ANALYSIS OF MANAGERIAL FACTORS ON THE PERFORMANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMES) IN MANUFACTURING SECTOR IN HO CHI MINH CITY- VIETNAM

Vuong Khanh Tuan and Prof. Premkumar Rajagopal

Malaysia University of Science and Technology, Malaysia

ABSTRACT: *This paper was conducted by qualititative and quantititative approach, and the primary data was collected from SMEs in manufacturing sector in Ho Chi Minh City (HCMC). The main objectives of this study is to analyze the factors affecting the SMEs' performance in manufacturing industry in Ho Chi Minh City. In the first stage, the authors applied the deep-interview to the experts to discover the factors in contemporary management based on the management theories effecting on the performance of Vietnamese SME(s) in HCMC. In the second stage, the researcher used the quantitative approach to collect data from 200 people who work in the Vietnamese SMEs in manufacturing sector in HCMC. In general, in these factors, the most affecting factor to SMEs in the manufacturing sector in HCMC, Vietnam was Organizational Commitment, next was Business Planning, Controlling, and final one was Strategy Implementation. In conclusion, H1, H2, H3, H4 for the theorical research model were accepted.*

KEYWORDS: SMEs, Contemporary management, Business planning, Organizational Commitment, Performance, Vietnam

INTRODUCTION

An increased interest in the role of small and medium-sized enterprises (SMEs) to boost economy is the priority in this era not only in the Vietnam, but also in the World. This paper is aimed to investigate the role of managerial factors to support the performance for the SMEs in the manufacturing sector in HCMC, Vietnam in the perspectives with the impact of the the economic integrations. In this respect by Vietnam Government for economic perspective, creation and growth of Vietnamese SMEs are the crucial role to significant contributions job creations, stable economics and poverty alleviation. Vietnam has participated the international economic as well as many world organizations that Vietnam is current joining. Thus, the issue of internationalization of Vietnamese economy has been steadily increased. At the present, Vietnam has signed and in process to join ASEAN Free Trade Area Agreements (AFTA), Asia-Pacific Economic Co-operation (APEC) Forum since 1998 as well as a membership in the World Trade Organization (WTO) in 2007 that have brought Vietnamese SMEs many great opportunities and many challenges. Swept into this international economic integration process, Vietnamese SMEs are more and more active in the international market. According to the information from Ministry of Justice, Vietnam in the past few years practiced a strong growth of SMEs getting 97% the total number of businesses in the nation. In order to be joined and comprehensive developed not only in the Asian area but also in the global region, with these issues, Vietnamese SMEs are more acutely to be aware of the crucial of management issues because Vietnamese SMEs play a vital role in economics and social development to face to many challenges and gain opportunities in the global competition. In addition, the management expertises (education and experience) are considered as a major aspect leading to enhence competence of evolution in business (Youndt & Lepak, 1996). Therefore, Vietnamese SMEs

should control their enterprise with the managerial philosophy in the contemporary and systematic methods to survive in the tremendous competition in the new era and; there is a requirement to recommend the management strategies to support the Vietnamese SMEs in their business.

Research Objectives:

The main objectives of this study is to analyze the factors affecting the SMEs performance in manufacturing industry in HCMC with the following issues:

a) Firstly, the author aimed to explore the relationship betwwen Business Planning and SME(s) Performance.

b) Secondly, the author identified the relationship between Organizational Commitment and SME(s) Performance.

c) Thirdly, this paper studied the relationship between Strategy Implementation and SME(s) Performance.

d) Fourthly, the author explored whether there was a relationship between Controlling and SME(s) Performance.

LITURATURE REVIEW

The role of SMEs:

In trade (or in commerce), SMEs reach in the spotlight not only in Vietnam but also in East Asia. Due to dramatic changes and the massive intra-industrial division of labor, SMEs own significant potential in contributing to regional development through the global production. Participation of SMEs' role through closer link-ages with multinational corporations around the world is considered as a potent means of accelerating SME upgrading in such areas as productivity, technology, and managerial issues. Apart from their role in GDP growth, SMEs have other significant socio-economic characteristics such as their contributions to new job creation and reduction of poverty (Ardıç *et al.,* 2011). In addition, Kithae *at el.* (2012) pointed out SME sector has been recognized worldwide for its task in economic development through many ways; wealth generation, work creation, and poverty reduction. In addition, According to Vuong and Rajagopal, (2017) also presented that "SMEs play an important role in economic growth worldwide, they substantially support to economic growth by creating jobs reducing poverty and bringing about innovations" Therefore, the crucial role of SMEs in Vietnam is highly constrained by different forms of knowledge for capital management in terms of intellectual capital, structural capital and human capital. Operating with efficient way is vital for both survival and enhanced competitiveness since most SMEs in a crowded and competitive market. In fact, SMEs in Vietnam created more than half million of new jobs and used more than 51% of the labor force, contributing to 40% GDP. Tax and other fees' payment from SMEs to the State was increased 18.4 times just after 10 years. From SMEs' contributions into social affairs and other developing programs were recognized remarkably (Phan *et al.,*2015).

The real issues of SMEs and problem statement:

In order to make profit, grow, and survive with the rapidly changing and tremendous competitive global, organizations need to be innovative (Rosenbuschet al., 2011). Therefore, there is a need to recommend the management strategies to support the Vietnamese SMEs in their business. In addition, like other cases of many developing countries, there are many challengs to SMEs in Vietnam when facing to difficulties in capital financing, technology with many barriers and problems in management level and quality of resources (Phan et al., 2015). In addition, Vietnamese SMEs also struggle and face to many obstacles. These are the current issues that Vietnamese SMEs face to survive in the global competition and risks in the conduct and administration issues, experience of Vietnamese SMEs is limited and needed to improve. These SMEs are currently entering the stage vigorously international market, which is requiring more pressure on new administration and management methods. Therefore, Vietnamese SMEs in general and SMEs in manufacturing in particular should upgrade and develop with the latest trends of international integration immediately. This is especially evident in the business to grow rapidly in sizes, and improving to governance activities such as management philosophy, rational decentralization, governance processes, and HR management forces.

SMEs Performance:

All leaders or managers have to pay attention to costs, but severe cost cutting to improve efficiency can sometimes hurt organizational performance (Daft, 2008). The vital responsibility of leaders or managers is to achieve high performanceattained by SMEs' goals when using resources efficiently and effectively. The performance of any enterprise is to reflect the business activities such as the profit, customers' attention, the benefits of stockholders, customer score, customers' satisfaction, employees' satisfaction and the branding of enterprise. In addition, management is also the attainment of organizational goals in an effective and efficient manner through business planning, organizing commitment, strategy implementation, and controlling organizational resources (Vuong and Rajagopal, 2017) and the contemporary management affect to SMEs performace. Hence, the performance role of enterprises is very important for the development of any business organization. According to Chu (2015), performance of SMEs includes two aspects such as the financial performance and non-financial performance. The financial performance is the outcomes of business, the non-financial one is the satisfaction of customers, employees, and stockholders, etc.

Financial Performance: The financial performance has been widely used to measure business performance in both SMEs and larger firms. According to Murphy *et al*., (1996), it was regarded the financial performance as the use of outcome, based on financial indicators that are assumed to reflect the firm's requirement towards the economic goals. Furthermore, the author also stated that sales revenue and return on investment are regarded as the most frequently used financial ratios (Murphy *et al.*, 1996). In addition, Robinson (1983) also presented that revenue from selling is considered as an outcome-based performance indicator which offers readily available, reasonably accurate effectiveness measures.

