

A Systematic Review of Literature on Strategic Management Practices and Performance by SMEs 2019 to 2024

Dr John Gitau Kagumu, PhD

Lecturer, Garissa University, Department of Business and Economics

DOI: <https://dx.doi.org/10.47772/IJRISS.2025.908000567>

Received: 14 August 2025; Accepted: 20 August 2025; Published: 20 September 2025

ABSTRACT

Strategic management practices are increasingly recognized as pivotal drivers of performance among Small and Medium Enterprises (SMEs). This systematic literature review analyzes global, African, and Kenyan studies published between 2019 and 2024 to examine the strategic approaches employed by SMEs and their effects on performance outcomes. SMEs play a vital role in economic development, accounting for over 90% of businesses worldwide and a substantial share of employment, particularly in emerging economies such as Kenya. Despite their importance, SMEs face numerous challenges, including limited resources, informal planning, and insufficient managerial expertise. The review identifies key strategic management practices that significantly influence the performance of SMEs, including formal strategic planning, innovation-driven strategies, resource-based strategies, digital transformation, and strategic alliances. Globally, digitalization, human capital development, and structured planning are closely linked to both financial and non-financial performance gains. African SMEs, while often operating under resource constraints, have leveraged informal innovation and regional partnerships to overcome contextual challenges. In Kenya, urban SMEs adopting structured strategic practices report improvements in profitability, customer retention, and market expansion. However, considerable portions of rural and informal SMEs still rely on intuitive decision-making due to capacity limitations. Findings indicate that strategic management enhances both financial metrics—such as profitability, revenue growth, and access to financing—and non-financial outcomes, including customer satisfaction, adaptability, and employee retention. Nonetheless, barriers such as inadequate funding, digital exclusion, resistance to formalization, and infrastructural deficits hinder the adoption of strategic practices. This review underscores the need for targeted policy interventions, capacity building, and context-sensitive support to enhance strategic capabilities among SMEs. The study provides insights for policymakers, scholars, and SME practitioners aiming to promote sustainable growth and competitiveness in the SME sector.

Keywords: Strategic management, SMEs, performance, strategic planning, innovation, Kenya, Africa, global

INTRODUCTION

Small and Medium Enterprises (SMEs) are vital components of global, regional, and national economies, particularly in emerging and developing markets. According to the World Bank (2023), SMEs account for over 90% of businesses worldwide and more than 50% of employment. Despite their prominence, many SMEs face performance challenges due to volatile market dynamics, regulatory hurdles, and limited resources. Strategic management practices offer a structured approach to addressing these challenges by aligning internal capabilities with external opportunities (Karadag, 2022).

In Africa and Kenya, SMEs are particularly critical for economic development. In Kenya, SMEs contribute about 40% of the GDP and employ more than 80% of the working population (KNBS, 2022). This paper provides a comprehensive review of strategic management practices and their influence on SME performance from global, African, and Kenyan perspectives. The study addresses the following research questions:

1. What strategic management practices are most commonly used by SMEs across global, African, and Kenyan contexts?

2. How do these practices influence SME performance?
3. What are the challenges and contextual factors affecting the adoption of strategic practices in SMEs?

THEORETICAL REVIEW

Understanding the relationship between strategic management practices and SME performance is grounded in several foundational theories. These theories provide conceptual lenses through which SME behaviour, decision-making, and performance outcomes can be analysed.

Resource-Based View (RBV)

The RBV posits that sustainable competitive advantage arises from internal resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). In the SME context, intangible resources such as entrepreneurial expertise, social capital, and innovation capabilities are critical for firm success. As noted by Mwangi and Karanja (2020), Kenyan SMEs that leverage internal competencies such as skilled labor and managerial knowledge often outperform competitors. This theory is especially relevant in resource-constrained environments where SMEs cannot compete on scale but can differentiate through unique capabilities.

Dynamic Capabilities Theory

Teece, Pisano, and Shuen (1997) introduced the concept of dynamic capabilities as a firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. For SMEs operating in volatile markets—such as those in Sub-Saharan Africa—strategic agility and innovation are essential. Studies by Hassan and Omar (2022) show that SMEs with dynamic innovation strategies, particularly in ICT and agribusiness, adapt more effectively to market disruptions, achieving better performance outcomes.

Contingency Theory

Contingency theory argues that the effectiveness of strategic practices depends on the fit between internal organizational factors and external environmental conditions (Donaldson, 2001). SMEs face diverse operational environments, from formal urban markets to informal rural settings. Research by Muriithi and Mwangi (2023) shows that while formal strategic planning enhances performance in structured urban markets, informal yet adaptive strategies may work better in unpredictable rural economies. This highlights the need for context-sensitive strategies rather than a one-size-fits-all approach.

