

Strategic management practices in small and medium enterprises: A comprehensive systematic literature review



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ABSTRACT

This research examines the extent to which small and medium-sized enterprises (SMEs) adopt strategic management practices throughout their organizational life cycle and identifies the key determinants influencing the selection of such practices. Given the critical role of SMEs in economic development and employment generation, understanding how these firms formulate and implement strategies is essential for enhancing their competitiveness and long-term sustainability. Employing a systematic literature review approach based on the PRISMA protocol, the study synthesizes evidence from research published between 2014 and 2024 in leading journals focusing on strategic management and small business management. The findings reveal that SMEs generally adopt less formalized and less structured strategic management processes than large corporations, primarily due to resource constraints, organizational flexibility, and managerial characteristics. However, SMEs compensate for this limitation through a greater reliance on visionary leadership, entrepreneurial orientation, and informal strategic decision-making processes that enable rapid adaptation to changing market conditions. The review further identifies a range of contextual and organizational factors that shape strategic management practices within SMEs, highlighting the unique nature of strategy formulation in smaller firms. By consolidating contemporary evidence on strategic management in SMEs, this study adds to the growing body of literature in strategic management and entrepreneurship and provides a foundation for future research aimed at exploring the evolution, effectiveness, and contextual variations of strategic practices across different SME settings.

Keywords: *Small Business; Strategic Management; Strategic Planning*



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INTRODUCTION

Strategic management requires continuous evaluation and critical decision-making regarding an organization's current and future direction. To achieve a competitive advantage, leaders need a structured, comprehensive method to assess internal and external factors, allowing them to identify strengths, weaknesses, and potential opportunities (Farid, 2022).

The idea of strategic management focuses on how businesses establish enduring competitive edges that lead to value creation (Becheikh & Bouaddi, 2024). Further Becheikh & Bouaddi, (2024) underlines SM enables companies to ensure an adequate match between their strategic internal capabilities and opportunities and threats from external contextual factors. According to Julius et al. (2016), strategic management provides an organization with strategic direction by setting objectives, developing **long-term strategic initiatives**, and **resource deployment** to support the implementation of strategies.

It aims to build a sustainable development strategy, identifying the core business areas and guiding resources appropriately to strengthen and optimize their use (Ivanova et al., 2019).

Over the long term, strategic management focuses on and is directed towards enhanced development capabilities (Kumar, 2021). Strategic management allows evaluation of a company's competitive advantage and outlines objectives and ways to satisfy all current and future competitors (Kumar, 2021).

Strategic Management revolutionize the performance of organizations through the applications of theories which exists as a practical tool in the area. The definitions presented in Table 1 suggest that strategic management is an integrated process through which organizations formulate and implement strategies to achieve organizational objectives, enhance performance, and maintain competitiveness in a dynamic environment.

Table 1
Theories in Strategic Management

Theory	Author	Basic Content	Year Advocation
Profit-maximizing, and competition-based theory	Porter, (1980)	A primary objective for business organizations is to enhance long-term profitability and secure a competitive advantage.	1980
Resource-based theory (RBT)	Penrose, (2009)	Before concentrating on market positioning, a company must first strengthen its internal capabilities and resources.	1986
Survival-based theory	Hornby, (1995)	To survive and thrive in competitive settings, businesses must continuously adapt and evolve.	Mid 1990
Agency theory	Ross & Mitnick, (1973)	This contractual arrangement involves principals hiring an agent to perform duties and delegating decision-making authority to them.	Early 1970
Contingency theory	Fiedler, (1964)	Effective business management requires flexibility; leaders must adapt strategies based on current conditions and internal or external influences.	Early 1960
Industrial organization theory	Smith, (1776)	This involves strategically placing a firm's products in the market while taking into account how competitive dynamics affect organizational performance.	Mid 1770

Evolutionary theory	Ansoff, (1960)	It helps reveal emerging competencies embedded within an organization's structures and operational routines.	1960
Dynamic capabilities theory	Teece et al., (2007)	These elements are essential in enabling the coordination, deployment, and restructuring of an organization's resources and capabilities.	1994
Stakeholder theory	Freeman, (1984)	Organizations must understand stakeholder needs, maintain open dialogue, and integrate their views into strategic decisions.	1984

The field of Strategic Management emerged in response to the increasing complexity of organizations, prompting scholars to delineate its definition, core concepts, and practical boundaries. It is widely recognized as a pivotal factor in determining organizational success or failure. Consequently, a primary focus of this discipline is investigating why certain companies thrive while others do not essentially uncovering the fundamental drivers of competitive success (Madhok & Montoro-Sanchez, 2014).

