

**OKAN UNIVERSITY  
INSTITUTE OF SOCIAL SCIENCES**

**Evaluation of The Relationship Between Strategic  
Management Applications of SMEs on Their Performance**

**Shakeer Kyaw Thu Ya DOOPLY**

**THESIS  
FOR THE DEGREE OF  
MASTER OF BUSINESS ADMINISTRATION**

**ADVISOR  
Assoc. Prof. Muhterem Şebnem ENSARİ**

**ISTANBUL, May 2019**

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**T.C**  
**OKAN ÜNİVERSİTESİ**  
**SOSYAL BİLİMLER ENSTİTÜSÜ**

**KOBİ'lerin Stratejik Yönetim Uygulamaları İle**  
**Performansları Arasındaki İlişkinin Değerlendirilmesi**

**Shakeer Kyaw Thu Ya DOOPLY**

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## **PREFACE**

During my master thesis; my precious professor, Assoc. Prof. Muhterem Şebnem ENSARİ, was my guidance as an academic advisor. She dedicated as not only an advisor for my thesis but also my teacher in class of strategic management. Due to her kind supports, suggestions and contributing to my background knowledge to be bright and sharpen, I had a chance to defense my thesis with full confidence and finally accepted the approval from Juries, Assoc. Prof. Ezgi Yıldırım Saatçi and Assist. Assoc. Prof. Melisa Erdilek Karabay to whom I deeply thank more than enough. I also extend my thanks to all the lecturers of Okan University for fully supporting throughout my academic year. Finally, I would like to thank to the managers and top level seniors for answering my questionnaires and accepting face to face meeting during their spare times.

# Table of Contents

ÖZET .....	1
LIST OF SYMBOLS .....	3
LIST OF ABBREVIATIONS.....	4
LIST OF FIGURES .....	5
LIST OF TABLES .....	6
CHAPTER ONE .....	8
1. INTRODUCTION .....	8
CHAPTER TWO.....	10
2. STRATEGIC MANAGEMENT .....	10
2.1. Concepts of Strategic Management.....	10
2.1.1. Strategy .....	12
2.1.2. Plan & Planning .....	13
2.1.3. Strategic Planning.....	13
2.1.4. Tactic .....	15
2.1.5. Vision and Mission.....	15
2.2. Strategic Management Process.....	16
2.2.1. Execution and Selection of strategists .....	18
2.2.2. Phase in Strategic Analysis .....	18
2.2.3. Analysis of the external environment .....	19
2.2.4. Analysis of Enterprise Environment .....	20
2.2.5. Business analysis .....	22
2.2.6. Determination of Analysis .....	23
2.2.6.1. SWOT Analysis.....	24
2.2.7. Strategy formulation .....	26
2.2.9. Implementation of strategies.....	27
2.2.10. Process of Evaluation Strategies .....	28
2.3. Types of Strategy.....	29

2.3.1. Basic Business Strategies.....	29
2.3.2. Corporate Strategies .....	32
2.3.3. Functional Strategies.....	33
2.3.4. Competition Strategies.....	34
CHAPTER THREE .....	37
3. STRATEGIC PLANNING IN SMES .....	37
3.1. Small and Medium Enterprises .....	38
3.2. SMEs in USA .....	39
3.3. SMEs in EU.....	40
3.4. SMEs in Turkey .....	42
3.5. Strengths and Weaknesses of SMEs .....	43
3.6. Literature Review about the Studies of SMEs and their Strategies .....	45
3.7. How the Strategic Management Process Works Differently in SMEs.....	53
CHAPTER FOUR .....	55
4. RESEARCH METHODOLOGY .....	55
4.1. Purpose of the Research .....	55
4.2. Problem of the Research.....	55
4.3. Hypothesis of the Research.....	55
4.4. Population of the Research.....	56
4.5. Data Collection Method of the Research.....	56
4.6. Data Analysis .....	57
4.6.1. Descriptive Analysis.....	57
4.6.2. Factor Analysis and Reliability of the Scales.....	59
4.6.2.1. Factor Analysis on Strategy Implementation .....	61
4.6.2.2. Factor Analysis on Strategy Evaluation .....	64
4.6.2.3. Factor Analysis on Performance Measurement.....	67
4.6.3. Test of Differences .....	71
4.6.4. Correlations .....	74
4.6.5. Regression .....	75
4.6.5.1. Regression Analysis on Sales Performance .....	76

4.6.5.2. Regression Analysis on Competitive Advantages.....	77
4.6.5.3. Regression Analysis on Productivity / Effectiveness .....	78
DISCUSSION.....	82
RESULTS.....	88
LIMITATION OF RESEARCH.....	88
CONCLUSION.....	89
FURTHER RESEARCH RECOMMENDATIONS.....	90
REFERENCES.....	91
APPENDIX.....	97







# ÖZET

## Demografik Özelliklere İlişkin İşletmelerin Stratejik Yönetim Uygulamalarının Değerlendirilmesi

Stratejik yönetim, pazardaki iş konumlandırmasına katkıda bulunan bir tür yönetim uygulamasıdır. Strateji yönetiminin işletme performansı üzerinde olumlu etkileri olduğuna işaret eden birçok çalışma, son zamanlarda iş dünyasında kullanılmıştır. Neredeyse tüm işletme girişimcileri, işletmelerinin yüksek kar marjını ile büyümelerini istemişlerdir. Böylece hedefleri buna göre geliştirir. Bu anlamda, şirket hedefleri doğrultusunda stratejinin oluşumunu yönlendiren dış çevre konusunda daha fazla endişe duyuyorlar. Stratejik yönetim, değişen çevresel koşullara ilişkin olarak şirketin hedeflerini fırsatları, tehditleri, iş gücü ve zayıflığı endişesiyle tanımlama sürecine sahiptir. Oluşum, uygulama ve değerlendirme, strateji yönetiminin basamaklarıdır. Küresel olarak, küçük ve orta ölçekli işletmeler, ülkemizdeki gibi büyüme ve gelişme durumlarında ekonomide önemli bir rol oynamaktadır. İstanbul, Türkiye'nin iş merkezi olduğundan, bu çalışma temsil etmek üzere İstanbul bölgesinde gerçekleştirilmiştir. Çalışma KOBİ'lerdeki strateji yönetimi uygulamalarına ve onun performansına odaklandı. Stratejik yönetimi analiz ederken, işletmenin demografik faktörleri kullanıldı. Bu faktörler ile strateji uygulama ve kontrol arasındaki ilişkiyi bulmak için Bağımsız T testi, ANOVA, Regresyon ve Korelasyonlar üzerinde duruldu. Son olarak, KOBİ'lerin uyguladığı stratejiyi gerçekleştirmek için performans ölçümleri yapıldı. Çalışma, KOBİ'lerde strateji kontrolü ile iş performansı arasında anlamlı bir ilişki olduğunu önermiştir. İşletmenin büyüklüğü arttıkça, strateji kontrolü artar ve performans artar. Çalışma, bu tür bir araştırmanın, iş girişimcilerinden toplanan yeterince bilgi olmadığından ve tüm şehre kıyasla az sayıda işle sınırlı olmasından dolayı düzenli olarak yapılması gerektiğini belirtti.

**Anahtar Kelimeler:** Stratejik Yönetim, KOBİ'ler, KOBİ'lerin Demografik Faktörleri ve Performans.

**Tarih:** 20.05.2019

# **SUMMARY**

## **Evaluation of The Relationship Between Strategic Management Applications of SMEs on Their Performance**

Strategic management is a kind of management application that contributes the business positioning in the market. It has been used recently in business life as many studies pointed that strategic management has positive impacts on the business performance. Almost all the business entrepreneurs have desired their business to grow with high profit margin. Thus, they develop the objectives accordingly. In that sense, they are more concerned about external environment which direct the formation of strategy with respect to the company objectives. Strategic management has a process to define company objectives by the concern of opportunities, threats, strength and weakness of the business with respect to changing environmental conditions. Formation, implementation, and evaluation are the steps of strategic management. Globally, small and medium sized enterprises are a significant role in the economy on occasion of country's growth and development as like as in Turkey. Since Istanbul is the business center of the Turkey, this study was carried out in the region of Istanbul to represent. The study focused on the strategic management practices in SMEs and its performance. When analyzing the strategic management, demographic factors of the business were used. To find the relation between these factors and strategy implementation and control, Independent T test, ANOVA, Regression, and Correlations were emphasized. Finally, the performance measurements were done to realize the strategy that SMEs were implemented. The study recommended that there is a significant relationship between strategy control and business performance in SMEs. As long as the size of the business increase, the strategy control is increased, and the performance is raised. The study pointed that such kind of research should be done regularly due to not enough information collected from the business entrepreneurs and limited to the small number of business compared to the whole city.

**Keywords:** Strategic Management, SMEs, Demographic Factors of SMES, and Performance

**Date:** 20.05.2019

# LIST OF SYMBOLS

$\alpha$  : Cronbach Alpha Coefficient



# LIST OF ABBREVIATIONS

Ans : Answer

EVA : Equal Variances Assumed

EVnA : Equal Variances not Assumed

SMEs : Small and Medium Sized Enterprises

KMO : Kaiser-Meyer-Olkin

## **LIST OF FIGURES**

Figure 2. 1 Management Control System .....	11
Figure 2. 2 Four Main Components of Strategic Management Process .....	17
Figure 2. 3 Strategic Management Control Stages .....	29



## LIST OF TABLES

Table 3. 1 USA SMEs Standard .....	40
Table 3. 2. European Union SMEs Standard .....	40
Table 3. 3. European Union SMEs Structure.....	41
Table 3. 4. European Union SMEs .....	41
Table 4. 1 Summary of Descriptive Analysis Statistics.....	57
Table 4. 2 Sector of SMEs .....	58
Table 4. 3 Years of Establishment of SMEs .....	58
Table 4. 4 Number of Employees or size of SMEs .....	58
Table 4. 5 Company Structure of SMEs .....	59
Table 4. 6 Management Structure of SMEs.....	59
Table 4. 7 Strategy Implementation KMO and Bartlett's Test .....	61
Table 4. 8 Strategy Implementation Total Variance Explained.....	62
Table 4. 9 Strategic implementation Component Matrix <sup>a</sup> .....	62
Table 4. 10 Reliability Statistics .....	64
Table 4. 11 Strategy Evaluation KMO and Bartlett's Test .....	64
Table 4. 12 Strategy Evaluation Total Variance Explained.....	65
Table 4. 13 Strategic Evaluation Component Matrix .....	66
Table 4. 14 Reliability Statistics .....	67
Table 4. 15 Performance Measurement KMO and Bartlett's Test.....	68
Table 4. 16 Performance Measurement Total Variance Explained .....	68
Table 4. 17 Performance Measurement Rotated Component Matrix .....	69
Table 4. 18 Performance Management Reliability Statistics.....	70
Table 4. 19 Independent Samples T Test for Sector and Strategic Management.....	71
Table 4. 20 ANOVA for Years of Establishment and Strategic Management.....	72
Table 4. 21 ANOVA for Numbers of Workers and Strategic Management.....	72
Table 4. 22 Independent Samples T Test for Organization Structure and Strategic Management.....	73
Table 4. 23 Independent Samples T Test for Management Structure and Strategic Management.....	74

Table 4. 24 Correlations.....	75
Table 4. 25 Regression Analysis on Sales Performance Model Summary <sup>b</sup> .....	76
Table 4. 26 Regression Analysis on Sales Performance Coefficients <sup>a</sup> .....	76
Table 4. 27 Regression Analysis on Competitive Advantages Model Summary <sup>b</sup> .....	77
Table 4. 28 Regression Analysis on Competitive Advantages Coefficients <sup>a</sup> .....	77
Table 4. 29 Regression Analysis on Productivity Model Summary <sup>b</sup> .....	78
Table 4. 30 Regression Analysis on Productivity Coefficients <sup>a</sup> .....	78
Table 4. 31 Independent Samples Test for Sector and Performance .....	79
Table 4. 32 ANOVA for Years of Establishment and Performance.....	79
Table 4. 33 ANOVA for Number of Employees and Performance.....	80
Table 4. 34 Independent Samples Test for Structure of Business and Performance .....	81

# CHAPTER ONE

## 1. INTRODUCTION

The organization does not run itself in an uncertain vacuum but with external environment. Thus, this environment is composed of variables that form the connection between firms (Hunger and Wheellem, 1996). To get successful in that environment, a firm should follow a strategy that can be fitted into that environment. This study was directed by various theories that have developed in literature relating strategic management practices to performance.

The concept of management has emerged about a century ago and is still under development. The reason why the concept is so new is the absence of large-scale enterprises based on production until the industrial revolution that began in the 18th century. From this point of view, it is possible to characterize the time before the industrial revolution (Ertürk, 2000; 5). However, it is possible to say that the management activity exists even in ancient times and even in the first ages, considering that there are people and communities managed and managed to reach the same goal in the past (Koçel, 2005; 11).

In Turkey, small and medium sized enterprises are a significant role in the economy on occasion of country's growth and development. However, strategic management practices are more powerful in large enterprises compared to small and medium enterprises. Both can be reached the target performance if the right strategy is used. Almost all the Turkish enterprises have different strategic management to get gain profit according to their previous years' experience. With the help of Globalization, international business strategy is created for undertaking wider research on various elements such as market trend by comparing host country with home country, analyzing the needs of market and the way to achieve sustainable development.

The integrated internationalization of markets and corporations, called as Globalization, has introduced into nowadays business all around the world. With the population of approximately 80 million people, and a GDP of \$857 billion, Turkey is



ranked as the 17<sup>th</sup> world largest economy. Turkey possess the world's third highest producer in biscuit and the world's seventh manufactures in home appliances. Over 60% of the world's hazelnuts and 10% of the world's pasta are mainly exported from Turkey (I.Bigam,S.Decan, & B.Kormaz, n.d, para 1).

Affected by the depreciation in the value of the Turkish Lira against foreign currency lately, many foreign companies are devoted to do business plan for manufacturing their brand in Turkey. While some foreign companies were started to corporate their business with Turkish local companies in the past years, some local Turkish companies are still look for a partner or a way to sell their products to foreign countries, which is a kind shift in business trend. "Last year, Turkey's exports rose 10.2 percent to stand at \$157.1 billion - the second highest export volume on record." (M.Buyukeksi 2019 para 7). "Exports will contribute positively to the country's growth rate this year by 1-1.5 percent, according to the TIM chairman" (M.Buyukeksi 2019 para 8). Since the government is going to contribute to the enterprises with incentives, firms are managed to build the strategy plan with the performance of past years' experience in which government supports were insufficient for them to fulfill the business strategy. Since one fifth of the population of the Turkey and many of business centers located in Istanbul, the research will be covered the evaluation of the relationship between strategic management of the SMEs in Istanbul region according to demographic characteristic on their performance.

# CHAPTER TWO

## 2. STRATEGIC MANAGEMENT

The strategic management idea becomes developing into the business management literature from 1980s and it has been implemented extensively. That idea is derived from the grouping of management and strategy terms. Strategic management is defined as the long-standing management of all roles and fundamentals of the business with a holistic approach to generate the upcoming existence of a successful business just after the relations with the environment of the enterprise (Çomaklı, Şahım & Ekinci, 2007; 26).

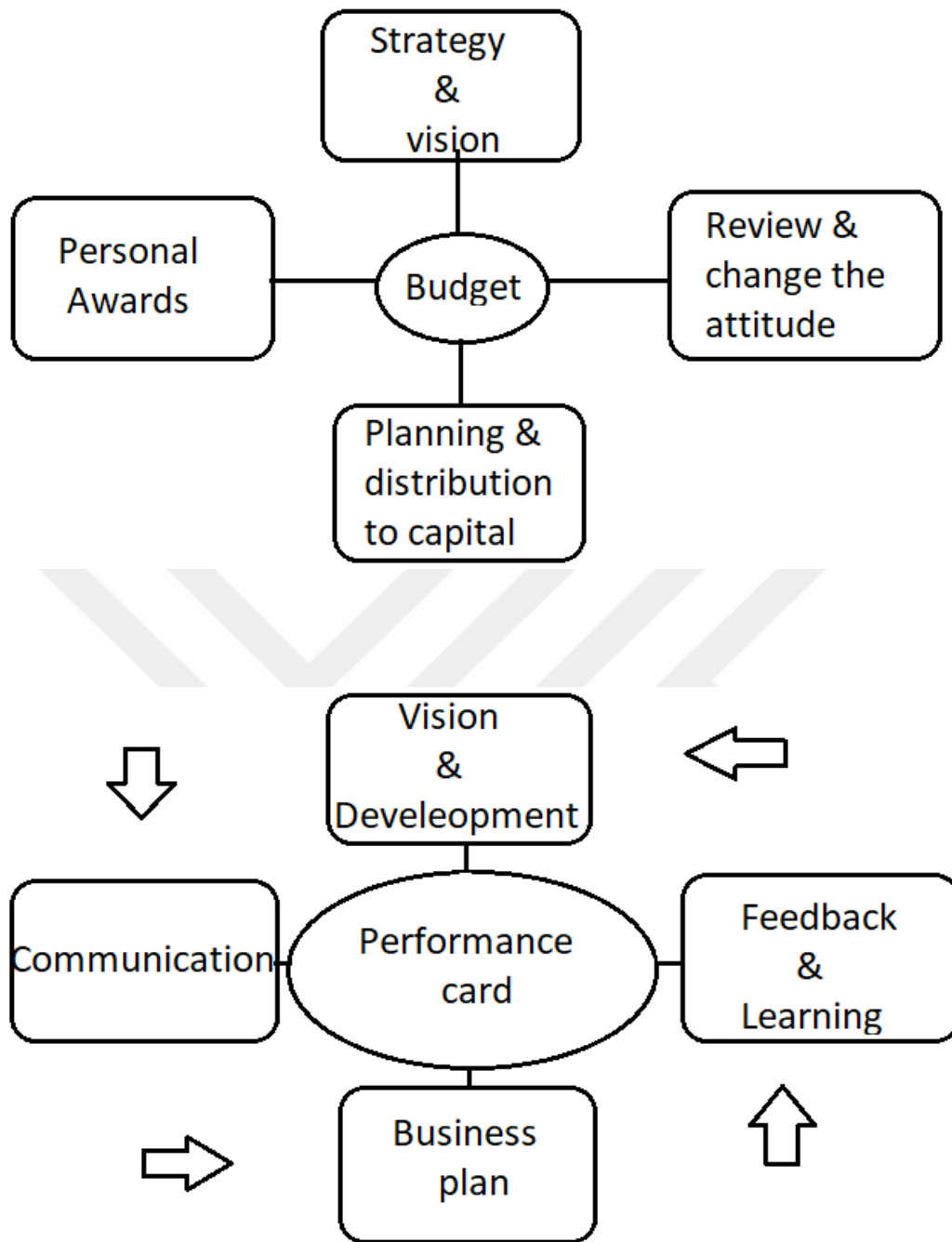
### 2.1. Concepts of Strategic Management

Strategic management is a administration focused on pushing an group to its target goals. Here, the word “target” is very significant. A business which has no clearly target is like a business which have no intention of going in a specific goal. It has also left itself on the flow of environmental manners, and left itself a casual to succeed (Ertuna, 2008; 11).