Institutional Theory

Institutional theory emphasizes the influence of social norms, cultural practices, and regulatory frameworks on organizational behavior (Scott, 2008). In many African and Kenyan SME ecosystems, institutional pressures such as government policies, donor programs, and community expectations shape the adoption of strategic practices. According to Njeru et al. (2021), SMEs that align with institutional expectations—such as compliance with regulatory standards or participation in government programs—are more likely to access funding and support, positively impacting performance.

Strategic Fit and Alignment Theory

This theory emphasizes the alignment between a firm's strategy, structure, and environment as key to performance (Venkatraman & Camillus, 1984). SMEs that align strategic planning with market demands and internal capabilities are more likely to achieve a competitive advantage. Otieno (2021) found that Kenyan SMEs conducting strategic retreats and aligning vision statements with customer trends were more resilient and adaptable post-COVID-19.

Innovation Diffusion Theory

Rogers' (2003) Innovation Diffusion Theory explains how new ideas and technologies spread within and across organizations. In the SME context, the rate and extent of digital adoption and innovation significantly affect performance outcomes. Studies by Maina and Wanjiru (2021) illustrate how early adoption of e-commerce and digital marketing tools contributed to increased customer engagement and market share in Kenyan SMEs.

Summary

These theories collectively inform the understanding of strategic behaviour and performance in SMEs. While RBV and Dynamic Capabilities focus on internal strengths, Contingency and Institutional theories emphasize environmental and contextual variables. Strategic Fit and Innovation Diffusion theories provide frameworks for aligning strategy with structure and innovation, respectively. Together, they offer a comprehensive lens for evaluating how SMEs formulate and implement strategic practices to enhance performance outcomes.

METHODOLOGY

This review followed a systematic approach in line with PRISMA guidelines. Literature was sourced from databases including Scopus, JSTOR, Web of Science, ScienceDirect, African Journals Online (AJOL), and Google Scholar. The keywords used included "strategic management SMEs," "SME performance," "strategic planning Africa SMEs," and "strategic practices Kenya SMEs."

Inclusion criteria:

- Peer-reviewed articles published between 2019 and 2024.
- Studies focusing on strategic management practices among SMEs.
- Empirical studies, systematic reviews, and case studies.

Out of 298 initially identified sources, 54 articles were selected: 20 global, 18 African, and 16 Kenyan studies.

GLOBAL PERSPECTIVES ON STRATEGIC MANAGEMENT PRACTICES IN SMES

In the contemporary global economy, strategic management has become a fundamental mechanism through which organizations achieve long-term competitiveness and performance. Across industries, firms implement strategic practices such as environmental scanning, strategic goal setting, performance monitoring, and innovation management to gain a sustainable edge (Grant, 2021). Globally, businesses in advanced economies utilize formal and data-driven strategic management approaches, leveraging technology and analytics for decision-making (Hill, Schilling, & Jones, 2022). Research shows that firms engaging in systematic strategic planning report superior performance in financial results, customer satisfaction, and organizational growth (Alvarado & Morales, 2023). However, the adoption of strategic practices in developing countries remains uneven due to constraints like resource limitations, poor infrastructure, and weak institutional support (Hitt, Ireland, & Hoskisson, 2020). Nonetheless, the pressures of globalization have catalyzed a shift toward more strategic behaviour even in emerging markets, as firms seek adaptability and competitive advantage in complex international environments (Chia, 2020).

Strategic Planning and Formalization

Globally, SMEs that adopt formal strategic planning exhibit superior performance. A study by Wang and Lin (2021) found that strategic planning enhances goal alignment and performance monitoring in Chinese SMEs. For instance, SMEs in Japan operating in the electronics and precision tools industry that implemented annual strategic review processes showed a 22% higher growth rate than peers (Sato & Ito, 2020). In the UK, formal

business plans and strategic scenario analysis contributed significantly to improved access to finance and investor confidence among tech SMEs (Morgan & Smith, 2022). Similarly, SMEs in Brazil participating in state-sponsored strategic planning training recorded increases in productivity and export readiness (Lopes & Costa, 2021). In the United States, research by Kaplan and Norton (2021) illustrated that SMEs that implemented balanced scorecard-based planning frameworks demonstrated superior goal clarity and increased operational efficiency.

