Review*, 24(5), 798-811. doi:<http://dx.doi.org/10.1016/j.ibusrev.2015.02.001>
- Lo, Y.-H. (2012). Back to Hotel Strategic Management 101: An examination of hotels' implementation of Porter's generic strategy in China. *Journal of International Management Studies*, 7(1), 56.
- Love, J. H., Roper, S., & Zhou, Y. (2016). Experience, age and exporting performance in UK SMEs. *International Business Review*, 25(4), 806-819. doi:<http://dx.doi.org/10.1016/j.ibusrev.2015.10.001>
- Madella, A., Bayle, E., & Tome, J. (2005). The organisational performance of national swimming federations in Mediterranean countries: A comparative approach. *European Journal of Sport Science*, 5(4), 207-220.
- Martinez-Simarro, D., Devece, C., & Llopis-Albert, C. (2015). How information systems strategy moderates the relationship between business strategy and performance. *Journal of Business Research*, 68(7), 1592-1594. doi:<http://dx.doi.org/10.1016/j.jbusres.2015.01.057>
- Mellat-Parast, M., Golmohammadi, D., McFadden, K. L., & Miller, J. W. (2015). Linking business strategy to service failures and financial performance: Empirical evidence from the U.S. domestic airline industry. *Journal of Operations Management*, 38, 14-24. doi:<http://dx.doi.org/10.1016/j.jom.2015.06.003>
- Mi, T. J., & Baharun, R. (2013). Introduction to SMEs in Malaysia: Growth Potential and Branding Strategy. *World*, 3(6).

- Mines, M. d. I. I. e. d. (2015). *Communication De Monsieur Abdelghani Mebarek Dgpme A L'occasion De La Deuxieme Edition Du Colloque Du Conseil Scientifique De La Cosob « Financement De La PME Et La Croissance »*. Algeria: La Commission d'Organisation et de Surveillance des Opérations de Bourse (COSOB) Retrieved from <http://www.cosob.org/wp-content/uploads/2016/03/cosobrap151.pdf>.
- Mines, M. d. I. I. e. d. (2016). *Bulletins d'information statistique de la PME N°28 : mai 2016*. Retrieved from Algeria: http://www.mdipi.gov.dz/IMG/pdf/Bulletin_PME_no28.pdf
- Moghaddam, J. Y., Akhavan, P., & Mehralian, G. (2015). Intellectual capital, ethical climate and organisational performance: an interaction analysis. *International Journal of Learning and Intellectual Capital*, 12(3), 232-250.
- Mohsen, B., & Laadjal, A. (2015). The strategic choices of small medium-sized enterprises integration: evidence from specific economic territory. *Acta Universitatis Danubius. Economica*, 11(2).
- Mosakowski, E. (1993). A resource-based perspective on the dynamic strategy-performance relationship: An empirical examination of the focus and differentiation strategies in. *Journal of management*, 19(4), 819-839.
- Munro, D. (2013). *A Guide to SME Financing* (pp. XII, 119). doi:<http://dx.doi.org/10.1057/9781137373786>
- Namiki, N. (1988). Export strategy for small business. *Journal of Small Business Management*, 26(2), 32-37.
- Nulkar, G. (2014). SMEs and Environmental Performance – A Framework for Green Business Strategies. *Procedia - Social and Behavioral Sciences*, 133, 130-140. doi:<http://dx.doi.org/10.1016/j.sbspro.2014.04.177>

- Parnell, J. A. (1997). New evidence in the generic strategy and business performance debate: A research note. *British Journal of Management*, 8(2), 175-181.
- Patel, B. N., & Cespedes, F. V. (2016). Introduction to Business Strategy. *Journal of the American College of Radiology*, 13(6), 747-749.
doi:<http://dx.doi.org/10.1016/j.jacr.2015.11.019>
- Pleshko, L. P. (2007). Strategic orientation, organisational structure, and the associated effects on performance. *Journal of Financial Services Marketing*, 12(1), 53-64.
- Porter, M. E. (1980). *Competitive strategy: techniques for analyzing industries and competitors*: New York: Free Press.
- Ramadan, M., & Levratto, N. (2016). The Internationalization of Small and Medium-Size Enterprises in the Maghreb: A Study of Moroccan SMEs. *Global Business and Organizational Excellence*, 35(5), 44-57.
- Richard, P. J., Devinney, T. M., Yip, G. S., & Johnson, G. (2009). Measuring organizational performance: Towards methodological best practice. *Journal of management*.
- Robinson, R. B., & Pearce, J. A. (1983). The impact of formalized strategic planning on financial performance in small organizations. *Strategic management journal*, 4(3), 197-207.
- Ryszard, B. (2005). The Nature of Strategy Implementation.
- Secrétariat général du gouvernement, A. (2001). Loi no 01-18 du 12 décembre 2001 portant loi d'orientation sur la promotion de la petite et moyenne entreprise (PME). *Journal officiel on Algerie, Economic and social policy*, 4-7.
doi:http://www.joradp.dz/JO2000/2001/077/F_Pag.htm