Non-Financial Performance: In the performance measurement, there are not only the financial performance but it also has a non-financial performance. The non-financial performance is also called the operational measures such as customers' satisfaction, managerial management, employees' satisfaction, firm's innovation, etc. as a broader conceptualization of organizational performance (Kaplan, 1983). Furthermore, Banker *et al*., (2000) pointed out that a positive relationship between measures of customers' satisfaction and financial performance.

Therefore, based on the views of many scholars, the non-financial performance is the measure of operational indications about the customers, employees, innovation of enterpriese, customer retention, etc.

In addition, the Balanced scorecard framework (BSC) is stated as one of the most useful and applicable concepts of methods used for measuring business performance. Although its basic ideas were used to focus on business plans, BSC can be applied to any procedures in an organization as well as including innovation (Bremser and Barsky, 2004). Innovative business organizations use it as strategic management standardsto manage their long-term and short-term strategy as well as perform critical management processes. There are basic principles for a strategy focused for an organization using the BSC, according to Kaplan and Norton, (1996), Based on the Balanced Scorecard framework, for the performance of enterprises, there are five characters to be measured. The BSC is regarded as a management system which was designed to connect and andline up with its strategy at all levels. First of all, the vision and mission of company will be scattered to have a shape for the future development of the company, this also directs to all managers and employees. Secondly, the financial perspective such as targeting, the profits of company, turnover increase, opportunities for further cost saving may also be limited, etc. Thirdly, perspective of internal business process such as the process of management, budget process, administration, employees' satisfaction, staff requalification, have to be developed. Fourthly, customer perspective should focus on the customers' satisfaction, customers' retention, value increase for the customer, the growth of customer's data base, etc. Lastly, the potential perspective (learning and growth) is applied to measure the innovation of company, strong branding for the company, the learning and growth of company, increasing market share for the company, etc.

The role of Business Planning on the SME(s) performance:

Business planning is a function for management used to set priorities, focus resources, strengthen operations, ensuring that staffs and other stakeholders will work towards future goals, establishing agreement around intended outcomes as well as assessing or adjusting the organization's direction in response to a changing environment. A disciplined effort creates fundamental decisions and actions shaping and guiding what an organization is, who it serves with a focus on the future. An effective planning points out where an organization is going and some actions needed to make progress, but it will also recognize when it is successful. The business planning tends to be existent except for the formal planning. According to Daft (2008), planning in business organizationis related to identifying objectives for future organizational performance and determining on the duties as well as using resources needed to attain them. In other words, managerial planning will identify where the organization wants to be in the future and how it could get there. In addition, Business planning is a decision in advance what to do, how to do it, when to do it and who is to do it. It spans the gap from where we are and where we want to go. It is fundamental for the exercise of foresight. In addition, planning is a decision in advance what is to be done. It includes the selection of objectives, policies, procedures and programmes from among alternatives. In addition, function of the manager when planning is which ones he decides in advance what he will do. It is a decision-making process of a special kind. It is an intellectual process in which creative mind and imagination are principal. According to Havinal (2009), function of planning is the foremost one of management, others have to follow this function. What is not planned cannot be organized and controlled. Business Planning establishes the targets and all other functions are performed to achieve the objectives

set by the planning process such as Organization structure, quality of HR, budget process, effective direction, and setting standards of control.

In addition, business planning can help an organization to achieve its goals in the business organization. The process begins with reviewing the current organization's operations as well as identifying what needs to be improved operationally in the upcoming year. From there, Business planning involves envision of results that an organization needs to achieve as well as determine steps necessary to reach the intended destination – success. Business Planning is also measured in financial ones, or goals included with the highest-rated organization in customers' satisfaction. Business Planning is not informal or unsystematic response to a crisis; This purposeful effort based on the knowledge and experience of employees is directed and controlled by manager throughout the organization. With a clear map, business planning grants employees and work units to follow their future activities; at the same time this will be flexible enough to permit for individual circumstances and change conditions (Bateman and Nell, 2011)**.** Furthermore, setting up a good planning in business activities, enterprises will have a spotlight to reflect their shaped future in the time of business with many factors of organization: organizational commitment, organizational culture, organizational structure; what kind of people are required, how it is effective & how to lead people. By furnishing standards of control, the good planning is the shaped performance of any business organization. Hence, based on the above related study, hypothesis is as follows:

H1: There is a significant relationship between the Business planning and SMEs performance.

The role of Organizational Commitmenton the SMEs Performance:

Following the business planning is the organizing which reflects how the organization tries to accomplish their planning. Organizing involves assigning duties, grouping tasks into departments, passing on authority, and distributing resources across the organization. Meyer and Herscovitch (2001) pointed out that commitment is a force that ties an individual to a course of suitable action to one or more targets. Business Planning is considered as one of the most management function. In addition, behavioral terms are commitments describing what actions they imply (Meyer and Herscovitch, 2001). Affective, normative, and continuance are three bases, or mindsets of forms that employees are theorized to experience, which reflect emotional ties, perceived obligation, and perceived sunk costs respectively in relation to a target (Allen and Meyer, 1990). Therefore, any scales intended to measure organizational commitment should be striked one of these mindsets or reference the target, what the employee is committed to an organization, a team, a change creativity, or a target. All of other items of the organizational commitment indicate to positive senses of the organization such as feeling of belonging, handling organization's problems, and feeling attachment to their organization.

In addition, performance and productivity are used to improve the organizational commitment (Meyer et al., 2002), organizational citizenship behaviors, job satisfaction and motivation (Chughtai & Zafar, 2006) and to reduce turnover and absenteeism (Cooper-Hakim & Viswesvaran, 2005). Although organizational commitment has different characteristics, many scholars focus on the influence of organizational commitment when it is closely related to previous work outcomes as well as organizational factors (Graweet al., 2012). Hence, based on the above related studies, the second hypothesis is as follows:

H2: There is a significant relationship between Organizational Commitment and SMEs performance.

The role of Strategy Implementationon the SMEs Performance:

In the business organization, the function of implementation is very vital as showing the outcome of any planning. If the business organization can draw up a good business planning, good organization structure, good mission and vision, it will be successful but the process for implementation of that planning is not good, the enterprise will become fail in the future. Johnson and Scholes (2002) considered strategy as a direction and scope of an organization over the long-term to achieve advantage for the organization through its configuration of resources to change environment and fulfill stake holder expectations. Strategic management is both a skill and an art. In addition, Ogollah (2006) states that strategies that an organization pursues may have important impacts on its performance related to its peers. However, the business planning's practice, the strategy implementation is usually applied to the SMEs in the short-term process. Furthermore, necessary actions should be taken by enterprises take to implement their strategies requiring leaders and managers to identify necessary resources and to design their organization to bring the targeted strategies to reality (Bayode & Adebola, 2012).

There are many definitions about implementing strategy from many scholars. Strategy implementation includes organizing firm's resources and staff's motivation to achieve its planned objectives. Implementation is regarded as a phase in which systems and procedures are created properly to collect and process the data enabling measurements to be made regularly (Ochola, 2015). Various management activities were included in this process so that they became necessary to put strategy or planning in motion, instituting strategic controls monitoring progress as well as achieving organization's goalsin the consensus manner.