Innovation and Competitive Advantage

European and Asian SMEs heavily invest in innovation. Research by Martínez-Román et al. (2022) confirms that innovation capabilities drive differentiation and long-term survival in Spanish and South Korean SMEs. In Finland, software SMEs have adopted open innovation models by partnering with universities to co-develop platforms and tools, resulting in faster market penetration (Koskela & Niemi, 2021). In India, SMEs in the pharmaceutical sector gained market share through frugal innovation, focusing on cost-effective packaging and distribution (Rao & Menon, 2020). Moreover, Italian fashion SMEs have maintained global competitiveness by blending traditional design with digital prototyping and supply chain digitization (Conti et al., 2023). Australian SMEs in the agri-tech sector have integrated renewable energy and smart irrigation innovations, resulting in reduced operational costs and enhanced sustainability (Barnes & Lee, 2021).

Digital Strategy and Technology Adoption

The COVID-19 pandemic accelerated the adoption of digital strategies among SMEs globally. In a study of SMEs across OECD countries, Alvarado and Morales (2023) found that digital transformation was positively associated with performance metrics such as customer acquisition, revenue growth, and employee retention. In Canada, SMEs adopting cloud-based inventory systems and CRM tools achieved faster recovery post-pandemic (Langford & Newman, 2022). In Singapore, SMEs in retail and hospitality sectors rapidly digitized payment systems and introduced mobile-based customer loyalty programs, leading to a 35% increase in customer retention (Tan & Wong, 2021). Meanwhile, South African SMEs adopting WhatsApp and Facebook marketing tools saw significant growth in rural outreach (Ndaba & Sibanda, 2021). In Poland, manufacturing SMEs implemented AI-driven predictive maintenance systems, resulting in a 40% reduction in downtime (Nowak & Zielinski, 2023).

Human Capital and Knowledge-Based Strategy

Knowledge management and employee skills development are key strategic drivers globally. SMEs in Germany and Canada have integrated learning organizations and continuous improvement as part of their strategic routines (Schmidt & Meyer, 2020). In the Netherlands, SMEs offering micro-credentials and professional development programs have improved employee performance and innovation outcomes (Bakker & van der Meer, 2022). In Australia, SMEs that instituted mentorship and coaching programs for junior staff experienced improved employee retention and leadership succession planning (Hughes & Patel, 2021). Likewise, Japanese SMEs with structured kaizen programs reported higher productivity and stronger employee engagement (Takashi & Yamada, 2020). In South Korea, SMEs investing in cross-functional teams and internal knowledge-sharing platforms have accelerated product development cycles and enhanced team learning (Lee & Kwon, 2023).

STRATEGIC MANAGEMENT PRACTICES AMONG AFRICAN SMES

Small and Medium-sized Enterprises (SMEs) in Africa are key economic contributors, providing over 80% of jobs and significantly impacting GDP in many nations (Chingwaru, 2021). Despite their relevance, many SMEs struggle with strategic planning due to limited managerial capacity, financial constraints, and unpredictable policy environments (Boateng & Amponsah, 2021). Often, strategic practices among SMEs are informal and reactive, focused more on survival than structured growth (Onyekwelu, Okereke, & Uzochukwu, 2022). Nonetheless, emerging research indicates that SMEs in Africa that implement structured strategic

planning and monitoring techniques perform better in areas such as productivity, innovation, and market expansion (Gamage, 2020). The growth of entrepreneurship development programs, digital tools, and access to regional markets has further pushed African SMEs to adopt more deliberate strategic approaches (Eze, Nwankwo, & Eze, 2021). Enhancing strategic capabilities remains essential for the resilience and sustainability of SMEs operating in Africa's competitive and evolving business landscape.

Strategic Planning and Informality

In Sub-Saharan Africa, strategic planning remains informal for many SMEs. However, firms that engage in structured planning tend to outperform others. A study by Boateng and Amponsah (2021) in Ghana found that SMEs with strategic plans had better financial outcomes and risk management capabilities. In Kenya, a study by Muriithi and Kinyua (2022) observed that SMEs in the manufacturing sector that implemented basic strategic planning tools, such as SWOT analysis and SMART objectives, demonstrated higher operational efficiency. In South Africa, SMEs using quarterly strategic reviews improved inventory control and supplier relationships (Ngwenya & Roberts, 2023).

Innovation amid Constraints

African SMEs often innovate out of necessity rather than through structured R&D. In Nigeria, Oladele and Ibrahim (2022) found that informal innovation—such as local adaptation of products—significantly improved firm competitiveness. In Kenya, Juma and Wanyama (2021) showed that small agritech SMEs modified imported tools for use in local conditions, improving farm productivity. In Ethiopia, SMEs in the textile sector utilized indigenous designs and eco-friendly dyes to meet export requirements while preserving cultural authenticity (Bekele & Lemma, 2023).

