

How Does Corporate Entrepreneurship Strategy Influence Organisational Performance of the Small and Medium-sized Enterprises in the Southernmost Region of Thailand?: Through the Lens of the Balanced Scorecard

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ABSTRACT

The study aims to examine the extent and level of corporate entrepreneurship (CE) strategy consisting of three dimensions including entrepreneurial strategic vision, organisational architecture, and processes and behaviour; and organisational performance measured by the four-dimension balanced scorecard (BSC) comprised of finance, customer, internal business process, and learning and growth. In addition, the influence of CE strategy on organisational performance measured by the BSC was examined, focusing on small and medium-sized enterprises (SMEs) in the southernmost region of Thailand located in Pattani, Narathiwat, Satun, Songkhla and Yala. Primary data were collected from 110 returned (out of 400) questionnaires distributed to the sample SMEs derived from stratified sampling. The study found that the opinion towards CE strategy and BSC, either considering the dimensions individually or comprehensively, were at a high level. The results obtained from multiple regression analysis indicated that two dimensions of CE strategy, including organisational architecture, and processes and behaviour, had a statistically significant positive influence on organisational performance. When all of the dimensions were considered altogether as a comprehensive strategy, it also had a statistically significant positive influence on organisational performance. The control variable employed in this study, the organisational age, had a statistically significant negative influence on the

organisational performance evaluated based on the BSC. The suggestions derived from this study can be employed as a guidance for CE strategy within firms, specifically SMEs, and a comprehensive strategy shall be implemented as it was found to enhance small business performance.

Keywords: Corporate entrepreneurship strategy, Organisational performance, Balanced scorecard, SMEs

INTRODUCTION

Small and medium-sized enterprises (SMEs) have been considered core to the world's economic growth with their exceedingly important role in contributing to job creation, tax revenues collection, new product generation, technological developments, as well as charitable donations (Chaganti et al., 2002; Veskaisri et al., 2007; Pinho & de Sá, 2013; Williams Jr. et al., 2018). In emerging economies, SMEs represent approximately 45 percent of total employment and 33 percent of gross domestic product (OECD, 2017). Likewise, SMEs in Thailand, as well as those in most developing countries, make up the majority of businesses in the economy (Bushong, 1995; Burns & Dewhurst, 1996; Veskaisri et al., 2007). Across manufacturing, trade and service sectors, based on the year 2014, SMEs in Thailand represent 99.7 percent of the total number of enterprises, employing over 80.3 percent of the labour force. Moreover, they have contributed 39.6 percent of total GDP in Thailand (OSMEP, 2017).

Unfortunately, most SMEs have struggled to keep up, with a failure rate of 69 percent in 2002 (Veskaisri et al., 2007). It appears that the underlying reasons for the high business failure rate among SMEs are a combination of their limitations compared to larger companies in terms of lack of a clearly defined strategy, innovation, seed capital, time and resources. (Veskaisri et al., 2007; Kulkalyuenyong, 2018). In Thailand, the national strategy highlights the importance of SMEs to the economy. Therefore, the Thai government acknowledges the importance of local economy and small business development to society by adding it as one of the strategies in Thailand's 20 Year Strategic Plan (2017-2036). This emphasises the importance of promoting innovation driven entrepreneurship, with an aim to create competitive advantage for entrepreneurs at all levels. Such a strategic plan can enhance the intensity of competition in the market as well as make it more difficult for enterprises to achieve sustainable growth, especially those in the SME sector.