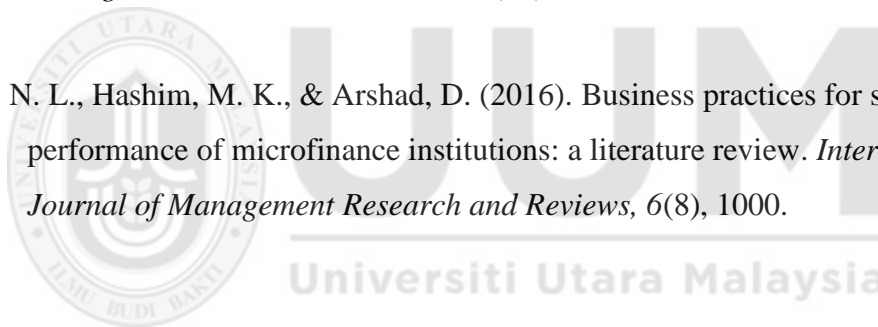
- Singh, R. K., Garg, S. K., & Deshmukh, S. G. (2008). Strategy development by SMEs for competitiveness: a review. *Benchmarking: An International Journal*, 15(5), 525-547. doi:doi:10.1108/14635770810903132
- Slocum, J., Lei, D., & Buller, P. (2014). Executing business strategies through human resource management practices. *Organizational Dynamics*, 43(2), 73-87.
doi:<http://dx.doi.org/10.1016/j.orgdyn.2014.03.001>
- Smith, K. G., Guthrie, J. P., & Chen, M.-J. (1989). Strategy, size and performance. *Organization studies*, 10(1), 63-81.
- Spanos, Y. E., Zaralis, G., & Lioukas, S. (2004). Strategy and industry effects on profitability: evidence from Greece. *Strategic management journal*, 25(2), 139-165.
- Tamalee, K., Sulaiman, M., & Ismail, I. (2008). *Business strategy and performance of manufacturing firms in Thailand*. Paper presented at the conference organised by Oxford Business and Economics, UK, on June.
- Tangen, S. (2003). An overview of frequently used performance measures. *Work study*, 52(7), 347-354.
- Tewari, P. S., Skilling, D., Kumar, P., & Wu, Z. (2013). Competitive Small and Medium Enterprises.
- Thomas, A. S., & Ramaswamy, K. (1996). Matching managers to strategy: further tests of the Miles and Snow typology. *British Journal of Management*, 7(3), 247-261.
- Tse, T., & Soufani, K. (2003). Business strategies for small firms in the new economy. *Journal of small business and enterprise development*, 10(3), 306-320.

Yunis, M., Jung, J., & Chen, S. (2013). TQM, strategy, and performance: A firm-level analysis. *International Journal of Quality & Reliability Management*, 30(6), 690-714.

Zaefarian, G., Henneberg, S. C., & Naudé, P. (2013). Assessing the strategic fit between business strategies and business relationships in knowledge-intensive business services. *Industrial Marketing Management*, 42(2), 260-272.
doi:<http://dx.doi.org/10.1016/j.indmarman.2012.08.008>

Zakaria, N. S., Hashim, M. K., & Ahmad, S. a. (2016). Business strategy and performance of smes in the manufacturing sector. *International Journal in Management and Social Science*, 04(05), 254-261.

Zuru, N. L., Hashim, M. K., & Arshad, D. (2016). Business practices for sustaining performance of microfinance institutions: a literature review. *International Journal of Management Research and Reviews*, 6(8), 1000.



APPENDIX 1: QUESTIONNAIRE



**Othman Yeop Abdullah
Graduate School of Business**

Universiti Utara Malaysia

Dear Executive,

I am currently pursuing the Master of Science (Management) at Universiti Utara Malaysia (UUM), Kedah, Malaysia. In fulfilling the requirement of the Master of Science research project, I am conducting a study that investigates business strategy and performance of exporting small and medium-sized enterprises (SMEs) in Algeria.

Attached is the questionnaire for collecting the data for the study. I would be grateful if you could complete the questionnaire and return it to me. Your cooperation in this study is much appreciated. Responses to the study will be held in confidence.

If you are interested in this study, please contact me through my email at bestenamine@gmail.com or call me at +213 662010137 or 01121816240 / 01128826730.

Thank you for your participation in the study.

Sincerely,

BESTEN Mohamed El Amine

Student

Master of Science (Management)

Universiti Utara Malaysia (UUM)

Primary information

1. Date of Interview:
2. Time Started:
3. Name of Company:
4. Code/Type of Industry:
5. Address:
6. Telephone:
7. Interviewee:
8. Position:

SECTION 1: Background of Owner/ Managers(Circle one)

1. My genders: 1. Male 2. Female
2. What was your age at your last birthday?years.
3. What is your marital status?
 - 1) Married 2) Remarried 3) Never married
 - 4) Divorced or separate 5) Widowed
4. Please indicate the last grade or year in school, which you completed.
 - 1) Primary school 2) College or institute 3) Secondary school
 - 4) University / Technical 5) Graduate University degree
 - 6) Other:
5. What is your highest certificate or educational degree received? (circle one):
 - 1) School certificate
 - 2) Diploma
 - 3) Bachelor's degree
 - 4) Masters' degree
 - 5) PhD degree
6. How did you become the owner/principle manager of the firm?
 - 1) Founder
 - 2) Cofounder
 - 3) Inherited or purchase from family
 - 4) Purchased business (not from family)
 - 5) Hired or promoted form the company