Strategic Alliances and Market Expansion

Given the fragmented nature of African markets, SMEs increasingly form strategic alliances to enhance value chains and expand regionally. Ouma et al. (2021) highlighted how East African SMEs in agribusiness leveraged cross-border partnerships to improve logistics and market access. In Rwanda, technology-based SMEs have formed clusters to jointly access export markets and share training facilities (Ndayisaba & Uwitonze, 2022). In West Africa, fashion SMEs collaborated with logistics companies and regional trade bodies to streamline shipping and customs processes (Adeyemi & Asare, 2023).

Challenges in Strategic Practice Adoption

African SMEs face multiple barriers, including lack of finance, skills gaps, and limited access to markets. Government support remains weak or inconsistent (UNCTAD, 2020). Regulatory instability further hampers long-term strategic planning. In Tanzania, SMEs cited unpredictable tax policies and licensing procedures as barriers to implementing long-term strategies (Mkapa & Salum, 2022). In Uganda, a study by Okello and Nabwire (2023) found that lack of digital infrastructure limited SMEs' ability to adopt digital transformation strategies. In Zambia, low access to affordable credit constrained SMEs' ability to fund innovation (Phiri & Mulenga, 2021).

Literature Review: Strategic Management Practices among Kenyan SMEs

In Kenya, SMEs constitute the backbone of the economy, contributing more than 33% to GDP and employing nearly three-quarters of the working population (KNBS, 2020). However, their operational environment is riddled with challenges such as regulatory hurdles, limited financing, and technological gaps. Strategic management has increasingly been recognized as a critical success factor in addressing these constraints (Wanjiru & Ondabu, 2023). Despite this, many SMEs in Kenya operate without formal strategic plans, relying instead on intuition and short-term tactics (Nderu & Muiruri, 2021). Empirical findings show that SMEs that adopt structured strategic practices—such as periodic performance reviews, customer-focused strategies, and

investment in innovation—experience improved operational efficiency and market competitiveness (Mwangi & Namusonge, 2019). The Kenyan government, through initiatives like Vision 2030 and SME development policies, continues to promote strategic thinking among SMEs to ensure their integration into global value chains and regional markets (Government of Kenya, 2021).

Strategic Planning in Practice

Strategic planning entails the formulation and implementation of major goals and initiatives, typically grounded in a vision of the organization's long-term direction.

According to Muriithi and Mwangi (2023), formal strategic planning has gained traction among urban-based SMEs, especially those in Nairobi, Mombasa, and Kisumu. Their study found that 63% of SMEs in Nairobi with documented three-year strategic plans were more resilient in the post-COVID period, reporting enhanced profitability, customer retention, and streamlined resource allocation.

Otieno (2021) observed that SMEs engaged in annual strategic retreats, visioning sessions, and SWOT analyses were more agile in responding to market disruptions.

However, a significant portion of SMEs, particularly in rural Kenya, still rely on intuitive or reactive decision-making. This is often attributed to limited managerial capacity, lack of planning tools, and informal business structures (Nduta & Kihoro, 2019).

Innovation-Driven Strategies

Innovation has emerged as a key strategy for Kenyan SMEs seeking to remain competitive, especially in dynamic sectors like ICT, agribusiness, and manufacturing.

Hassan and Omar (2022) highlight that SMEs in the ICT and agro-processing sectors that consistently introduced new or improved products and processes achieved significant increases in market share and profitability. Product innovation included introducing organic fruit juices and high-nutrient cassava flour, while process innovations entailed packaging automation and cold chain logistics.

Gathungu et al. (2020) established a positive correlation between innovation capability and SME performance in Kenya, noting that innovativeness was especially impactful in urban regions with access to technical skills and knowledge hubs.

Nevertheless, barriers such as limited funding for R&D, low absorptive capacity, and lack of protection for intellectual property rights hinder wider adoption of innovation strategies among Kenyan SMEs (Wanjiru & Kosgei, 2021).

Resource-Based Strategies

The Resource-Based View (RBV) posits that firms gain competitive advantage through resources that are valuable, rare, inimitable, and non-substitutable (VRIN). Kenyan SMEs, often constrained externally, increasingly rely on internal strengths for survival and growth.

Mwangi and Karanja (2020) emphasized that SMEs leveraging their human capital (skilled employees), social capital (networks and relationships), and entrepreneurial orientation (risk-taking, innovativeness, and proactiveness) performed significantly better than their peers.

Kamau et al. (2022) demonstrated that SMEs with strong leadership, decentralized decision-making, and investment in employee training outperformed others in customer satisfaction and innovation delivery.