According to Ochola (2015), the implementation process includes the entire managerial activities such as motivation, compensation, management appraisal and controlling processes entailing many strategies to all functional areas to achieve both vertical and horizontal logic and improving implementation of policies. According to Vuong and Rajagopal, (2017) also presented that "strategy implementation is related to all necessary activities and choices to deploy a strategy". In addition, strategy implementation comprised of a series of decisions and activities by managers and employees with a dynamic, interactive and complex process affected by a number of interrelated internal and external factors. It could turn strategy into reality in order to reach its strategic objectives. One of the most appropriate determining factors of corporate's success is how effective the chosen strategy of organization that was implemented. The requirement for implementation of the strategy is not only operationalized but also institutionalized suitably. From many views of points above, the strategy implementation reflects the performance of business enterprises. Hence, the hypothesis is as follows:

H3: There is a significant relationship between Strategy Implementation and SMEs performance.

The role of Controlling on the SMEs Performance:

Controlling is regarded as one of the most important functions in the management process. It is the tasks of monitoring employees' activities, determining whether the organization's goals are on target or making corrections as necessary. The goals of organization are completed by managers' guarantee. Many companies placed less stress on top down control and more

emphasis on training employees to monitor and fix themselves by trends toward authorization and trust of employees.

According to Vuong and Rajagopal, (2017) also presented that "The control process includes a three-step process to measure actual performance, and compare actual performance against a standard as well as take managerial action to correct deviations or to address inproper standards". In addition, the final management function is the controlling factor. After goals and plans are set while other tasks and structural arrangements are assigned in the right place. In order to provide all the conditions for the employees, and people hired, trained, and motivated, there has to be some evaluations of whether things are going as planned compared to the commitment of organizationalstrategy implementation. All managers should monitor and evaluate performance to ensure that goals are being met and that work is being done as it should be. The set goals must be compared with actual performances. If those goals aren't being achieved, manager's job will have to work back on track. Therefore, the process of monitoring, comparing, and correcting is called the controlling function.

According to Koontz & O'Donell (1968), controlling is the measurement & correction of subordinates' active performances in order to make sure that enterprise's objectives and plans which were desired to obtain as being accomplished. Control is also applied to checkcurrent performance opposite to predetermining standards contained in the plans, with the view to ensure the suitable progress and satisfactory performance. In addition, controlling as a method to determine what is being accomplished, and evaluating the performance. if it is necessary to apply the corrective measures so as to complete the performance taken place according to its plans. Furthermore, there are three basic steps in a control process such as establishment of standards, measurement and comparison of performances with the standards, and completion of corrective action (Havinal, 2009). These basic steps can be performedtowardthe outcome of the business activities in each business organization. Hence, based on the above related studies, the fourth hypothesis is as follows:

H4: There is a significant relationship between Controlling and SMEs performance.

Theoretical framework and Hypothesis:

Theoretical framework of this study:

Figure 2.1: The proposed theoretical framework for the study.

Hypothesis:

H1: There is a significant relationship between Business Planning and SMEs Performance

H2: There is a significant relationship between Organizational Commitment and SMEs Performance

H3: There is a significant relationship between Strategy Implementation and SMEs Performance

H4: There is a significant relationship between Controlling and SMEs Performance

The simple regression model:

$Y = \beta o + \beta 1*X1 + \beta 2*X2 + \beta 3*X3 + \beta 4*X4 + \sigma$

While

Y= SMEs Performance (P)

X1= Business Planning(PL)

X2= Organizational commitment (OC)

X3= Strategy Implementation (SI)

X4= Controlling (CL)

σ=Error Term

$\{\beta\ i;\ i=0,1,2,3,4\}$ = The coefficients integrated outsourcing practices

METHODOLOGY:

This study has applied the two methods: the qualitative approach and the quantitative approach. The scope of study is conducted in HCMC, Vietnam in 2017.

In the first stage, the author applied the deep-interview with experts in HCMC to explore the factors in contemporary management based on the management theories effecting on the performance of Vietnamese SME(s). Finishing the interview, there are 4 main factors affecting the SMEs' performance. Then the author used the quantitative method to build observed factors as well as applied the previous studies and adjusted the scale to be suitable with the local language. In addition, the interview with experts was applied to explore the real situations in order to complement observed factors which were suitable with time of the study. In general, the author proposed 4 factors including 31 observed variables from total of 40 observed variables chosen to build the questionnaire such as *(1) Business Planning, (2) Organizational commitment, (3) Strategy implementation, (4) Controlling* that support to *SMEs' Performance* in HCMC, Vietnam.

In the second stage, the researcher used the quantitative approach to collect data from around 200 people who work in the Vietnamese SMEs in manufacturing sector in HCMC. In addition, the number of laborers: between over 10 persons and 200 persons for small-sized enterprises;

33

and between over 200 persons and 300 persons for medium-sized enterprises will be chosen to do the research and collect the data. The mainly adjusted scale and the pilot scale will be used in the quantitative method. This study will verify scales, research model, and hypothesis. These scales are verified for the second time by reliability of Cronbach's Alpha and Exploratory Factor Analysis (EFA). After verifying scales, the left variables will be used to verify hypothesis and research model by related coefficients, and linear regression.

Sampling:

The process of SPSS analysis for the paper is applied many formualtions. The formulation of identifying the minimum samples to study is to have reliability. There are two compulsory formulations to implement. The number of sampling in this study was based on EFA and linear regression

N = 5 * m m: numbers of question items
N = 50 + 8*m m: the independent factors

Formulation 1: For EFA, it is based on Hair *et al*. (1998) to refer to the proposed samples. For that sample, it has to be at least five times of the total of variable items. This is the suitable sample for studies using EFA (Roger, 2006; Comrey, 1973).

N = 5 * m (m is the number of questions in the questionnaire).

Formulation 2: For the linear regression: The minimum sample has to get by the following rule: n = 50 + 8*m (m: the number of independent factors) (Tabachnick and Fidell, 1996).

It is noted that m is the number of independent factors, not the independent questions. Therefore, when choosing the sample, it has to be meet the two above formulations, and being suiable with the rule "the more the better". The number of sample in this study is formulated as followings:

1: n=5*31=155

2: n=50+8*4 =82

The author chose n>= (82,155) =190 respondents.

Table 3.1: The results of surveying SMEs in HCMC

Description		Number (n)	Percentage (%)
Number of delivered papers		200	-
Number of collected papers		200	100
In which	Number of suitable papers	190	95
	Number of unsuitable papers	10	5

(Source: The author's collected data)

Table 3.2: The performance activities of SMEs in 2017

Targeted survey	Number of SMEs	Percentage (%)
Very effective	52	27.4%
Effective	97	51.0%
Normal	41	21.6%
Total:	190	100.00%

(Source: The author's collected data)

Ethical Issues:

The author maintained ethical issues in the process of the study to assure the confidentiality, which was observed and the collected data was used for academic purpose only. The author sent the introduction papers and received the consent from every respondent and all the relevant authorities were consulted. Permission to collect all necessary information and data required was also requested before surveying.

DATA ANALYSIS AND FIDINGS

Section 3 presented the methodology applied to build and evaluate scales and research techniques. Section 4 will be the findings of scales, analyzed results which were extracted from factors. This section consists of four subsections: (1) Evaluation of the reliability of Cronbach's Alpha, (2) Exploratory factor analysis, (3) Analysis of regression to verify the importances of factors, and (4) Verification of correlations and the changing variences.

Evaluating scales

As presented in section 3, the effective scale for SMEs in manufacturing in HCMC-Vietnam includes a 4-component scale and one dependent variable such as (1) Business Planning, (2) Organizational commitment, (3) Strategy implementation, (4) Controlling, and (5) SMEs' Performance. The author used the five-point Likert scale for 31 variables to explain for the 4-component scale above. A typical scale is ranged from 1 to 5 which 1 stands for "strongly disagree" to 5 standing for "strongly agree". The author also discussed and had the primary evaluation to confirm technical terms as well as the content of scales in order to help inteviewees understand the meaning and content of each question clearly in all scales. After that, these scales were used in the quantitative approach to evaluate by reliability of Cronbach's Alpha and EFA.

