

The Strategic Management Effect to Firm Performance: An Empirical Investigation of Businesses in Thailand

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Abstract—The purpose of this research is to examine the relationships among business collaboration effectiveness, modern management excellence, proactive operational management, and firm performance to bring competitive advantage to the firm. Furthermore, the population and sample selected are exporters on textile businesses in Thailand in total of 566 companies. The data were collected by questionnaire survey and sent directly to the directors or managerial managers of each company which is appropriate as the key informant of this research. Moreover, the statistics used to test hypotheses include descriptive and multiple regression will provide.

The results show direct effect that the business collaboration effectiveness has a significantly positive influence on firm performance, meaning if the business is a joint venture between domestic and overseas. Will result in a strong business both in terms of the advantages of sharing a common resource which will bring substantial competitive advantages in terms of cost of operation.

Keywords—Business collaboration effectiveness, firm performance, modern management excellence, strategic management.

I. INTRODUCTION

IN the strategic management on the viewpoint of the planning and implementation of strategies to fit competitive environments leading to firm performance. This study focuses on global strategic management to develop operation to enhance the capability in preparation and responsibility to market demands effectively. Most of the organizations now focus on the strategic management to take a part in a organization management under a highly competitive environment. Global business is noted for the requirements of various products, standards of qualities, good services, resource efficiency, and to improve the communication of the organization to be more effective. Accordingly, firms should integrate strategies on activities-oriented (i.e. training and development), operational practices, and cross-functional cultures to appropriately help firms maintain sustainable performances. Firms should not ignore to observe surroundings and absorptive capability for seeking external knowledge along with customer behaviours to be applied for the competitive advantages to the firm. Furthermore, active and inventive techniques are important to drive an

international business to improve existing specific resources to value-added for new products. However, firms must develop procedures in conjunction with the great management which leads to recognition of the firm's products and services. Technological progress makes several organizations develop employees' skills, utilize innovation potentially in operation, and discover the best practices.

The Important factors that increase the company's ability to transfer the knowledge from experts to the stakeholder is includes the good international communication. Likewise, firms should realize business networks that help them access target groups and cooperative relationships between customers and suppliers of the firms as well. In addition, the relationship between the partners is a key success factor and is more worthy of the Company to maintain a sustainable relationship between partners and competitors better. As a strategic partner that will bring them to hurry competitive both in terms of the differences in the products as well.

Accordingly, firms should eliminate problems through designs in various strategies to reinforce good relationships and exchange reciprocal information intimately. [1]

Interestingly, textile industries have a higher growth rate and a higher market demand continuously. Especially, The Asian countries is low labor costs if compared to the European country and will be given the opportunity to be a low cost production and become a competitive advantage in finally.

Moreover, textile industries are aware of overall management in firms' operations, such as data collection, customer information, coordination, research and development, production, deliver of products and services, transport and so on. Firms should integrate those operations together for total profitability. In addition, the key success of exporting textile is a management system comprising of personal skills, languages, computer, and work experiences along with knowledge about industries to prepare competitions. For the challenges, firms endeavour to seek a universal operation approach to establish credibility for organizations which business environments seem ambiguous. Certainly, firms have determined the new alternatives, system of management, and decision strategic options for firms' survival while they are experiencing with business restrictions in many aspects in various situations and unable to forecast. Although firms have abundant resources, they are not able to manage and utilize the resources; therefore, firms can eventually lose business opportunities.

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In some cases, the organizations lack of good management as it is facing a shortage of resources, such as technology or the knowledge in the production, it will affect to the organization performance as well as.

