

An Empirical Study of Changing the Business Environment and Increasing the Business Performance

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Abstract

In this study, the prior study in management environment, management strategy, and business performance was reviewed and empirical research was carried out. Technological strength, competitive strength, government support policy and financial support were adopted by way of factors for the business environment. The results of the study are as follows. First, the management environment (technology strength, competition strength, government support policy, and finance support) had a significant influence on the management strategy. Second, management strategies had a significant influence on business performance. This means that in order for an entity to settle in the market, it is essential to establish a discriminatory management strategy in various business environments.

Keywords: Convenience, Benefit, Security, Flexibility, Customer, Satisfaction

1. Introduction

Companies need to utilize the changed environment to achieve and maintain their unique competitive advantage in the global market. Changes in the market environment can help companies secure more opportunities. As the business environment changes, management strategies are diversifying and changing.

The information provided in the business environment is used for various purposes in the business strategy[1]. To date, there have been various studies that emphasize the importance of business strategy to the success of a company. It is empirical analysis shows that companies that implement management strategies to cope with modifications in the business environment exhibit brilliant management performance[2][3].

This study conducted an empirical analysis after studying former studies on management environment, management strategy and business performance. The purpose of this study is as follows. First, an empirical study is to examine whether the management environment has a significant influence on the management strategy. Second, the purpose of an empirical study is to analyze whether the management strategy has a significant influence on the business performance.

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2. Related research

Technology is the key to organizational success. Even if it is an industry with low technical skills, development of technology is inevitable. Technological innovation brings economic results to the enterprise and is an important issue in performance management. Technological innovation is the growth of new yields in the high-tech industry. Technological innovation involves improving product, logistics, distribution and marketing capabilities in all industries [4]

New study trends have defined technological revolution as a technology strength from a wide-ranging outlook, including technology growth and commercialization [5]. If market competition gets fiercer, the intention of developing effective management strategies to maintain competitiveness grows.

The government provides various support to facilitate restructuring of SMEs and to enhance their industrial competitiveness [6].

Chandler is explained that the definition of management strategy is the choice of operating procedures and resource allocation necessary to determine a company's long-term goals and achieve those goals[7]. Management strategy is defined the ability of an enterprise to maintain a profitable position among many factors that determine its competitive advantage within the industry [8] Management strategies focus on the analysis of the impact of the industrial structure on corporate behavior and on the performance of management.

Business Performance can be defined in a variety of ways, such as the productivity or profitability of an enterprise, the achievement of an organization's goals, and the organizational capabilities within and outside the enterprise. Business Performance can be divided into financial and non-financial work as a result of management activities.

3. Research design

3.1. Research model

The purpose of this research focuses on analyzing the relationship of the business environment(Technology Strength, Competition Strength, Government Support Policy, Financial Support) with respect to management strategy and business performance. The study model is showed in [Figure 1].

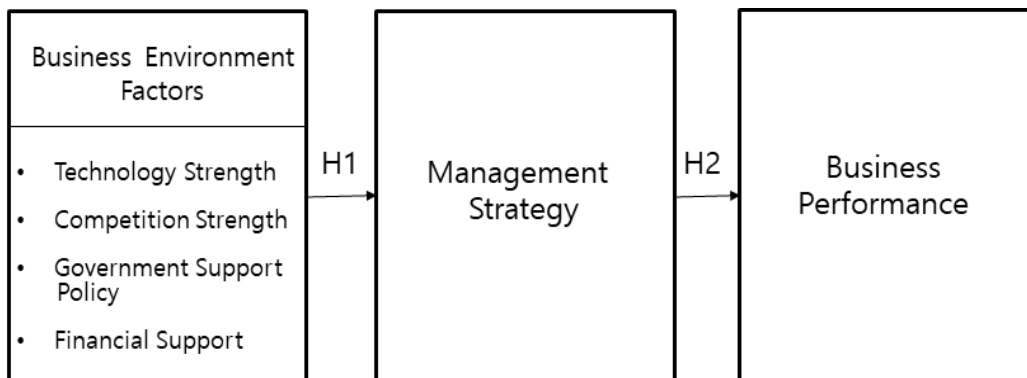


Figure 1. Research Model

3.2. Research hypothesis

3.2.1. Hypothesis on business environment and management strategy

The Business environment is divided into four categories: technology strength, competition strength, government support policy, and financial support. There are various researches on the business environment, management strategy, and business performance [1, 2]. Based on the existing research, the following hypotheses were established:

Hypothesis 1: The business environment has a significant influence on the management strategy.

H1-1: Technology strength has a significant influence on management strategy.

H1-2: Competitive strength has a significant influence on management strategy.

H1-3: Government support policy has a significant influence on management strategy.

H1-4: Financial support has a significant influence on management strategy.

3.2.2. Hypothesis on management strategy and business performance

A management strategy is a planned decision that defines a corporation's activities [5]. Strategic decision making should be made through the harmony between the internal and external environments of the enterprise. Based on previous studies, the following hypotheses were established.

Hypothesis 2: The management strategy has a significant influence on the business performance.

3.3. Empirical analysis and results

3.3.1. Characteristics of data collection and sample

An overall of 200 surveys were distributed, and 186 questionnaires are accepted for using the analysis of data. It is excepted incomplete data. About 42% of the respondents work in the manufacturing sector, with 30.6% at or above the level of managers.

3.3.2. Verification of research model

When Cronbach's α coefficient was greater than 0.7, the reliability was high. The discriminant validity should be higher than all correlation coefficients with square root AVE. [Table 1] and [Table 2] show that the questionnaire has reliability, concentration validity and Discriminant Validity.