The study involving more than 250 business executives, most executives said that managing the strategy was far more important than creating a strategy. According to these managers, company values and management style are the most important factors in executing the mentioned strategy. A study conducted in the United States showed that the majority of cases (approximately 70%) are the problem of improper implementation of strategies rather than lack of strategy (Norton and Kaplan, 2000; 1).

In fact, the basis of strategies is to take advantage of strengths and to avoid weaknesses (Ertuna, 2008; 10).

It is possible to visualize the transition from the management control system to the strategic management system as follows (Norton and Kaplan, 2000; 24):



Taken from: Norton and Kaplan, The Strategy Focused Organization (2000)

**Figure 2. 1 Management Control System**

### 2.1.1. Strategy

The term “Strategy” is derived from the term “Stratum”. It has meaning of flow, or river in Latin Language. In Turkish, it means riding, herding, and the action to reach a goal (Akgemci, 2007; 10). Since it has different meaning in different language, it can be defined many meanings in Economy.

Some strategy definitions in the scope of business management can be specified as follows (Kilci, 2013; 27):

- a) The strategy is to create a change and to be able to judge this change.
- b) The strategy is like being work in today for a worthy future
- c) The strategy is to perceive opportunities and threats that cannot be perceived by others.
- d) The strategy is to use the strength and weaknesses of the organization as a lever by foreseeing environmental opportunities and threats in order to reach the future.

The strategy is also about differentiating the business from its competitors. It is more different than what it does in business. In other words, strategy is a tool that provides a positive difference or a competitive advantage in the market in which it competes for the enterprise (Akgemci, 2007; 4-5).

Here it is necessary to distinguish the strategy which has confusion from the tactics. In which way, we could achieve the upcoming goal? How to make these goal to become authenticity? When answering questions, which temporary programs are required to make them in tactics? answers the question. Furthermore, each strategy should present and support a collection of tactics or management plan. They have a relatively lengthier time span. Basically, a qualitative character is included in strategies, which required to be altered into tactics and a quantitative task. Commonly, businesses should produce strategies that are established in a sound or prioritized order for each objective. In order to facilitate understanding, they must be expressed in the form of a sentence (Quigley Çevik Çelik, 1998; 84).

Strategic management is a proactive management. It is not a reactive, non-symbiotic management that reacts to what is around them, but it is a proactive management that attempts to change conditions. It is a forward-looking management that investigates the causes of strategic management failures and that takes lessons from the causes of failures to look forward (Ertuna, 2008; 35).

### **2.1.2. Plan & Planning**

The approach of planning management as an inseparable fragment of the arrangement has reformed histrionically since Fayol introduced the concept of long-term planning (Yüzbaşıoğlu, 2004;89).

In the organizational hierarchy, senior executives devote more time relative to planning and organizing, while junior managers spend more time on routing and inspection. When defining methods in executive actions, priorities should be fixed to determine first. Firstly, it is to determine where to grasp for successful business, and then provide or choose any source that will grasp these targets. This role is called as planning. Planning is the progression of determining the goals that the business desires to reach in the short, medium and long term. According to Hudson, planning is the activities for upcoming movement to grow. The plan is to decide in advance where and what is to be done in the future. The total of these decisions makes the difference in plan which is so called a result while planning is a process which includes actions to reveal the plan. Genc (2008) emphasized that the plan is the connection between the place we are now and the place where we desire to grasp. Planning is the exertion to make that connection.

### **2.1.3. Strategic Planning**

Strategic plans are the plans determined by the executors to access the conditions designated in the goals and missions of an organization for a long-term period. Strategic planning is a so crucial executive activity used to ensure that the main objectives that the business aims to achieve are systematically determined at the highest levels of management and that the necessary resources are obtained and developed to attain these aims. Simsek (2008) said that the purpose of strategic planning is to push the business to where it wants to be and to certify that the enterprise obtains and maintains a workable difference compared to competitors to differentiate in the sector.

Kraus (2006) revealed that strategic planning is the planning processes that covers strategies to develop itself and to contribute to their performance. Strategic planning distinguishes itself from the plan made classically with progressive improvement and long-term aspects. Ozgur (2004) mentioned that there are some indistinct process occurring in strategic planning such as the alteration is occurred, the anticipated changes are made. It is considered that there are unexpected changes, thus, the options and

replacements are created, and the change in the management and organization will be needed and the necessity to keep up with changes are the process in the strategic planning.

Today's business world, where the pace is frequently unpredictable, makes it necessary for businesses to focus on dynamics within the business to consider them carefully, while on the other hand, they must make efforts to manage with the penetrating and ruthless competition. Diken (2006) decision-makers, particularly, should develop longstanding idea to become their enterprises to be active and to get benefit from opportunities in the future, and they should be constantly alert by prioritizing strategic planning.

Decisions on strategic issues are embodied within a strategic plan and guide the implementation. The strategic plan is like an everyday agenda of a business for the application created on the learning of internal and external environmental factors which lead to objective determination and resource sharing to attain expressive outcomes in the long term (Alpkan, 2000; 5). Robinson and Pearce argued that the future-oriented, future-oriented large-scale plans were instrumental in achieving organizational goals, while Crittenden (2000) claimed that strategic planning is a kind of systematized progressions to attain the goals and objectives of the business.

Ganiev and Newson (2003) pointed out that there are ten steps in strategic planning process.

- 1) Developing an idea,
- 2) Business identification,
- 3) Declaration of enterprise mission and values,
- 4) External and internal environmental factors evaluation,
- 5) Classification of strategic issues,
- 6) Strategy formulation
- 7) Reviewing the strategy and plan and its adaptation on system
- 8) Developing the vision of the enterprise,
- 9) Implementation
- 10) Re-evaluation of the strategy and planning process

Planning in strategy is regularly restructured. It is systematic; in other words, not random or instinctive. However, it has a certain methodology and flow. Strategists, rather than a result, do team work and take responsibility in this process. Decisions are made by

certain people who involves in this process. The features that a strategic plan should include are as follows (Ganiev and Newson, 2003; 351):

- It should be in written format,
- It should include activities more than one-year period,
- It should provide information about alternative strategic preferences,
- It should define the resources needed in the future,
- It should cover continuous monitoring and correction procedures
- Environmental monitoring data should be included in the plan.

Grant (1995) said that management of large business gives priority in strategic planning. Simultaneously, strategic planning practices have been upgrading in the last two decades due to the strategy formulation and ambiguous environmental conditions. In relation to activities and resources, it became more central, informal, shorter, targeted, and less specific. There are also changes in the role of strategic planning in the strategic management systems of businesses. Thus, Grant (1995) concluded it is related to management's performance and coordination rather than strategic decision-making.

#### **2.1.4. Tactic**

Tactics define specific programs that support comprehensive strategies and carry a character oriented towards processing. Tactics are short-term action plans that are subject to continuous evaluation and changes in orientation and significance. Tactical is the actional plan. Tactics consist of more specific and shorter thoughts and art of practice. Normally, it may therefore contradict the idea of general strategy for some time. In any case, however, tactics are the details that help to realize the strategy. The implementation of strategies is only possible with tactics (Erkut et al., 1997; 22).

#### **2.1.5. Vision and Mission**

Vision, mission and objectives are required to determine before the strategy of an organization. is formed. Vision is a picture that a firm wants to be It is a kind of original thoughts of an individual which will be done in the future. That individual thinks the thoughts may or may not be succeeded in their past plan, but they will have to be done in the future as they are possibilities of getting achievement of that organization (Hit, 2008). To become a successful business in long term and to get the expected benefits of strategic management, the mission concept is important as like as the vision. Mission is identifying

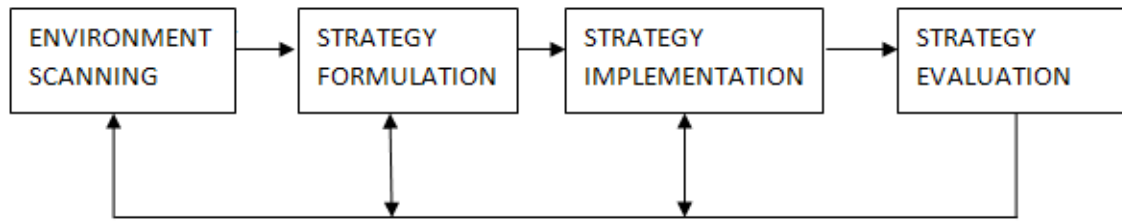
the activities to fulfil that vision to be realistic. On the other hand, the mission provides employee willingness to fulfill of a duty, which impacts the organization positively.

Most mission statements are more specific than the vision of a person, but they are as concrete as the directives of an operation. Thus, a mission statement makes a vision more special, and objectives are to make mission statements more concrete (Miller and Gregory, 1996; 16). The vision should be able to attract us to itself and be the basis for the mission that we will create. Vision is not really a dry expectation (Ertuna, 2008; 14).

## **2.2. Strategic Management Process**

A precise decision-making or problem-solving method is the strategic management process. Therefore, strategic management, as in the decision-making procedure, consists of planning, implementation and evaluation stages with a general approach. The beginning of the process starts with the determination of objectives and the development of appropriate strategies. Then, it follows the implementation and evaluation of the results. The strategic management process; It consists of three main phases, namely the development and selection of business strategies, implementation of strategies and control of strategic processes. As can be seen in Figure 3, the starting point of the process is the creation and selection of new strategies. However, strategic planning should be done before the selection of strategies and planning. An analysis of the current and future external environment of the enterprise and the current structure of the enterprise can be considered as a prerequisite for strategic management. As a result of that analyzes, environmental opportunities and threats are taken into consideration and the expectation of the future. All subsequent efforts should be organized according to the future description of the enterprise. Vision and mission determine the basic directions and objectives to be followed for the business and managers. In the implementation process, starting from the resources of the organization; structure, human resources, technology, sub-objectives, leadership and culture, principles and policies need to be aligned with vision and strategies. Otherwise, no matter how successfully planned, strategies will not be developed. In the last phase of the process, the results of the application are reviewed and checked according to the plans and the results are fed back to the system (Dinçer, 2005; 39).





Taken from: <https://managementstudyguide.com/strategic-management-process.htm>

**Figure 2. 2 Four Main Components of Strategic Management Process**

As you can see in Figure 3, Strategic management process is primarily composed of four main components, Environment scanning, strategy formulation, strategy implementation and strategy evaluation.

1. **Environmental Scanning**- Environmental scanning is a procedure of gathering, inspecting and giving information by analyzing the internal and external factors of the business for the strategic purposes. Once they are confirmed to form the necessary strategy from environmental analysis, administration will estimate it to improve for forming the strategy.
2. **Strategy Formulation**- Strategy formulation is the procedure of decision making to attain the company objectives with action by forming strategy. Thus, management role is important here to frame corporate, business and functional strategies.
3. **Strategy Implementation**- Strategy implementation is the procedure of putting action into the company with that formed strategy for realistic. It consists of scheming the organization's structure, allocating resources, evolving decision making process, and handling human resources.
4. **Strategy Evaluation**- Strategy evaluation is the last among these procedures in which the input or applied strategy or strategies are evaluated. It includes evaluating internal and external factors based on current strategies, determining performance, and taking remedial / corrective actions. As long as the company reaches its objectives with achievement, that implemented strategy becomes the right strategy of that organization, by which the evaluation process is done.

### **2.2.1. Execution and Selection of strategists**

Strategists are the individuals who are most responsible for the failure and success of an organization. This concept is a typical concept of classical strategic management approach. Strategists in organizations; The President, CEO, Director, Director, Chairman of the Board, Dean, Rector, Entrepreneur and so on may have various names. According to the current strategic management literature that prevailed after the 1990s, the strategists are not only the top managers. Marginally, all members of the organization can be regarded as strategists responsible for the strategy. Nowadays, it is noteworthy that the concept of strategic leaders, defined as individuals responsible for the design and implementation of the strategic management process, has been used instead of the strategists (Bakoğlu, 2010; 29-30).

Strategy requires innovative thinking with upgraded format. Why did XEROX, the inventor of photocopiers, lose such a big market to Canon? Why are the giants of the past and the unshakable leaders of the industry today under serious attack? The reason for all this is that they did not consider their strategy as a “revolution”. While creating the strategy, it is necessary to break down all sector assumptions and to think destructively. Strategy creation involves redefining sector boundaries. It requires re-perceiving the ways of doing business in the sector. The hierarchy of imagination began to overtake the hierarchy of experience (Akat, 2004; 262).

### **2.2.2. Phase in Strategic Analysis**

The study of the enterprise is an attempt to disclose the uniqueness of the enterprise. This determination can be characterized as an insight that allows the company to guide and correct its mistakes. The analysis of the enterprise is the process of determining the power that a firm has by examining the raw materials, market, human and other resources of a company to benefit from the environmental opportunities and to protect from the dangers. This progression offers information on how the business is proficient to do and how the resources can be possessed. Dincer (2005) pointed that this is the distinguished from others with what the business wants to do.

Research on strategic problems is the collection, analysis and summarization of data. To be simple, study is done both in external analysis and internal estimation. A lot of information is required for the comprehensive study for a big enterprise. Thus, Anil (2000) concluded that briefing the core problem is significant.

The business in each of the groups recognized might be influenced inversely from the changes in general environmental. Any change in environmental factor can bring a small business in a sector into bankruptcy, while another can offer significant opportunities. Therefore, environmental factors should be carefully selected for the environmental factors to which the business depends, and the effects on the business should be determined by estimating the possible changes in the future (Dinçer, 2005; 441).

### **2.2.3. Analysis of the external environment**

Dincer (2005) said that the idea of the environment generally covers all the things close to the business. The external environment is composed of elements that are related to the enterprise itself but other than its own. By this sense, the external environment can be illustrated as “everything that is related to a system and that is outside of that system”. However, a continuous and mutual interaction between the enterprise and its environment is occurred and it is hard to determine where this collaboration begins and where it finishes. (Dinçer, 2005; 71).

The environment of the enterprises is the sum of their sector and the economy they exist. As is known, economies consist of sectors. Each business can be incorporated into one or more sectors according to the area of business. It may be thought that if a few sectors are involved, there will be a confusion. For example, is a company that produces colorants for beverages is a company of the chemical sector or of the food sector? The answer to the question is that the enterprise can be included in both sectors. Or it is his decision to define himself again. Of course, according to this decision, the analysis of the business environment (sector analysis) will be different. There are three cases. He will either analyze the chemical industry, analyze the food sector, or analyze the two sectors and create a synthesis. After all these explanations, the environment in which the enterprises are affected is examined in two groups as general external environment and business environment. Below is the macro economic environment in which the enterprises are located and then the factors affecting the business in the analysis of the sectoral environment in which they are involved will be explained. (Kilci, 2013; 40)

The sources of environmental factors are generally grouped into three main groups; state, economic condition, and social and demographic conditions.

- a) The state has the power to impose sanctions. For example, in tourism sector, reducing or increasing VAT rates from tourist goods and services, implementation of housing fund in abroad, introducing rules on working hours and not allowing the activities of casinos show significant effects that cause income movements on tourism enterprises (Dinçer, 2005; 72 ).
- b) Economic conditions in a country, other economic conditions in trade or changes in the economic conjuncture around the world affect businesses. Businesses that require large capital are affected more than economic ones. For example, a hotel establishment wants to expand its activity area and make new investments in the periods when the general economy is strong and business travel increases. Similarly, multinational enterprises operating in a foreign country make their evaluations according to economic conditions when they want to make new investments (Dinçer, 2005; 73).
- c) Social and demographic conditions: Changes in demographic conditions and / or lifestyles within society can create opportunities or threats for businesses. Some variables such as age, income level, education level, population distribution of the population can be given as examples of demographic variables. For example, the increase in the proportion of women in the working population, the prolongation of life span and an increase in the number of older consumers require enterprises to produce products suitable for these groups (Akat, 2004; 118).

To develop the strategic plans, it is necessary to follow the changes in the environment and to determine the aims and threats that should be taken into consideration. For this purpose, the study of the external environment involves the studies to expect the opportunities or threats that the business will interface in relation to the changes and developments in the external environment of the enterprise (Dinçer, 2005; 73).

#### **2.2.4. Analysis of Enterprise Environment**

In the study of the external environment, the current market and competition structure of the enterprise are examined. Then, the changes in the global and national environments will be estimated and the effects on the market will be determined. In other words, the future shape of the market in which the company is located is estimated with the effect of the changes occurring in the external environment conditions and the new values will be defined. This definition will play an important role in determining the strategic objectives of the business (Dinçer, 2005; 40).

