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

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

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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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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