7. How many businesses have you started? 0 1 2 3 4 5 or more than 5.

8. What was your primary reason for starting this business?

- 1) Unemployed due to being laid off or dismissed
- 2) Did not like work situation
- 3) Wanted to be own boss
- 4) Opportunity arose to develop own or someone's ideas
- 5) Wanted to make more money
- 6) Request by family

9. How many years of experience in this field or industry did you have? _____ years.

10. My position in the business is

1. Owner and CEO (Manager Director)
2. Owner and a manager
3. Manager but not an owner
4. Owner but not a manager
5. Export Manager
6. Marketing Manager
7. Sales Manager/Director
8. Other (Please Specify):

11. How often do you normally travel outside your home country?

- 1) Never
- 2) 1 to 2 times a year
- 3) 3 to 5 times a year
- 4) 6 to 10 times a year
- 5) More than 10 times a year

12. Can you speak other language (s) besides your native language?

- 1) Yes
- 2) No

13. How proficient are you in the following foreign languages?

a) French	Low proficiency	1	2	3	4	5	High

b) German	Low proficiency	1	2	3	4	5	High

c) Spanish	Low proficiency	1	2	3	4	5	High

d) Italian	Low proficiency	1	2	3	4	5	High

e) Russian	Low proficiency	1	2	3	4	5	High

f) English	Low proficiency	1	2	3	4	5	High

g) Others (Please specify)	Kabyle	Low proficiency	1	2	3	4	5	High

For the following questions, please select the statement that best describes the degree to which you are involved in the business.

Scheme: 1=make, 2=share, 3=do not make

1. Ithe most significant day to day managerial decisions such as related to hiring, credit, purchasing, etc. (circle one) 1 2 3
2. Imost of the long term strategic decisions such as expansions, new products, major financial commitment, etc. (circle one) 1 2 3

SECTION 2: Background of the Company:

13. Which of the following best describes the breadth of your operations?
(circle one) 1 2 3 4 5

- 1) International
- 2) National
- 3) Regional
- 4) Local
- 5) Others (specify).....

14. How long has your firm been in business?years.

15. How long has your firm been involved in exporting? _____years
16. How many countries do you export to? countries.
17. What is the percentage of export sales from the total annual sales? _____%
18. What is the net profit before tax of the firm? _____
19. To which countries do you export to? _____
20. What is the legal form of your company?
 1. Single Member Limited Liability Company
 2. Partnerships
 3. Limited Commercial Companies
 4. Stock Companies
 5. Companies Limited by Shares
 6. Limited Company
21. Is this a family owned company?
 - 1) Yes
 - 2) No
22. How many products does your company make and sell? products.
23. How many people does your firm currently employ?.....employees.
24. What was your source of capital when you first started your business?
 - 1) Own money
 - 2) My family
 - 3) My friends
 - 4) Borrow from the bank
 - 5) Financial support from the government.
25. If you obtained the financial support from the government, which of the following agencies provided the fund?
 - 1) The National Agency of Investment Development (NAID)
 - 2) The National Investment Fund (NIF)
 - 3) The Guarantee Fund for Credits to SMEs (GFC)
 - 4) Guarantee Fund of Investment Loans for SMEs (GFIL)
 - 5) National Agency for Support of Youth Employment (NASYE)
 - 6) National Endowment for Unemployment Insurance (NEUI)
 - 7) National Agency for Management of Microcredit (ANGEM)
 - 8) Rental loan
 - 9) Zakat Fund (loan-Hasan)

25. How many of your leading products generate 80% of your dollar volume?
.....products.
26. What was the dollar volume of your business in the last fiscal year?
.....DA.....dollar.
27. What was your initial paid-up capital when you started the business?
.....DA..... dollar.
28. What was the dollar volume of your business in the first year you started the business?DA
29. What was the initial number of full time employees when you started the business?employees
30. What was the initial number of full time employees in your organization at the end of last fiscal year?employees.
31. Have you approached any of the SMEs supporting agencies for assistance? 1. Yes 2. No
32. If yes, please state the names of the agencies:
1.
 2.
 3.
33. Have you obtained any type of assistance from the agencies?
None at all 0 1 2 3 4 5 A Lot of Assistance
34. If yes, please state the type of assistance you obtained?
1.
 2.
 3.
35. How long have you been getting this assistance?years.
36. List three most pressing problems that your company is facing:
1.
 2.
 3.

37. Does your company have a written business plan?

1. Yes 2. No

38. Does your company have a written strategic plan?

1. Yes 2. No

Section Three: Strategic Planning

Instructions: Below are statements that describe the extent to which strategic planning is being adopted in organizations. Please use the following scales to indicate your level of agreement or disagreement: **Strongly Disagree** 1 2 3 4 5 **Strongly Agree**.