Evaluating scales by Cronbach Alpha

In this paper, the author used SPSS version 20.0 to check the reliability of scales by Cronbach's Alpha as this constant is the key to build scales. The purpose is to find out which variables will be kept and which unnecessary ones will be removed from the total input variables to test.

The rule to remove variables: The author will remove the variables of the Corrected Item – Total Correlation which are smaller than 0.3. The standard to choose scale as it has the reliability of Cronbach's Alpha ≥ 0.7. The scale with Cronbach's Alpha ≥ 0.6 is also accepted when it is used in the first time of study (Nunnally & Burnstein, 1994). For theory, the value

of Cronbach's Alpha is regarded as the higher the better which means that the scale has a good reliability. The Cronbach's Alpha of components will be presented in the below tables:

Cronbach Alpha of factor Business Planning

From the results of statistics, the factor Business Planning was measured by 9 variables. The result of analyzing the reliability of Cronbach's Alpha was 0.891. In addition, all 9 variables with Corrected Item-Total Correlation were bigger than 0.3 and smaller than value of Cronbach's Alpha 0.891. Therefore, all variables in the scale for factor Planning were met the reliability.

Cronbach's Alpha of factor Organizational commitment:

From the results of statistics, it showed that factor Organizational commitment was measured by 6 variables. The result of analyzing the reliability of Cronbach's Alpha was 0.815. Simultaneously, all 6 variables with Corrected Item-Total Correlation were bigger than 0.3 and smaller than value of Cronbach's Alpha 0.815. Therefore, all variables of factor Organizational commitment were met the reliability.

Cronbach's Alpha of factor Strategy Implememtation

From the results of statistics, the author found that factor Strategy Implementation was measured by 6 variables. The result of analyzing the reliability of Cronbach's Alpha from the first run was 0.774. However, the item SI5 with the Corrected Item-Total Correlation was 0.142 (smaller than 0.3), and if disqualifying this item will increase the reliability of the scale. Therefore, the author disqualified item SI5 and ran computation of Cronbach's Alpha for the second time.

After removing item SI5, the result of Cronbach's Alpha was 0.817. Simultaneously, all 5 variables with Corrected Item-Total Correlation were bigger than 0.3 and smaller than value of Cronbach's Alpha 0.817. Therefore, all variables of factor Strategy Implementation were met the reliability.

Cronbach's Alpha of factor Controlling:

As a result, it was seen that factor Controlling was measured by 5 variables. The result of analyzing the reliability of Cronbach's Alpha was 0.861. Simultaneously, all 5 variables with Corrected Item-Total Correlation were bigger than 0.3 and smaller than value of Cronbach's Alpha 0.861. Therefore, all variables of factor Controlling were met the reliability.

Cronbach's Alpha of factor SMEs' Performance:

From the results of statistics, the scale of factor SMEs' Performance was measured by 5 variables. The result of analyzing the reliability of Cronbach's Alpha was 0.809. Simultaneously, all 5 variables with Corrected Item-Total Correlation were bigger than 0.3 and smaller than value of Cronbach's Alpha 0.809. Therefore, all variables of factor SMEs' Performance were met the reliability.

Exploratory factor analysis (EFA) affecting the SMEs' Performance

The method EFA was used to reduce and summarize the data. In this technique, the method EFA was based on the correlations of variables to reduce to be the meaningful factors. For

more detail, when putting all the collected variables (30 variables except SI5) in to analysis, the variables have correlations with each other. Therefore, they would be grouped into factors to assess and to be presented with the basic factors affecting to SMEs' performance in HCMC in manufacturing sector.

The study was conducted by the extraction method of Principal Component Analysis with Varimax Rotation by the fixed number of factors which was 04 at the stop point when extracting factors with Eigenvalue > 1. Scale with the total cumulative which was above 50% is accepted (Gerbing& Anderson, 1988). Variables with factor loading smaller than 0.5 will be removed. At each concept with the deviation of factor loading with the biggest one and any has to be ≥ 0.3 (Jabnoun& AL-Tamini, 2003). In EFA method, the requirement of KMO (Kaiser – Meyer – Olkin) has to have the big value ($0.5 \leq KMO \leq 1$), it shows that factor analysis is suitable. If KMO < 0.5, factor analysis will be unsuitable for data. According to Kaiser (1974), KMO ≥ 0.9 was very good, 0.9 > KMO ≥ 0.8 was good, 0.8 > KMO ≥ 0.7 was acceptable, 0.7 > KMO ≥ 0.6 was fairly acceptable, 0.6 > KMO ≥ 0.5 was bad, and KMO < 0.5 was unacceptable (Hoang and Chu, 2008).

The author applied the EFA method with step by step. The first computation for EFA, 30 variables were grouped into 4 factors. After 4 times to complete the rotation, there were 4 main groups of factors conducted.

Exploratory Factor Analysis (EFA):

When analyzing factor, this study proposed 2 hypotheses:

H_0: Variables in overall are not correlated with each other.

H_1: Variables in overall are correlated with each other.

Table 4.1: The KMO and Barlett's Test of components

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.779
Bartlett's Test of Sphericity	Approx. Chi-Square	2277.363
	df	300
	Sig.	.000

(Source: The author's collected data)

The result of checking Barlett's Test showed that variables in overall had a correlation with each other (sig = 0.00 < 0.05, disqualifying H_0, and accepting H_1). Simultaneously, the KMO = 0.779 > 0.5, it is proved that the exploratory factor analysis to group variables into each factor is proper and suitable data for the next step of analysis.

Table 4.2: The Extraction method for factors

	Total Variance Explained								
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.047	20.186	20.186	5.047	20.186	20.186	4.960	19.842	19.842
2	3.539	14.154	34.341	3.539	14.154	34.341	3.309	13.237	33.079
3	3.141	12.565	46.906	3.141	12.565	46.906	3.177	12.709	45.788
4	2.689	10.756	57.662	2.689	10.756	57.662	2.969	11.874	57.662
5	1.146	4.583	62.244						
6	1.037	4.147	66.391						
7	.906	3.625	70.016						
8	.787	3.149	73.165						
9	.725	2.901	76.067						
10	.662	2.648	78.715						
11	.580	2.322	81.037						
12	.534	2.138	83.174						
13	.503	2.012	85.186						
14	.476	1.905	87.092						
15	.424	1.697	88.789						
16	.423	1.690	90.479						
17	.391	1.566	92.045						
18	.340	1.362	93.406						
19	.321	1.284	94.690						
20	.309	1.236	95.926						
21	.268	1.071	96.997						
22	.231	.923	97.920						
23	.214	.855	98.775						
24	.189	.756	99.530						
25	.117	.470	100.000						

Extraction Method: Principal Component Analysis.

(Source: The author's collected data)

As seen in Table 4.2 above, all factors have the value of Eigenvalues > 1. The cumulative percentage 57.662% > 50% fullfilled the requirements. With extraction method of principal component analysis and varimax rotation by assigning the factors to be extarcted, it is seen that 57.662% of changing 4 extracted factors will be explained by observing variables (components of factors).