The most important issue in the analysis of the environment in which the enterprise is located is concentrated in the current market share of the enterprise and the concepts of market expansion. For example, many hotel businesses in tourism, market; The hotel accepts rooms limited to restaurants and banquets. According to this understanding, since the market requires only a limited amount of goods and services, the marketing activities of the business should be aimed at increasing its share by taking the shares of its competitors in the market. (Akat, 2004; 119).

The most important part of environmental analysis is customer analysis. The company must meet a customer's need. These needs are those that the client is partly aware and unaware of change. The needs that the customer is not aware are the needs to provide by the business with the awareness of the customer. The more accurately the company determines the needs of its customers and the more important it is for the customer to meet these needs, the more successful it will be. All changes in the economic, social and cultural dimensions of the world, the country and the customer will affect the needs of the customers. A good understanding of the current and changing needs of the customer in environmental analysis is a prerequisite for success (Ertuna, 2008; 101).

The determination of the environment of a business depends primarily on the definition of the establishment and the delineation of the boundaries. There are many types of businesses, different sizes and levels, and in the same way there are various types, sizes and levels of environment. For instance, once it comes to profitable industrial and education and health businesses, it is said that a commercial, industrial or educational and health environment is included. There is a larger and international environment for a multinational enterprise. In one side, there are distinct environments for each part of the business. For instance, there is a promotion environment outside the enterprise or the technological environment for the technology used (Dinçer, 2005; 72). Technology will continue to evolve. As a result, there will be both opportunities and challenges for businesses. Energy management is a perfect example. Over the next few decades, further advances will be made in both renewable and non-renewable energy sources. The difficulty of management will be to determine the most efficient energy purchase and use (Çetin, 1997; 8).

### **2.2.5. Business analysis**

In the business analysis, the current conditions of the business are evaluated; its resources and capabilities are analyzed. The analysis of internal resources and capabilities is the study of identification of the resources and capabilities of the enterprise to determine the benefits of the developments in the external environment (Kilci, 2013; 42).

These studies determine the success of the internal factors, as well as the success and strength of the business.

Business plans and strategies to be realistic in the company's valuation, strengths and weaknesses need to be put forward. A business appraisal can be described as an introductory activity that allows for correction of errors. According to some thinkers, this activity is considered as an effort to reveal the identity of the enterprise. The introduction of weak points is a step towards the elimination and prevention of problems that lead to serious difficulties and limitations for long-term planning and strategies. In fact, it cannot be said that all weaknesses can be improved. However, the enterprise must get used to living with them, avoid taking steps that will be harmful to it, and avoiding activities that it cannot achieve. These issues are related to the strategies and plans that it will follow and achieve success. Eliminating some weaknesses requires a long time period. For this, treatment methods should be considered in long-term plans. On the other hand, businesses must recognize in what ways they are strong. Because, it will be able to gain recognition of the activity sectors and fields in which it will intensify its business efforts. Moreover, because of this examination, the company will be able to understand some of the possibilities and opportunities of expansion and development by catching some opportunities and opportunities that it is not usually aware of. All responsible managers will increase the chances of success in the strategies and plans they will develop by evaluating their businesses and will be able to successfully compete in the competition (Eren, 2005; 171).

Gary Hamel and Prahalad, along with the basic skills argument, have used the external forces of the past to create the company's strategies in our own favor. While the traditional competition approach based on product / market competition is based on the logic of the firm's external environment (to achieve a competitive advantage within the structure of industry). In the contemporary strategy approach, the company has a multi-layered game based on its own, little more sustainable resources and capabilities. It has

become competitive. Accordingly, the competitive advantage is not only how the company plays in the product / market arena, but also what assets it plays with. (Bakoglu 2010; 151).

Hamel and Prahalad argue that a strategy should be developed based on basic skills, and with this approach, the strategy puts the foundation of strategy formation processes based on internal factors by raising a difference in the internal level of analysis. According to these approaches, as internal processes of strategy determination; They propose a process of identifying the basic skills, identifying the basic skills acquisition agenda, establishing the basic skills, positioning the basic skills and protecting and defending the basic talent leadership. Accordingly, to achieve strategic superiority, it is necessary to create a basic capability perspective and to achieve sustainable competitive advantage by developing basic skills (Kilci, 2013; 44).

### **2.2.6. Determination of Analysis**

In this section, analytical techniques will be examined in terms of the opportunities and threat elements obtained after environmental analysis and how the elements of superiority and weakness obtained after internal analysis can be transformed into alternative strategies and which of these alternatives will be chosen (Bakoğlu, 2010; 147).

This analysis corresponds to the effort to seek strategic alignment between external opportunities and internal superiorities in a work environment with high level management, external dangers and internal weaknesses. As a result, the distinctive competitive advantages of the enterprise are defined as follow (Reed and DeFillipi, 1990).

- Attractiveness of the market; it describes the existence of a market that allows the growth and profitability of the enterprise. Whether the market is attractive or not is related to the size and development of the market, the high profit margin in the market and the continuity of the profit, the availability of inputs and the positive environmental characteristics.
- Market growth rate; market growth rate is calculated based on the growth rate of the general economy, i.e. the gross national product. The growth rate of the market is defined as low if not higher than the annual rate of increase of GDP.
- Relative competition; describes the status of the unit under review against its competitors. Market share and profitability are used as a benchmark when determining the relative

competitiveness of a company according to its competitors. The relative market share is calculated according to the number found by dividing the biggest competitor of the enterprise under consideration with the sales revenue or by dividing the market share of the enterprise under examination by the market share of the biggest competitor. If the result is greater than 1, the relative competitiveness is determined to be weak

- Product life curve; Each system has a life span. Systems are born, grow, and mature. The same is the case for an industry, a company, a business, a product of a business or a strategic business unit. The products produced by enterprises go through the stages of introduction, development, maturity and decline. Each stage has different characteristics in terms of growth rate, market share, cash requirement, profitability, production amount, cost and so on. For example; In the entry phase, production amount, market share, growth rate, low profitability, costs and cash requirement are high. In the development phase, costs are low, cash requirement is low, growth rate, market share, production quantity and profitability are high. The maturity stage is similar with the development stage except that the growth rate is low. During the fall phase, production amount, market share, growth rate, low profitability, costs and cash requirement are high.
- Learning curves; The learning curve is a line obtained by the numbers of the two variables in a graph in the x coordinate of the total production amount in the y coordinate of the cost of a unit produced in a product. It shows the experiences gained or learned from the activities realized during the production process. Repetition of jobs leads to a specialization of a different understanding, which increases experience and work-related knowledge, and this increases the efficiency of the workforce and the resources used. Time, effort and resources are avoided, leading to the development of new technologies.

#### **2.2.6.1. SWOT Analysis**

Executives and strategic investigators started to interest in the starting point of companies' competitive advantages. Campbell and Kathleen (2002), generally, this determination is focused on the strengths and weaknesses are in one side while opportunities and threats are in other side. The key determination of strategic management is to ensure the harmony between the properties and abilities of that organization and the environmental conditions. Because the realization of the objectives of the enterprise depends on this adaptation process. Due to the ever-changing conditions, environmental conditions leave the enterprise with an opportunity or a threat. On the other



hand, each company has superior and weaknesses depending on its resources and capabilities. The procedure of examining the current status and involvement of the enterprise as a whole, describing its superior and weak points and coordinating them with the environmental situations can be called SWOT analysis. Dincer (2005) pointed that to perform this study, firstly, the enterprise evaluates each issue according to its importance level; after that, it depends on the entity reviewing its internal factors.

Opportunities; It refers to the appropriate moment for any activity. In strategic management logic, the opportunity is a "favorable situation". New product manufacturing, international markets introduction, cost reduction process implementing, are some of the opportunities of a business.

Benefits; It is having one step high efficient than the competitors. Superiority can be a capacity to step forward, or a unique presence or source of the organization, or it can have any advantage in the market (a good quality product, a strong image, first class technology) (Thompson and Strickland, 1989; 109).

Threats; The hazards arising from the factors that the business ignores poses a threat to the enterprise (Hooley, Saunders and Piercy, 2004; 43). In case of threat, there is a confusion and a challenge for the enterprise (Kotler, 2000; 60). A threat in business can be a condition which makes the business to obstacle to reach its goal. A threat can be defined as anything that could hinder success or cause harm in a business. In the case of threat, there is a challenge required by the turmoil of the enterprise and an inconvenient trend (Eren, 2005; 146).

Weaknesses; weakness for a business means aspects and activities that are less efficient or effective than competitors. In other words, weakness is the situation where the business is bad compared to its competitors. In addition, as another measure for weakness, changes in the environment in the face of the business is inadequate or unable to respond to the change can be used (Dinçer, 2005; 147).

SWOT analysis is a very common analysis known to everyone. This analysis can be called as body and environmental analysis. In strategy studies, the structure and the environment are examined in a very good way. The strengths and weaknesses of the body are revealed; the opportunities offered by the environment and the threats it imposes are examined. Analysis is a very simple analysis, but it is difficult to master the analysis. It is very difficult to be objective in the analysis. The company is our company. It is very

easy to exaggerate strengths and to make excuses for weaknesses. Also, habits can make it hard to see facts.

For this reason, an external aspect of SWOT analysis is important. Thus, the companies establish neutral advisory boards and use their opinions in such analyzes. The committees established here can also be useful. It is common practice to recruit new managers to these committees (Ertuna, 2008; 40).

### **2.2.7. Strategy formulation**

The 1970s in strategy formulation: In Kenneth Andrews SWOT Analysis; The strategy formulation emphasizes on the way the strategy should be considered consciously in strategy writing. Kenneth Andrews has advanced in strategic formulation in a highly effective model. SWOT analysis is a part of that strategy formulation wherer a company should confirm coherence between Strength and weakness with respect to opportunities and threats.

Michael Porter, strategic formulation in 1980s, introduced a logical approach to strategy formulation. The author focused on the external environmental element of Andrews's Model by creating a knowledgeable connection between the business strategy and the industrial organization, and in this way he has presented five power models in competitive strategy of the business. Bakoglu (2010) mentioned that they are the existing purchasers and dealers bargaining power, new competitors and substitute's threat, and the strength of rivalry.

The 1990s in Strategy Formulation: Gary Hamel and C.K. Prahalad; In his formulation of strategy, he reflects the popular thought of the 1990s on the "Strategic Aim" of Hamel and Prahalad's core competencies. Porter focuses on external threats and opportunities in Andrews's Model; The basic skill dispute emphasizes on the dimensions of inner strength and weakness. As an image, Hamel and Prahalad's concept of Basic Talent and Porter's ability to compete with Industrial Analysis are alternatives to each other. However, when Andrews's model is reviewed, these two approaches are more complementary. Bakoglu (2010) said that both are valuable to increase the superiority of strategic thinking with two separate approaches for strategic formulation.

### **2.2.8. Selection of Strategy**

It is the responsibility of key executives to identify and implement strategies in enterprises. They need to anticipate the advantages of the company in the time horizon

for ten to twenty years. It is obviously difficult to make predictions in strategic decisions in modern industries and in these cases, executives should be well-found with different qualifications because the qualifications of the managers are important in taking part of the decision-making process (Burgelman, 1996; 45).

### **2.2.9. Implementation of strategies**

The selection and implementation of strategies is like two sides of a coin. Strategies without implementation do not make any sense. The implementation process requires more attention than the planning phase. Because the application takes more time than planning, many unpredictable problems occur during the application. The effect of noncontrollable factors becomes more apparent. The managers may be ineffective in giving direction to the employees, may not be able to give appropriate leadership, and finally, it may be the shortcomings in the management and organizational systems.

Dincer (2005) said that the implementation process includes the activity to practice by the managers as per their selected strategies. Managers plan, organize, motivate, direct, integrate, innovate, communicate, and control in this process.

It can be shortened as follows:

- Strategies are made measurable goals at every level of the organization as a whole
- Central duty places are determined, and their strategy control units are well-defined,
- In case of necessary, the organizational structure could be re-structural,
- The distribution of resources to the departments or the strategy control units of the organization,
- Identify the enterprise rules to escort the actions,
- Describe the managers' objectives,
- Determining the methods and techniques used to measure success,
- Create information with the use of management activities and evaluate the enterprise,
- Explaining the fulfilling and motivation schemes to be implemented in reinforcing the wanted behaviors,
- Preparation on administrative structure and morals and developing executive capabilities,
- The adequacy of control mechanisms is reviewed (Dinçer, 2005; 350).

In the strategy selection phase, the strategic alternatives were selected, the most appropriate strategy was chosen for the analysis, analysis and diagnosis of different

strategies. As for the implementation phase of the strategy, the necessary organizational structure, annual implementation programs and the appropriate resource allocation, budgeting, procedures, appointment of the leaders and managers in accordance with the new strategy and the evaluation and control of the results of the strategies are carried out here (Eren; 2005; 385).

### **2.2.10. Process of Evaluation Strategies**

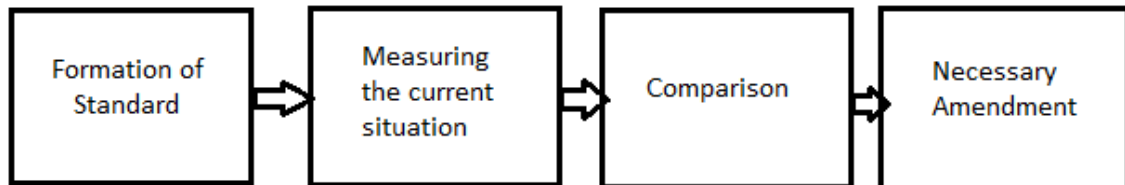
The final stage of the strategic management process is the comparison of the selected strategy and implementation results. At this stage, the extent to which the strategy applied leads the business to its objectives. Meanwhile, this stage is the starting procedure of determining innovative strategies. The data required for the evaluation and control of the consequences is found in the company's yearly reports and performance records. The efficiency of this stage is subjected to the realization and understanding of the consequences of the process and the information about the enterprise. For assuring that, a all-inclusive and consistent data scheme is needed in the enterprise. (Dinçer, 2005; 73).

Control function in businesses; It is performed in three ways: backward control, forward control and simultaneous control. Ulgen and Mirze (2004) pointed that Feed-back control is the best and widely used control in this modern business world. Once actions are done, control is made. In the forward-looking control technique, lessen the errors is primary issue. By this control technique, activities are well-ordered very strictly and a protective control system is created in the business.

Ulgen and Mirze (2004) clearly stated that in concurrent control technique, while more continuous, continuous and time consuming activities are carried out, there are consecutive and interdependent relationships, while at every stage of activities, control is made at certain points. Because of the strategic management process being dynamic, concurrent control practices is necessary. Principles are first recognized for the determinations of the enterprise in backward control, concurrent control, and forward-looking control. These standards may base on the primary inputs, processes and final merchandise. Subsequently, their results are measured and matched to the earlier recognized principles. If there is discrepancy found between before and after matching, required alterations are prepared, and the suitable and no faults' results are made.

Strategic management in companies is dedicated on the result at the final. This is; to survive for a business and achieve competitive advantage. Therefore, the entity will

carry out its strategic calculations and preserve its control to be existence. Mistakes will be amended so that they can grasp the aimed outcomes. But, this situation is not always occurred the same in real, enterprises cannot attain competitive benefit and they have difficulty in preserving their lives in the far distance interval. Finally they give up doing so. Ulgen and Mirze (2004) generalized that this situation is unwanted, that is, contrary to the planned strategies.



**Figure 2. 3 Strategic Management Control Stages**

## **2.3. Types of Strategy**

If we consider the main aspects of strategic management literature, we can find more than 250 types of strategic choices. Here, it is crucial to categorize and order these types of strategic alternatives. In this case, it may be possible to determine under which conditions the managers will enter the main class and then decide which strategic option will be appropriate in this class (Eren, 2005; 221).

It is possible to collect four classes of strategies, which can be followed by the business or SMEs.

1. Basic Business Strategies
2. Corporate Strategies
3. Competition Strategies
4. Functional Strategies

### **2.3.1. Basic Business Strategies**

The basic business strategies relate to the business and activities that the business or the various business units must do in the future to survive and provide competitive advantage. The main strategies that can be applied at every management level are classified under four main headings: growth, contraction, stagnant (conservation of current situation) and mixed strategies.

These strategies are categorized within the framework of the company's internal resources and external environmental conditions, the goods and services produced by the

enterprise, the current market and market growth rate, production and sales costs, the stage of the life of the enterprise, the company's resources compared to its competitors, time, competing products, possible movement of competitors types and reactions (Ozgur, n.d.; 40).

Business growth strategies: Growth strategies are one of the main strategies that enterprises can follow in this direction and their most basic goals are to continue their existence and increase their activities in the market. The reasons such as the desire to increase the profitability of the enterprise, the perception of the growth of the business as a positive development by the internal and external environment, and the desire to provide superiority in the increasing global competition are their effectiveness.

In general, the value of the total assets of the enterprise, the value of the enterprise in the market, the total sales volume, the total number of employees in the enterprise, the degree of organizational profitability, investment and production volume are the growth range (Ozgur, n.d.; 40).

A business with growth goals can try to grow by using internal or external growth pathways. To increase the volume of production and sales, the company may intensify its existing market and product activities or turn to new products and markets (Alpkan, n.d.; 26).

Once businesses decide to grow, they must decide what the optimal size is for that business. Because the benefits of growth as well as unnecessary or uncontrolled growth can occur which brings negative results. Uncontrolled, rapid and excessive growth can lead to various difficulties in accessing resources to finance growth (Akgemci, 2008; 249).

Compared to large enterprises, small enterprises that face significant risks of resource constraints and environmental uncertainty also affect the growth. On the other hand, they tend to search for more secure growth strategies to overcome their current problems (Brouthers vd., n.d.; 4).