Furthermore, the relationships and networks which have paradoxes in cross operations will cause different cultures. This conflict relies on time to make adaptation. Many organizations are facing with conflicts, caused by interaction and resulted in making understanding and operation unsuccessfully. As mentioned, it indicates that environmental variation has affected on strategies of the firms. This study aims to fulfil the gap and develop the constructs linking to the conceptual model and expects to envision the factors influencing on global strategic management competency and firm performance in international business. [2]

II. LITERATURE REVIEW

A. Theoretical Foundation

The theory of strategic management emphasizes on developing abilities in operation and implementation in decision-making process to reduce the cost that illustrates of strategic changes effectively. Several managerial firms will have capabilities to operate different businesses because firms have the level of adaptation with low skills and experiences in solving problems under pressures of environments unequally. Thus, firms will have to continuously learn and practice how various functions act as alternative operations, proficiently along with to changes. The characteristic of individual has an important role to learn, develop skills and abilities, and enhance operations that create competitive advantages. Moreover, capability to competition of the firms will integrate various factors together appropriately to incur and emulate value creation. Global commercial will require standards to practice and speed communication to gain unique capability and advantages to growth. Likewise, corporate images are things that cause an interest and represent excellence of the firms' modernity.[3]

Indeed, the framework for global business is based on innovation technology that mentions to three ways to be successful, included with industry, revenue, and enterprise which are its strategy of CEO to respond and generate margin growth to enter global business leadership. Sometime, the firms attempt to imitate and take advantage of profitability which is not sustained at a time, if the firms continuously attend to develop ability and practice innovation that bring about distinguished value and effectiveness.[4]

Furthermore, development potential also has a compensation management that should not be ignored because the globalization on employment is highly competitive which firms will provide a reward system and gain control as well for employee turnover rates. Various firms are driven by people and then they should maintain human resources that consist of expertise, intelligence, and deep understanding of current work of the firms for a long time. Accordingly, global strategic management competency is necessary to encourage

organizational functions more efficiently and better so as to obtain collaboration, modernity, and proactive operations and achieve goals in global business rapidly and effectively. Success relies on creating competitive advantages from performances within available specific resources to make difference and learning when always follow RBV concept that promotes firms' success and they are superior to any competitors through great strategic management. Especially, RBV is suitable for applications in this framework to demonstrate that global strategic management competency can help gaining advantages to the firms, especially in export business along with expanded theoretical boundary to support the linkage of relationship among variables of this study completely. [2]

B. Business Collaboration Effectiveness

Currently, firms have intended to create the relation with business networks for expanding investment to several areas in both country and overseas. In environments, ambiguity has an influence on trade and makes it hard to forecast tendency of customers' needs. Firms attempt to link individuals' goals to align with organizational goals for incurring good relation and willingness of work together. The collaboration of the firms is based on capability of management to participation across departments which are relevant to networks and have shared values stemming from the performance of model's effectiveness. Especially, business collaboration is helping resolve problems for more than a single organization. The characteristic of cooperation is the level of relationship to utilize and exchange information reciprocally which is deemed as a contract among firms that brings power to negotiate and take advantage of superior competitors. Moreover, the concept of collaboration is generated to be valuable and useful to increase high quality performances. Accordingly, business collaboration effectiveness is defined as the ability of the firms to generate the relationship for coordination efficiently, utilize existing resources together, and lead to competitive advantages. Accordingly, business collaboration effectiveness is defined as the ability of the firms to generate the relationship for coordination efficiently, utilize existing resources together, and lead to competitive advantages.[5] Any environments where the variance and firm are aware of seeking for external knowledge to apply various techniques in conjunction with social strategies to raise the coordination and communication rapidly and precisely. Likewise, business collaboration is developed from shared trust and information that cause distinction and innovation which help the firms maintain competitive advantages along with potential to respond to market competition as well. Previous research demonstrated that international technological collaboration of the firms should operate research and development to deeply understand with situations, clients, rivals, and market economy for analyzing and exchanging business experiences reciprocally. Furthermore, Inter-organizational relations have delicacy that require more time to learn to know actual needs which rely on

timing and opportunities to assign activities to promote participation to work along with strategic creativity which brings about success in global. Indeed, business collaboration effectiveness indicates potential in two managerial principles comprising of: firstly, executive’s ability is to select strategies congruence with circumstance, secondly, an employees’ attitude is to stimulate willingness to cooperate, generate teamwork, and differentiate capabilities that encourage firms gaining more benefits in competition.[6]