After applying the extraction method and varimax rotation by assigning the factors which would be extracted, the result of groups was devided as followings:

- Factor Business Planning (coded as **PL**) has 9 items: PL1, PL2, PL3, PL4, PL5, PL6, PL7, PL8, PL9.

- Factor Organizational Commitment (coded as **OC**) has 6 items: OC1, OC2, OC3, OC4, OC5, OC6.

- Factor Strategy implementation (coded as **SI**) has 5 items: SI1, SI2, SI3, SI4, SI6.

- Factor Controlling (coded as **CL**) has 5 items: CL1, CL2, CL3, CL4, CL5.

- Factor SMEs' Performance (coded as **P**) has 5 item: P1, P2, P3, P4, P5

Verifying model and hypothesis

From the results of analyzing Cronbach's Alpha and EFA, the main research model includes 4 factors affecting to effectiveness of SMEs in manufacturing sector in HCMC. The regression model was formulated as followings:

SMEs Performance (P) = $\beta_0 + \beta_1 \text{PL} + \beta_2 \text{OC} + \beta_3 \text{SI} + \beta_4 \text{CL}$

Correlation analysis

Before verifying the research model by analyzing the regression multicollinearity, it is necessary to evaluate the correlation between the independent variables and dependent one. The author applied method of analyzing the correlation matrix and Pearson correlation to evaluate the tightness of relation among 4 independent factors such as Business Planning, Organizational Commitment, Strategy Implementation, and Controlling towards dependent factor (SME(s) Performance). This coefficient is in the range from -1 to 1, receiving the absolute value > If it is from 0.4 to 0.6, the correlation is average. If it is bigger than 0.6, the correlation is tight, and it is close to 1.0, the correlation is very tight. If it is smaller than 0.3, the correlation is loose.

Table 4.3: Matrix ofcorrelationbetweeindependentvariablesanddependentvariable:

Correlations		P	PL	OC	ST	CL
Pearson Correlation	P	1.000	.573	.601	.225	.219
	PL	.573	1.000	.008	.106	-.014
	OC	.601	.008	1.000	.066	.025
	SI	.225	.106	.066	1.000	.092
	CL	.219	-.014	.025	.092	1.000
Sig. (1-tailed)	P	.	.000	.000	.001	.001
	PL	.000	.	.454	.074	.422
	OC	.000	.454	.	.181	.366
	SI	.001	.074	.181	.	.104
	CL	.001	.422	.366	.104	.
N	P	190	190	190	190	190
	PL	190	190	190	190	190
	OC	190	190	190	190	190
	SI	190	190	190	190	190
	CL	190	190	190	190	190

(Source: The author's analyzied data)

Table 4.3 above showed that the independent variables such as PL, OC, SI, CL had the same direction of correlated coefficients with the dependent variable (P). The correlated coefficient of dependent variable with dependent ones fluctuated from 0.219 to 0.601. The factor PL, CL

had the correlation from weak to near average with factor P, while factor OC, SI had the correlation from average to nearly tight with factor P.

Method ENTER towards components to the regression model

The technique to enter factors in software SPSS

This studywascomputerized by multiple regression model when putting data for analysis at the same time (Enter method).

Evaluating the suitability of the multiple regression model

According to (Hoang & Chu, 2008), the identified coefficient R^2 was proved to be the undecreased function by the independent factors input into the model, the more independent factors are put into the model, the more increasing level R^2 was. However, this also proved that putting more factors does not mean the model is suitable with data. In this case, the adjusted R^2 coefficient was used to reflect the suitability of the multiple regression model. The adjusted R^2 coefficient was not necessary to be increased when more independent factors were put into the model, it is the scale to measure the suitability used for the multiple regression because it is not dependent on the maximization R^2.

Table 4.4: Evaluating the suitability of the multiple regression model

Model Summary[b]					Change Statistics	Durbin-Watson				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	
1	.860[a]	.740	.735	.27634	.740	131.889	4	185	.000	1.833
a. Predictors: (Constant), CL, PL, OC, SI										
b. Dependent Variable: P										

(Source: Author's analyzed data)

As shown in Table 4.4, the value of R was 0.860 > 0.5. Therefore, this model is suitable to evaluate the relationship between independent factors and dependent factor.

In addition, the value of R^2 was 0.740 and the multiple regression model was built to be suitable with 74% of data. In other word, 74% effectiveness of SMEs in manufacturing sector in HCMC were changed because of changing of independent factors of Business Planning, Strategy implementation, Organizational commitment, and Controlling. The 26% left was due to other factors.

Verifying the suitability of the multiple regression model

It is necessary to verify F for the suitability of the multiple regression model. This test helps the author recognize whether the dependent factor is correlated with all independent factors or not.

Hypothesis H_0 is as followings: **$\beta j = \beta 1 = \beta 2 = \beta 3 = \beta 4 = 0$**

Verifying F and value of sig.

If H_0 is rejected, it can be concluded that independent factors in the model can explain the changing of dependent factor. It stated that the built model was suitable with all variables.

Table 4.5: Verifying the suitability of the multiple regression model

		Sum of Squares	df	Mean Square	F	Sig.
Model						
1	Regression	40.285	4	10.071	131.889	.000[b]
	Residual	14.127	185	.076		
	Total	54.412	189			
a. Dependent Variable: P						
b. Predictors: (Constant), CL, PL, OC, SI						

(Source: Author's analyzed data)

The result from Table 4.5 showed that value of Sig. was very small 0.00 (< 0.05) and F = 131.889 $> F_{(4,185)} = 2.42047887$ so that H_0 was rejected. It meant that independent factors in the model had the collinearity correlation with the dependent factor, it is also said that the cooperation of independent factors could explain the changing of dependent factor. The linear regression model was built suitably and usefully.

Testing hypothesis about meaning of regression coefficients

The hypotheses of model waspresented aboveof this paper. In Table 4.6 below, when verifying t_{stat} and $t_{\alpha/2}$ of factors to measure the reliability, all independent factors (PL, OC, SI, CL) were passed because of $t_{stat} > t_{\alpha/2(4,185)} = 1.97252818$ (the smallest was 2.862) and value of Sig. was smaller than 0.05, presenting the high level of reliability.

Table 4.6: The result of regression weights.

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
Model		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.414	.198		-2.086	.038		
	PL	.469	.032	.560	14.858	.000	.988	1.012
	OC	.491	.032	.583	15.538	.000	.995	1.005
	SI	.081	.028	.109	2.862	.005	.976	1.024
	CL	.140	.026	.203	5.390	.000	.991	1.009
a. Dependent Variable: P								

(Source: Author's analyzed data)

Verifying hypotheses of multiple regression model

The auhor verified the following hypotheses:

−   Variance of error (Residual) without changing.

−   Residuals with standardized distribution.

−   No correlation among independent factors.

If these hypotheses are violated, estimations will not be reliable (Hoang & Chu, 2008).

Verifying the variance hypothesis of unchanged error (residual)

In order to verify the variance hypothesis of unchanged error (residual), the author used the chart of scatter plot of Standardized Residual and Standardized predicted value.

Table 4.7: Evaluation of variance for errors

Residuals Statistics[a]					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.3737	4.9325	3.8189	.46168	190
Residual	−.82722	.80693	.00000	.27340	190
Std. Predicted Value	−3.130	2.412	.000	1.000	190
Std. Residual	−2.994	2.920	.000	.989	190
a. Dependent Variable: P					

(Source: Author's analyzed data)

Figure 4.1 below showed that the residuals were scattered randomly around axis O (around the average value of residual) with the unchanged range. It means that it relates to variance of the unchanged residual.