LITERATURE REVIEW

Small and Medium-Scale Enterprises

The Organization for Economic Co-operation and Development OECD, (2004) noted that the idea of SMEs first appeared in development discourse as early as the late 1940s, with the main goal being to increase trade and industrial growth in what are now regarded as developed nations. SMEs are defined according to national criteria, reflecting the significance of SMEs in the economy, as well as the policies and initiatives formulated by specific agencies or institutions aimed at fostering SMEs. In developed economies, a small business might be considered medium or even large by the standards of a developing economy such as those found in Africa (Julius et al., 2016). This discrepancy presents a major challenge for researchers studying small and medium enterprises (SMEs).

Various quantitative measures such as workforce size, capital investment, profits, energy use, sales volume, value-added output, and market share have been applied alongside qualitative factors, including owner-manager operation, limited organizational hierarchy and specialization, constrained financial resources, and the lack of modern management practices (Julius et al., 2016). Nevertheless, the most common criterion used in the classification of SMEs is the number of employees since it is easily measurable and readily available. European Commission (2005, 2008), set as Medium, Small and Micro contain fewer than 250, 50, and 10 employees respectively and similarly €50, €10 and €2 million turnover respectively. There is a great deal of anxiety and skepticism over the capacity of SMEs to promote output growth and development, particularly in developing nations (Suleiman et al., 2022). Many small and medium-sized enterprises have not grown into large firms as initially expected. A key factor identified for this is weak strategic management within these businesses, often characterized by informal, disorganized, and inconsistent practices. This is further hindered by a lack of reliable and sufficient information, which typically comes from informal channels (Anyieni & Bcom, 2013).

The significance of formality and empirically demonstrate that structured strategic management is a beneficial element linked to elevated levels of organizational performance (Becheikh & Bouaddi, 2024). In today's globalized environment, strategic management plays a crucial role in distinguishing organizations from one another, and when effectively applied, it greatly enhances operational efficiency and financial performance (Phina, 2020; Kuhe et al., 2021). The adoption and enhancement of

organizations' capacity to respond proactively to environmental changes and initiate positive transformations, thereby enhancing competitive advantage and promoting sustainable performance (Phina, 2020).

Definitions and Overview of Systematic Literature Review (SLR)

A systematic literature review is a recognized technique for generating trustworthy knowledge through a data-driven approach (Harrison & Burnard, 2019b). It combines comprehensive literature reviews that analyze and assess to deliver a general understanding of the degree, attributes and credibility of the evidence concerning a specific research question, underscoring discrepancies between what is known and what remains to be discovered (Pickering & Byrne, 2014; Siddaway et al., 2019). It is a research methodology to collect, identify, and critically analyze the available research studies (e.g., articles, conference proceedings, books, dissertations) through a systematic procedure (Carrera-Rivera et al., 2022).

A systematic literature review is distinguished by its presentation, transparency, and repeatable methodology. It entails a thorough and methodical search for all pertinent published and unpublished studies featuring clear research questions, systematic presentation, and detailed analysis, and integration of the primary search results (Crossan & Apaydin, 2010; Siddaway et al., 2019). A Systematic Literature Review (SLR) follows a defined, structured method instead of relying on informal or intuitive techniques when searching for literature and evaluating its quality. This approach enhances the rigor of the review process and its findings by ensuring transparency and allowing others to replicate the procedure (Carrera-Rivera et al., 2022; Tranfield et al., 2003)

The inclusion and exclusion criteria of the systematic review are well defined and consistently used such that readers can comprehend the choice to include or exclude particular studies, and another researcher applying the same criteria would likely come to the same findings (Siddaway et al. 2019).

METHOD

This research performed a systematic literature review to investigate the application of Strategic Management in the operations of SMEs. The systematic literature review (SLR) adheres to a predefined protocol to evaluate the current state of field development, its significance, and its constraints. As noted by Pickering et al. (2014) and Tranfield et al. (2003), a Systematic Literature Review (SLR) is a methodical, scientific, and transparent approach designed to minimize bias. It achieves this through extensive reviews of both published and unpublished research while maintaining a meticulous account of the reviewer's decisions, methodologies, and results. Through this approach, the researchers aim to accomplish the following goals:

- To identify factors, hinder SMEs to apply SM
- To show the relevance of SM application for leaders of SMEs
- To analyze what the studies outcomes (findings) and how these were emerged
- To discuss key conclusions and the gaps identified to inform the current research

Simultaneously, this document examines and integrates existing literature, addresses implications for practice and policy, and highlights research gaps through the perspective of the following questions.

- How SM application is relevant for SMEs effectiveness
- What factors influence the choice of the particular strategic management modes adopted by small business enterprises?

- To what extent strategic management facilitate SMEs success?