III. METHODOLOGY

Population and Sample

This paper is a survey research that studies the textiles - exporting businesses in Thailand, totally 566 companies. Accordingly, this research is able to seek for information of exporters from the database of Thailand’s exporter directory of Department of Export Promotion, Ministry of Commerce of Thai government in July, 2014. The tendency of textile industries has been extensible, consumers’ demands are constant, and it becomes necessary to life. Prior research indicated that strategic management and implementation were concerned with utilizing knowledge to effectively increase quality, adaptability, and transportation system in order to ensure textile industries viable. Especially, the entrepreneur has added the value of textile through improving new technology to be appropriate with taking strategies to upgrade existing resources and production competency, and it is a competitive strategy on international business. [7]

Data Collection

In this section, the detail of data collection procedures described comprise of the instrument for collecting data, such as a set of questionnaires because it facilitates action by oneself with low cost adequate for collecting data across the country. Therefore, the process of data collection is provided by mailing questionnaires directly to the president, executive, or managerial manager of the firms who possess proficiency and business experiences highly. They are appropriately selected as the key informants of this research. The unit of analysis, justified by firms, is it the textiles - exporting businesses in Thailand.[8]

The research conceptual framework is shown in Fig. 1.

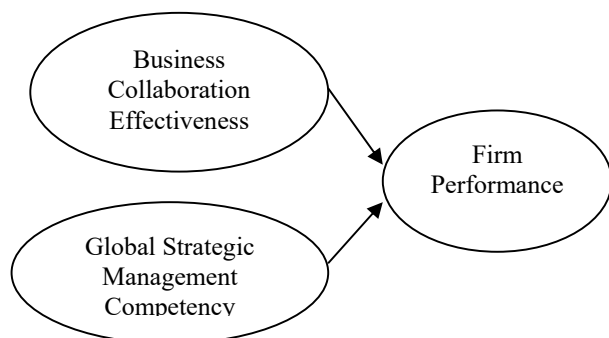


Fig. 1 Research Conceptual Framework

Statistical Technique

The researcher will conduct the raw data to prepare the data for analyzing hypothesis testing via checking, encoding, and recording data file systemically. Systemically estimating the basis assumption of regression analysis comprises of normality, heteroscedasticity, autocorrelation, and linearity along with outlier problems which do not appear in this study. Correlation analysis: Pearson correlation coefficient is utilized to test correlation among variables in the research which exhibited the relationship as paired systematically. The relationship between variables should not be high because there might be multicollinearity problems, analyzed on the correlation between variables. Regression analysis: the study selected the hierarchical multiple regression analysis to test all hypotheses of this conceptual model which focused on global strategic management competency in the role of a mediator. Results in each procedure presented the influence of variables on firm performance in both direct and indirect clearly. [9]

IV. FINDINGS

Demographic Characteristics of Respondent and Firm Characteristics

The demographic characteristics of 127 respondents with returned mail survey and shows in detail on most percentage of demographic information as follows: the maximum respondents are male by 67.70%. Most of the key informants have a span of age more than 50 years old, 51.20%. Their marital status is married, 59.80%. The majority of education is bachelor’s degree or less which estimated, 56.70%, the experiences in textile business are more than 15 years, 69.30%, the average revenue is more than 50,000 baht a month, 62.20%, and the current positions in general managers equals 37.00%.

TABLE I
DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

| Description | Categories | Frequency | Percentage |
|--------------------|--------------------------------|-----------|------------|
| Gender | Male | 86 | 67.70 |
| | Female | 41 | 32.30 |
| | Total | 127 | 100.00 |
| Age | less than 30 years old | 00 | 00.00 |
| | 30-40 years old | 36 | 28.30 |
| | 41-50 years old | 26 | 20.50 |
| | More than 50 years old | 65 | 51.20 |
| | Total | 127 | 100.00 |
| Marital Status | Single | 35 | 27.60 |
| | Married | 76 | 59.80 |
| | Divorced/Separated | 16 | 12.60 |
| | Total | 127 | 100.00 |
| Level of Education | Bachelor’s degree or less than | 72 | 56.70 |
| | Higher than Bachelor’s degree | 55 | 43.30 |
| | Total | 127 | 100.00 |
| Work Experience | Less than 5 years | 3 | 2.40 |
| | 5-10 years | 12 | 9.40 |
| | 11-15 years | 24 | 18.90 |
| | More than 15 years | 88 | 69.30 |
| | Total | 127 | 100.00 |