Figure 4.1: The chart of scatterplot bewteen predicted value and standardized residual from regression
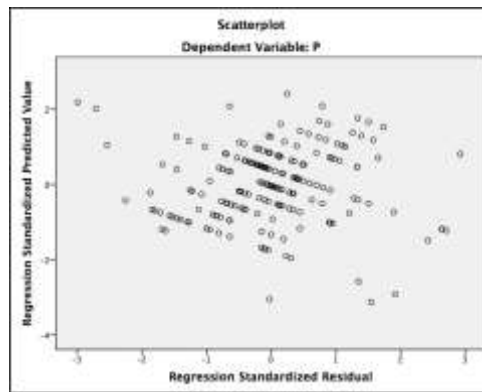
(Source: Author's analyzed data)

Verifying hypothesis with standardized residuals

Residual may not obey the standardized distribution because of using the wrong model, variance was not a constant, number of residual was not enough to analyze (Hoang& Chu, 2008). The charts of Histogram, Q-Q plot, and P-P plot of residuals were standardized to verify this hypothesis. The result from chart P-P plot showed that the surrounding scatterplots were expected as the hypothesis of standardized distribution for residual was not violated.

Figure 4.2: The chart P-P Plot of standardized residual
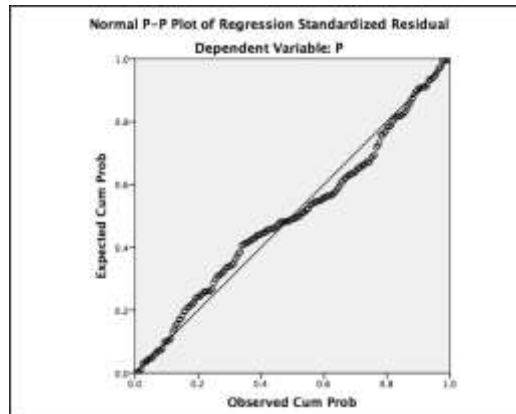
(Source: Author's analyzed data)

Figure 4.3: The chart Histogram of standardized residual
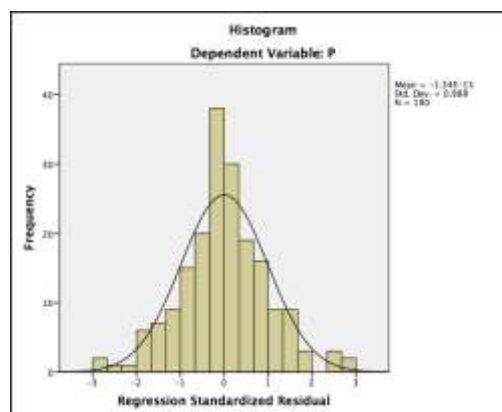
(Source: Author's analyzed data)

Result from the chart Histogram of residual (Fig. 4.3) showed that distribution of appropriately standardized residual with the value of Mean was deviated with 0 because observed variables were fairly big, the Std. Deviation = 0.989. It meant that hypothesis of standardized distribution of residual was not violated.

Test of Durbin Watson = 1.31889 (See Table 4.4) was in the range of $1 < D < 3$ so that there was no correlation among residuals (Hoang & Chu, 2008).

Verifying the hypothesis without correlation bewteen independent factors (Multicollinearity)

Table 4.6 showed that VIF (variance inflation factor) of independent factors in the model were smaller than 2. Therefore, it was stated that there was no phenomenon of the multicollinearity that happened.

Evaluating the important level of factors affecting to SMEs Performance in manufacturing in HCMC

Based on the Table 4.6, statistics in the regression model, the multicollinearity regression model of factors affecting to effectiveness of SMEs in manufacturing sector in HCMC, there was the standardized coefficients as followings:

P = 0.560*PL +0.583*OC + 0.203*CL + 0.109*SI

Therefore, all four factors Business Planning, Organizational Commitment, Strategy Implementation, and Controlling had direct ration and plus effect to SMEs' Performance in manufacturing sector in HCMC. When PL, OC, SI, and CL performed well, the performance of SMEs were also higher. In these 4 factors, the most affecting factor to SMEs' performance in manufacturing sector in HCMC was Organizational Commitment (β=0.583), next was Business Planning (β=0.560), Controlling (β=0.203), and final one was Strategy Implementation (β= 0.109). In general, H1, H2, H3, H 4for the theorical research model were accepted.

RECOMMENDATION:

In order to implement management strategies in a changing business environment, it is required to integrate performance measurement systems capturing changes in financial and non-financial measures. Application of business experience has developed the performance measurement systems without financially-oriented traditional control systems which are limited use for the management of SMEs. A disregard of non-financial issues, missing affiliation to management strategy, a retrospective view wasregarded as aspects relating to the rising criticism issues. Based on this study, to make a performance for the business activities for SMEs in manufacturing sector in HCMC, there are 4 functions of contemporary management that should apply in the SMEs such as Business Planning, Organizational Commitment, Strategy Implementation, and Controlling. In addition, the 4 functions in contemporary management should also reflect the key indications for the output of SMEs in manufacturing sector in HCMC based on the Balance Scored Card (BSC) as followings: First of all, the vision and mission of company should be translated to have a shape for the future development of the enterpriese; Secondly, the financial perspective; Thirdly, internal business process perspective; Fourthly, Customer perspective; and lastly, the potential perspective (Learning and growth). This framework of BSC is necessary for the development of SMEs in manufacturing sector in HCMC.

The role of Business Planning towards SMEs Performance:

Business planning is considered as a systematic process to make decision about goals being pursued by individualor organization in short or long term. It is also a decision process that can help SMEs in manufacturing sector in HCMC decide what to do and how to go about it. Business planning includes making decision about the long-term or short-term goals strategy for SMEs and managers should be responsible for the executiveness of their strategic plan. At the same time, SMEs in manufacturing sector in HCMC should create the mission, vision and suitable goals. These issues can help SMEs in manufacturing sector to answer what they want to do and where they want to go. In addition, in the progress of creation a business planning in the SMEs in manufacturing sector in HCMC, the managers have to communicate the future orientation for their employees, when they understand the future goals, they will understand the situation for their tasks. Furthermore, the role of training is also important in SMEs in

manufacturing sector in HCMC because it will enhance good knowledge to support employees' performance in the company.

The role of Strategy implementation towards SMEs Performance:

In order to improve the SMEs Performance in manufacturing sector in HCMC, there are many tasks that the management should do and the role of strategy implementation is very important to turn the business planning to reality. First of all, they have to recruit high qualified employees because the workforce is very important to implement the business planning for SMEs in general and SMEs in manufacturing sector in HCMC in particular. Secondly, they have to implement the process which includes the entire managerial activities such as inspiration, reward, management appraisal and controlling progress that requiremany plannings to all functional areas to achieve both vertical and horizontal logic as well as improving implementation towards their management policies.

The role of Organizational Commitment towards SMEs Performance: Organizational Commitment is the important concept of management in organizations. The combination financial resources were used to build a dynamic organization. Therefore, the concept of organizational commitment can help achieve good results for functioning a concern. Bringing physical, financial and human resources together is this process to develop productive relationship amongst them to achieve Vietnamese SMEs'targets in manufacturing sector in HCMC. Determining and providing human and non-human resources to SMEs' structure in manufacturing sector in HCMC is to organize a business in which SMEs has to be completed with rational empowerment and delegation that are regarded as crucial factors to help SMEs in manufacturing sector in HCMC being run smoothly. In the SMEs in manufacturing sector in HCMC, there is a need to create the good culture such as the good working areas, sharing experience or tasks in each other from employees as well as good organizational structure and power of employees because these will support their working process smoothly to increase their performances towards SMEs in manufacturing sector in HCMC. Orgnitional commitmentis also regarded as a conceptthat include activities ofcreation of responsibility as well as coordinating authority and responsibility relationships as well as identification, classification, assignment of duties, delegation of authority.