No	Strategic Planning Practice	S Dis,	Dis	, N,	Agree, S
		Agree			
39	In our organization, we: Consider strategic planning as an important task	1	2	3	4 5
40	Developed a clear business vision	1	2	3	4 5
41	Have a clear business mission statement	1	2	3	4 5
42	State the organizational objectives clearly	1	2	3	4 5
43	Assess our internal organizational environment	1	2	3	4 5
44	Analyze our external business environment	1	2	3	4 5
45	Formulate business strategy	1	2	3	4 5
46	Implement our formulated strategy	1	2	3	4 5
47	Assess the performance of our organization	1	2	3	4 5
48	Evaluate the implemented strategy	1	2	3	4 5
49	Control the strategy that we implemented	1	2	3	4 5

SECTION 4: Business Strategy

Please indicate which of one of the following strategies best describes the business strategy adopted by your firm by using the following scheme: **Strongly Disagree** 1 2 3 4 5 **Strongly Agree**

	Niche Strategy					
50	We focus on specialty products.	1	2	3	4	5
51	We focus on a specific range of products.	1	2	3	4	5
52	We focus on a specific foreign market.	1	2	3	4	5
53	We focus on specific foreign customers.	1	2	3	4	5
54	We focus on new product.	1	2	3	4	5
	Product differentiation Strategy					
59	We focus on the product quality.	1	2	3	4	5
60	We focus on the packaging.	1	2	3	4	5
61	We focus on the design and style.	1	2	3	4	5
62	We focus on the product uniqueness.	1	2	3	4	5
63	We focus on maximizing the perceived value of product.	1	2	3	4	5
	Marketing Differentiation Strategy					
64	We focus on adopting a competitive pricing.	1	2	3	4	5
65	We focus on creating a new distribution channel.	1	2	3	4	5
66	We focus on increasing the advertising and promotion.	1	2	3	4	5
67	We focus on brand building.					
68	We focus on updating product line.	1	2	3	4	5
		1	2	3	4	5

69	We focus on using market research.	1	2	3	4	5
70	We focus on using personal selling.	1	2	3	4	5
71	We focus on developing a new market for product.	1	2	3	4	5
	Service Differentiation Strategy					
72	We provide a quick product delivery.	1	2	3	4	5
73	We provide a prompt response to customer's orders.	1	2	3	4	5
75	Offer extensive customer service.	1	2	3	4	5
76	Personal contacts with overseas distributors.	1	2	3	4	5
77	We provide quality service.					
	Innovation Strategy					
78	Technological superiority of product.	1	2	3	4	5
79	We focus on new innovative product.	1	2	3	4	5
80	We use advanced communication technologies.	1	2	3	4	5
82	We improve existing product.	1	2	3	4	5
83	We improve product process.	1	2	3	4	5
	Low Cost					
84	We purchase materials in large volumes	1	2	3	4	5
85	Mass produce products.	1	2	3	4	5
86	Limited range of products.	1	2	3	4	5
87	We maximize economies of scale.	1	2	3	4	5
88	We sell product at budget price.	1	2	3	4	5

SECTION 5: Organisational Performance

	Performance indicator	2012	2013	2014	2015	2016
89	Sales					
90	Assets					
91	Gross Profit					
92	Employment					
93	Equity					
94	Net Profit					
95	No of Products					
96	Total market share overseas					
97	Export Sales growth compared to competitors%					
98	Export Sales Volume					
99	Export Sales Growth%					

APPENDIX 2: SPSS OUTPUTS

A) Frequency Distribution

1) Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	68	94.4	94.4	94.4
Female	4	5.6	5.6	100.0
Total	72	100.0	100.0	

2) Marital status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Married	63	87.5	87.5	87.5
Never married	3	4.2	4.2	91.7
Divorced or separate	2	2.8	2.8	94.4
Widowed	4	5.6	5.6	100.0
Total	72	100.0	100.0	

3) Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20-40	16	22.2	22.2	22.2
41-60	42	58.3	58.3	80.6
More than 60	14	19.4	19.4	100.0
Total	72	100.0	100.0	

4) Educational level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid School certificate	8	11.1	11.1	11.1
Diploma	25	34.7	34.7	45.8
Bachelor's degree	24	33.3	33.3	79.2
Masters' degree	13	18.1	18.1	97.2
PhD degree	2	2.8	2.8	100.0
Total	72	100.0	100.0	

5) Position Held

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Owner and CEO (Manager Director)	22	30.6	30.6	30.6
Owner and a manager	42	58.3	58.3	88.9
Manager but not an owner	5	6.9	6.9	95.8
Owner but not a manager	2	2.8	2.8	98.6
Export Manager	1	1.4	1.4	100.0
Total	72	100.0	100.0	

6) Length of experience in the industry

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 5 years	1	1.4	1.4	1.4
5 to 10 years	20	27.8	27.8	29.2
More than 10 years	51	70.8	70.8	100.0
Total	72	100.0	100.0	

7) Legal Form

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single Member Limited Liability Company	22	30.6	30.6	30.6
	Partnerships	1	1.4	1.4	31.9
	Limited Commercial Companies	32	44.4	44.4	76.4
	Stock Companies	17	23.6	23.6	100.0
	Total	72	100.0	100.0	

8) Number of Employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	11 - 50	23	31.9	31.9	31.9
	51 - 100	16	22.2	22.2	54.2
	101 - 200	8	11.1	11.1	65.3
	201 - 250	25	34.7	34.7	100.0
	Total	72	100.0	100.0	

9) Age of Company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Six to ten years	19	26.4	26.4	26.4
	11 to 15 years	18	25.0	25.0	51.4
	16 to 20 years	25	34.7	34.7	86.1
	More than 20 years	10	13.8	13.9	100.0
	Total	72	100.0	100.0	

