



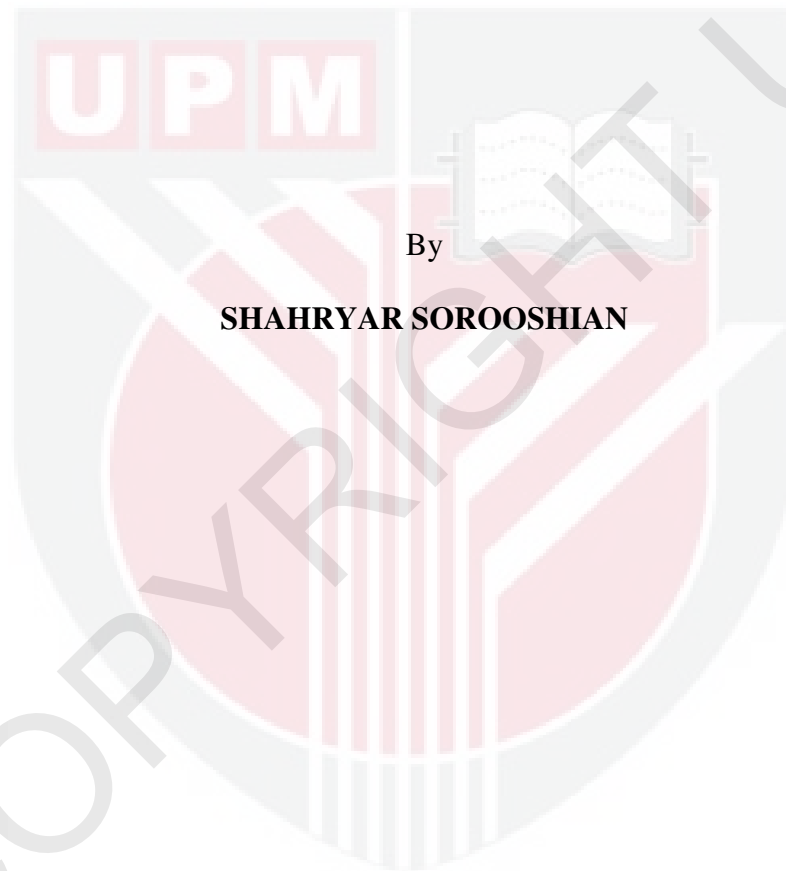
UNIVERSITI PUTRA MALAYSIA

***DEVELOPMENT OF A PERFORMANCE ANALYSIS MODEL
FOR SMALL AND MEDIUM ENTERPRISES IN IRAN***

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**DEVELOPMENT OF A PERFORMANCE ANALYSIS MODEL
FOR SMALL AND MEDIUM ENTERPRISES IN IRAN**



By

SHAHRYAR SOROOSHIAN

**Thesis Submitted to the School of Graduate Studies, Universiti Putra
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Philosophy**

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**DEVELOPMENT OF A PERFORMANCE ANALYSIS MODEL
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January 2012

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Various factors were observed to affect small and medium enterprises' performances for their success and failure in business. The main objectives of this study are to identify the critical factors affecting small and medium enterprises (SMEs) performance and modeling the factors. Previous research on the business success or failure did not provide detailed explanation to SME performances. Particularly, few research has focused on the factors affecting the performance of established SMEs; even though from business environment the need for SME performance analysis system is alarming.

Empirical data of this study, were based on extensive survey and interviews. The survey comprised of 20 experts and 321 independent operators in the manufacturing sectors of small and medium industries of entrepreneurs in Iran.

Qualitative and quantitative analysis methods were used for data analysis. Specifically interview and structural equation modeling were the main methods of this study. From the findings, a multi-criteria model was built for generic theory of business success in the SME-context. The model consists of two main constructs: Strategy formulation activities (SFA) and strategy administration activities (SAA). There are five latent sub-dimensions which are internal and external environment scanning, strategy formulation, strategy implementation and strategy control. This research found a significant relationship between SFA and SME Performance. Also, from the result reports a significant relationship between SAA and SME performance. The relationship between SFA and SAA was also reported to be significant. The result strongly suggests that entrepreneurs of SMEs should take necessary actions in aligning their strategy administration activities with the requirements of strategy formulation activities.