The particular characteristics of textile businesses in Thailand, 127 respondents, will mostly demonstrate percentage of business characteristics, i.e. the majority of business owner types by 89.80%, the type of production by 81.90%, the nature of business performing in both manufacturers and distributors by 59.10%, a number of 100 employees less by 59.80%, the capital of an operation among 5,000,000 – 50,000,000 baht by 42.50 %, the average revenue of business less than 50,000,000 baht a year, 39.40%, the maximum period of the operation more than 15 years by 76.40%, the experiences in exports are more than 15 years by 55.90%, and the main export markets are in Asia are 53.50%.

Correlation Analysis

TABLE II
DESCRIPTIVE STATISTICS AND CORRELATION MATRIX OF GLOBAL STRATEGIC MANAGEMENT COMPETENCY AND ALL CONSTRUCTS

| Variables | Mean | S.D. | FSI | FAO | BCE | MME | POM | GSM | FPE |
|-----------|------|------|-------|----------|---------|---------|---------|---------|------|
| FSI | 1.60 | 0.88 | 1.00 | | | | | | |
| FAG | 3.68 | 0.63 | 0.42 | 1.00 | | | | | |
| BCE | 3.89 | 0.67 | -0.06 | -0.28*** | 1.00 | | | | |
| MME | 3.86 | 0.72 | -0.06 | -0.19 | 0.85*** | 1.00 | | | |
| POM | 3.94 | 0.69 | 0.13 | -0.13 | 0.72*** | 0.84*** | 1.00 | | |
| GSM | 3.88 | 0.59 | -0.04 | -0.09 | 0.60*** | 0.72*** | 0.73*** | 1.00 | |
| FPE | 3.31 | 0.68 | 0.12 | -0.08 | 0.48*** | 0.47*** | 0.47*** | 0.56*** | 1.00 |

This research selects the hierarchical multiple regression analysis to test all hypotheses which are in the conceptual model. The highlight of a hierarchical technique is emphasized on the role of mediating effect that is underlying on. In addition, the research aim is to investigate the relationship among business collaboration effectiveness, modern management excellence, and proactive operational management on the firm performance via global strategic management competency as a mediator. Initially, hypothesis testing will be conducted by being transformed into the form of categorical and interval data. From the conceptual model can be analyzed with five equation models along with integrating firm size and firm age that are defined as dummy variables for testing in this study as following.

Firstly, the result presents that firm size and firm age have no significant positive influence on firm performance ($b_2 = 0.241$, $p > 0.10$; $b_3 = -0.207$, $p > 0.10$, respectively). Here, firm size and firm age are assigned as control variables that do not effect on this study. Secondly, the result demonstrates that business collaboration effectiveness has a significant positive influence on firm performance ($b_1 = 0.339$, $p < 0.05$). Congruence with the finding of Braziotis and Tannock (2011) explained that the collaboration emphasized on contextures and engaged in businesses which are important factors to enhance understanding in all departments successfully although faced with dynamic environments. Therefore, Hypothesis 1 is supported.

Furthermore, the result exhibits that global strategic management competency has a significant positive effect on firm performance ($b_{10} = 0.483$, $p < 0.01$). Similarly, the findings of indicated that strategic management is an important concept to plan formality and make a decision to increase capability to immediately respond and systematically assign operations to create competitive advantages in both

The result of correlation analysis of all variables will be presented. The correlation analysis is conducted to verify the relationship between variables in the conceptual model. The relationship among variables should not immoderate the findings demonstrated with correlation coefficient, less than 0.8, that reflects the independence of each variable. Likewise, the relationships among business collaboration effectiveness, modern management excellence, proactive operational management, and global strategic management competency show a significant positive impact on firm performance ($r = 0.48$, $p < 0.01$; $r = 0.47$, $p < 0.01$; $r = 0.47$, $p < 0.01$; $r = 0.56$, $p < 0.01$), respectively.

benefits and non-benefits to the firms in global markets. Likewise, global strategic management competency focuses on quality, universal standard, and acceptance, leading to the potential management of the firms. Therefore, Hypothesis 4 is supported.