10) Total Sale in 2015 (USD)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid < 500 000 USD	2	2.8	2.8	2.8
500 001 - 5 000 000 USD	1	1.4	1.4	4.2
5 000 001 - 10 M USD	24	33.3	33.3	37.5
10 000 001 - 15 M USD	18	25.0	25.0	62.5
>15 000 001 USD	27	37.5	37.5	100.0
Total	72	100.0	100.0	

11) Net Profit in 2015 (before tax)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid < 500 000 USD	3	4.2	4.2	4.2
500 001 - 2 500 000	16	22.2	22.2	26.4
2 500 001 - 4 500 000	19	26.3	26.4	52.8
4 500 001 - 6 500 000	32	44.4	44.4	97.2
> 6 500 001 USD	2	2.8	2.8	100.0
Total	72	100.0	100.0	

12) Type of Industry

	Frequency	Percent	Valid Percent	Cumulative Percent
Energy	1	1.4	1.4	1.4
Construction materials	6	8.3	8.3	9.7
Chemistry. plastic	5	6.9	6.9	16.7
Foods and beverages	23	31.9	31.9	48.6
Textile industry	1	1.4	1.4	50.0
Leather industry	2	2.8	2.8	52.8
Manufacture of wood and paper	4	5.6	5.6	58.3
Agriculture and Fisheries	11	15.3	15.3	73.6
Pharmaceuticals. cosmetics	12	16.7	16.7	90.3
Electronical	7	9.7	9.7	100.0
Total	72	100.0	100.0	

13) Family owned company

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	62	86.1	86.1	86.1
No	10	13.9	13.9	100.0
Total	72	100.0	100.0	

14) Number of years involved in exporting

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Three to five years	24	33.3	33.3	33.3
Six to ten years	40	55.6	55.6	88.9
11 to 15 years	6	8.3	8.3	97.2
16 to 20 years	2	2.8	2.8	100.0
Total	72	100.0	100.0	

15) Number of countries exported to

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 3	33	45.8	45.8	45.8
3 to 5 countries	18	25.0	25.0	70.8
6 to10 countries	10	13.9	13.9	84.7
More than 10	11	15.3	15.3	100.0
Total	72	100.0	100.0	



UUM
Universiti Utara Malaysia

16) Percentage of export sales to total sales

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 20 %	14	19.4	19.4	19.4
20–49%	24	33.3	33.3	52.8
50–69%	18	25.0	25.0	77.8
Over 70%	16	22.2	22.2	100.0
Total	72	100.0	100.0	

17) Foreign Travel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 to 2 times	22	30.6	30.6	30.6
	3 to 5 times	33	45.8	45.8	76.4
	6 to 10 times	8	11.1	11.1	87.5
	More than 10	9	12.5	12.5	100.0
	Total	72	100.0	100.0	

18) Foreign language competence

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	42	58.3	58.3	58.3
	2	25	34.7	34.7	93.1
	3	5	1.1	6.9	100.0
	Total	72	100.0	100.0	

19) The government support agencies for SMEs

* Have you approached any of the SMEs supporting agencies for assistance?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	51	70.8	70.8	70.8
	No	21	29.2	29.2	100.0
	Total	72	100.0	100.0	

* If you obtained the financial support from the government. which of the following agencies provided the fund?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid The National Agency of Investment Development (NAID)	55	76.4	76.4	76.4
The National Investment Fund (NIF)	8	11.1	11.1	87.5
The Guarantee Fund for Credits to SMEs (GFC)	1	1.4	1.4	88.9
Guarantee Fund of Investment Loans for SMEs (GFIL)	2	2.8	2.8	91.7
National Agency for Support of Youth Employment (NASYE)	6	8.3	8.3	100.0
Total	72	100.0	100.0	

* Have you obtained any type of assistance from the agencies? None at all 0 1 2 3 4 5 A Lot of Assistance

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	29	40.3	40.3	40.3
2	12	16.7	16.7	56.9
3	9	12.5	12.5	69.4
4	16	22.2	22.2	91.7
5	6	8.3	8.3	100.0
Total	72	100.0	100.0	

B) Descriptive Statistics

1) Strategic Planning Practice

	N	Minimum	Maximum	Mean	Std. Deviation
we consider strategic planning as an important task	72	1	5	4.17	.872
we developed a clear business vision	72	1	5	4.12	.934
we Have a clear business mission statement	72	1	5	3.92	1.071
we Stated the organizational objectives clearly	72	2	5	4.19	.705
we assess our internal organizational environment	72	1	5	4.06	1.033
we analyse our external business environment	72	1	5	4.00	1.061
we formulated business strategy	72	2	5	4.08	1.004
we Implementing our formulated strategy	72	2	5	4.21	.821
we assess the performance of our organization	72	1	5	3.93	.939
we evaluate the implemented strategy	72	1	5	3.74	.979
we control the strategy that we implemented task	72	1	5	3.96	1.131
Valid N (listwise)	72				