This study improves the existing theories in that it not only establishes a relationship between strategy formulation activities and strategy administration activities, but also it calculates how this relationship impacts the SME performance, using structural equation modeling method. The model provides a structural systematic method for analysis of business strategic management and its impact on performance of the company both in subjective (qualitative) and the objective (quantitative) terms. The main ability of the model is it can analyze SME performance based on observed and latent variables of strategic management using structural equation model and path coefficients. Another ability of the model is it can be used to benchmark, as it can measure the current performance by the use of two generic latent sub-dimensions of performance,

which include financial and non-financial (operational and constituency) performance.

This study worked with total number of 56 variables (observed or latent), which direct and indirect relationship between these variables and performance of SMEs were systematically analyzed. Series of tests supported validity, accuracy and feasibility of the model, and it was found that nascent and acting entrepreneurs, organizations fostering SME development, financiers, public policy makers, SME advisors, and other stakeholders of SMEs would benefit the most from the model.

Abstrak tesis dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

**PEMBANGUNAN MODEL ANALISIS PRESTASI UNTUK
PERUSAHAAN KECIL DAN SEDERHANA DI IRAN**

Oleh

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Pelbagai faktor yang mempengaruhi prestasi industri kecil dan sederhana (IKS) bagi kejayaan mereka dalam perniagaan dan bagi mengelak kegagalan telah dikenalpasti. Objektif utama kajian ini adalah untuk mengenal pasti faktor yang mempengaruhi prestasi dan me model kan faktor, faktor tersebut. Penyelidikan terdahulu mengenai kejayaan atau kegagalan perniagaan tidak memberi penerangan terperinci tentang prestasi IKS. Oleh ita, secara khususnya, penyelidikan ini memberi tumpuan kepada faktor-faktor yang mempengaruhi prestasi IKS.

Data empirikal adalah berdasarkan hasil kaji selidik dan temu bual yang intensif. Kaji selidik itu terdiri daripada 20 pakar dan 321 pengendali bebas dalam sektor perkilangan industri kecil dan sederhana di Iran.

Kaedah analisis kualitatif dan kuantitatif telah digunakan untuk analisis data dan daripada penemuan-penemuan ini, model persamaan struktur telah dibina bagi teori generik kejayaan perniagaan dalam konteks IKS. Model ini terdiri daripada dua konstruk utama: aktiviti penggubalan Strategi (SFA) dan aktiviti-aktiviti pentadbiran strategi (SAA). Terdapat sub-dimensi lima terpendam inaitu pengimbasan persekitaran dalaman dan luaran, perangkaan strategi, pelaksanaan strategi, dan pengawalan strategi. Kajian ini mendapati terdapat hubungan yang signifikan antara SFA dan Prestasi IKS; dan juga terdapat hubungan yang signifikan antara SAA dan prestasi IKS. Hubungan ketara antara SFA dan SAA juga dilaporkan. Hasil kajian mencadangkan bahawa usahawan IKS perlu mengambil tindakan yang sewajarnya dalam menyelaraskan antara aktiviti pentadbiran strategi mereka dengan keperluan aktiviti merangka strategi.

Kajian ini menaiktarafkan teori yang sedia ada kerana ia bukan sahaja mewujudkan hubungan antara aktiviti-aktiviti merangka strategi dan aktiviti-aktiviti pentadbiran strategi, tetapi ia juga mengkaji bagaimana hubungan ini memberi kesan kepada prestasi IKS. Model ini menyediakan satu struktur kaedah yang sistematik untuk analisis pengurusan perniagaan yang strategik dan mengenalpasti kesannya terhadap prestasi syarikat itu dalam kedua-dua syarat-syarat subjektif (kualitatif) dan syarat-syarat objektif (kuantitatif). Untuk pembangunan model persamaan struktur dan pekali laluan yang ditemui ketika merangka penyelidikan, keupayaan utama model ini adalah untuk menganalisis asas prestasi IKS berdasarkan kepada pemboleh ubah terpendam yang dipatuhi dan terpendam ke atas strategik pengurusan. Satu lagi keupayaan model ini adalah sebagai penanda aras kerana ia boleh mengukur prestasi semasa dengan

menggunakan dua sub-dimensi prestasi yang generik dan terpendam termasuk prestasi kewangan dan bukan kewangan (operasi dan bahagian berkenaan).