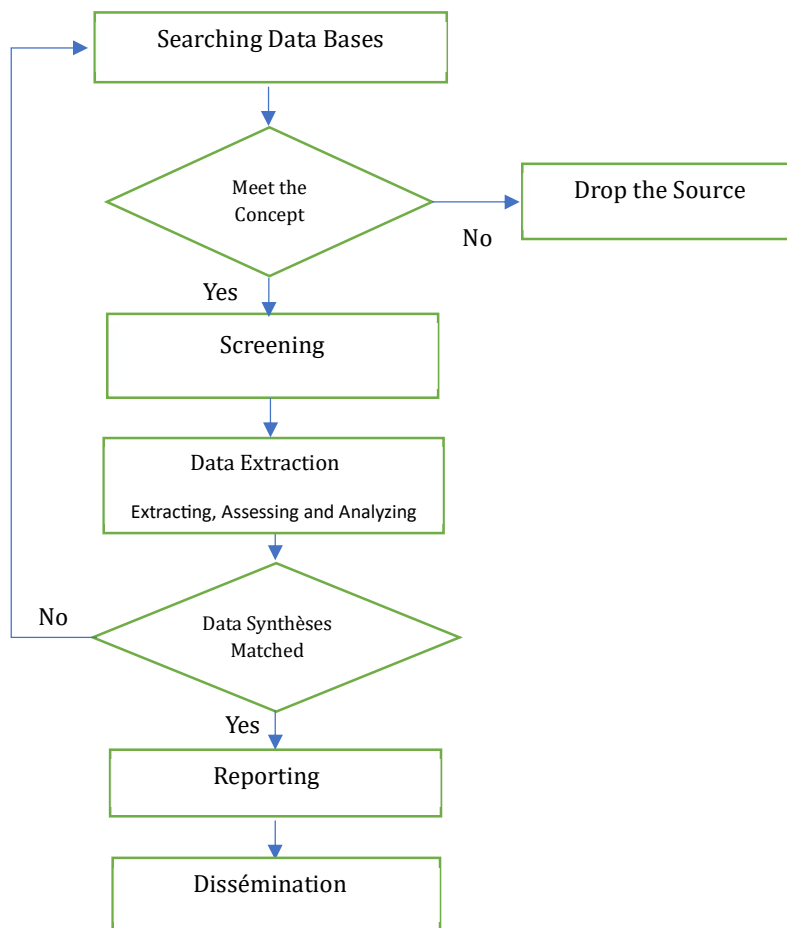
The SLR Processes

This review considers a variety of scholarly literature on SM and SMEs within the last decade, and its purpose is to synthesize existing knowledge and map out key research gaps for future exploration. The study adopts a systematic literature review (SLR) method, which is utilized to achieve two primary objectives: (1) to map the situation in research on SMEs and SM, and (2) to establish principal gaps and future research directions through a detailed study of the literature. Mainly it explains the SLR process performed to achieve the study objectives. It provides a complete overview of the review process, the search strategy, selection criteria, data extraction, and the analytical strategy, explaining how rigor and transparency were maintained in the process. The section then summarizes the most important findings of the SLR, the most salient themes, emerging trends, and where academic attention is still lacking.

Searching

The initial stage of the selection process aimed to identify literature broadly concerned with strategic management concepts within small and medium-sized enterprises (SMEs). The comprehensive search was restricted to publications released between 2014 and 2024. In the search strategy all relevant steps were covered for the identification of resources. The resources are searched from Scopus, Emerald and Taylor & Francis databases. The databases were selected based on their inclusion of peer-reviewed articles that address the concepts examined in this study. As researchers such as Tranfield et al. (2003) and Cronin et al. (2008) indicated, the literature review starts with keywords and search phrases.

Keyword searches are the most common method of identifying literature. The SLR protocol is shown in Fig 1.



Source: Developed by the Authors, 2026

Figure 1
SLR Search Protocol

Use of Search Terms

The researchers mainly applied the following terms/phrases to conduct the search.

Table 2
Terms or Phrases

Key Terms: Strategies, Strategic Management, Small and Medium Entreprises, SMEs			
Source Databases	Nature	Initial Search	Final Round Filter
Emerald	Articles	193	86
Scopus	Articles	809	357
Taylor & Francis	Articles	74	70
Total	Articles	1076	513
Final Selected Articles for SLR			41

The literature search across the Scopus, Emerald, and Taylor & Francis databases initially yielded 1,076 results (809, 193, and 74 entries, respectively). The inclusion criteria were limited to English-language studies published from 2014 onwards that addressed both theoretical and practical Key dimensions of strategic management within SMEs. After transferring all identified articles to Mendeley Desktop to create an organized reference database, the collection was refined to 513 articles. Ultimately, 41 relevant papers across 37 journals were selected for the final review. The distribution of these articles by journal is presented in Table 3.