Furthermore, in order to control SMEs in manufacturing sector in HCMC well, the role of leadership is also important to develop in SMEs in manufacturing sector in HCMC. To overcome many challenges in the global competition when Vietnam reaches the TPP and participates the international economic system. Producing results and sustainable competitive advantage are considered good strategies that outstanding leaders combine as well as effective interpersonal process to formulate and implement. Assigning right people is an important task in managerial function in order to help the SMEs successfully to achieve their purposes for SMEs in manufacturing sector in HCMC. Therefore, leading function considered a life-spark of SMEs in manufacturing sector when setting in motion the action of people because business planning, organizing commitment, and strategy implementationare the necessary preparations for performing the work, specially for SMEs in manufacturing sector.

The role of Controlling towards SMEs Performance: If SMEs in manufacturing sector in HCMC want to achieve their goals, the function of controlling has to be the most important function they have to concern because controlling implies dimension of accomplishment against the criterions if any to guarantee outcome of SMEs' goals in manufacturing sector. The main purpose this function is to ensure that everything will be done in conformities with the

standards. An efficient function of controlling can help SMEs in manufacturing sector in HCMC to predict deviations before they are actually happened. Generally, when SMEs in manufacturing sector in HCMC develop significantly at some levels, they also need to have a developing strategy for long-term or short-term and sustainable development. SMEs in manufacturing sector must change their administrative behaviors, organizational model in this present period if they really want to develop. In addition, SMEs in manufacturing sector in HCMC have to invest in departments in which they had not invested such as market research, producing materials, R & D, etc. and these systems have to be operated following the international standards to catch up with the new trend globally. Last but not least, SMEs in manufacturing sector in HCMC also need to evaluate every process to prevent risks, having clear and stated information for consumers to choose and promote Vietnamese products to international market.

CONCLUSION

In conclusion, in these 4 factors from this study, the most affecting factor to SMEs' performance in manufacturing sector in HCMC was Organizational Commitment, next was Business Planning, Controlling, and final one was Strategy Implementation. As far as the role of managerial factors may be concerned in the SMEs in manufacturing sector in HCMC, the external and internal factors should be paid attention to make the business organization successful in a part of international economics. SMEs in manufacturing sector in HCMC have to be acutely aware of the crucial of management issues because SMEs play a vital role in economics and communal change of Vietnam which faces to many challenges and gains opportunities in the global competition.

In addition, according to Bateman and Nell (2011), management is related to a procedure when working with their staffs and resources to accomplish the organizational goals. Good managers and leaders complete those tasks effectively and efficiently. Therefore, there is a need of activities such as recruiting the good employees, analyzing the good business planning for the business, creating the good organizational commitment to acquire the good talents to work in the SMEs in manufacturing sector in the long-term to support development of the SMEs when basing on the results of this study. There is the significant impact of the factor of organizational commitment towards SMEs performance. Furthermore, the second factor affecting significantly to the SMEs performance is the Business Planning. Therefore, SME in manufacturing sector in HCMC should prepare a good business planning to support the result of their business activities. Furthermore, SMEs in manufacturing sector should have a good strategy implementation to conduct all their business strategy or business planning in the long-term or short-term. Lastly, setting the controlling systems is a must to avoid mistakes in the business activities in the SMEs in manufacturing sector in HCMC to gain the long-term performance in the business activities.

Moreover, Vietnamese SMEs in manufacturing sector in HCMC should control their enterprise with the managerial philosophy deeply in the contemporary and systematic methods to survive in the tremendous competition by the 4 roles that include: (1) Business planning, (2) organizational commitment, (3) strategy implementation, and (4) controlling of SMEs based on the Balance Scored Card Framework (BSC). First of all, the vision and mission of company should translate to have a shape for the future development of the company, Secondly, it is the financial perspective; Thirdly, they have to have internal business process perspective;

Fourthly, they have to pay attention to customer perspective. Finally, it is the potential perspective (Learning and growth). In addition, SMEs in manufacturing sector in HCMC should use the balanced scorecard framework according to their plans in order to innovate the business plans to increase their finance, complete their business procedure clearly, train their employees to improve their qualification for the goal of innovation and development. In other sides, SMEs in manufacturing sector can apply balanced scorecard framework in business planning for the business strategy for measuring the targets in business planning in order to improve their business effectiveness. Moreover, the role of contemporary management is crucial to create the best strategic and substance effective interpersonal process to formulate and implement strategies that produce results and sustainable competitive advantage for enterprises.

Limitation and Recommendation for further study:

There were some limitations in this paper. The study was only conducted in HCMC, and it was not studied across the nation in Vietnam. Furthermore, this study only studied with the convenience methods so that it had limitations with results of study as well as conducted in the manufacturing sector only.

Based on this study, future researches should study other SMEs' business fields without on individual approaches to measure and manage innovation process performance in different regions in Vietnam. In addition, in the future, othe researchers can apply this theoretical framework in the trade or service industry sectors to have a different view of the management role of Vietnamese SMEs.

REFERENCES

Allen, N. J. and Meyer, J. P. (1990). The Measurement and Antecedents of Affective, Continuance and Normative Commitment to the Organization. *Journal of Occupational Psychology,* Vol. 63, pp. 1-18.

Ardiç, O., Mylenko, N., & Saltane, V. (2011). Small and Medium Enterprises, A Cross-Country Analysis with a New Data Set. World Bank Policy Research Paper.

Banker, R.D., Potter, G., & Srinivasan, D. (2000). An Empirical Investigation of an Incentive Plan based on Nonfinancial Measures, in: *The Accounting Review*, Vol. 75(1), pp. 65-94.

Bateman and Nell, (2011). Leading & Collaborating in a Competitive World. *Mc Graw-Hill international edition.*

Bayode, B. O., & Adebola, A. O. (2012). Strategic Environmental Scanning and Organization Performance in a Competitive Business Environment. *Economic Insights – Trends and Challenges*, 24-34

Bremser W.G and Barsky N.P (2004) Utilizing the balanced scorecard for R&D performance measurement. R&D Management. 34(3): 229-238.

Chu. H. M. (2015), Factors affect to budget process in small and medium-sized enterprises (smes) in Ho Chi Minh City- Vietnam. *Ho Chi Minh City University of Technology*. Master's thesis. PP1-127.

Chughtai, A, & Zafar, S. (2006). Antecedents and Consequences of Organizational Commitment Among Pakistani University Teachers, *Applied H.R.M. Research*, 11(1), 39-64

Clegg, S., Kornberger, M., &Pitsis, T. (2005). Making sense of management in Managing and Organizations – An introduction to theory and practice (1st edition, pp. 3-39). London: *SAGE Publications.*

Comrey, A. L. (1973). A first course in factor analysis. New York: Academic

Cooper-Hakim, A., &Viswesvaran, C. (2005). The construct of work commitment: Testing an integrative framework. Psychological Bulletin, 131(2), 241-259.

Daft R (2008). Management. *Vanderbilt University*, Ninth Edition. Pp 5-10

Esselaar, S. (2006). Towards an African E-index: SME e-access and usage across 14 African countries. *Research ICT Africa.*46-53.