Downsizing strategies are another of the main strategies to be followed by the enterprises. Businesses sometimes cannot stand in the market with their current situation. They may decide to shrink to evaluate an opportunity they encounter when they understand it or with no hazard.

Organizational downscaling in a business is a sequence of judgments and performs reserved by the management levels of the enterprise with the aim of increasing and improving the efficiency, efficiency and competitiveness of the enterprise. The shrinkage of the company is directly proportional to the labour force, budgets and commercial developments of the enterprise. Cameron (1994) said that generally the idea of shrinkage refers to the shrinking of the organizational scale.

Finally, the operation decreases in the categorized steps and decreases in the functions. However, the downsizing strategy does not mean that the operational results of the enterprise shrink. It means growth by reducing its management structure, using external resources, or establishing a fleet of small ships instead of a large transatlantic, which may be called a shrinking growth strategy (Dincer, n.d, 295).

The shrinkage strategies applied in cases where the market share of the enterprise is inadequate, there are better investment opportunities, no resource for new technologies and departments or units that have incompatible post-merger. They are generally implemented in the form of savings, partial and full liquidation strategies at the upper management level.

Generally, the saving strategy applied during the recession. That recession periods of the external economic conditions are to reduce the activities by decreasing the internal efficiency of the enterprise, decreasing the costs, increasing revenues and decreasing the assets. Partial liquidation and full liquidation strategies conform to the partial or complete abandonment of non-successful operations or parts of the enterprise (Ulgen and Mirze, n.d.; 203).

Stable strategies are the strategies that the enterprise follows to protect the current situation and avoid risk by entering new business extents. Generally, the external conditions are not changed much, the market conditions are stable at a certain level, where the competition is not experienced very intensively which is preferred static strategies to maintain the current state of the enterprise.

A business that selects stable strategies does not change its objectives at all or adopts similar objectives, does not aim at a significant increase or decrease in its growth rate compared to the previous year, nor does it change the goods and services. It produces and sells, or makes minor changes and presents its current situation in the market by reminding advertisements and activities (Sucu, 2010; 103).

Mixed strategies are the case where businesses prefer and use several basic strategies at the same time. A combination of different strategies can be implemented in different departments or units. For example, while the growth strategy is preferred for the production department of the enterprise, the strategy of reducing the marketing department can be monitored. Or they may give more weight to other goods and services by giving up the production of some of the goods and services they produce. On the other hand, while pursuing a strategy to reduce its activities in some markets or exit the market, it can also select the strategy to enter new markets (Sucu, 2010; 104).

The basic strategies are implemented in enterprises at every level of management and in various business units in accordance with the assets and capabilities of the business against environmental opportunities and threats. In this case, however, there may be differences in the purpose, scope and perspectives of the basic strategies applied at different levels.

### **2.3.2. Corporate Strategies**

Corporate strategies are strategies which are determined and applied at the upper management level or level, which are the position of the enterprise to increase the firm value in the long term with comparative advantages, which business extents to operate in, how to implement them, and more change in mission (Ulgen and Mirze, n.d.; 222).

Corporate strategies cover the entire enterprise and deal with the definition of the organization all together and the distribution of properties to strategic business units and include functional unit rules, new investment judgments and other activities of the enterprise (Algemci, 2008; 36).

Diversification, as a strategy term, means that the enterprise broadens its operations by establishing new product lines, whether directly or indirectly related to the existing product lines, while diversification strategies apply to business with different purposes such as companies distributing risks or renewing demand, renewing the markets, and the new product for the company itself (Alpkan, n.d.; 28).

If a business has strong strategic advantages in the market where it operates, there is no need to apply for diversification. However, when diversification is important for growth reasons such as low performance, protection reasons or potential synergies, low level, diversification may be insufficient for the enterprise (Hoskisson and Johnson, 1992; 626).



Businesses can follow two types of diversification strategy. One-way diversification can be either entering new markets through existing products (market diversification) or offering new products based on new technologies to existing markets (product diversification). In a multi diversification strategy, the strategy is followed by entering into new markets with new products (Dincer, n.d.; 284).

Withdrawal strategies are the responsibility of the senior management of the enterprises and another strategy applied at the top level. The withdrawal strategies, which are also referred by some authors as “savings or regression”, are generally the strategies of contraction and contraction of the enterprise. Withdrawal strategies are strategies in which individual groups or customer functions, customer functions or alternative technologies are individually or together to increase the overall performance of the business, aiming to significantly reduce their activities or eliminate one or more parts of their business capacity (Kazmi, n.d.; 168).

With the withdrawal strategies, some or all the existing works of the business are abandoned, and the external environment of the company and the business managers are considered as negative (Sucu, 2010; 106).

However, the senior management of the enterprise is forced to implement these strategies because the business activities are not in good condition, the enterprise cannot reach its goals despite the growth and development strategies, and the pressure of its shareholders, customers or other close environment elements to increase the business success and sales.

### **2.3.3. Functional Strategies**

Functional (functional) strategies are strategies determined for the activities of production, research and development, marketing, finance, human resources and related to middle and lower level management of the enterprise (Sucu, 2010; 110).

The functional strategies that are prepared and implemented in accordance with the strategies of the senior management and the strategies of competition are the strategies that require more technical knowledge and expertise. In this respect, the participation of managers who have technical knowledge and skills from a functional perspective to the strategic management process is important (Armario, 2008; 490).

### 2.3.4. Competition Strategies

What kind of steps should be taken by the companies to achieve competitive advantage and to act in a competitive environment. In this case, competition strategies help businesses to determine their position against their competitors.

Competitive strategies, also called business management strategies or business unit strategies, provide business managers with a framework for achieving a particularly competitive position and a thought about their external environment. If businesses do not comprehend the competitive powers that are shaped by the sector in which they operate, and if they cannot give a competitive answer in a clear and effective manner, they leave their success to chance (Stahl and Grigsby, n.d.; 139).

To achieve the competitive advantage defined by Porter as the basis of the competitive strategy, businesses are trying to create innovation, improve quality and reduce costs. Porter, on the other hand, has gathered the generic strategies that companies can follow to achieve competitive advantage and achieve above average performance in the market they operate. These are cost leadership, differentiation and focus strategies.

Cost-leadership strategy is a strategy model that predicts that the enterprise will gain an advantage over its competitors with its low-cost position in the industry by reducing the costs of an enterprise. To achieve cost leadership, businesses must establish effective and efficient facilities, provide cost reductions from experience, and generally control costs and costs tightly (Ravald and Gronroos, 1996; 27).

Businesses can reduce costs by bargaining with suppliers, reducing input prices, reducing energy, communications, management and office expenses, and reducing downtime by employees. However, it is important to note that not only the main activities, but also all the activities of the enterprises should not be forgotten, by reducing the costs and reducing the quality.

On the other hand, cost leadership strategy does not mean to have a competitive price. This strategy gives the business the opportunity to create additional added value offered by the current competitive price in the market, which could create a competitive advantage in the future. In other words, the cost leadership strategy does not reduce the prices of goods and services, so it is possible to reduce the costs in all activities and thus to obtain competitive advantage by generating higher income than the average by the difference between costs and costs in the sector (Ulgen and Mirze, n.d.; 260).

The differentiation strategy is another competitive strategy that provides competitive advantages to the enterprise as well as the cost leadership strategy and enables the enterprise to generate a revenue above the sector average.

In cases where the goods and services offered to consumers do not meet the expectations of the consumers, producing solutions to the needs and expectations of the consumers and directing the preferences of the consumers to their own goods and services with different applications from other enterprises in the sector provide the enterprises with a competitive advantage in the market.

Differentiation can be made with factors such as design, technology and performance, by creating superior distribution channels by creating superior products against its competitors, by creating superior distribution channels, by creating a strong brand with elements such as innovation, design and advertising and by offering its products with different and superior packaging. In this respect, differentiation strategy, which has innovation, design, research and development is a competitive strategy that emphasizes the specific customer needs and marketing awareness (Campbell, 2002;165).

However, in differentiation as a competition strategy, it is tried to provide competitive advantage by making differentiations in all processes and activities of the enterprise, beyond the differentiation phenomenon that enterprises adopt as a marketing strategy and mainly carried out in goods and services.

In any case, as the diversification strategy is consumer-oriented, the correct perception and evaluation of the innovations and differences created by the enterprise are the decisive factor in achieving the competitive advantage of the enterprise.

Focus strategies have many different characteristics from other strategies. The most distinctive characteristics of businesses following their focusing strategies are that they want to exist within the narrow customer target. In this case, strategic business units or business managers do not use the advantages of serving the whole market by directing their activities to a specific group of buyers (customer segment) or to a selected geographic area or region (Eren, n.d.; 261).

In other words, focus strategies are implemented in a specific and narrow market segment of cost leadership and differentiation strategies. In this respect, businesses implement the cost-leadership strategy by focusing on a particular group of customers

(focused on cost-leadership strategy) or on a narrow market (focused differentiation strategy) with a focus on the differentiation strategy to a particular customer group.

In markets where there is a high number of competing enterprises and in a highly competitive market, some small and medium-sized enterprises may not be able to withstand the competition with the assets and capabilities they possess, and as a result, it is not possible to achieve competitiveness. Instead of targeting the general market in which there is a high competition for such enterprises, focusing strategies are saving strategies in order to narrow the market and enable them to compete in a certain section (Ulgen and Mirze, n.d.; 269).

Businesses following the focusing strategies can narrow the market by geographically / regionally, creating a new market by producing goods and services with different characteristics and oriented to the different demands and expectations of the customers.

Combined competitive strategies are when businesses implement two or more of the main competitive strategies (cost leadership and differentiation) or focused strategies at the same time or at close intervals. For example, while a business prefers a cost-leadership strategy in a market, it can also implement a differentiation strategy in another market.

To implement the combined competition strategies, the enterprises must be flexible. In this regard, small and medium-sized enterprises can implement such competitive strategies with their adaptability and flexibility in a short time.

The ability of small and medium-sized enterprises to open new international markets and hence to new areas of competition facilitates their market-oriented capabilities such as market perception and customer connectivity to learn about foreign markets. These capabilities are particularly effective in the early stages of internationalization, where the enterprise has little international experience (Armario, 2008; 490).

## **CHAPTER THREE**

### **3. STRATEGIC PLANNING IN SMES**

The increase in globalization trends in the world causes competition in the markets. The decrease of the role of the state in the economy forces the enterprises, which want to take part in the markets of foreign capital, the free circulation of goods and services, to produce cheaper, higher quality goods. The importance given to quality and efficiency with increasing competitive environment leads to an increase in technology investments in enterprises. This makes it necessary for businesses to create new financial opportunities. Despite all kinds of competition conditions, enterprises have to create alternatives in order to place their advantages in the market. The way to achieve these alternatives is through strategic management and strategic planning (Müslümov, 2002; 92).

Due to the scale and unique features (limited resources, flexible management style, informal organizational structure, the ability to adapt quickly to change), strategic planning process in small enterprises is handled differently from large enterprises. In this sense, it is necessary to consider the following basic elements and characteristics when planning a strategic plan for small enterprises (Zimmerer, Thomas and Norman, 2002; 70):

- i) The planning period should be kept shorter in small enterprises (2 years or less).
- ii) It should not be informal or overly worn.
- iii) In order for the plan to be reliable and innovative, participation of employees and outside activities or interest groups should be encouraged.
- iv) It should not start with determining goals and objectives. Because this understanding can limit the process of innovation.
- v) It focuses not only on planning but also on strategic thinking. This is because it encourages strategic thinking innovation and participation of workers in the whole process.

Every business wants to have a good and different place in the market for potential consumers. The aim of developing strategic plans is to bring together factors that enable the company to have a good place in the market compared to its competitors. In the

preparation of strategic plans, small enterprises have some significant advantages over large enterprises:

1. The product line of small businesses is narrow. They serve a distinct region.
2. Because of a narrow customer base, it is possible to establish close relationships with customers. This gives them more information on by which way to serve the needs of customers and needs in the best way possible.
3. They are more flexible in response to demand changes and other changing situations and adapt to changing conditions more quickly.
4. They tend to have more tendencies and tendencies to innovations because they are closer to customers.
5. Because they work with a limited number of personnel, control and employee relations have closely related each other.

Although small enterprises have these advantages listed above compared to large enterprises, it is generally observed that they are inadequate in making plans, they avoid the plan or pass the plan with their own understanding. There are several reasons for this. The lack of knowledge and experience in planning can prevent plans. Planning is a process of forecasting the future. Risk and uncertainty in the future, especially in times of crisis, this uncertainty and the highest level of risks make it difficult to make effective plans. In addition, it is observed that entrepreneurs do not have tendencies to make these plans (Hisrich and Peters, 1995; 129).

### **3.1. Small and Medium Enterprises**

Small and medium-sized enterprises play an important role in country's economy. There are various ways of classification in SMEs according to the importance of economy. An assessment of SMEs will provide a better understanding of its importance in country's economy and its functional impact. Generally, entrepreneurs start to introduce their entrepreneurship activities in SMEs (Tekin, 2004; 71).

The structure of small and medium-sized enterprises is depending on the financial structure of their businesses. According to this, enterprisers define their quantitative assets in their businesses. SMEs are intended for profit-earn enterprises by operating their businesses in different sectors (Colakoglu, 2006; 111).

It is hard to define the only definition of SMEs because different studies take different category into consideration. If the issue is examined by the foreign trade bank,

the foreign trade turnover of that enterprise is primary category of that study to define the term on SMEs. Although they have different studies and different definitions, all of them primarily based on defining the number of workers, one-year turnover, foreign trade capacity, the assets on balance sheet (Colakoglu, 2006; 111).

There are quantitative and qualitative criteria in the definition of SMEs. The quantitative criteria used in determining the size of the enterprise are the annual sales and profits, the amount of equity and investment, and the number of employees. The qualitative criteria determined for the business are the type of management, the number of shareholders, the positioning of the business in the sector. Generally, quantitative measurements are used frequently in terms of determination of the size of the business. According to that measurement, defining the SMEs changes country's economic (Dom, 2008; 72).

### **3.2. SMEs in USA**

There is no formal definition for SMEs in the United States. Small Business Law dated 1953; ownership and management of small business is defined as an independent, non-dominant entity in the area in which it operates. For example, while in the manufacturing sector, Small Business Administration (SBA) defines less than 500 or 1000 workers and small enterprises operating more than 100 workers in wholesale trade. The American Tax Administration defines the definition of small business from different perspectives and considers small enterprises with annual sales of less than \$ 1 million. In this respect, the SBA identifies the small enterprises in terms of the taxes to be collected. (Sarialan, n.d.; 4)

According to the data of 1993, the enterprises that generally employ up to 100 workers in the United States are considered in the small industry, while in some cases this limit can be extended up to 500. For the medium-sized enterprises, the generally accepted limit is 1000 workers. Here, in exceptional cases, this limit can be increased up to 1500 workers. However, according to the data of 1995, if the number of workers employed in an industrial enterprise in the United States is 250 or less, that business is considered a small business; when the number of employees is 1000, it is accepted as a big business (Ozgen, n.d.; 17).

In addition, the SBA, which has been operating in this country since the 1920s, has adopted the amount of the sale of the enterprise as a quantitative criterion besides the

number of workers employed in the SME definition. For example, SBA has employed 250 workers and 9,5 million dollars in the textile sector (Muftuoglu, n.d.; 107).

The table below shows the number of workers working for the US in terms of operating scale at kosegeb website.

**Table 3. 1 USA SMEs Standard**

USA SMEs Standard	
Size	No: Employee
Small	1-499
Medium	500-1499
Large	1500 and more

Taken from: [www.kosegeb.gov.tr/ekler/dosylar/yayin.pdf](http://www.kosegeb.gov.tr/ekler/dosylar/yayin.pdf).

### 3.3. SMEs in EU

The European Union has defined a new common definition for SME definitions, which does not cause any confusion on national and union level. The definition of SME, which is clearly defined within the framework of Council Decision dated 07.02.1996, covers the number of workers, balance sheet size and degree of independence, and the enterprises that employ less than 250 workers according to the new definition are accepted as SMEs (Fazlioglu, 1997; 3).

**Table 3. 2. European Union SMEs Standard**

European Union SMEs Standard			
Business Type	No: of Employee	Annual Turnover	Financial Statement
Micro	less than 10	Up to 2 million Euro	Up to 2 million Euro
Small	less than 50	Up to 10 million Euro	Up to 10 million Euro
Medium	less than 250	Up to 50 million Euro	Up to 43 million Euro

Taken From: [www.europa.eu.int/comm/enterprise/policy/smes](http://www.europa.eu.int/comm/enterprise/policy/smes)

According to Eurostat 2002 data, 89.1% of enterprises in the EU are micro enterprises and 11.3% are small and medium-sized enterprises. In the distribution according to the number of employees, the share of large enterprises is 33.1%, the micro scale is 27.8% and the small and medium size is 38.9%. The largest share in value added



is 40.3% in large enterprises with more than 250 employees, while micro enterprises are 20.8% in small and medium-sized enterprises and 38.9% in small and medium-sized enterprises. When the structure of the SMEs in the EU is examined, the table below is presented. Table 3.3 shows that SMEs constitute 99.78% of enterprises in the EU. This ratio is quite large and it is seen that if the contribution of the SMEs to the employment is considered to be 71.48%, it is seen as sufficient (Deltur, 2007).

**Table 3. 3. European Union SMEs Structure**

European Union SMEs Structure	
No: of Business	16350000 (99.78% of SMEs)
Total Employment	101350000 (71.48 of SMEs Employment)
Average Employment	6 employee/business
SMES Work Force Efficiency	45000 Euro/employee
Work Force Cost in Tax	59%

Resources: Mustafa H. Colakoglu, Kobi Rehberi, Nisan 2002, 5.