Screening

The selection process was conducted to pick appropriate publications found through the search terms that align with the predetermined inclusion or exclusion criteria (Endris & Kassegn, 2022). The inclusion criteria require that papers be in English and focus on themes associated with strategic management and SMEs, addressing either conceptual or empirical dimensions of the chosen topic. Articles released before 2014 and those not in English are omitted according to the criteria.

Data Extraction and Synthesis

The selected articles were gathered, assessed, and interpreted across three distinct levels to ensure comprehensive data collection (see Tables 2 and 3). These findings were then synthesized by summarizing the results in alignment with their respective research questions or hypotheses. The synthesis of data in this study follows the principles outlined by Crossan & Apaydin, (2010); Tranfield et al., (2003) which emphasize the value added to the advancement and creation of knowledge.

This review categorized the findings into different sections for meta-analysis and each article synthesizes through its references, objectives, data collection tools, research questions or hypotheses, research methods, and detailed findings. The detailed presentation of the findings of each article were found in Table 4.

Conceptual and Observational Outcomes

Out of 41 organized articles for the review purpose, 8 were conceptual, 31 were empirical and 2 are mixed articles. Table 3 summarizes the sources and number of articles identified from each source, present the detail verification of the article contents.

Table 3
Document Verification, Author, Date, Research Type and Location

SN	List of Journals	Author/s of The Article	Research Type	Location
1	Academy of Strategic Management Journal,	(Abd et al., 2019)	observational	Iraq
2	TEM JOURNAL	(Mihaylova & Papazov, 2024)	observational	Bulgarian Egypt,
3	International Journal of Emerging Markets	(Becheikh & Bouaddi, 2024)	observational	Tunisia, Morocco
4	Problems and Perspectives in Management	(Pavlak & Pizar, 2020)	Mixed	Ecuador
5	International Review of Management and Marketing	(Marn et al., 2016)	observational	Malaysia
6	Journal of Business Research	(Dibrell et al., 2014)	observational	USA
7	Sustainability	(Dwikat et al., 2022)	observational	Palestine

8	Journal of Innovation and Entrepreneurship	(Endris & Kassegn, 2022)	conceptual	Ethiopia
9	Journal of Management and Strategic Studies	(Otieno et al., 2022)	observational	Ghana
10	Administrative Sciences	(Wan et al., 2022)	observational	UN-IGO
11	Business: Theory and Practice	(Addae-Korankye & Aryee, 2021)	observational	Ghana
12	Asian Journal of Advances in Research	(Akbar & Nefrida, 2021)	observational	Indonesia
13	Journal of Small Business Management	(Kraus & Dasí-rodriíguez, 2020)	conceptual	NI
14	Management Science Letters	(Mulyaningsih et al., 2021)	observational	Indonesia
15	Journal of Engineering	(Fuertes et al., 2020)	conceptual	NI
16	XIMB Journal of Management	(Kulkarni et al., 2020)	observational	India
17	Management and Marketing. Challenges for the Knowledge Society	(Gavurova et al., 2020)	observational	Europe
18	International Journal of Advanced Research,	(Ali & Qun, 2019)	observational	Bangladesh
19	SEISENSE Journal of Management	(Ibrahim, 2019)	observational	Nigeria
20	Socio Economic Challenges	(Meres, 2019)	observational	Ethiopia
21	Journal of Competitiveness	(Ivanova et al., 2019)	conceptual	NI
22	Journal of Innovation and Entrepreneurship	(Tuffuor et al., 2024)	observational	Ghana
23	Academy of Strategic Management Journal	(Me, 2018a)	observational	Nigeria
24	Journal of Management and Strategy	(Majama & Israel, 2017)	observational	Botswana
25	Journal of Business and Management,	(Kwasira & Sopha, 2016)	observational	Kenya
26	Journal of Applied Management and Social Sciences	(Okeke et al., 2015)	observational	Nigeria
27	Emerging Markets Journal	(Karadag, 2015)	observational	Turkey
28	Journal of Innovation and Entrepreneurship	(Charles et al., 2015)	conceptual	Kenya
29	Journal of Economics,	(Dubihlela & Sandada, 2014)	observational	South Africa
30	Journal of Small Business Strategy	(Harris et al., 2014)	observational	USA
31	Journal of Research in Business and Management	(Mosoti & Kamau, 2014)	observational	Kenya
32	Economic Research	(Smith et al., 2020)	observational	USA
33	Strategic Change	(Siddique, 2015)	observational	UAE
34	Journal of Entrepreneurship, Management and Innovation	(Vuong, 2025)	observational	Vietnam
35	Journal of Modelling in Management	(Sari et al., 2024)	observational	SEA
36	Problems and Perspectives in Management	(Sanchez-Rodriguez et al., 2024)	observational	Ecuador
37	African Economic and Management Review	(Ekon & Isayas, 2022)	observational	Nigeria
38	Asia Pacific Journal of Innovation and Entrepreneurship	(Donkor et al., 2018)	observational	Ghana
39	Expert Journal of Business and Management	(Durmaz & Dusun, 2016)	conceptual	NI