2) Business Strategies

a) Niche strategy

	N	Minimum	Maximum	Mean	Std. Deviation
We focus on specialty products.	72	2	4	3.44	.902
We focus on a specific range of products.	72	2	5	3.50	1.175
We focus on a specific foreign market..	72	2	5	3.69	.914
We focus on specific foreign customers.	72	2	5	3.58	1.045
We focus on new product.	72	1	5	3.81	.973
Valid N (listwise)	72				

b) Product Differentiation Strategy

	N	Minimum	Maximum	Mean	Std. Deviation
We focus on the product quality.	72	2	4	2.47	.855
We focus on the packaging.	72	1	4	2.36	.969
We focus on the design and style.	72	1	4	2.31	.833
We focus on the product uniqueness.	72	1	4	2.40	1.159
We focus on maximizing the perceived value of product.	72	2	4	2.38	.721
Valid N (listwise)	72				

c) Service Differentiation Strategy

	N	Minimum	Maximum	Mean	Std. Deviation
We provide a quick product delivery.	72	1	4	2.47	1.256
We provide a prompt response to customer's orders.	72	1	4	2.57	1.254
Offer extensive customer service.	72	1	4	2.47	1.034
Personal contacts with overseas distributors.	72	1	4	2.53	1.007
We provide quality service.	72	1	4	2.35	.858
Valid N (listwise)	72				

d) Innovation Strategy

	N	Minimum	Maximum	Mean	Std. Deviation
Technological superiority of product.	72	1	4	3.17	1.353
We focus on new innovative product.	72	2	5	3.50	1.175
We use advanced communication technologies.	72	2	5	3.69	.914
We improve existing product.	72	2	5	3.60	1.057
We improve product process.	72	1	5	3.94	1.060
Valid N (listwise)	72				

e) Low Cost Strategy

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
We purchase materials in large volumes	72	3	4	3.24	.428
Mass produce products.	72	2	4	3.12	.580
Limited range of products.	72	2	4	2.96	.488
We maximize economies of scale.	72	2	4	2.93	.738
We sell product at budget price.	72	3	4	3.14	.348
Valid N (listwise)	72				

f) Marketing Differentiation Strategy

	N	Minimum	Maximum	Mean	Std. Deviation
We focus on adopting a competitive pricing.	72	2	5	2.67	1.222
We focus on creating a new distribution channel.	72	2	5	2.83	1.256
We focus on increasing the advertising and promotion.	72	2	5	3.22	1.064
We focus on brand building.	72	2	5	2.92	.960
We focus on updating product line.	72	2	5	3.37	1.180
We focus on using market research.	72	2	5	2.85	1.134
We focus on using personal selling.	72	2	5	2.78	.982
We focus on developing a new market for product.	72	2	5	3.11	1.108
Valid N (listwise)	72				

C) Reliability

1. Niche strategy

Cronbach's Alpha	N of Items
.951	5

2. Product Differentiation Strategy

Cronbach's Alpha	N of Items
.937	5

3. Marketing Differentiation Strategy

Cronbach's Alpha	N of Items
.896	8

4. Service Differentiation Strategy

Cronbach's Alpha	N of Items
.942	5

5. Innovation Strategy

Cronbach's Alpha	N of Items
.924	5

6. Low Cost Strategy

Cronbach's Alpha	N of Items
.951	5

7. Organisationnel Performance

Cronbach's Alpha	N of Items
.781	8

D) Correlation Coefficient

1. The Correlation between Business Strategies and Four years of sales growth's average.

		Sales growth average	NS	PDS	MDS	SDS	IS	LCS
Sales growth average	Pearson Correlation	1	.822**	.232*	.045	.764**	.807**	.196
	Sig. (2-tailed)		.000	.049	.710	.000	.000	.099
	N	72	72	72	72	72	72	72
NS	Pearson Correlation	.822**	1	.458**	.194	.706**	.996**	.414**
	Sig. (2-tailed)	.000		.000	.103	.000	.000	.000
	N	72	72	72	72	72	72	72
PDS	Pearson Correlation	.232*	.458**	1	.914**	.470**	.451**	.997**
	Sig. (2-tailed)	.049	.000		.000	.000	.000	.000
	N	72	72	72	72	72	72	72
MDS	Pearson Correlation	.045	.194	.914**	1	.212	.176	.911**
	Sig. (2-tailed)	.710	.103	.000		.074	.139	.000
	N	72	72	72	72	72	72	72
SDS	Pearson Correlation	.764**	.706**	.470**	.212	1	.706**	.470**
	Sig. (2-tailed)	.000	.000	.000	.074		.000	.000
	N	72	72	72	72	72	72	72
IS	Pearson Correlation	.807**	.996**	.451**	.176	.706**	1	.409**
	Sig. (2-tailed)	.000	.000	.000	.139	.000		.000
	N	72	72	72	72	72	72	72
LCS	Pearson Correlation	.196	.414**	.997**	.911**	.470**	.409**	1
	Sig. (2-tailed)	.099	.000	.000	.000	.000	.000	
	N	72	72	72	72	72	72	72

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

* . Correlation is significant at the 0.05 level (2-tailed).

2.The Correlation between Business Strategies and Four years of Net profit before tax growth's average.