If we look at the numerical distribution of SMEs in the EU, we see the following table 4.4. In the table, the number of employees of Micro, Small, Medium and Large enterprises and their average employment are observed. Here, too, micro enterprises are passing through large enterprises.

**Table 3. 4. European Union SMEs**

European Union SMEs				
Business Type	Size	Number of Business	Number of Employees	Average Employment
Micro	0-9	15210000	31450000	2
Small	10-19	605000	8250000	13
	20-49	370000	12250000	33
Medium	50-99	70000	4950000	71
	100-249	60000	5100000	173
	250-499	15000	10400000	340
Large	500 (+)	20000	28900000	1445
Total			101350000	

Resources: Mustafa H. Colakoglu, Kobi Rehberi, Nisan 2002, 5.

### **3.4. SMEs in Turkey**

When we look at the SME definitions made in the past, we see very different definitions of SMEs. Different definitions were made differently by the different organizations in the definition of SMEs and the unit that would provide support was using its own SME scale. For example, in a description SME; employing one to two hundred workers, registered by the professional organization to which it is affiliated, keeping the books in the real method, operating in the manufacturing industry, excluding the land and building, the existing capital amount was being presented as the enterprises which did not exceed TL 2 million in terms of the net worth of the balance sheet (Ekonomik Forum Özel Raporu, 2001; 41).

To comply with EU legislation in the definition of SME in our country and to eliminate the concept quo, the official SME definition was made with the decision of the Council of Ministers with the Decree No. 2005/9617 on 19.10.2005. With this decision, the Regulation on the Definition, Qualifications and Classification of Small and Medium Sized Enterprises has been published and our official definition of SME has been realized. According to Article 4 of this Regulation, Small and Medium Size Enterprises (SMEs), employing less than two hundred and fifty-year-old employees and whose annual net sales revenue or financial balance does not exceed YTL 25 million, It covers the economic units which are classified as medium-sized enterprises and which are called SMEs in short (Celik, 2007; 21).

Preparing a regulation within the framework of Turkey's EU harmonization work has now been done by a single definition of SMEs in the country. Different definitions and karma made by the previous different institutions have thus disappeared. With the Regulation on the Definition, Qualifications and Classification of Small and Medium-Sized Enterprises, which was published in the Official Gazette dated 19.10.2005 and numbered 997, an official SME definition was made and compliance with the EU was achieved on an employment basis. The aforementioned innovations and conveniences have been introduced with this regulation, which allows organizations that provide state support to all sectors and provide support to SMEs to determine their sector and size priorities (Celik, 2007; 22)..

The ministry of industry and trade specifies SMEs in turkey according to EU legislation as follow:

- a) Micro Business: Having employees less than 10 and annual turnover less than 1 million Turkish Liras
- b) Small Business: Having employees less than 50 and annual turnover less than 5 million Turkish Liras
- c) Middle-Sized Business: Having employees less than 250 and annual turnover less than 25 million Turkish Liras

In Turkey, up to 18 November, 2005, there is no specific term on SMEs and debate on this topic for so long. Each organization defined its own term on SMEs and made the policies and supports accordingly (Muftuoglu, 2007; 125).

There was a regulation in 1 January, 2005 to implement for the countries like Turkey on defining SMEs according to the European Standard as Turkey is one of the candidate countries of European Union. Thus, the council of Ministry published the definition of SMEs in Turkey officially at the beginning of 2006. (Devlet Planlama Teskilati, 2007; 21).

Almost every country, nowadays, small and medium-sized enterprises show the economic vitality of the country as they play the important role in country's economy. Not only SMEs are trying to provide the same service and goods done by large enterprises, they try to produce the final and semi-final products to support these large firms to develop country economy. Thus, they establish a common work place with large companies to work together.

### **3.5. Strengths and Weaknesses of SMEs**

Small and medium-sized enterprises, which are known as SMEs in short, have an important place and weight in the economy of our country as in every country and they are almost a barometer or indicator of economic vitality. Small and medium-sized enterprises produce not only the units that produce the same goods and services produced by large enterprises and attract them to the competitive environment, but also produce the finished and semi-finished products used by the big enterprises and complete their development. In other words, while contributing to economic development by producing final products and services in competition with elders on their own; on the other hand

they contribute to the union by completing or supporting large enterprises. Thus, by establishing a subsidiary industry in economies, they establish a common life with large enterprises (<http://www.ekodialog.com>).

We can list the advantages of SMEs as follows (Ünsalan, 2005; 34):

- It encourages entrepreneurs because they need a small amount of capital.
- They can easily adapt to changes in consumer wishes.
- There is a close relationship between the employer and the employee as well as a close relationship with the employee.
- An effective control system can be implemented because the number of workers is small.
- Since it has vertical organizational structure, decision making and implementation are fast.
- The personnel has detailed information about the work because it works in every section of the enterprise.
- Because they are working on the order, they can easily produce the goods with special properties (Ünsalan, 2005; 34).
- Its invariable expenses are small. Therefore, production costs are not very high.
- There is not much storage and sales problems because there is not much production (Sabuncuoğlu and Tokol, 2009; 48).
- Small businesses play a dynamic role to understand whether a previously unknown good or service is appropriate in terms of the market, and to measure the ability to do so.
- In some cases, it is necessary to be engaged in manual work or in a job (such as barbers, radio and refrigeration repairers).
- In case the raw materials or product used are of fast degradable type (such as dairy products, some foodstuffs), regional small enterprises gain importance (Aktepe, 2006; 257).
- Small businesses are less complex than large enterprises. There are very few people who work in the company such as personnel management, accounting and law which are not directly related to the production and sale of the product. Therefore, they can keep total costs lower. If they need help, they use external experts (Yurtseven, 2007; 119).

The main weaknesses of SMEs are listed below:

- Low Technological level and insufficient Know-How.
- Lack of financial environment.
- Due to limited market share, bargaining power in marketing and supply is weak.
- The unit costs are high because they do not produce bulk.
- The owner and the manager cannot employ the same person and the professional administrator because of the limited facilities (DPT, 2004; 35).
- Product development and product diversification Since the opportunities for auto financing are limited, there is little possibility to change production technologies by finding new products (Tümer, 1975; 114).
- Small business owners may not have a wide range of capabilities to respond quickly to change. Many people begin their jobs, without history in this regard. Some of them have experience in other fields of business, although they do not have a specific experience in the field of business that they choose to start. Although some of them have managerial abilities, they may not have technical experience (Day, 2006; 581).

### **3.6. Literature Review about the Studies of SMEs and their Strategies**

The strategic management knowledge has become an important role in business organization since 1980 because as you can see in the table, the first study was introduced about that firm size explains the relationship between strategy and performance of the organization. Later on, the other 15 studies were conducted mainly focused on the research about strategic management in different industries, in different cities, their implementation of the strategy, and the result of the strategic management. Additionally, the importance of management role in formulating the strategy and factors that affects the globalized trading in SMEs were discussed.

Year	Writer	Topic	Research	Result
1986	Ken G. Smit & James P. Guthrie	Miles and Snow's Typology of Strategy, Organizational Size and Organizational Performance	A research to investigate the typology and the relationship between the typology, size and performance.	Firm size can explain differences in the relationship between strategy and performance.
2003	Merhmet Aytekin	SMES strategic management and performance in Izmir	The writer researched on the performance and cash flows of SMEs adopting flexible and variable strategic targets indicate that they are adversely affected.	First of all, SMEs operate in a narrow market with limited number of products, using simpler production processes and methods. The small number of products and the simplicity of the production methods make it compulsory to keep them connected to certain targets. The prominence of production function in SMEs shows that production targets affect strategic targets more. Therefore, it is indispensable that the changes in strategic targets have negative effects on the whole business performance and cash flow due to the direct effect of production.

Year	Writer	Topic	Research	Result
2008	Rejesh Kumar Singh, S.G Deshmukh	Strategy development by SMEs for competitiveness	This study is to identify the major areas of strategy development by SMEs for improving competitiveness of SMEs in globalized market.	Leadership/top management support, organization culture, total quality management, development of alliances, vendor development, supply chain management, Innovation, research and development, technology and applications of information technology are the area found to be developed by SMEs for improving competitiveness in global market.
Year	Writer	Topic	Research	Result
2010	Mahir Emre Sucu	Strategic management research in SMEs	The levels of implementation of the strategic management approach and model in small and medium-sized enterprises are revealed.	As a result of the study, it was found that strategic management model and formal strategic plan were not enough known and not applied in small and medium sized enterprises. Additionally, strategic management tools, methods and techniques were not known enough and not used. On the other hand, there was a significant relationship between business managers' personality and demographic characteristics and strategic preferences. .

Year	Writer	Topic	Research	Result
2011	Firdaus Alamsjah	Key success Factors in implementing strategy: Middle-Level Managers' Perspectives	This study is investigating about implementing the business strategy directed by middle-level managers.	This study results suggested that middle-level managers execute more successful strategy by sharing understanding about how they do things in business. Top level managers involvement in organization does not affect on successful strategic execution. This is mainly because of different perspectives from different managing level.
Year	Writer	Topic	Research	Result
2012	Celalettin Serinkan	Some evaluation of strategic management practices on Denizli SMEs	The importance and benefits of strategic management practices in SMES in Denizli region	One third of business in Denizli are not having advantages of strategic management due to lack of enough information of strategic management implementation and its planning application method from professional advisor of business management.



Year	Writer	Topic	Research	Result
2013	Edwinah Amah, Mildred Daminabo-Weje, and Roberta Dosunmu	Size and organizational Effectiveness: Maintaining a balance	Size of the organization can affect its effectiveness.	The research reveals that the success of the business at high extend varies the size of the business. Big organizations achieving through the channels to reach the needs of customers are positively related with its effectiveness.
2013	Hakan Kilci	Strategic management in SMES in Tokat region	Senior management's personal intuition is more influential and responsible for strategic planning	In this study, 51 (50.8%) of the enterprises stated that their strategic plans do not exist; From these, only 16 (15.8%) of the enterprises consciously implement strategic planning.
2013	Ruth Nyanchoka Nyariki	The strategic management practices as a competitive tool in enhancing performance in Kenya's SMEs	The study researched the influence of strategic management practices in SMEs	Strategies like market strategy, product innovation strategy, customer satisfaction strategy impact and enhance the performance of the business.

Year	Writer	Topic	Research	Result
2014	M. Sebnem Ensari, Melisa Erdilek Karabay	What helps to make SMEs successful in Global Markets?	The study is to identify the factors affecting the success of Turkish SMEs.	There is a relation between external and internal and entrepreneurial success globally. According to external factors, and company image on differentiation of the product to specific market, company positions itself globally with correct implementation of strategy which improves competitive capacities.
2014	Manuel Bauml	The impact of Strategic Performance Management on SME performance	The study is to reveal the different strategic positioning of SMEs in Switzerland and Singapore,	Singaporean enterprises tend to emphasize incentive setting and adopt broader measurement systems.

Year	Writer	Topic	Research	Result
2015	Moslem Sedaghati, Hamid Ravanpak Noodezh, Ali Amiri	Investigate the relationship between cost management strategy, organization size, growth options, and the performance of companies in Tehran stock exchange	The study to investigate the sales growth is described by the relationship between the size and cost management strategy.	Corporate cost management strategies depend on the growth opportunities as well as the size of the corporation.
2015	Karendi Gacheri Njeru	SMEs strategic management practices in Kenya	The study is to determine the strategic management practices adopted by top one hundred SMEs in Kenya and the influence of strategic management practices adopted on organization performance.	Competitive advantage to improve organization performance is the adoption of superior strategies management providing small enterprises with new ways for growth and survive.

Year	Writer	Topic	Research	Result
2016	M. Sebnem Ensari	Factors affecting competitive strategies of SMEs in Turkey	This research is aimed to model the competitive strategy which is different from current strategy and to find the factors which affects competitive pressure.	Factors such as technology has an accelerating effect on competitive pressure. Compared to international business, businesses in Turkey have different strategies under different competitive pressure. Business should have matched the strategy that they are used with the needs of market under the competitive pressure.
2017	Fatih Celik	The support to SMEs in Kayseri	This research aims to recommend small and Medium Enterprises in kayseri for the export business to benefit from Government support.	The study shows that all enterprises that export agricultural products benefit from export refunds in agricultural products get the export return rate on agricultural products increased by more than 2.5%.
	Ruth Mayhew	How the size of the organization influences the work of the manager	Managers role of the company depend on the size of the organization.	Managers for small companies require high range of talent and expertise than those who works for the large companies because of limited workforce, budget to fulfill the objectives of the organization.

### **3.7. How the Strategic Management Process Works Differently in SMEs**

The strategic management process in small enterprises should be handled differently from large enterprises. In this sense, the strategic management process for small businesses should include 10 basic stages (Zimmerer, Thomas and Norman, 2002; 70):

- Developing wide visions and making it into a mission.
- Identifying the area and target market segment (market segmentation) where the entity is effectively competitive and position the business.
- Identifying the strengths and weaknesses of the enterprise.
- Examining the business environment with respect to important opportunities and threats.
- Examining the main factors that will lead to success.
- Competition analysis.
- Determining enterprise objectives and objectives.
- Formulating strategic options and choose the most appropriate strategies.
- Converting strategic plans into action plans.
- Creating accurate controls.

The most important reasons for the failures of SMEs in the studies are as follows (Kuriloff et al., 1993; 73):

- Not having enough experience in the field of activity,
- Lack of adequate managerial experience,
- Inability to work,
- Non-balanced distribution of experience in sales, financing, procurement and production.

The best marketing strategy protects the existence of the most advanced technology facilities, the best human resources or production policy by having a good management policy and implementing it. A poor management approach casts a shadow on the effectiveness of all business resources. This applies not only to small businesses, but also to large enterprises. The manager is responsible to plan, organize, direct,

coordinate and control the works to be performed in the enterprise. In small enterprises, the entrepreneur is responsible for managing the business (Collins & Lazier, 1995; 116).

In addition, both strategic planning and budgeting activities in small companies are not a formal and continuous process. There is no need for detailed planning and resource distribution systems in these enterprises. Because the situation of the company is constantly monitored by the top manager and according to the conditions of the day, considering the situations occurring in the volume of business and cash flow, the control and corrections (revisions) related to the resource allocation and the budget are performed without delay. Thus, to ensure a strong implementation of the strategy, the flexibility required by the conditions in the effective distribution of resources is utilized. This mode of operation, of course, applies not only in financial terms, but also in the distribution of cadres related to human resources (Eren 2005; 417-8).

Small businesses are not a small prototype of large enterprises; The basic dynamics of the operation and the tools used in the operation are different from the large enterprises. The management, marketing, financing, personnel and production policies that are implemented and recommended for large enterprises do not apply to young people most of the time (Kuriloff et al. 1993; 74).

# **CHAPTER FOUR**

## **4. RESEARCH METHODOLOGY**

In this study, it is tried to understand the strategic management practices in SMEs in Istanbul, and to understand the extent to which the strategy, practice, evaluation and its performance are measured and the recommended potential strategic implementation for their future growth are discussed. In addition, it is tried to determine which demographic parameters of the business are directly affected in and which demographic variables are taken into consideration when the strategy is implemented.

### **4.1. Purpose of the Research**

The Purpose of this research is to reach a descriptive conclusion about the impact on strategic management practices and its performance according to demographic factors of the business such as sector, year of establishment, number of employees, and the structure of the management of small and medium-sized enterprises located in Istanbul City.

### **4.2. Problem of the Research**

Strategic management is a management technique that is used extensively by the enterprises. Thus, it is thought that SMEs which are in Istanbul city can be more successful by implementing the strategic management correctly. SMEs that have strengthened with strategic management practices in their business can easily compete in national and international markets by creating a more competitive, more successful and route-oriented business management in the market.

### **4.3. Hypothesis of the Research**

H.1: Strategic management of SMEs in Istanbul can be varied according to demographic factors as follow:

H.1.a: Strategic management can be varied with sectors

H.1.b: Strategic management can be varied with years of establishment

H.1.c: Strategic management can be varied with number of employees

H.1.d: Strategic management can be varied with organization structure of the business

H.1.e: Strategic management can be varied with management structure of the business  
H.2: Strategic management of SMEs practices can be varied with the performance of the SMEs.

H.3: SMEs performance can also be varied with the demographic factors of SMEs

H.3.a: Performance can be varied with sectors

H.3.b: Performance can be varied with years of establishment

H.3.c: Performance can be varied with number of employees

H.3.d: Performance can be varied with structure of the business

## **4.4. Population of the Research**

The population of the research consists of only SMEs in Istanbul. 60 SMEs were taken as the sample which are enough to represent the population of the SMEs as their responses are sufficiently represented for the purpose of strategic management practices and its performances in SMEs in Istanbul.

## **4.5. Data Collection Method of the Research**

In this study, semi-structural meeting with mostly executives and top-level managers/owner were made, where not only face to face survey method but also questionnaire survey method were included to use, and their responses are noted accordingly. Only the surveys answered by them taken into consideration in this survey. Because the very important decisions taken in the strategic management of the enterprises are only the decisions made by these authorities, therefore, it is thought that the authorities of the lower level managers and employees will be more limited in this regard. Although some managers and business owners also include lower-level managers in the strategic management process in SMEs, they often make the final decisions. Thus, they are not included in questionnaire.

Over 85 SMEs were connected by mail and phone to get appointment and only 60 SMEs of them were accepted to make face to face meeting to participate in the survey and their data could be obtained in this way that reflects the real and objective thoughts of the managers / owners of the enterprise in a very healthy way. Three managers and two business owners said they wanted to answer in their spare time and asked to leave the questionnaire only. Thus, the questionnaires were collected after they were completed to



answer while the others have no response to set the meeting as they do not want to participate in the survey.