40	IEEE Technology & Engineering Management Conference	(Frantz et al., 2017)	conceptual	NI
41	International journal of Science Commerce and Humanities	(Mutemi et al., 2014)	observational	Kenya

Scholars View on Strategic Management and SMEs

Quantitative studies by Abd et al. (2019), Gavurova et al. (2020), Ivanova et al. (2019), and Me (2018) highlighted the importance of strategic management, revealing its critical contribution to the development and sustainability of organizational strategies. Gavurova et al. (2020) conducted a study involving 233 Spanish small and medium-sized enterprises (SMEs), revealing differences between SMEs and larger firms in how satisfied they are with the usability of strategic management tools. Most notably, the findings indicate that integrating strategic management into daily operations is particularly essential for SMEs.

A structural equation model test applied by Abd et al., (2019) identified the importance of strategic management on the performance and promoting a firm. The result displayed that Strategic management involves identifying opportunities and exploiting firms in a better way to create value to the enterprises.

Strategic management has a significant influence on the business performance of small and medium-sized enterprises (SMEs) (Me, 2018a). Data were collected using questionnaires from 120 owners of SMEs in Lagos, Nigeria. Descriptive statistics and regression analysis were done. For small and medium-sized enterprises (SMEs) to succeed, a clear vision and mission are only the starting point. To enhance performance, stand out competitively, and expand market share, SMEs must consistently apply strategic management practices by developing and executing well-thought-out business strategies.

Researchers have explored the connection between strategic management and the transitional growth of small businesses. In a study by Ibrahim (2019), a company with 45 employees and eleven years of operation was examined. The case was selected through purposeful and convenience sampling, and qualitative interviews were conducted using open-ended questions. The findings indicated no significant link between formal strategic management practices and financial performance in small firms. However, strategic management was found to support the shift from the initial formation phase to the growth stage in a business's lifecycle (Ibrahim, 2019). Likewise, Marn et al. (2016) employed multiple regression analysis and identified a statistically significant association between the intensity of strategic management and the growth of small and medium-sized enterprises.

Various scholars have emphasized strategic management as a crucial foundation for business survival, contributing to the more consistent and sustainable growth of small and medium enterprises (SMEs). In this context, Okeke et al. (2015) noted that the implementation of strategic management sometimes fails in certain businesses due to their inability to quickly adjust organizational structures in response to shifting strategies and dynamic environments. Durmaz & Dusun, (2016) highlighted in their study that over the past two decades, a new management approach, strategic management has gained global prominence and advanced significantly. This paradigm suggests that organizational success stems from adopting a strategic perspective in management. Entities that integrate strategic management principles across all stages of their operations are better equipped to make coherent and well-reasoned decisions.

Karadag, (2015) emphasizes that core strategic management practices vary across organizational settings and firm sizes. Effective strategic management demands continuous data collection and proactive problem-solving (Okeke et al., 2015). While its impact on

small and medium enterprise (SME) performance can be complex, benefiting certain operational aspects while potentially hindering others neglecting key strategic variables makes long-term sustainability highly unlikely (Karadag, 2015; Okeke et al., 2015).

Consequently, SMEs primarily adopt strategic management because of its direct influence on performance outcomes (Karadag, 2015; Okeke et al., 2015). Adopting a structured, intentional approach grounded in formal, rational feedback and control processes can substantially boost SME performance. Ultimately, this structured methodology establishes a clear framework for future empirical research to measure how specific strategic practices drive tangible outcomes like growth and profitability (Dubihlela & Sandada, 2014; Karadag, 2015).

The importance of strategic management to SMEs is widely acknowledged by many practitioners and academicians in the globe (Dubihlela & Sandada, 2014). The results show that strategic management reflected in employee involvement, implementation incentives, and evaluation and control processes plays a significant role in shaping business performance. Additionally, Dubihlela & Sandada, (2014) found that the effect of strategic management on performance is more pronounced when quantitative rather than qualitative performance indicators are applied.

Strategic management is crucial because small businesses need to continuously evaluate, learn from, and modify their strategies in order to remain competitive in the dynamic business market. According to Vuong, (2025), the performance of SMEs was positively impacted by three perspectives on the strategic management process: an inside-out perspective, an outside-in perspective, and the intermediary role of organizational creativity. This conclusion was reached after analyzing and presenting data from 411 Vietnamese SMEs. According to the findings, the research model's constructs are statistically supported, with strategic management likely being the most crucial. Therefore, the topic of strategic management is determining the best way to carry out strategic plans and the needs to accomplish the objectives (Durmaz and Dusun, 2016; Frantz et al. 2017; Vuong, 2025). SMEs are solely accountable for reflecting on themselves, conducting research, and putting the best strategies into practice.