Gerbing, D. and Anderson. J. (1988), Structural equation modeling in practice: A review and recommended two-step approach. Psychological Bulletin, 103(3), 411-423.

Grawe, S, Daugherty, P, & McElroy, J. (2012). External organizational commitment among organizational implants: The case of logistics service providers, Transportation Research Part E, 48, 165–177

Hair, J., Anderson, R., Tatham, R., & Black, W. (1998). Multivariate Data Analysis (Fifth Edition). New Jersey: Prentice-Hall. Inc.

Harold Koontz and Cyril O'Donnell (1968). Principles of Management: An Analysis of Managerial functions, 4th Ed., McGraw-Hill, New York

Havinal (2009). Management and entrepreneurship. *New age international publisher. Pp 24-50.*

Hoang. T & Chu. .N. M. N (2008). Thống kê ứng dụng kinh tế- xã hội. *NXB Thống kê.*

Hudson, M., Smart, A. & Bourne, M. (2001). Theory and practice in SME performance measurement systems. *International Journal of Operations & Production Management.*

Jabnoun and Al-Tamimi (2003). Measuring Perceived Service Quality at UAE Commercial Banks. *International Journal of Quality and Reliability Management.*

James A.F. Stoner (1986). *Management,* Jilid 1 Ed-kedua, Erlangga; Jakarta, page., 8-9

John R. P. French and Bertram H. Raven (1959) The bases of social power. *In studies in social power.*

Johnson, G and Scholes, K (2002). Exploring Corporate Strategy (6th edn). London: Prentice Hall.

Johnson.G, Scholes. K, Whittington.R, (2008). Exploring Corporate Strategy Text and Cases. Edition 8. Essex: *Financial times prentice hall Pearson education*.

Kaplan, R. S., & Norton, D. P. (1996). *The Balanced Scorecard. Boston: Harvard Business School Press.*

Kaplan, R.S. (1983). Measuring Manufacturing Performance: A New Challenge for Managerial Accounting Research, in: *The Accounting Review*, Vol. 58(4), pp. 686- 705.

Kithae, P. P., Gakure, R. W., & Munyao, L. M. (2012). The Place of Micro and Small Enterprises in Kenya in Achievment of Kenya's Vision 2030. *Journal of US-China Public Adminstration*, 9(12), 1432-1440.

Koontz &O'Donell (1968). Principles of Management. *McGraw-Hill;* 4Rev Ed edition.

Meyer J P and Herscovitch L (2001). Commitment in the Workplace: Toward a General Model, Human Resource Management Review, Vol. 11, pp. 299-326.

Meyer, J. Stanley, J., Herscovitch, L., &Topolnytsky, L. (2002). Affective, continuance, and normative commitment to the organization: A meta-analysis of antecedents, correlates, and consequences. *Journal of Vocational Behavior*, 61, 20–52.

Murphy, G.B., Trailer, J.W., & Hill, R.C. (1996). Measuring Performance in Entrepreneurship Research, in: *Journal of Business Research*, Vol. 36(1), pp.15-23.

Nunnally, J. C., & Bernstein, I. H. (1994). Psychometric theory (3rd ed.). New York, NY: *McGraw-Hi*ll, Inc.

Ochola. (2015)*.* The effect of management skills in the implementation of strategy by smes in the pharmaceutical industry in Nairobi city county, Kenya. *School of business University of Nairobi*. pp 2-5.

Ogollah, S. (2006). Strategy and Process in Marketing, *MIT Press.*

Phan, *et al* (2015). Key Determinants of SMEs in Vietnam. Combining Quantitative and Qualitative Studies. *Review of European Studies*; Vol. 7, No. 11; Published by Canadian Center of Science and Education

Robinson, R.B., & Pearce, J.A. (1983). The Impact of Formalized Strategic Planning on Financial performance in Small Organizations. *Strategic Management Journal*, Vol. 4(3), pp. 197-207.

Roger Bove (2006). Estimation and Sample Size Determination for Finite Populations. 10th edition, CD Rom Topics, Section 8.7, *West Chester University of Pennsylvania*.

Rosenbusch, N., Brinckmann, J. and Bausch, A. (2011), Is innovation always beneficial? A meta-analysis of the relationship between innovation and performance in SMEs. *Journal of Business Venturing*, Vol. 26 No. 4, pp. 441-457

Rosenbusch, N., Brinckmann, J., & Bausch, A. (2011). Is innovation always beneficial? A meta-analysis of the relationship between innovation and performance in SMEs. *Journal of Business Venturing*, 26, 441–457.

Tabachnick, B. G., & Fidell, L. S. (1996). Using multivariate statistics (3rd ed.). *New York: HarperCollins.*

Vuong and Rajagopal (2017). The mediating effect of perceived quality on the customer loyalty in small and medium-sized enterprises (smes) in the mobile phone sector in ho chi minh city (HCMC)- Vietnam. *International Journal of New Technology and Research (IJNTR)*. Volume-3, Issue-1. PP 129-137.

Vuong and Rajagopal. (2017). The role of contemporary management and the mediating effect of budgeting process on the performance of small and medium-sized enterprises (smes) in the manufacturing sector in Ho Chi Minh City- Vietnam. *Asian academic research, Journal of social science & humanities. PP1-27.*

Youndt, M. A., Snell, S. A., Dean, J. W., & Lepak, D. P. (1996). Human resource management, manufacturing strategy, and firm performance. *Academy of management Journal,*39(4), 836-866.

Appendix: The managerial factors and the characteristics of observed factors:

Factors	Characteristics of factors
Business Planning	PL1: This organization has a mission, vision, and values statement.
	PL2: This organization has a directed strategy with delineated goals.
	PL3: This organization has identified the strengths, weaknesses, opportunities and threats
	PL4: This organization has goal setting, and business planning to achieve those goals, and track completion of those goals
	PL5: Employees understand its strategic initiatives
	PL6: This organization has a good budget that allow deparments to perform the business planning
	PL7: This organization has always great experience when making a business planning.
	PL8: This organization monitored the business planning regularly and list the progress to address those areas in need.
	PL9: There is agreement among departments in the organization to set up the business plan.
Controlling	CL1: This organization systematically measures actual performance with goals.
	CL2: This organization analyzes and accesses to sources of information of business perspectives.
	CL3: This organization assesses its human resource development and management programs
	CL4: This organization develops an organized system for monitoring the performance standards.
	CL5: This organization clearly assigns leading responsibility to implement business planning by other departments.
Organizational Commitment	OC1: Organization commitments have policies matching staffs' expectations.
	OC2: Dedication toward goals and objectives.
	OC3: Satisfaction with the organization
	OC4: This organization has a good policy for personal meaning for employees.
	OC5: Employees dedicated to this organization because they fear what being lost.
	OC6: Employees feel organization's problem as theirs.
Strategy Implementation	SI1: This organization provides resources (managers' time, budget, staffs, supports, etc) earmarked specially for business planning
	SI2: Organizational systems have positive effects on the level of implementation success
	SI3: This organization has plans to attract talents.
	SI4: This organization has written long-term (3-5 years) and short-term (1-year) goals

	SI5: This organization periodically analyzes data about market and other external factors before making a business planning.
	SI6: The management are affected when participating in setting goals
SMEs Performance	P1: The growth of profit in this organization was higher over the last 3 years
	P2: A mission, vision, and values statement were translated in this organization
	P3: Percentage of times specific improvement and innovation targets are achieved
	P4: Percentage of times when production or service output goal is achieved
	P5: The growth of customers in your organization was higher over the last 3 years