Effects of Support Programs on Corporate Strategies of Small and Medium-Sized Enterprises

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Abstract

Small and medium-sized enterprises (SMEs) have become the strategic organizations of ever-globalizing country economies. Turkish SMEs have some compliance problems (increase in efficiency and productivity, improve quality, development of new production techniques and processes, product and technology development) with EU standards along the way of EU accession period within the frame of Customs Union and Helsinki Decisions. Such a case has brought the support policies and strategies for SMEs into the agenda. In present study, supports provided to SMEs were evaluated. The primary objective was set as to investigate the effects of provided-supports on business strategies of SMEs. A survey was conducted on 396 small and medium-sized enterprises of Kayseri Organized Industrial Region in Turkey between the years of 2011-2012. Resultant data were analyzed through the SPSS statistical software. Results revealed significant effects of technology, training and consultancy supports provided to SMEs on product and marketing strategies of these enterprises.

Keywords: Support Programs; Corporate Strategies; SMSEs

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1. Introduction

World-wide globalization concept has led the formation of national and international markets, provided the new chances and opportunities for businesses, however, has also brought together a great competition problems. In this sense, corporate success is shaped around integration with global markets and sustainable value creation capacity.

Small and medium sized enterprises (SMEs) constitute an essential component of socio-economical structure of a country. They create the driving force for industrialization, proper urbanization, optimum distribution and trade operations (Akgemci, 2001). SMEs are also specified as the locomotive of country economies. They have to follow up ever-changing and developing technologies, implementations, methods and innovations to take a part in such a competitive world, to create value-added and to provide quality products and services. In this sense, national strategies and policies toward SMEs should be revised since SMEs have various infrastructural problems and insufficiencies. Therefore, support programs should be organized to promote the use of local sources as much as possible, to encourage highly qualified labor and entrepreneurship, to create a consciousness about research-and-development, technology development, specific design and brand creation. Such supports may let the corporates take their parts in international markets and allow them to develop their innovative capacities. (Zengin, 2010).

Beside own sources, SMEs try to benefit from external sources and supports to improve their efficiency and productivity, to increase quality, to develop new production processes and products or improve the currently available ones, to use and develop technologies (Regional, 2000). Especially along the way of full-membership process of Turkey into European Union, every kind of problems of SMEs should urgently be resolved.

In present study, supports provided to SMEs will be determined and effects of such supports on corporate strategies of SMEs will be investigated. Initially the current state will be assessed and additional supports will be provided through literature on existing supports and corporate strategies.

2. Literature Review and Hypotheses

2.1. Corporate Strategies of SMSEs

Corporate strategies are assessed around different perspectives in literature. Industrial Organization Economic (IOE) (Bain, 1956, 1968; Caves, Porter 1977; Porter, 1980; Caves, 1980), Business or competition strategy typologies (Miles and Snow 1978; Porter 1980, 1985) and Resource-Based View (RBV) (Wernerfelt, 1984; Barney 1986, 1991) are among them. IEO assesses business performance based on market mediators (buyer and seller) and market structure (number, size ...). Business or competition strategy typologies are considered based on corporate strategic operations like prospectors, analyzers, defenders and reactors strategies in Miles and Snow’ un (1978) and based on competition-oriented strategies like cost-leadership, differentiation, focus strategies in Porter (1980). With regard to RBV perspective, corporate product and resources specify strategic preferences of the corporate. In recent studies, mixed strategies allowing corporate to use functional and proper sources to gain a sustainable competitive market advantage are recommended (Porter, 1990). As to be suitable for corporate type, cost reduction, innovativeness and quality creation are among mixed strategies (Rosli, 2012). Type of corporate is pointed out as the pre-condition for such mixed strategies.

Corporate strategies are generally considered for large enterprises. However, SMEs are somehow different from large enterprises with regard to managerial and organizational structure. Such differences are mainly resulted from financial problems, production/service source and capabilities, limited marketing and competitive power. In this sense, SMEs should shape their strategies within the
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