Dearth Of Strategic Management

Exercising Strategic Management in different categories of firms depends on the knowledge of experts in the area, especially in the small business sector application of SM in its full package is in-doubt and in its infant stage. Many scholars researched this area and come across different views why this happens. In most of the regional SMEs they lack distinct strategic management, implementation procedures, thorough development and flexible implementation of functional strategies (Ali & Qun, 2019; Dibrell et al., 2014; Mihaylova & Papazov, 2024).

In their research, Dibrell et al., (2014) after evaluating the sample of 448 firms who were either the owner or the CEO of the firm were retained in the sample. They suggest that formal strategic management of firms positively associated with their performance, but the status of firms shows the direct linkages between strategic management and firms are distant, which might explain the inconsistent nature of its application. These results also suggest that companies that are able to strike the best balance between planning flexibility and strategic management will have an edge over those that are unable to manage these many and frequently conflicting interactions (Dibrell et al., 2014). Ali & Qun, (2019) used correlation to assess variable relationships and regression to predict the outcomes and the overall strategic management practices on the performance of SMEs are statistically significant. The main challenges lie with the small firms lacks to access enough

resources and capacity to implement strategic management practices. The researchers propose, managers must have the ability to adapt and restructure to accept superior strategic management practices (Ali & Qun, 2019).

Researchers identified that small and medium scale businesses are difficult to develop long term strategies because they face several internal problems. Like, lack of skilled human resources and lack of entrepreneurial orientation (Akbar & Nefrida, 2021), low mastery of technology and management (Kraus et al., 2014), lack of information and low market orientation (Wan et al., 2022).

Several studies have identified limited strategic management capabilities as a major challenge affecting the growth and performance of SMEs and start-ups. Akbar and Nefrida, (2021), using Structural Equation Modelling (SEM) on data collected from 60 small and medium traders, found that strategic management and entrepreneurial orientation were key internal factors influencing business performance. Similarly, Kulkarni et al. (2020) reported that start-ups often face workforce skill gaps and inadequate strategic management practices, highlighting the need for clear vision and mission statements, as well as the development of techniques and tools that strengthen strategic management competencies. Evidence from 286 firms further revealed that strategic management practices are frequently limited, informal, and undocumented. In addition, lack of knowledge of the planning process and business size have been identified as barriers to the adoption of strategic management activities among SMEs (Majama & Israel, 2017). Beyond strategic management challenges, SMEs also encounter constraints related to access to information, finance, business development services, market linkages, and skilled human resources, which adversely affect their competitiveness and productivity (Kwasira & Sopha, 2016). Other challenges include insufficient strategic management knowledge, weak business networks, limited promotional services, and competition from low-quality imported products (Kwasira & Sopha, 2016; Mosoti & Kamau, 2014). Collectively, these findings suggest that effective strategic management practices play a crucial role in addressing organizational challenges and enhancing the growth and performance of SMEs and start-ups.

Wan et al., (2022) reported findings consistent with those of other researchers regarding the challenges that contribute to SME failure. Based on survey data collected from 117 participants across different institutions, the study found that institutional pressures significantly hinder the adoption and practice of strategic management among SMEs. Despite these challenges, evidence suggests that planning whether formal or informal, conscious or unconscious contributes positively to business success (Kraus et al., 2014). Previous studies have also shown that the implementation of strategic management practices benefits firms regardless of their size (Ali & Qun, 2019; Kraus et al., 2014). This may be attributed to the growing need for organizations to reduce uncertainty and better understand their role within a dynamic business environment (Kraus et al., 2014). However, strategic management in SMEs is often characterized by a limited degree of formality. In many cases, strategic decisions and planning processes remain concentrated in the minds of a few key individuals rather than being formally documented. Many SME owners believe that formal strategies may restrict flexibility and responsiveness, leading them to avoid written strategic plans. As a result, strategic management practices in SMEs tend to be informal, less sophisticated, and highly dependent on managerial experience and intuition (Kraus et al., 2014).

Mosoti & Kamau, (2014) stated strategic management in small business is informal, unstructured, and irregular, supported by inadequate and ineffective information, usually obtained through informal sources, and reactive rather than proactive. Purposive sampling was utilized in this study to gather primary data, and quantitative data analysis techniques were used to provide the study's conclusions. The majority of respondents said that the associated expenses, knowledge gaps, inadequate training, and lack of experience prevented them from having successful strategic plans.

The absence of formal strategic management in small businesses has been attributed to a lack of time, money, knowledge, information, training, education, and abilities of owner-managers (Endris & Kassegn, 2022; Mosoti & Kamau, 2014).

