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**DOCTOR OF PHILOSOPHY**

**Strategy formulation and firms' performance : the case of high-tech SMEs in the UK**

Izadi, Hossein

*Award date:*  
2012

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# **Strategy Formulation and Firms' Performance: The Case of High-Tech SMEs in the UK**

Hossein Izadi

A Thesis Submitted to Bangor University in Partial Fulfilment of the  
Requirement of the Degree of Doctor of Philosophy

Bangor Business School

Bangor University

UK

May 2012

*This thesis is dedicated to my nice family, especially...*

*To my beloved Sahereh and Sana for their unconditional support and love*

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## ACKNOWLEDGEMENTS

I would like to express my deepest gratitude to my supervisor, Dr. Azhdar Karami for his guidance and assistance through all the stages of my PhD research. He has supported me throughout my thesis with his patience and knowledge, whilst allowing me the room to work in my own way. Dr Karami has helped me to solve the various difficulties, which emerged during the course of this empirical study. His insightful thoughts and sincere encouragement have enabled me to study SMEs with academic rigour. The opportunity of working with him over the past three years has been a unique professional experience.

I wish to thank Bangor University for all its academic and administrative support and services, which have enabled me to carry out this PhD research programme. I am thankful to the Business School's academic and administrative staff. I thank them for their comments and suggestions regarding my research work, and their administrative support. Thanks to Dr Gareth Griffiths as my second supervisor and Professor Yener Altunbas for their help with the statistical analysis and advices in this regard and all other areas in this study.

I must acknowledge all the biotechnology and pharmaceutical SMEs across the UK; obviously, their responses helped me to complete this thesis.

I am grateful to my good friends at Bangor Business School, especially Jenny Byast and Bryan Jones for their generous help. I appreciate their friendship and will never forget the wonderful time we spent together.

Finally, I wish to express my gratitude and love to my wife, Sahereh and my daughter, Sana. During all these years, my wife has managed her job and looked after Sana as a lovely mother. Sana's patience and encouragement have kept me in good spirits. In addition, I wish to express my thanks to my Mum and late Dad for instilling into me the importance of hard work, and to my wife's family for their kindness and encouragement.

## **ABSTRACT**

The objective of this study is to investigate the relationship between strategy formulation and firms' performance in high-tech small and medium-sized enterprises (SMEs) in the UK, thereby contributing to the knowledge in the field of strategic management. The study explores the factors associated with effective strategy formulation process and firms' performance in SMEs sector. To achieve this, the empirical investigation in high-tech SMEs operation in biotechnology and pharmaceutical industry across the UK, was conducted to test the hypotheses and address the research objective.

A positivistic approach was taken in order to support existing knowledge and theory with the undertaking of further empirical research. Therefore, this study employs a deductive approach and a cross-sectional research method to collect data and answer the research questions. In order to target a dispersed population a postal survey was undertaken. The data-gathering instrument was a self-completing questionnaire aimed at managers of SMEs. A total of 357 completed and valid questionnaires returned. In order to analyse the data and answer the research questions both descriptive and statistical analysis were carried out.

It is revealed in this study that an effective strategy formulation model comes from employment of environmental scanning tools, development and monitoring the content of a mission statement, development of suitable competitive strategy, and a SMEs individual approach to strategy formulation. This study concludes that the factors associated with effective strategy formulation affect the performance of high-tech SMEs and that by using the findings in this study managers will be able to increase the performance level of their high-tech SMEs by the creation of an effective strategy.

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## **ABBREVIATIONS**

BERR: the Department for Business, Enterprise and Regulatory Reform

BIS: Department for Business, Innovation and Skills

BSC: Balanced Scorecard

CEO: Chief Executive Officer

GVA: Gross Value Added

High-Tech: High-Technology

KBV: Knowledge-Based View

OECD: Organisation for Economic Co-operation and Development

ONS: the Office for National Statistics

RBV: Resource-Based View

SECI: Socialization–Externalization–Combination–Internalization

SIC: Standard Industrial Classification

SMEs: Small and Medium-sized Enterprises

UKSPA: the United Kingdom Science Park Association

VAT: Value Added Tax

VIF: Variance Inflation Factor