Thirdly, examining relationship between variables through global strategic management competency in the role of mediating effect and providing results are as follows: the findings of mediating effect of global strategic management competency have a significant positive influence on the relationship between business collaboration effectiveness and firm performance ($b_{17} = 0.481$, $p < 0.01$). Consistent with ultimately international management approach was described as collaboration caused new knowledge from shared cultures, capability of work, and activities together which firms achieve the qualitative languages on communication to help increase and achieve operational efficiency rapidly.

TABLE III
RESULTS OF HIERARCHICAL MULTIPLE REGRESSION ANALYSIS FOR INFLUENCE OF BUSINESS COLLABORATION EFFECTIVENESS, MODERN MANAGEMENT EXCELLENCE, AND PROACTIVE OPERATIONAL MANAGEMENT OF FIRM PERFORMANCE VIA MEDIATING ROLE OF GLOBAL STRATEGIC MANAGEMENT COMPETENCY

| Variables | Firm performance (β) |
|--|------------------------------|
| Firm size ^a | 0.209 |
| Firm age ^a | 0.043 |
| Business collaboration effectiveness (BCE) | 0.264* |
| Modern management excellence (MME) | -0.096 |
| Proactive operational management (POM) | -0.027 |
| Global strategic management competency (GSM) | 0.559*** |
| BCMxGSM | 0.481*** |
| MMExGSM | -0.273 |
| POMxGSM | -0.223 |
| R ² | 0.438 |

| | |
|---|-------|
| R ² Change | 0.395 |
| ***p<0.01, **p<0.05, *p<0.10 (N=127) ^a Dummy variables, firm size lower 1000 employees=0 | |

Meanwhile, the mediating role of global strategic management competency has no significant positive impact on relationship among modern management excellence and firm performance (b18 = -0.273, p>0.10), proactive operational management and firm performance (b19 = -0.223), p>0.10), respectively.[15]

It is possible that modern management excellence is difficult to be built in a global business because learning something new must rely on trust together with how to create trust at work. Relationship, technique, and society must take time to adapt in performing businesses. In addition, global strategies should attend to recognized beliefs, values, and communities of consumers who desire business existing and successful. Besides, a proactive operation is relevant to time, cost, quality, agility, and modern networks of suppliers that cause risks in work and the firms often omit to create trust together and continuously affect on improving operation. It is weakness of global business which should be solved in the future. Therefore, Hypothesis 5a is supported and 5b, 5c are not supported.[14]

V. CONCLUSION

This study has investigated the relationships among business collaboration effectiveness, modern management excellence, and proactive operational management on firm performance via global strategic management competency as a mediator.[10] The highlight of this research focused on global strategic management competency, expected that it derived from various factors to enhance firm performance following the conceptual model. In addition, the key research question concentrates on how global strategic management competency helps the firms successful in an international business. In order to achieve the potential of management and to decrease a gap, this study will be able to answer specific research questions as following: [11]How do business collaboration effectiveness, modern management excellence, proactive operational management, and global strategic management competency have an influence on firm performance?, (2) How does global strategic management competency mediate the relationships between business collaboration effectiveness, modern management excellence, proactive operational management, and firm performance. The strategic management involves planning, organizing, leading, and controlling the firms along with strategic implementation to fit situations. Here, global strategic management competency is concerned with developing both internal and external operations to increase capability in business.[12]

Accordingly, the literature reviews of global strategic management competency found that underlying Resource-based view (RBV) was able to explain various phenomena relevant to strategic management. Moreover, resource-based view could describe creating valuable, rareness, difficult

imitation, and non-substitutable which the firms should develop abilities from existing resources to occur maximum benefits and increase competitive advantages until becoming sustainable competitive advantages. Likewise, this research chose textile exporters in Thailand as population and sample. Also, the information of textile exporter was available from the list on database of Thailand's exporter directory of Department of Export Promotion, Ministry of Commerce of Thai government in July, 2014.[13]

The tendency of textile exports has expanded and grown continuously because foreign consumers need textiles.

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