This questionnaire consists of three main parts, which are the strategic management practices survey, strategy evaluation survey, and the performance scaling survey. Survey templates were taken by two surveys done previously by other researchers for the research done in Kenya and Tokat.

## 4.6. Data Analysis

The IBM SPSS program was used to analyze the data collected by the questionnaire. Before the analysis, the data were prepared in google form where the survey data were input correctly. Then, it was downloaded by CSV file extension and transformed it to Excel file where all the data are made into the form to be analyzed in IBM SPSS. The Alpha coefficient used in testing the reliability of the questions in this study was found to be quite a high value of 0.833, 0.855, and 0.773 for the strategy application, strategy evaluation and performance respectively from the entire survey. In addition, while analyzing the data; descriptive statistics showing average, percentage and frequency were used for some questionnaire answers where factor analysis could not be done. Moreover, regression analysis and correlations were done to answer the hypothesis.

### 4.6.1. Descriptive Analysis

This section is discussed about the study gathered data on the aspects which are sector, years of establishment, number of employees, management structure and company organizing structure of the SMEs as summarized in Table 4.1.

**Table 4. 1 Summary of Descriptive Analysis Statistics**

		Sector	Years of Establishment	Number of Employees	Company Structure	Management Structure
N	Valid	60	60	60	60	60
	Missing	0	0	0	0	0
	Mean	1,600	18,667	78,517	1,483	1,683
	Minimum	1,0	2,0	3,0	1,0	1,0
	Maximum	2,0	96,0	240,0	2,0	2,0

**Table 4. 2 Sector of SMEs**

<b>Sector of SMEs</b>		
	Frequency	Percentage
Service	24	40%
Manufacturing	36	60%
Total	60	100%

As shown in Table 4.2, it is found that SMEs at industrial area of Istanbul region were manufacturing companies majorly because 24 service companies and 36 manufacturing companies were conducted in this survey as their mean value was 1.6 which referred that 60% of the SMEs were manufacturing companies and 40% were 40% were service companies.

**Table 4. 3 Years of Establishment of SMEs**

<b>Years of Establishment of SMEs</b>		
	Frequency	Percentage
Group 1: 1 to 5 Years	7	11.8%
Group 2: 6 to 10 Years	9	15%
Group 3: 11 to 15 Years	10	16.7%
Group 4: 16 Years and above	34	56.5%
Total	60	100%

As shown in table 4.3, years of establishment of SMEs can be divided into 4 Groups. It is found that the majority of SMEs establishment at industrial area of Istanbul region is over 16 years. It can be easily understood that the length of establishment is high because Istanbul region has been famous in business in Turkey for so long.

**Table 4. 4 Number of Employees or size of SMEs**

<b>Number of Employees or size of SMEs</b>		
	Frequency	Percentage
Micro: 1 to 9 employees	4	6.7%
Small: 10 to 49 employees	25	41.6%
Medium 50 to 250 employees	31	51.7%
Total	60	100%

As shown in table 4.4, according to this survey, SMEs in Istanbul region are mostly small and medium size. In this study, 6.7% of SMEs were micro enterprise, 41.6% of SMEs were small size enterprise and 51.7% were medium size enterprise.

**Table 4. 5 Company Structure of SMEs**

<b>Company Structure of SMEs</b>		
	Frequency	Percentage
Corporation	31	51.7%
Family Business	29	48.3%
Total	60	100%

As shown in table 4.5, the study found that SMEs in Istanbul region were 51.7% corporate business while 48.3% were family business.

**Table 4. 6 Management Structure of SMEs**

<b>Management Structure of SMEs</b>		
	Frequency	Percentage
Managed by Family	18	30%
Managed by Professional Managers	42	70%
Total	60	100%

As shown in table 4.6, it is found that 70% of the enterprises were managed by professional managers while 30% were managed by family.

It can be said that SMEs in Istanbul are majorly manufacturing companies with 16 years and above of establishment and corporate business managed by professional managers.

#### **4.6.2. Factor Analysis and Reliability of the Scales**

In general, factor analysis is possible to describe the structure that forms the basis of a data matrix and to express the general name of many variable or variables that can play important roles from the implementation of many multivariate statistical methods other than their basic functions and to be able to make the following explanations (Alpar, 2001; 217).

Factor analysis, in general terms, is a structure that is described as  $p$  in terms of the number of variables (dimension) with a relationship between them, in its own future; however, there are fewer methods ( $k < p$ ) that are not associated with each other.

Factor analysis is a set of multivariate methods that are difficult to interpret, from a number of interrelated variables, with the aim of finding out, at least, a small number of new variables (factors, dimensions) that are independent, conceptually significant, with minimal information loss.

Factor analysis is often a set of methods used in situations where a large number of variables can be expressed in a number of basic variables.

Factor analysis is a set of methods that are used to translate interconnected data structures into fewer new data structures that are independent of each other, in other words, to expose and, where necessary, name the variables (factors, dimensions or components) that are supposed to explain the cause of an occurrence; In this context, factor analysis can be defined as a set of methods that provide information about whether many variables can be grouped under several headings.

Factor analysis is a set of methods which are related to each other, which are difficult to interpret, and which are very difficult to interpret, which represent the structure of this structure.

In factor analysis, it is possible to create general variables called factor by combining a set of variables with high correlation among them (Kalayci, 2010; 321) Here, the aim is to reduce the number of variables, to expose the structure in the relations between the variables, in other words to classify the variables.

- Evaluation of suitability for factor analysis
- Factors Collection
- Rotating factors to rotation
- Nomenclature of factors

In order to evaluate the suitability of the data obtained in the first stage of the factor analysis for the factor analysis, the correlation matrix was formed and the items which could not be removed from the analysis were removed from the analysis, the measurement of the sample adequacy of Kaiser-Meyer-Olkin (KMO) was greater than 0.5 and Barlett's test (Barlett's Test of The  $p$  value calculated by performing the sphericity) should be less than 0.05.

In factor analysis, it is aimed to maximize the common assumption that the factors have on each variable or the common factor variance (communality). This value depends on the load values of the substances in each factor and is equal to the sum of the squares of the load values of a substance. Factor load value is a coefficient explaining the relationship of substances to factors. The factor loadings of 0.45 or higher are considered a good measure for selection and this limit value can be reduced to 0.30. Although there are many techniques as factorization technique, the principle component analysis (PCA) is the most frequently used multivariate statistics (Buyukozturk 2012; 124). For this reason, factor analysis was carried out in this study by preferring the use of basic components method.

#### 4.6.2.1. Factor Analysis on Strategy Implementation

In this part of the survey, factor analysis was applied to the strategy implementation scale. When the factor load values of the items in the strategic management practices were examined, the items with load values less than 0.45 were excluded from the study. Factors that cannot be factored are 1 and 2 respectively, and factor analysis is performed by subtracting these substances.

**Table 4. 7 Strategy Implementation KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0,833
Bartlett's Test of Approx. Chi-Square	138,245
Sphericity df	15
Sig.	0,000

KMO and Bartlett tests were performed in order to investigate the suitability of factor analysis. This is an acceptable level since the KMO coefficient is calculated as 0.833. In addition, Bartlett test results were calculated as  $\chi^2 (15) = 138,245$  and  $p (\text{sigma}) = 0,000$ . The result of Bartlett test is statistically significant since  $p < 0.05$ . Thus, according to the KMO and Bartlett test results, the data set is suitable for factor analysis.

**Table 4. 8 Strategy Implementation Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3,457	57,613	57,613	3,457	57,613	57,613
2	,698	11,628	69,241			
3	,666	11,107	80,348			
4	,558	9,294	89,642			
5	,348	5,794	95,436			
6	,274	4,564	100,000			

Extraction Method: Principal Component Analysis.

In order to obtain the factors by the factor analysis performed for the strategy implementation scale, Varimax method is used as the factor rotation method and Table 4.8 shows that it is possible to factor under one factor. Accordingly, the total variance explained by that one factor regarding the strategy implementation scale is 57.613%.

**Table 4. 9 Strategic implementation Component Matrix<sup>a</sup>**

	Component
	1
SU:4 Adequate resources are allocated to strategy implementation	0,849
SU:7 The company is willing to implement strategy at the highest level.	0,809
SU:3 The implemented strategy is shared with employees in an adequate and comprehensive manner.	0,785
SU:6 The implemented strategy is based on fully defined from organization objectives and expected performance.	0,736
SU:8 In order to ensure the success of the strategy implementation, there are schemes to motivate the employees working in our company.	0,684
SU:5 The implemented strategy is also appropriate for the organizational structure.	0,676

Extraction Method: Principal Component Analysis.

a. One component extracted.

The results of the Component Matrix factor of that 1 factor obtained in the factor analysis for the strategy implementation scale are shown in Table 4.9. Six questions were categorized under one factor for ensuring strategy implementation in the organization. All these questions were supporting to the implement the strategy to form successfully. Resources are allocated when implementing the strategy. Company itself should have its own willingness to implement the strategy for the performance of the organization. The implemented strategy is shared with employees in an adequate and comprehensive manner. The Strategy is defined according to company objectives, expected performance and organizational structure. There should be a scheme to motivate the employees for the success of strategy implementation.

#### Reliability Test

The concept of reliability is required for each measurement performed; this is because reliability refers to the consistency of the questions in a test or questionnaire and the extent to which the scale used reflects the problem of interest. Reliability analysis is a method developed to evaluate the characteristics and reliability of the tests, questionnaires or scales used in the measurement. One of the most commonly used methods for reliability analysis is the Alpha ( $\alpha$ ) Model (Cronbach Alpha Coeficient). The alpha coefficient calculated by this method is between 0 and 1 and can be interpreted as follows (Kalayci, n.d; 403):

$0,00 \leq \alpha < 0,40$  is not acceptable in consistency

$0,40 \leq \alpha < 0,60$  is low consistency

$0,60 \leq \alpha < 0,80$  is high consistency

$0,80 \leq \alpha < 1,0$  is the highest consistency

#### Reliability Test on Strategy Implementation Questionnaires

**Table 4. 10 Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No: of Items
0,849	0,851	6

In above table, Cronbach's Alpha ( $\alpha$ ) values are calculated by using the alpha model of the strategy implementation scale. Accordingly, the calculated alpha values was 0,849 for total of 6 items in the strategy implementation scale, thus, they are quite reliable.

#### **4.6.2.2. Factor Analysis on Strategy Evaluation**

In this part of the survey, factor analysis was applied to the strategic evaluation scale. When the factor load values of the items in the strategic evaluation scale were examined, if there were the items with the load values less than 0.45, they must be removed from the study by considering that they could not be a factor. However, there is no need to remove any items as all are examined accordingly as their values are higher than 0.45.

**Table 4. 11 Strategy Evaluation KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,855
Bartlett's Test of Sphericity	Approx. Chi-Square	218,028
	df	36
	Sig.	0,000

The results of KMO and Bartlett tests were performed in order to investigate the suitability of factor analysis. This is an acceptable level since the KMO coefficient is calculated as = 0.855. The Bartlett test results were calculated as  $\chi^2(36) = 218.028$  and  $p(\text{sigma}) = 0.000$ . The result of Bartlett test is statistically significant since  $p < 0.05$ . Thus, according to the KMO and Barlett test results, the data set is suitable for factor analysis.



**Table 4. 12 Strategy Evaluation Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4,519	50,213	50,213	4,519	50,213	50,213
2	,928	10,311	60,524			
3	,856	9,516	70,040			
4	,772	8,573	78,613			
5	,584	6,489	85,103			
6	,423	4,700	89,802			
7	,343	3,815	93,617			
8	,315	3,497	97,115			
9	,260	2,885	100,000			

Extraction Method: Principal Component Analysis.

In order to obtain the factors by using the factor analysis carried out for the strategy evaluation scale, Varimax method is used as the factor rotation method and Table 4.12 shows that it is possible to factor under one factor. Accordingly, the total variance explained by that one factor regarding the strategy evaluation scale is 50.213%.

**Table 4. 13 Strategic Evaluation Component Matrix**

Strategic Evaluation Component Matrix <sup>a</sup>	Component
	1
SD:1 The audit results of strategy for the company are very important to optimize the existing strategic plan and for the future planning processes.	0,822
SD:2 Each strategic management plan prepared in the business includes clearly defined and measurable objectives that organization.	0,817
SD:5 The success of a strategy is measured by evaluating at the end of the implementation phase and after corrective actions are taken.	0,775
SD:9 After the inspection, there is a reward program for good performance.	0,711
SD:4 There are open communication channels within the company to ensure that strategy evaluation can be accessed.	0,693
SD:3 Regular control on strategy implementation is done for evaluation at certain intervals.	0,671
SD:7 When evaluating business strategies, previous records are taken into consideration.	0,668
SD:6 During the auditing process, companies are heavily compared with their competitors.	0,590
SD:8 Corrective action is done after every inspection.	0,586

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

The results of the Component Matrix factor of that 1 factor obtained in the factor analysis for the strategy evaluation scale are shown in Table 4.13. Nine questions were categorized under one factor for ensuring strategy evaluation in the organization. All these questions were supporting to the evaluation of the strategy to the business successfully operated. The audit results of strategy for the company are very important to optimize the existing strategic plan and for the future planning processes. Each strategic management plan prepared in the business includes clearly defined and measurable

objectives that organization. The success of a strategy is measured by evaluating at the end of the implementation phase and after taking the corrective actions. After the inspection, there should be a reward program for good performance. There must be open communication channels within the company to ensure that strategy evaluation can be accessed. Regular control on strategy implementation is done for evaluation at certain intervals. When evaluating business strategies, previous records are taken into consideration. During the auditing process, companies are heavily compared with their competitors. Corrective action should be done after every inspection.

#### Reliability Test on Strategic Evaluation

The Cronbach's Alpha ( $\alpha$ ) values are calculated as a result of the reliability test performed by using the alpha model in relation to the Strategic Evaluation scale.

**Table 4. 14 Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,870	,873	9

As it is seen in Table 4.14, Cronbach's alpha values was calculated as 0.870 in a total of 5 components in the strategic evaluation scale. Accordingly, it can be said that the strategic planning scale is highly reliable.

#### **4.6.2.3. Factor Analysis on Performance Measurement**

In this part of the survey, factor analysis was applied to the performance scale. When the factor load values of the items in the strategic evaluation scale were examined, if there was the items with the load values less than 0.45, they must be removed from the study by considering that they could not be a factor. However, there is no need to remove any items as all are examined accordingly as their values are higher than 0.45.

**Table 4. 15 Performance Measurement KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,773
Bartlett's Test of Sphericity	Approx. Chi-Square	355,401
	df	66
	Sig.	,000

The results of KMO and Bartlett tests were performed in order to investigate the suitability of factor analysis. This is an acceptable level since the KMO coefficient is calculated as = 0.773. The Bartlett test results were calculated as  $\chi^2 (66) = 355.401$  and  $p (\sigma) = 0.000$ . The result of Bartlett test is statistically significant since  $p < 0.05$ . Thus, according to the KMO and Bartlett test results, the data set is suitable for factor analysis.

**Table 4. 16 Performance Measurement Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4,945	41,205	41,205	4,945	41,205	41,205	2,898	<b>24,148</b>	24,148
2	1,803	15,024	56,230	1,803	15,024	56,230	2,624	<b>21,867</b>	46,015
3	1,304	10,864	67,094	1,304	10,864	67,094	2,529	<b>21,079</b>	67,094
4	,936	7,800	74,893						
5	,703	5,859	80,752						
6	,638	5,314	86,066						
7	,487	4,056	90,122						
8	,324	2,696	92,818						
9	,307	2,557	95,375						
10	,220	1,835	97,210						
11	,195	1,625	98,835						
12	,140	1,165	100,000						

Extraction Method: Principal Component Analysis.

In order to obtain the factors by using the factor analysis carried out for the performance measurement scale, Varimax method was used as the factor rotation method in Table 4.16. Accordingly, the first factor accounted for 24.148% of the total variance, the second factor accounted for 21.867% of the total variance, and the third factor accounted for 21.079% of the total variance; the total variance explained by these three factors on the performance measurement scale is 67,094%.

**Table 4. 17 Performance Measurement Rotated Component Matrix**

Performance Measurement Rotated Component Matrix <sup>a</sup>	Component		
	1	2	3
PO:7 Profit margin (in percent) is higher than competitors.	,846		
PO:5 Market share is higher than competitors.	,765		
PO:6 Sales is higher than competitors.	,750		
PO:12 Operating income is higher than competitors	,543		
PO:4 Response to customer complaints is faster than competitors.	,509		
PO:11 Growth rate is higher than competitors.		,869	
PO:9 Acquisition skill of employees is higher than competitors.		,843	
PO:10 Return on equity is higher than competitors.		,696	
PO:8 Cost of goods sold is lower than competitors.		,511	
PO:2 Average productivity per employee is higher than competitor.			,909
PO:3 Product availability is faster than competitors.			,877
PO:1 Return on investment is higher than competitors.			,770

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.<sup>a</sup>

a. Rotation converged in 5 iterations.

The results of the rotated factor with respect to the 3 factors obtained in the factor analysis of the performance measurement scale are shown in Table 4.17. The nomenclature of the three factors related to the performance measurement scale is shown in Table 4.17. According to this; The first factor is named as sales performance from questions 7,5,6,12, and 4, the 2nd factor competitive advantages from the questions 11,

9, 10 and 8 and the third factor is called the productivity dimension and consists of 2, 3 and 1 questions.

#### Reliability on Performance Measurement

The Cronbach's Alpha ( $\alpha$ ) values are calculated as a result of the reliability test performed by using the alpha model in relation to the Performance Measurement scale and sub-dimensions.