Dalam kajian ini, sebanyak 56 pembolehubah (dipatuhi atau terpendam), telah diuji dan hubungan langsung dan tidak langsung antara kedua-dua pembolehubah dan prestasi IKS telah dianalisis secara sistematik. Ujian-ujian yang dijalankan menyokong kesahihan, ketepatan dan kesesuaian model dan dengan itu usahawan baru, organisasi yang memupuk pembangunan IKS, pembiaya-pembiaya, penggubal dasar-dasar awam, penasihat-penasihat IKS, dan pihak-pihak lain yang berkepentingan dengan IKS boleh mendapat manfaat dari model ini.

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APPROVAL

I certify that an Examination Committee met on 11 January 2012 to conduct the final examination of Shahryar Sorooshian on his thesis entitled “Development of a performance analysis model for small and medium enterprises in Iran” in accordance with the Universities and University College Act 1971 and The Constitution of the Universiti Putra Malaysia [P.U. (A) 106] 15 March 1998. The Committee recommends that the student be awarded the Doctor of Philosophy.

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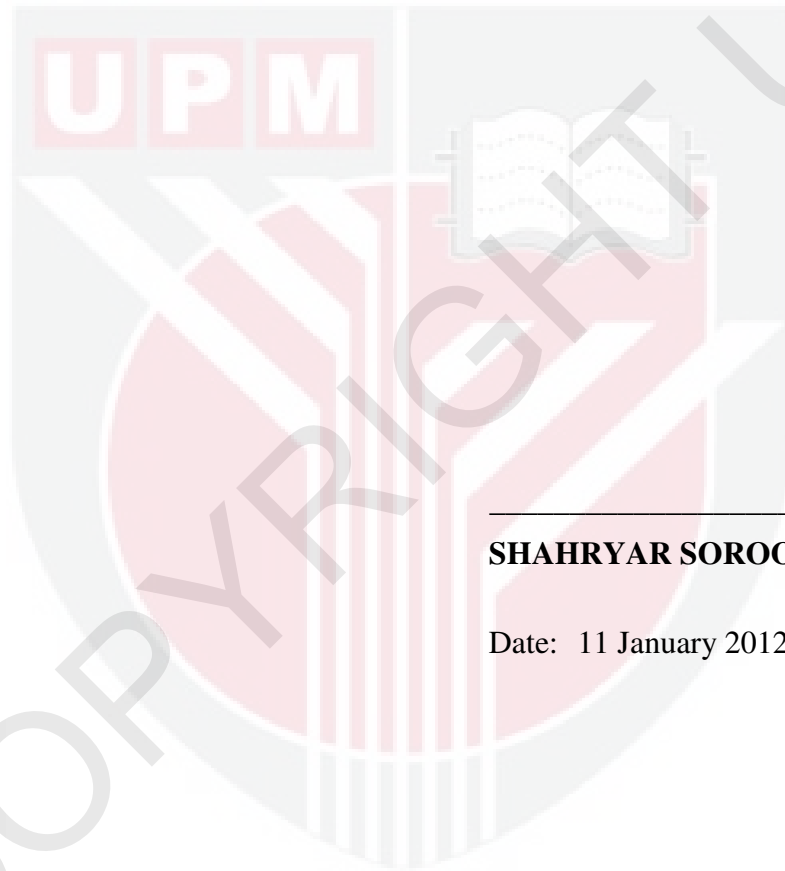
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DECLARATION

I declare that the thesis is my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously, and is not concurrently, submitted for any other degree at Universiti Putra Malaysia or at any other institutions.



SHAHRYAR SOROOSHIAN

Date: 11 January 2012

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