3.3.3. Verification of research model

The hypotheses were verified using Smart PLS 2.0 for structural equation and the determinant (R^2) values were derived. The goodness of fit should be showed high when the R^2 rate is 0.26 or upper, moderate when the R^2 rate is 0.26–0.13, and low when the R^2 rate is 0.13 or bellow. [Figure 2] shows the high suitability of the determinant values in the management strategy (0.419), but the determinant values in the business performance (0.191) show moderate suitability.

Table 1. Reliability and consistency

Variable	Factor Loading	AVE	CR	Cronbach's α
Technology Strength	0.802	0.5902	0.817	0.756
	0.778			
	0.684			
Competition Strength	0.849	0.654	0.867	0.832
	0.848			
	0.813			
	0.781			
Government Support Policy	0.749	0.657	0.868	0.812
	0.734			
	0.832			
	0.865			
Financial Support	0.723	0.598	0.836	0.734
	0.689			
	0.811			
Government Support Policy	0.887	0.678	0.856	0.796
	0.834			
	0.776			
Business Performance	0.835	0.587	0.835	0.745
	0.898			
	0.667			

Table 2. Correlation and discriminant validity

Variable	AVE	1	2	3	4	5	6
Technology Strength	0.59	0.77					
Competition Strength	0.65	0.49	0.80				
Government Support Policy	0.65	0.32	0.51	0.80			
Financial Support	0.58	0.45	0.50	0.41	0.76		
Government Support Policy	0.67	0.50	0.56	0.50	0.49	0.82	
Business Performance	0.58	0.54	0.51	0.44	0.43	0.50	0.76

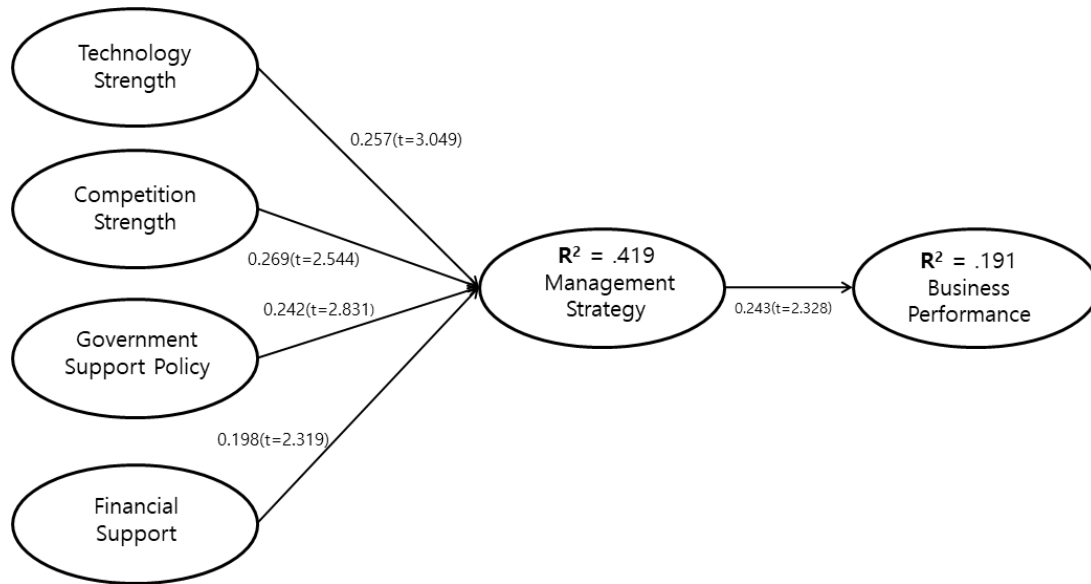


Figure 2. The results of research model

Hypothesis 1 shows that the business environment has a significant influence on the management strategy. In H1-1, the technology strength was shown to have a significant influence on the management strategy ($\beta=0.257$, $t=3.049$, $p<0.05$). In H1-2, it was shown that competition strength has a significant influence on management strategy ($\beta=0.269$, $t=2.549$ and $p<0.05$). In H1-3, it was shown that government support policy has a significant influence on management strategy ($\beta=0.242$, $t=2.831$, $p<0.05$). Government support policy means pure and reasonable labor of supporting activities, various funding plans, easy admission to foreign job and related material, and lawful funding of supporting activities. Hypothesis 1–4 shows that financial support has a significant influence on management strategy ($\beta=0.198$, $t=2.319$, $p<0.05$). Hypothesis 2 shows that management strategy has a significant influence on business performance ($\beta=0.243$, $t=2.328$, $p<0.05$). Management strategy means promotion of advertising sales, expansion of market share, analysis of competitive areas and strategies.

4. Conclusion

The main results of this empirical research should be showed. First, the business environment (technology strength, competition strength, government support policy, financial support) had a significant influence on management strategy, and then hypothesis 1 of this model was adopted. Second, management strategy has a significant influence on business performance, and then hypothesis 2 of this model has been adopted.

Founded on research results, this study proposes the succeeding implications. First, business environment causes such as technology strength, competition strength, government support policy, financial support influenced management strategy. Second, Management Strategy has affected Business Performance. The environmental factors of a company cause uncertainty in its management performance. The management strategy to cope with environmental uncertainty should be compatible with the company by adapting it to the environment or by affecting the environment. Strategies that affect the environment and are compatible with companies should create new demand for corporate products by enhancing consumers' image of companies through advertising or promotional activities. Efforts should be made to change

the environmental factors that cause problems through activities that affect government legislation or regulation.

In this study, we presented a research model for the Business Environment, Management Strategy, and Business Performance of the company, and it is meaningful to verify the results of the research by analyzing it empirically.

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