**Table 4. 18 Performance Management Reliability Statistics**

	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Sales Performance	,793	,790	5
Competitive Advantages	,807	,813	4
Productivity	,861	,861	3

From table 4.18, alpha values; in the performance measurement scale consisting of a total of 12 items, it was calculated as 0,793 in a total of 5 items. The total of 4 items was 0,807. The total of 3 was 0.861. According to this, performance measurement scale and functional sub-dimension are highly reliable and sales performance, competitive advantages and productivity sub-dimensions are highly reliable.

H.1: Strategic management of SMEs in Istanbul can be varied according to demographic factors as follow:

H.1.a: It can be varied with sectors

Since the sectors has two options: manufacturing and service, Independent T test is done whether strategy application and strategy control are varied with sector.

### 4.6.3. Test of Differences

**Table 4. 19 Independent Samples T Test for Sector and Strategic Management**

#### Independent Samples T Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Strategy Implementation	EVA	,078	<b>,780</b>	2,182	58	,033	-,42824	,19626	-,82111	-,03537
	EVnA			2,198	50,641	,033	-,42824	,19487	-,81952	-,03696
Strategy Control	EVA	,487	<b>,488</b>	2,677	58	,010	-,54012	,20180	-,94407	-,13618
	EVnA			2,666	48,798	,010	-,54012	,20257	-,94725	-,13300

As you can see in table 4.19, Significant values from Levene's test for equality of variances for both strategy implementation and strategy control with respect to sector were greater than 0.05, manufacturing company and service company have no relation with strategy implementation and strategy control.

H.1.a: Ans: It is found that strategic management is not varied with sectors whether it is manufacturing or service.

H.1.b: Strategic management can be varied with years of establishment

Since the years of establishment were categorized into four different groups according to the intervals. Thus, Anova is done whether strategy application and strategy control are varied with years of establishment as per these groups.

**Table 4. 20 ANOVA for Years of Establishment and Strategic Management**

		Sum of Squares	df	Mean Square	F	Sig.
Strategy Implementation	Between Groups	,628	3	,209	,343	<b>,794</b>
	Within Groups	34,185	56	,610		
	Total	34,813	59			
Strategy Control	Between Groups	1,500	3	,500	,763	<b>,520</b>
	Within Groups	36,713	56	,656		
	Total	38,213	59			

As you can see in table 4.20, significant values were not less than 0.05 both for strategy implementation and strategy control. Thus, years of establishment of the company have no relation with strategy implementation and strategy control.

H.1.b: Ans: It is found that strategic management is not varied with years of establishment of the company.

H.1.c: Strategic management can be varied with number of employees

Since the number of employees working in the company were categorized into three different groups according to the size of the company. Thus, Anova is done whether strategy application and strategy control are varied with the number of employees of the company as per these groups.

**Table 4. 21 ANOVA for Numbers of Workers and Strategic Management**

		Sum of Squares	df	Mean Square	F	Sig.
Strategy Implementation	Between Groups	2,668	2	1,334	2,366	<b>,103</b>
	Within Groups	32,144	57	,564		
	Total	34,813	59			
Strategy Control	Between Groups	4,415	2	2,208	3,723	<b>,030</b>
	Within Groups	33,797	57	,593		
	Total	38,213	59			

As you can see in table 4.21, significant value was not less than 0.05 for strategy implementation but it was less than 0.05 for strategy control. Thus, number of workers in



an company has no relation with strategy implementation. However, number of workers in a company has relation with strategy control. It means as long as the employees working in a company is high, strategy control is done in high frequency.

H.1.c: Ans: It is found that strategy control of the business is varied with the number of employees working in the company while strategy implementation is not varied with number of employees.

H.1.d: Strategic Management can be varied with organization structure of the business Since the organization structure of the business has two options: family business and corporation, Independent T test is done whether strategy application and strategy control are varied with the organization structure.

**Table 4. 22 Independent Samples T Test for Organization Structure and Strategic Management**

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Strategy Implementation	.767	<b>,385</b>	-.014	58	,989	-,00278	,20015	-,40342	,39786
EVA EVnA			-,014	56,210	,989	-,00278	,19850	-,40038	,39482
Strategy Control	,513	<b>,477</b>	-1,543	58	,128	-,31702	,20552	-,72841	,09438
EVA EVnA			-1,547	57,970	,127	-,31702	,20489	-,72716	,09312

As you can see in table 4.22, Significant values from Levene's test for equality of variances for both strategy implementation and strategy control with respect to organization structure of the business were greater than 0.05, family business and corporation company have no relation with strategy implementation and strategy control.

H.1.a: Ans: It is found that strategic management is not varied with the organization structure of the business.

H.1.d: Strategic Management can be varied with management structure of the business

Since the management structure of the business has two options: managing by family and managing by professional managers, Independent T test is done whether strategy application and strategy control are varied with the management structure.

**Table 4. 23 Independent Samples T Test for Management Structure and Strategic Management**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Strategy Implementation	EVA	,230	<b>,633</b>	-,434	58	,666	-,09307	,21466	-,52276	,33663
	EVnA			-,428	34,067	,671	-,09307	,21745	-,53495	,34881
Strategy Control	EVA	2,127	<b>,150</b>	-	58	,067	-,40864	,21878	-,84659	,02930
	EVnA			1,868	30,124	,091	-,40864	,23378	-,88601	,06872

As you can see in table 4.23, Significant values from Levene's test for equality of variances for both strategy implementation and strategy control with respect to management structure of the business were greater than 0.05, business and corporation company have no relation with strategy implementation and strategy control.

H.1.a: Ans: It is found that strategic management is not varied with the organization structure of the business.

H.2: Strategic management of SMEs practices can be varied with the performance of the SMEs. Linear relationship between two variables are shown with the coefficient number ranging from -1 to +1, where -1 is perfect negative correlation, and 0 has no correlation, and +1 is perfect positive correlation.

#### 4.6.4. Correlations

Pearson Correlation is done to see how the strategic management correlates with performance of business.

**Table 4. 24 Correlations**

		Strategy Implementatio n	Strategy Control	Sales Performance	Competitive Advantages	Productivity /Effectiveness
Strategy Implementation	Pearson Correlation	1	,813**	,502**	,436**	,532**
	Sig. (2-tailed)		,000	,000	,000	,000
	N	60	60	60	60	60
Strategy Control	Pearson Correlation	,813**	1	,596**	,417**	,580**
	Sig. (2-tailed)	,000		,000	,001	,000
	N	60	60	60	60	60
Sales Performance	Pearson Correlation	,502**	,596**	1	,535**	,397**
	Sig. (2-tailed)	,000	,000		,000	,002
	N	60	60	60	60	60
Competitive Advantages	Pearson Correlation	,436**	,417**	,535**	1	,316*
	Sig. (2-tailed)	,000	,001	,000		,014
	N	60	60	60	60	60
Productivity / Effectiveness	Pearson Correlation	,532**	,580**	,397**	,316*	1
	Sig. (2-tailed)	,000	,000	,002	,014	
	N	60	60	60	60	60

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

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

As you can see in table 4.24. all the parameters have correlated each other positively because all the significant values are less than 0.05. In order words, it is found that while strategy implementation and strategy control, sales performance, competitive advantages, and productivity have correlated each other with the significant value 0.000, competitive advantages and productivity are correlated with 0.014 and sales performance and productivity are with 0.02.

#### **4.6.5. Regression**

Multiple regression analysis is expressed as an analysis type for estimating the dependent variable based on two or more independent variables associated with the dependent variable. Multiple regression analysis allows the interpretation of the total variance described by the predictive variables, the statistical significance of the variance

explained, the statistical significance of the predictive variables and the interpretation of the relationship between the predictive variables and the dependent variable. The regression equation obtained from the sample can be written as follows; (Buyukozturk, n.d; 453):

$$y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_nX_n$$

The common effect of independent variables on the dependent variable can be examined with  $R^2$ . This value gives the ratio of the variance explained by all variables. Furthermore, in multiple regression analysis, the slopes (b) indicate the amount of change in the dependent variable versus the unit increase in that independent variable when other variables are held constant.

The multi-selectivity coefficient  $R^2$  is between 0 and 1. If all unit values are over the linear regression line,  $R^2 = 1$ . If there is no linear relationship between the dependent and independent variables,  $R^2 = 0$ . However, giving value of R to be 0 does not indicate that there is no relationship between dependent and independent variables, but only shows that there is no linear relationship between variables.

#### 4.6.5.1. Regression Analysis on Sales Performance

**Table 4. 25 Regression Analysis on Sales Performance Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	,597 <sup>a</sup>	,356	,334	,66073	,356	15,781	2	57	,000

a. Predictors: (Constant), Strategy Control, Strategy Implementation

b. Dependent Variable: Sales Performance

In table 4.25, it shows the predictive ability of the study. Since adjusted  $R^2$  value was 0.334, this study explains 33.4% of the variances in sales performance.

**Table 4. 26 Regression Analysis on Sales Performance Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,384	,462		2,993	,004
	Strategy Implementation	,055	,192	,052	,285	,777
	Strategy Control	,557	,183	,554	3,037	,004

a. Dependent Variable: Sales Performance

In Table 4.26 p value is less than 0,05 for strategy control with respect to sales performance. It means as long as the control is done on strategy, the sales performance is going up. But there is no relation between strategy implementation and performance of the organization as significant value is greater than 0.05.

#### 4.6.5.2. Regression Analysis on Competitive Advantages

**Table 4. 27 Regression Analysis on Competitive Advantages Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	,449 <sup>a</sup>	,202	,174	,87647	,202	7,207	2	57	,002

a. Predictors: (Constant), Strategy Control, Strategy Implementation

b. Dependent Variable: Competitive Advantages

In table 4.27, it shows the predictive ability of the study. Since adjusted R<sup>2</sup> value was 0.174, this study explains 17.4% of the variances in competitive advantages.

**Table 4. 28 Regression Analysis on Competitive Advantages Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,690	,613		2,755	,008
	Strategy Implementation	,358	,255	,285	1,404	,166
	Strategy Control	,222	,243	,186	,914	,365

a. Dependent Variable: Competitive Advantages

In Table 4.28, p value is greater than 0,05 for strategy control and strategy implementation with respect to competitive advantages. It means there is no relation between strategy implementation, strategy control and performance of the organization.

### 4.6.5.3. Regression Analysis on Productivity / Effectiveness

**Table 4. 29 Regression Analysis on Productivity Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	,589 <sup>a</sup>	,347	,324	,82046	,347	15,124	2	57	,000

a. Predictors: (Constant), Strategy Control, Strategy Implementation

b. Dependent Variable: Productivity / Effectiveness

In table 4.29, it shows the predictive ability of the study. Since adjusted R<sup>2</sup> value was 0.324, this study explains 32.4% of the variances in competitive advantages.

**Table 4. 30 Regression Analysis on Productivity Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,834	,574		1,452	,152
	Strategy Implementation	,232	,239	,179	,973	,335
	Strategy Control	,538	,228	,434	2,363	,022

a. Dependent Variable: Productivity / Effectiveness

In Table 4.30 p value is less than 0,05 for strategy control with respect to productivity. It means as long as the control is done on strategy, the productivity is higher. But there is no relation between strategy implementation and performance of the organization as significant value is greater than 0.05.

H2: Ans: Strategy control is varied with sales performance and productivity while strategy implementation is not varied with performance of the organization.

H.3: SMEs performance can also be varied with the demographic factors of SMEs

To analyze the relationship between the performance of the organization and demographic factors of the business, Independent T test and ANOVA are done according to the variance in each demographic factor with respect to each sales performance.

H.3.a: Performance can be varied with sectors

**Table 4. 31 Independent Samples Test for Sector and Performance**

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Sales Performance	,002	<b>,968</b>	-	58	,143	-,32991	,22241	-,77512	,11529
			1,483						
EVA			-	37,575	,136	-,32991	,21654	-,76843	,10861
			1,524						
Competitive Advantages	,005	<b>,944</b>	-	58	,058	-,50663	,26158	-,103025	,01698
			1,937						
EVA			-	37,251	,055	-,50663	,25555	-,102431	,01105
			1,983						
Effectiveness / Productivity	,029	<b>,866</b>	,638	58	,526	,17758	,27830	-,37949	,73465
			,675	40,497	,504	,17758	,26312	-,35401	,70917

In table 4.31, since the significant values are not less than 0.05, sector and performance such as sales, competitive advantages and productivity are not related each other.

H.3.a: Ans: Thus, performance and sector have no relation each other.

H.3.b: Performance can be varied with years of establishment

**Table 4. 32 ANOVA for Years of Establishment and Performance**

		Sum of Squares	df	Mean Square	F	Sig.
Sales Performance	Between Groups	,867	3	,289	,428	<b>,734</b>
	Within Groups	37,796	56	,675		
	Total	38,663	59			
Competitive Advantages	Between Groups	1,289	3	,430	,449	<b>,719</b>
	Within Groups	53,570	56	,957		
	Total	54,859	59			
Effectiveness / Productivity	Between Groups	1,483	3	,494	,483	<b>,695</b>
	Within Groups	57,249	56	1,022		
	Total	58,731	59			

In table 4.32, since the significant values are not less than 0.05, years of establishment and performance such as sales, competitive advantages and productivity are not related each other.

H.3.b: Ans: Thus, performance and years of establishment have no relation each other.

H.3.c: Performance can be varied with Number of Employees

**Table 4. 33 ANOVA for Number of Employees and Performance**

		Sum of Squares	df	Mean Square	F	Sig.
Sales Performance	Between Groups	,978	2	,489	,740	<b>,482</b>
	Within Groups	37,685	57	,661		
	Total	38,663	59			
Competitive Advantages	Between Groups	,625	2	,312	,328	<b>,721</b>
	Within Groups	54,234	57	,951		
	Total	54,859	59			
Effectiveness / Productivity	Between Groups	4,060	2	2,030	2,116	<b>,130</b>
	Within Groups	54,672	57	,959		
	Total	58,731	59			

In table 4.33, since the significant values are not less than 0.05, number of employees and performance such as sales, competitive advantages and productivity are not related each other.

H.3.c: Ans: Thus, performance and number of employees have no relation each other.



H.3.d: Performance can be varied with Structure of Business

**Table 4. 34 Independent Samples Test for Structure of Business and Performance**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Sales Performance	EVA	,011	<b>,916</b>	-,407	58	,686	-,08565	,21063	-,50727	,33596
	EVnA			-,404	55,027	,688	-,08565	,21181	-,51013	,33883
Competitive Advantages	EVA	,425	<b>,517</b>	-,705	58	,483	-,17649	,25018	-,67728	,32430
	EVnA			-,700	53,584	,487	-,17649	,25206	-,68193	,32895
Productivity /Effectiveness	EVA	,497	<b>,484</b>	-,781	58	,438	-,20208	,25861	-,71974	,31559
	EVnA			-,782	57,836	,438	-,20208	,25848	-,71951	,31536

In table 4.34, since the significant values are not less than 0.05, structure of business and performance such as sales, competitive advantages and productivity are not related each other.

H.3.d: Ans: Thus, performance and structure of business have no relation each other.

As you can see in table 4.31, 4.32, 4.33 and 4.34, all the significant values are greater than 0.05, which means there is not relationship between performance and demographic factors of the organization.

H3: Ans: Performance of the SMEs is not varied with demography of the organizations.

## DISCUSSION

This section will be discussed about the evaluation of implementation of the strategic management and its performance in small and medium-sized enterprises; This study revealed some significant results from SMEs in Istanbul demonstrating how the importance of strategic management practices and its effect on performance.

Thus, a field study was conducted with the participation of 60 small and medium-sized enterprises operating in the province of Istanbul and having 6-249 employees. In this study, the survey was done with semi structural survey in which some parts are answered on questionnaire and some questions were asked when face to face meetings with top level managers of the company were done.

Although it was attempted to ensure the participation of as many enterprises as possible, this was not so possible. Rather than this limitation, during the survey was done, it is found that business managers do not have enough information about strategic management or some refrain from giving information about their businesses for their businesses to be safe for data sharing. Thus, it should be taken into consideration that the research findings do not represent the whole universe except the sample because of the low ratio of the number of enterprises participating in the survey to the size of the research population.

As a result of the study, it was found that strategic management effects on enterprise performance. Additionally, there was a significant relationship between demographic characteristics of business and strategy control.

The fact that managers of the business which has over 9 employees responded to the survey stated that their enterprises have a strategic plan. At the same time, it has been observed that the enterprises within the scope of the research have taken the trimmings of strategic planning, change, policy and administration and they give contradictory answers about strategic planning activities. They believe that strategic planning is an important process in the formulation of strategies, but the success of the strategies created

is mainly due to implementation. They stated that as long as it is a successful practice, the prepared strategic plans will not remain as a plan.

It has been determined that the majority of the enterprises pay particular attention to the determination of business objectives, objectives, vision and missions in strategic management activities, but they do not display the same determination in other activities within the strategic management process. Considering that the strategic management process is a process that consists of dynamic, long-term, complex and repetitive activities, it can be said that the enterprises participating in the research could not carry out this process successfully to the end to form effective performance of the business. In this respect, although the strategic management model is implemented in the enterprises participating in the research, it can be considered as a populist approach that the enterprises include their vision and mission statements on the Web pages.

The majority of enterprises participating in the survey are enterprises that are open to competition, open to change and target to grow. The most preferred strategic goals are increasing market share, opening new markets and developing new products with high sales performance, competitive and productivity. Companies prefer more diversification and cost leadership strategies in line with their targets to increase their market share, and more relevant diversification strategy for new markets and targets for new products. Thus, it can be said that enterprises make a clear strategic choice to get performance effectively.

Due to the Turkish economic silent crisis that has been felt effectively in last year, it was observed that the enterprises did not have the goals of preserving their current situation and shrinking. It can be said that this result is due to the bias that exists either individually or together, the effects of the economic crisis, or the openness of enterprises to change and competition, or against the concept of shrinking, which is the general feature of all enterprises. 93% of the enterprises thought that they are analyzing the opportunities and thread of internal and external factors of economy. Accordingly, they preserve the current status of business whether it should grow or shrink.