Theory and Structure Support of Strategic Management

Becheikh and Bouaddi, (2024); Kwasira and Sopha (2016) identified the Resource-Based View (RBV) and Dynamic Capabilities Theory as key frameworks for explaining the effect of strategic management practices on SME performance. Their findings suggest that effective strategic management enhances organizational performance by leveraging internal resources and capabilities. The studies further emphasize the need for SMEs to strengthen strategic management practices to improve competitiveness and sustainability.

Williams et al., (2019) emphasizes the need for a theory to exercise SM and discovers that different combinations of strategic management practices have an impact on the performance of small businesses. However, the results in the literature and, perhaps disappointingly, observe that their firm would find it costly, time-consuming, or otherwise impractical to develop a particular practice. Although theory does imply that each of the SM variables may play a significant role, they are not all equally important.

Also, Pavlak & Pizar, (2020); Suleiman et al., (2022a) adds on the importance of theories for SM for the exercise in business organizations. The researchers made statistical analyses and compound model for experimental testing using randomly selected SMEs. The test has been fulfilled and shows the importance of strategic management for the long-term development stability, growth and competitiveness of SMEs after Correlation analysis with a sample of 403 respondents. Also researchers who applied descriptive statistics and multiple regression analysis, specifically ANOVA to test the relationship between variables, display a finding that strategic management enhances better SMEs and increasing the survival of SMEs (Addae-Korankye & Aryee, 2021; Suleiman et al., 2022). Similarly Donkor et al., (2018) after applying a purposive sampling technique on 200 respondents using a quantitative explanatory approach to test the interacting effect association between strategic management and SMEs' performance and the finding shows that, a consistent application of strategic management contributes to the advancement of SMEs' performance.

Researchers, Charles et al., (2015) conducted a descriptive cross-sectional design of 242 small enterprises, this mixed-methods study found that formal strategic management does not significantly enhance small firm performance. Instead, the results favor informal strategic management models, which better align with the reactive nature of small businesses. Additionally, the study noted a positive relationship between managerial competence and firm performance (Charles et al., 2015; Harris et al., 2014), linking these dynamics to Mintzberg's theories of deliberate, emergent, and reactive strategies.

A deeper grasp of the strategic aspects and key success factors in small businesses could create improved prospects for aspiring entrepreneurs (Harris et al., 2014). This research examined 237 small business owners to explore whether an internal or external strategic focus, combined with prior entrepreneurial experience, influences perceived

organizational performance (Harris et al., 2014). Regardless of their strategic orientation, small business owners need a clear awareness of the business environment, available resources, and the capabilities of their organization. Such insight helps clarify the challenges involved and the resources required to launch and sustain a successful enterprise (Harris et al., 2014).

Siddique, (2015) conducted research to examine how SMEs and large scale corporate organizations use strategic management tools and methodologies. 50% of the 400 companies were chosen for the current study using a straightforward random sampling procedure. Of these, 185 businesses supplied the needed information. The results show that while discussing strategy is popular among SMEs, there hasn't been much empirical research on strategic management techniques, particularly in developing nations. As a result, little is understood about the nature of strategic management and the kinds of planning tools that SMEs and their peers employ. However, businesses that actively pursue strategic management outperform those that do not (Charles et al., 2015; Siddique, 2015). Mutemi et al. (2014) emphasize the varied approaches to strategic management practices. To gather data, they conducted a descriptive survey, drawing responses from a sample of firms intended to reflect a broader population. The total number of enterprises in the population was 7,246, from which 99 small businesses were selected using stratified sampling. The researchers applied mean and inferential statistical methods to extract meaningful insights. Their findings indicate that improvements in employee skills, responses to competitor actions, customer loyalty, and product differentiation positively influenced the performance of small enterprises. In another study, Sanchez-Rodriguez et al. (2024) examined strategic management implementation among 105 entrepreneurs. These participants completed a checklist assessing the extent of strategic management practices in their firms. Quantitative results from the survey were analyzed using frequencies and percentages to outline both the challenges faced and the perceived effects of implementing strategic management. The results demonstrate that the primary factors that make using SM difficult are short-term culture, ignorance, commitment, and resources. Furthermore, Sari et al. (2024) calculated the sample size from a 285 sample with 57 indicators using a purposive sampling technique. Data was gathered using closed-ended, structured questionnaires. The results demonstrate a gap in the strategic management of SMEs in the SEA region, which is regarded as an early stage and is not formally utilized.

Meres's (2019) study concentrated on how strategic management techniques affect business success. For the investigation, 128 randomly chosen samples were taken into consideration. The main problem for small organizations is their incapacity to convert the strategy into a corporate goal, despite the fact that strategic management execution has proven to be more complex than the design process.