		Net profit (before tax) growth average	NS	PDS	MDS	SDS	IS	LCS
Net profit (before tax) growth average	Pearson Correlation	1	.778**	.459**	.291*	.739**	.755**	.417**
	Sig. (2-tailed)		.000	.000	.013	.000	.000	.000
	N	72	72	72	72	72	72	72
NS	Pearson Correlation	.778**	1	.458**	.194	.706**	.996**	.414**
	Sig. (2-tailed)	.000		.000	.103	.000	.000	.000
	N	72	72	72	72	72	72	72
PDS	Pearson Correlation	.459**	.458**	1	.914**	.470**	.451**	.997**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	72	72	72	72	72	72	72
MDS	Pearson Correlation	.291*	.194	.914**	1	.212	.176	.911**
	Sig. (2-tailed)	.013	.103	.000		.074	.139	.000
	N	72	72	72	72	72	72	72
SDS	Pearson Correlation	.739**	.706**	.470**	.212	1	.706**	.470**
	Sig. (2-tailed)	.000	.000	.000	.074		.000	.000
	N	72	72	72	72	72	72	72
IS	Pearson Correlation	.755**	.996**	.451**	.176	.706**	1	.409**
	Sig. (2-tailed)	.000	.000	.000	.139	.000		.000
	N	72	72	72	72	72	72	72
LCS	Pearson Correlation	.417**	.414**	.997**	.911**	.470**	.409**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	72	72	72	72	72	72	72

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

* . Correlation is significant at the 0.05 level (2-tailed).

3. The Correlation between Business Strategies and Four years of number of employee growth's average

		Number of employees growth average	NS	PDS	MDS	SDS	IS	LCS
Number of employees growth average	Pearson Correlation	1	.302**	.594**	.476**	.128	.315**	.578**
	Sig. (2-tailed)		.010	.000	.000	.284	.007	.000
	N	72	72	72	72	72	72	72
NS	Pearson Correlation	.302**	1	.458**	.194	.706**	.996**	.414**
	Sig. (2-tailed)	.010		.000	.103	.000	.000	.000
	N	72	72	72	72	72	72	72
PDS	Pearson Correlation	.594**	.458**	1	.914**	.470**	.451**	.997**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	72	72	72	72	72	72	72
MDS	Pearson Correlation	.476**	.194	.914**	1	.212	.176	.911**
	Sig. (2-tailed)	.000	.103	.000		.074	.139	.000
	N	72	72	72	72	72	72	72
SDS	Pearson Correlation	.128	.706**	.470**	.212	1	.706**	.470**
	Sig. (2-tailed)	.284	.000	.000	.074		.000	.000
	N	72	72	72	72	72	72	72
IS	Pearson Correlation	.315**	.996**	.451**	.176	.706**	1	.409**
	Sig. (2-tailed)	.007	.000	.000	.139	.000		.000
	N	72	72	72	72	72	72	72
LCS	Pearson Correlation	.578**	.414**	.997**	.911**	.470**	.409**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	72	72	72	72	72	72	72

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

4. The Correlation between Business Strategies and Four years of Number of products growth's average.

		Number of Prodcuts growth average	NS	PDS	MDS	SDS	IS	LCS
Number of Prodcuts growth average	Pearson Correlation	1	.550**	.855**	.761**	.353**	.548**	.832**
	Sig. (2-tailed)		.000	.000	.000	.002	.000	.000
	N	72	72	72	72	72	72	72
NS	Pearson Correlation	.550**	1	.458**	.194	.706**	.996**	.414**
	Sig. (2-tailed)	.000		.000	.103	.000	.000	.000
	N	72	72	72	72	72	72	72
PDS	Pearson Correlation	.855**	.458**	1	.914**	.470**	.451**	.997**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	72	72	72	72	72	72	72
MDS	Pearson Correlation	.761**	.194	.914**	1	.212	.176	.911**
	Sig. (2-tailed)	.000	.103	.000		.074	.139	.000
	N	72	72	72	72	72	72	72
SDS	Pearson Correlation	.353**	.706**	.470**	.212	1	.706**	.470**
	Sig. (2-tailed)	.002	.000	.000	.074		.000	.000
	N	72	72	72	72	72	72	72
IS	Pearson Correlation	.548**	.996**	.451**	.176	.706**	1	.409**
	Sig. (2-tailed)	.000	.000	.000	.139	.000		.000
	N	72	72	72	72	72	72	72
LCS	Pearson Correlation	.832**	.414**	.997**	.911**	.470**	.409**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	72	72	72	72	72	72	72

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

5. The Correlation between Business Strategies and The average of sales across four years.

		Sales 4 years average	NS	PDS	MDS	SDS	IS	LCS
Sales 4 years average	Pearson Correlation	1	.499**	.272*	.064	-.048	.506**	.246*
	Sig. (2-tailed)		.000	.021	.591	.688	.000	.037
	N	72	72	72	72	72	72	72
NS	Pearson Correlation	.499**	1	.458**	.194	.706**	.996**	.414**
	Sig. (2-tailed)	.000		.000	.103	.000	.000	.000
	N	72	72	72	72	72	72	72
PDS	Pearson Correlation	.272*	.458**	1	.914**	.470**	.451**	.997**
	Sig. (2-tailed)	.021	.000		.000	.000	.000	.000
	N	72	72	72	72	72	72	72
MDS	Pearson Correlation	.064	.194	.914**	1	.212	.176	.911**
	Sig. (2-tailed)	.591	.103	.000		.074	.139	.000
	N	72	72	72	72	72	72	72
SDS	Pearson Correlation	-.048	.706**	.470**	.212	1	.706**	.470**
	Sig. (2-tailed)	.688	.000	.000	.074		.000	.000
	N	72	72	72	72	72	72	72
IS	Pearson Correlation	.506**	.996**	.451**	.176	.706**	1	.409**
	Sig. (2-tailed)	.000	.000	.000	.139	.000		.000
	N	72	72	72	72	72	72	72
LCS	Pearson Correlation	.246*	.414**	.997**	.911**	.470**	.409**	1
	Sig. (2-tailed)	.037	.000	.000	.000	.000	.000	
	N	72	72	72	72	72	72	72

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

* . Correlation is significant at the 0.05 level (2-tailed).