As a result, it is determined that medium-sized enterprises within the scope of the research in the province of Istanbul have enough knowledge about strategic management approach and model, and they benefit from strategic management tools, methods and techniques in a conscious way. However, there is no strategic management planning department in small-sized enterprises and they are not getting the advices of professional

consultancy of business management as they don't want to spend more money on that. The contradictory answers from them were surprising as the economic situation in Turkey is not stable nowadays and the anticipation of that consultants for economy cannot be true as there are many factors like inflection of Turkish Lira which is directly affected on them to buy and sell goods in Turkish Lira (Kilci, 2018). They were complaining about the goods buying prices are going up dramatically just after they sell the products from their stores which makes them unable to buy them again. Thus, they refused to implement the long-term strategy as they are making business in local market. However, for those which are doing business with foreign countries are making profit in that instance. They think that it is not related with strategic management practices, but it is related with country economy and their chances to make business with foreign countries. Thus, the small enterprises have no concern of implementing the strategy on their business.

The medium size enterprise in Istanbul province are the major players in both the private and government sector in Turkey when compared to large businesses. Increasing competition with globalization also threatens not only small but also medium-sized enterprises. In this intense competition environment, SMEs need alternative strategic management control approaches other than traditional management techniques so that their performance were fruitful at the end. In this study it is found that the strategic control is directly proportional to the control of strategic management.

In this context, for small and medium-sized enterprises, the recommendations can be listed as follows (Hamel,1994):

- 1) Strategic management practices can only be effective if there is control on that model for small and medium-sized enterprises. With effective strategic management and its control, SMEs can eliminate future uncertainties, align their external environment and business capabilities, reduce risks, increase their competitiveness and achieve their growth targets.

To do this, however, they need to review their current situation, solve general management problems, and free their organizational structures from the traditional structure and build them in line with the strategic management model and modern business criteria. But for the first and foremost, SME managers / owners need to understand and embrace the importance and necessity of strategic management

thinking and then ensure that other units and employees of the enterprise have the same consciousness.

In this respect, with the cooperation and support of institutions such as KOSGEB and other Strategy Development Agencies, training and seminar that demonstrate the importance of strategic management for SMEs should be practice. All the SME executives and employees participating in such events and activities create them the awareness of the importance of strategic management and its effects on performance of the organization.

- 2) The strategic management model to be proposed for SMEs should not be as complex and comprehensive as foreseen for large enterprises. In fact, it is not possible to realize this by the nature and characteristics of SMEs. Similarly, strategic management should not be expected to implement all analysis tools, methods and techniques in one time.

In this respect, it is thought that a more simplified, easy to implement and harmonize strategic management process and model for SMEs will be the most appropriate. Strategic management tools, methods and techniques, especially SWOT analysis, is preferable to use in this sense because it is low cost and easy to use for analysis.

Thus, it can be said that SMEs that implement the proposed strategic management model with the use of SWOT can develop predictions by eliminating or decreasing uncertainties about the future, adapting to changes in the environment more easily and achieving the goal of standing and growth by achieving competitive advantage.

As a strategic management tool, benchmarking will be effective in increasing the competitiveness of small and medium-sized enterprises. In order to be able to make a successful comparison, it is of great importance that small and medium sized enterprises have the best performance in similar fields and capacities in their fields of activity, and development of performance criteria to be used in benchmarking activities.

Small and medium-sized businesses in Turkey as well as all over the world need implementing strategic management success across SMEs with choosing performance evaluation from which they can measure their achievement. By that, they can make the necessary improvements in the business, and thereby increase their competitiveness. In this respect, the determination of the best performing SMEs and development of

performance criteria can be carried out with the cooperation and support of organizations such as European Union Business Development Center in Europe.

To reveal the two opposing views compared to other studies while conducting the strategic management of the enterprises subject to the research, it is observed that demographic factors of the enterprises in Istanbul are independent on strategic management except the number of employees in an organization. It is strongly agreed that as long as the increase in employees of the business, the control of strategic is deeper. However, the previous research done in other cities by other researchers, demographic factor of the organization such as type of sector, year of establishment, management structure, and organization structure have strongly impact on strategic management implementation in SMEs. In this survey, 54 (90%) of the 60 business managers answered the questionnaire how the implementing the strategic management in their enterprises impact on performance of the organization. However, there is relation found between demographic factors of the organization effects on strategic management.

Another opposing view compared to other studies was 31 companies (51.6%) from enterprises are high in their market share. They offer low-priced products that come to mind first. So, the cost leadership strategy is used. There are many ways to reduce costs. By increasing productivity (lowering labor costs), reducing costs, finding cheap raw materials and intermediate products, using cheap labor, or reducing other expense items, they can reflect this in the price of their products. However, some sell more with less profit, earn less, sell less to the market. The remarkable point here is that while the number of enterprises that initially chose to increase the market share by reducing their profit margin was 29, the number of those who chose tactical, product differentiation and focus on the market by reducing their cost of the products was 15. These tactics are contradictory tactics, indicating that they don't want to differentiate the product to grasp the market demand. Instead, they reduce their profit margin and sell less and maintain their business neither grow or shrink. In other studies, SMEs are making efforts to differentiate their products compared to large enterprise to grasp the market needs in which way, their profit margin is going up accordingly.

This finding was similar to that of Isik (2010), who found the size of the organization has significantly affected on strategic management and organization performance. Although, she implemented that the performance of the organization has

improved only if the business was run with professional management agency from outside the company. But in this study, although some companies itself have strategic planning department composed of the top-level managers who have ability to maintain the performance of the organization by implementing many controls of the strategies They use the tactic to increase the control intervals to the strategy they implement.

Moreover, managerial Implications is formed by the business managers who analyze their situation and control in strategic plans determine the most appropriate tactics and strategies for themselves. It is tried to understand the question of how the implementation of the strategic plans are carried out in the business. As it can be remembered, 54 of the enterprises stated that they had a strategic plan. 37 of them have mission and vision in written format while 17 of them have mission and vision but not in written format but they still apply the strategy in the businesses. 57 of SMEs have an event to motivate the employees. 42 of them have a department to organize, control, and revise the strategic plan. Businesses should constantly monitor the environment and revise their strategic plans wherever necessary. However, these revisions should not be carried out in instability, instability and panic. It really needs to be done on-site and if necessary. Otherwise, there will be an irresistible, defunct management that will give up every tactic and strategy quickly, as this will affect the business in a material way and will have a very negative impact on the motivation of the employees.

## **RESULTS**

The result of this study can be summarized with three results. Firstly, the more control in strategic management process makes perfect performance results in an organization. Secondly, the study emphasized that the size of the business affects the performance positively. It means, high performance of the business can achieve with the increasing number of employees in an organization. Finally, performance of the business can be categorized under three captions: Sales Performance, Competitive Advantages, and Productivity. Among them, sales performance is one of the major factors that influences the performance of the business in this study. In this study, sales performance is increased when the control of strategy is done in high intervals of control period.

## **LIMITATIONS OF RESEARCH**

The research was carried out, both manufacturing and service industries in Istanbul province. However, it can be said that the results obtained cannot be generalized for all SMEs in Istanbul as Istanbul is composed of two continents which are the main business city center of Turkey, where many SMEs are located with many sub-cooperation. Thus, the result can provide an idea as an extra fact to those enterprises located in this province about strategic management and practices of these enterprises. In addition, the studies conducted on SMEs with 250 or more employees were considered to the constraint for this research. Because there are many companies in the region who have employees more than that number, but they could not be included in the study as the term SMEs has limitation on employees not more than 250. Although 85 business owners / managers were asked within 3 months to connect for questionnaires and face to face short meeting, only 60 businesses were returned and accepted to have meeting. Arranging face to face meeting for survey takes time a lot. However, the ratio of population to sample size is 70.6%. This ratio can be considered as sampling enough for this specific research as a response rate of over 70% is rated as good (Mugenda, 2003). Finally, some companies are returned with no response as they are no eager to share the information as they feel that this information should be kept confidentially. Thus, this makes this study constrain again. To conclude, this study was prepared within 3 months. So, if more SMEs need to be participated for further research, it will need and take more time.



## CONCLUSION

To conclude, the evaluation of the results of the strategic management, its control and the performance of the enterprise are emphasized. Strategic management plans implicitly aim to increase the growth of the company, to try to maintain its market share, or to gradually remove it from the market with the least damage. Generally, businesses want to grow in the market. Even businesses that think they are in the wrong market always try to stay in that market. The first thing that comes to mind when it comes to growth is the increase of the company's turnover, market share and profitability. The objectives set out in the strategic management plans should be long term maturity. However, profit is a result determined by the end of each year, in other words, it is determined in a short-term period. Therefore, fully merging the strategic direction with profit will be an important assessment error. After several years of loss or less profit, strategic goals will be attained. In this sense, it is not correct to evaluate the company's profit and strategic management practice in the same context. In a short term, there might not be seen effectiveness from strategic management practices, since the profit is not increasing or reducing because the profit outcome is the part of strategic management. The performance of organization can measure with the profit margin. When the business achieves in the sector, it means that the profit margin of that business is high. To get high performance, the regular control of implementing strategy is necessary. Only implementing the strategy is not enough for the business to be succeed in this competitive world. Without control, strategy is meaningless. Without strategic management, there is no reachable way to success high profit margin business. However, 54 out of 60 enterprises (90%) considered the strategic management as a process that increased profit. While the strategic management provides the benefit to your business in practice, 6 enterprises (10%) stated that they did not see any benefit of strategic management. These results show that the strategic control process is not done consciously and effectively to measure their performance of that business.

## **FURTHER RESEARCH RECOMMENDATIONS**

This study was very limited because in Istanbul more than thousands of small and medium size enterprises are operated nowadays. According to Sosyal Guvenlik kurumu ve Turkiye Is kurumu data (2019), 497 thousand SMEs are located in Istanbul. Among them, only 60 SMEs were conducted in this study. Therefore, this study should recommend repeating with the research done in respective regions or parts, such as specific industrial zones, or SMEs in Anatolian side, European side of Istanbul. Also, different variable should be used to measure the effectiveness of the strategic management practices and its performance measurement such as financial activity of the organization, marketing activity to new market compared to large organization. This study was done with the use of primary data collected by the managers of the organization. However, in some companies, key person to manage the strategic management were not the owners or top-level managers, there are still a department which manage the strategic management activity and its control to measure performance of the organization in which that managing activity are directed externally by consultants. Thus, the data collected directly from them will be more consistency. Finally, similar study should be done regularly to understand how SMEs behaves in healthy way to maintain their organization keeping constant affected by some internal and external environmental factors like country's recent economic growth, or crisis.

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## **APPENDIX**

### **Kobi'lerin Stratejileri Uygulamaları ve İşletme Performansı Üzerinde Anket Çalışması**

Değerli Katılımcı,

Size sunulan anket formu İstanbul Okan Üniversitesi İşletme Yüksek Lisans programında Doç. Dr. Muhterem Şebnem Ensari danışmanlığında hazırladığım ‘‘Kobi'lerin Stratejileri Uygulamaları ve İşletme Performansı Üzerindeki etkisinin İncelemesi’’ isimli tez çalışmasının araştırma bölümünü meydana getirmektedir. Anket sonucunda yapılacak olan değerlendirmeler, istatistiksel bilgiler ve veriler haline dönüştürülerek yalnızca bilimsel çalışmada kullanılacaktır. Bu nedenle, anketin cevaplandırılmasında ve geri gönderilmesinde göstereceğiniz hassasiyet, çalışmanın geçerliliği ve güvenilirliği açısından büyük önem arz etmektedir.

Tez çalışmamıza sağlayacağınız katkılardan ve zaman ayırmanızdan ötürü çok teşekkür eder, çalışma hayatınızda başarılar dileriz.

## Genel Bilgiler

Faaliyet gösterdiğiniz sektör aşağıdakilerden hangisidir?

- İmalat
- Hizmet

İşletme ne zaman kuruldu?

Kuruluşun yaklaşık kaç çalışanı var?

Kuruluşun yönetim yapısı nedir?

- Aile İşletmesi
- Profesyonel Yöneticiler

## Stratejik Yönetim Uygulamaları

Dış yada iç piyasa analizi, işinizle ilgili önemli fırsatları ve tehditleri tanımlamak için kullanılıyor mu?

- Evet
- Hayır

## Strateji Oluşturma

1. Şirketin vizyon beyanı var mı?

- Evet yazılı olarak var
- Evet var ama yazılı değil
- Hayır

2. Şirketin misyon beyanı var mı?

- Evet yazılı olarak var
- Evet var ama yazılı değil
- Hayır

3. Şirketinizin misyon ve vizyonları kimler geliştirir?

- Şirketin sahibi
- Üst yönetim
- Tüm çalışanlar

4. Şirket stratejik yönünü kasıtlı olarak vizyon beyanı, misyon beyanı ve temel değerler şeklinde belirlemiştir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

5. Şirket, dış çevrenin işletme üzerindeki etkilerini anlamak için dış çevresi hakkında bilgi toplar ve analiz eder.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

6. Şirketin icra kurulu başkanı, şirketin stratejik yönetim planlamasının resmi sorumluluğunu üstlenir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

7. Stratejik formülasyon şirketimizde öncelikli bir faaliyettir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım

- Oldukça katılıyorum
- Tamamen katılıyorum

8. Strateji oluşturma sürecinde profesyonel danışman hizmeti almaktadır.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

9. Şirketimizin strateji formülasyonunu yönlendiren bir planlama departmanı vardır.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

9. Strateji oluşturmada, kuruluşumuz elindeki tüm kaynakları değerlendirilir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

10. Şirketimiz rakipleri belirler, ardından rakiplerin başarısının nedenlerini belirler ve bunu strateji oluşturmada dikkate alır.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

11. Firmamızın stratejik davranışı ve seçimleri çevresel gelişmelere paraleldir ve bu strateji oluşturma sürecine dahil edilmiştir.

- Hiç katılmıyorum

- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

12. Şirket strateji oluşturma sürecinde bir danışmanlık hizmetinden faydalanmaktadır.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

## **Strateji Uygulaması**

1. Kuruluşunuzda strateji uygulamasından kimler sorumludur?

- Üst yönetim
- Orta kademe yönetim
- Şirket sahibi
- Direktör
- Tüm personel

2. Firmanızdaki stratejilerin uygulanması sonrası değerlendirmeye kimler dahil edilmektedir?

- Şirket sahibi
- Üst yönetim
- Tüm personel

3. Şirket stratejisi, çalışanlara yeterli ve kapsamlı bir şekilde iletilir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

4. Strateji uygulamasına yeterli kaynak tahsis edildi.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

5. Organizasyon stratejisi organizasyon yapısına uygundur.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

6. Organizasyon stratejisi tamamen belirlenmiş hedeflere ve beklenen performansa dayalı olarak uygulanır.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

7. Şirket, organizasyon stratejisini en yüksek performansı sağlayacak şekilde uygulama konusunda isteklidir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

8. Strateji uygulamasının başarısını sağlamak için, şirketimizde çalışan personeli motive edecek sistemler mevcuttur.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

## **Strateji Değerlendirmesi**

1. Şirketimizde stratejik denetleme ( fiili-planlanan) sonuçları mevcut stratejik planın değiştirilmesinde veya gelecek planlama süreçlerinde çok önemlidir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

2. İşletmemizde hazırlanan her stratejik yönetim planı ögesi için açıkça tanımlanmış ve ölçülebilir performans hedefleri içerir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

3. İşletmemiz belirli aralıklarla strateji uygulamalarını denetler.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

4. Strateji performansının değerlendirilmesini sağlamak için şirket içinde açık iletişim kanalları bulunmaktadır.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

5. Bir stratejinin başarısı, uygulama aşaması sonunda uygulanır ve değerlendirilir ve düzeltici önlemler alınır.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

6. Denetleme yapılırken işletmemiz ağırlıklı olarak rakiplerle karşılaştırma yapar.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

7. İşletme stratejileri değerlendirilirken geçmiş performans ağırlıklı olarak dikkate alınır.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

8. Daima işletmemizde denetleme sonrası düzeltici işlem başlatılır

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum



- Tamamen katılıyorum

9. İşletmemizde denetleme sonrası, iyi performans ödüllendirilir

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

## **Performans Ölçüm**

1. Yatırımlarımızın getirisi rakiplerimizden yüksektir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

2. Çalışan başına ortalama üretkenliğimiz rakiplerimizden yüksektir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

3. Ürünü/hizmeti üretip piyasaya verme süremiz rakiplerimizden hızlıdır.

- Hiç katılmıyorum
- Kısmen katılıyorum

- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

4. Müşteri şikâyetlerine cevap verme süremiz rakiplerimizden hızlıdır.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

5. Piyasa payımız rakiplerimizden yüksektir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

9. : Satışlarımız rakiplerimizden yüksektir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

7. Karlılığımız (yüzde olarak) rakiplerimizden yüksektir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

10. Satılan malın maliyeti rakiplerimizden düşüktür.

- Hiç katılmıyorum
- Kısmen katılıyorum

- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

11. Çalışanlarımızın yeni beceri kazanma oranı rakiplerimizden yüksektir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

10. Öz sermaye getirisi rakiplerimizden yüksektir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

11. Büyüme oranımız rakiplerimizden yüksektir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

12. Faaliyet gelirlerimiz rakiplerimizden yüksektir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

13. Karlılığımız (Kar/Toplam satışlar) rakiplerimizden yüksektir.

- Hiç katılmıyorum

- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

14. Müşteri memnuniyeti rakiplerimizden yüksektir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum

15. Şirketimizin piyasa değeri rakiplerimizden yüksektir.

- Hiç katılmıyorum
- Kısmen katılıyorum
- Kararsızım
- Oldukça katılıyorum
- Tamamen katılıyorum