Dwikat et al., (2022) shows there is a direct effect of strategic management of SMEs in Palestine is positive and significant. The T-Statistics and p-values of the analysis indicate, there is a relationship between strategic management and manufacturing SMEs (Dwikat et al., 2022). The result suggested that systematic strategic management is essential factor for the determining of an organization performs in order to spur SMEs to undertake creative and proactive activities and initiatives (Dwikat et al., 2022; Mulyaningsih et al., 2021).

Furthermore, Mulyaningsih et al., (2021) gathered 106 responses from business owners in Sukabumi, Western Indonesia. It employed a causality model, and the Structural Equation Model (SEM) was used to analyze the relationship structure of several series equations. A statistical method called structural equation modeling (SEM) is used to examine a number of relationships between multiple variables that are derived from factor

variables or observed variables. The analysis demonstrates that SMEs' competitive advantage is significantly impacted by strategic management. The statistical result also emphasizes how strategic management has been shown to have an impact on competitive advantage, particularly the aspects of differentiation. From a practical standpoint, this discovery establishes the importance of strategic management for businesses of all sizes.

Fuertes et al., (2020) was undertaken a research follows a systematic literature review methodology to identify how it allows administrators and researchers to understand the general concepts and steps when using SM within their firms and allowing to know their position in the market and to define where they want to go in the future. Strategic management (SM) enables companies to create, reinforce, and sustain a competitive advantage by outlining the exact actions needed to achieve it. According to Fuertes et al. (2020), formulating strategies establishes a clear future course of action and behavioral guidelines. Ultimately, this aligns internal management to position the organization within the optimal competitive environment for long-term success.

The research included a sample of 47 small and medium-sized enterprises (SMEs). Data analysis was conducted using descriptive statistics. The discovery indicated that strategic management has progressively attracted the focus of management specialists as a powerful method to ensure organizations continue to grow and evolve. Strategic management plays a crucial role for organizations aiming to grow and expand, achieve a greater competitive edge over their competitors, and ensure alignment between real outcomes and anticipated goals (Ekon & Isayas, 2022; Tuffuor et al., 2024).

Discussion

This article aimed to examine existing research on the relationship between Strategic Management (SM) and leadership in small and medium-sized enterprises (SMEs) through a systematic literature review. The analysis revealed several factors influencing why specific strategic management approaches are used in small businesses. It highlighted that SMEs significantly contribute to the socio-economic development of nations worldwide, yet they also encounter substantial challenges that jeopardize their long-term survival, sustainability, and expansion. The findings support earlier research emphasizing the crucial role SMEs play in driving economic growth, generating employment, creating wealth, fostering innovation, and promoting entrepreneurship.

The review confirmed that the ongoing performance of SMEs depends on access to human capital encompassing knowledge and skills, financial resources, social capital, and a supportive business environment. A further key insight concerns the connection between strategic management and leadership practices. The extent to which strategic management contributes to SME success was examined, and this systematic literature review indicates that strategic management can offer a distinct framework, helping SMEs navigate periods of significant uncertainty and change. However, findings across the reviewed studies were not consistent. While some highlight the importance of vision, goal setting, and clear communication in strategic management, others point to unresolved questions regarding leaders' mindsets, individual traits, and behaviors. There remains ambiguity about what specifically differentiates strategic management when applied within the unique context of SMEs.

CONCLUSION AND SUGGESTIONS

Extensive research and academic studies clearly show that strategic management is essential for the success and long-term sustainability of Small and Medium Enterprises (SMEs). Mainly, SMEs face challenges such as lack of skilled human resources, inadequate

access to financial services, and poor market orientation, which hinder their growth and performance.

It is important for SMEs to seriously consider strategic management principles, define clear visions and missions, and be sensitive to changing market demands in a bid to enhance their performance. While some studies showed the lack of formal application of strategic management among SMEs, others emphasize the positive impact of strategic management on organizational performance.

Overall, the research underscores the significance of strategic management in guiding SMEs towards success, improving competitiveness, and achieving sustainable growth. By adopting solid strategic management tools and approaches, SMEs can overcome obstacles, enhance their performance, and thrive in today's competitive business landscape.

Our analysis of SM revealed that the body of research on this topic has been developing and that there is still a lack of solid empirical evidence regarding its connection to SMEs. Additionally, there is a need to operationalize the concepts of SM and the efficacy of SMEs because we know less about how SM affects small and micro businesses. This will enable us to have reliable and valid tools for future research.

Like all research, this review paper has certain limitations. It highlights several gaps in current knowledge that call for additional investigation. First, more research is needed to understand the specific contexts in which SMEs struggle to adopt SM as a tool. Second, there is a need to identify the factors that influence how SM impacts SME development, particularly the moderating and mediating variables affecting both SM use and SME performance. Third, in the context of developing or emerging economies, further study is required to clarify how SM affects SMEs in practice. Finally, the broader question of how to design effective SM strategies and support programs for SMEs remains underexplored and warrants deeper inquiry, as it was not fully addressed in this review.

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