6. The Correlation between Business Strategies and The average of Net profit before tax across four years.

		Net profit (before tax) 4 years average	NS	PDS	MDS	SDS	IS	LCS
Net profit (before tax) 4 years average	Pearson	1	.336**	.298*	.096	-.087	.339**	.284*
	Correlation							
	Sig. (2-tailed)		.004	.011	.421	.467	.004	.016
	N	72	72	72	72	72	72	72
NS	Pearson	.336**	1	.458**	.194	.706**	.996**	.414**
	Correlation							
	Sig. (2-tailed)	.004		.000	.103	.000	.000	.000
	N	72	72	72	72	72	72	72
PDS	Pearson	.298*	.458**	1	.914**	.470**	.451**	.997**
	Correlation							
	Sig. (2-tailed)	.011	.000		.000	.000	.000	.000
	N	72	72	72	72	72	72	72
MDS	Pearson	.096	.194	.914**	1	.212	.176	.911**
	Correlation							
	Sig. (2-tailed)	.421	.103	.000		.074	.139	.000
	N	72	72	72	72	72	72	72
SDS	Pearson	-.087	.706**	.470**	.212	1	.706**	.470**
	Correlation							
	Sig. (2-tailed)	.467	.000	.000	.074		.000	.000
	N	72	72	72	72	72	72	72
IS	Pearson	.339**	.996**	.451**	.176	.706**	1	.409**
	Correlation							
	Sig. (2-tailed)	.004	.000	.000	.139	.000		.000
	N	72	72	72	72	72	72	72
LCS	Pearson	.284*	.414**	.997**	.911**	.470**	.409**	1
	Correlation							
	Sig. (2-tailed)	.016	.000	.000	.000	.000	.000	
	N	72	72	72	72	72	72	72

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

* . Correlation is significant at the 0.05 level (2-tailed).

7. The Correlation between Business Strategies and Average of Number of employees across 4 years.

		Number of employees 4 years average	NS	PDS	MDS	SDS	IS	LCS
Number of employees 4 years average	Pearson Correlation	1	.563**	-.022	-.221	-.073	.573**	-.067
	Sig. (2-tailed)		.000	.853	.063	.541	.000	.578
	N	72	72	72	72	72	72	72
NS	Pearson Correlation	.563**	1	.458**	.194	.706**	.996**	.414**
	Sig. (2-tailed)	.000		.000	.103	.000	.000	.000
	N	72	72	72	72	72	72	72
PDS	Pearson Correlation	-.022	.458**	1	.914**	.470**	.451**	.997**
	Sig. (2-tailed)	.853	.000		.000	.000	.000	.000
	N	72	72	72	72	72	72	72
MDS	Pearson Correlation	-.221	.194	.914**	1	.212	.176	.911**
	Sig. (2-tailed)	.063	.103	.000		.074	.139	.000
	N	72	72	72	72	72	72	72
SDS	Pearson Correlation	-.073	.706**	.470**	.212	1	.706**	.470**
	Sig. (2-tailed)	.541	.000	.000	.074		.000	.000
	N	72	72	72	72	72	72	72
IS	Pearson Correlation	.573**	.996**	.451**	.176	.706**	1	.409**
	Sig. (2-tailed)	.000	.000	.000	.139	.000		.000
	N	72	72	72	72	72	72	72
LCS	Pearson Correlation	-.067	.414**	.997**	.911**	.470**	.409**	1
	Sig. (2-tailed)	.578	.000	.000	.000	.000	.000	
	N	72	72	72	72	72	72	72

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

8. The Correlation between Business Strategies and The average of Number of products across 4 years.

		Number of Products 4 years average	NS	PDS	MDS	SDS	IS	LCS
Number of Products 4 years average	Pearson Correlation	1	.200	.913**	.954**	.112	.185	.910**
	Sig. (2-tailed)		.092	.000	.000	.350	.119	.000
	N	72	72	72	72	72	72	72
NS	Pearson Correlation	.200	1	.458**	.194	.706**	.996**	.414**
	Sig. (2-tailed)	.092		.000	.103	.000	.000	.000
	N	72	72	72	72	72	72	72
PDS	Pearson Correlation	.913**	.458**	1	.914**	.470**	.451**	.997**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	72	72	72	72	72	72	72
MDS	Pearson Correlation	.954**	.194	.914**	1	.212	.176	.911**
	Sig. (2-tailed)	.000	.103	.000		.074	.139	.000
	N	72	72	72	72	72	72	72
SDS	Pearson Correlation	.112	.706**	.470**	.212	1	.706**	.470**
	Sig. (2-tailed)	.350	.000	.000	.074		.000	.000
	N	72	72	72	72	72	72	72
IS	Pearson Correlation	.185	.996**	.451**	.176	.706**	1	.409**
	Sig. (2-tailed)	.119	.000	.000	.139	.000		.000
	N	72	72	72	72	72	72	72
LCS	Pearson Correlation	.910**	.414**	.997**	.911**	.470**	.409**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	72	72	72	72	72	72	72

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