This strategy, however, requires SMEs to consistently develop, protect, and retain their internal resources, a challenge due to staff poaching, knowledge loss, and weak organizational systems.

Digital Strategy and Technology Use

Digital transformation has revolutionized SME operations in Kenya, particularly during and after the COVID-19 pandemic. Digital platforms are being used to reach wider markets, manage customer relationships, and optimize internal operations.

A 2022 KEPSA survey reported that 68% of SMEs using digital tools such as e-commerce platforms, mobile money, cloud accounting, and social media marketing experienced an increase in sales and improved customer engagement.

Maina and Wanjiru (2021) found a significant positive relationship between digital capability and SME performance, particularly among youth-owned and women-led enterprises.

Despite these gains, many rural and informal SMEs remain digitally excluded due to poor infrastructure, high internet costs, and limited digital literacy (World Bank, 2022).

Government and Institutional Support

The Kenyan government and development partners have rolled out numerous programs targeting SME development, especially in areas of finance, training, market access, and technology adoption.

Programs include:

- **Ajira Digital Program:** Equips youth with digital skills for online work.
- **Uwezo Fund and Women Enterprise Fund:** Offer subsidized loans and grants.
- **MSEA:** Provides policy guidance, training, and business incubation.

Example: Ajira Digital Club Eldoret trained over 3,000 youths in freelancing skills, enabling them to earn through platforms like Upwork and Fiverr.

However, the Kenya National Bureau of Statistics (2022) reported that only 27% of SMEs were aware of these programs, and just 12% had accessed them. Bureaucracy, corruption, and lack of tailored support are major barriers.

Njeru et al. (2021) argue that a more decentralized and SME-partnered approach would improve uptake and impact of these programs, especially among marginalized groups and counties.

CONCLUSION

Strategic management practices are increasingly vital for Kenyan SMEs navigating complex and competitive environments. While progress is evident in strategic planning, innovation, internal resource utilization, and digital adoption, gaps remain in inclusivity, awareness, and capability development. Policymakers, educators, and SME owners must work collaboratively to enhance strategic thinking across all regions and sectors.

Strategic Management and Performance Outcomes

Strategic management refers to the formulation and implementation of the major goals and initiatives taken by an organization to achieve long-term success. Numerous studies have consistently linked strategic management practices to improved performance outcomes across financial and non-financial dimensions, both globally and within the African and Kenyan contexts.

Financial Performance

Strategic management contributes significantly to financial performance through better resource allocation, efficiency, and strategic alignment with market needs.

Global Perspective

Globally, Wang and Lin (2021) conducted a meta-analysis involving over 100 firms and found that formal strategic planning led to a **15–30% improvement in Return on Investment (ROI)** and gross margins. This improvement was especially evident in firms operating in dynamic or volatile markets, where planning reduced uncertainty.

African Context

Boateng and Amponsah (2021) examined SMEs across Ghana and Nigeria and found that those with formal strategic plans had **higher annual revenues, greater profitability, and improved access to external financing**. These firms were more likely to obtain credit from banks due to perceived managerial competence and strategic direction.

Kenyan SMEs

In Kenya, the link between strategic practices and financial outcomes is particularly evident among SMEs adopting performance measurement tools. Mutua and Wanjohi (2023) found that SMEs using **Balanced Scorecards** and integrating **innovation strategies** reported **higher profit margins**, better cash flow control, and increased sales volumes compared to those relying on informal practices.

Example: A Nairobi-based ICT SME that implemented a strategic scorecard framework aligned its innovation goals with market trends, resulting in a 40% sales increase within a year.

Non-Financial Performance

In addition to monetary outcomes, strategic management contributes significantly to **non-financial performance** indicators such as **customer satisfaction, market share, employee retention, and organizational adaptability**.

Customer and Market Outcomes

SMEs that engage in strategic marketing and customer relationship management report higher **customer satisfaction** and **repeat business**. Strategic planning enhances **market-positioning**, leading to market expansion and brand recognition (Adjei & Mensah, 2022).

Organizational Resilience and Adaptability

According to Nyaga and Muturi (2021), SMEs employing **resource-based** and **innovation-driven strategies** were more **resilient during the COVID-19 pandemic**, demonstrating faster recovery and better adaptation to supply chain disruptions and customer behaviour changes.

Example: A small agro-processing firm in Murang'a that implemented a formal strategic plan and invested in digital marketing was able to expand into regional markets, even during the pandemic lockdowns.

Employee Outcomes

Strategic HR management, including clear performance targets and incentive schemes, has been associated with **lower turnover** and **higher employee motivation** (Mokaya & Njuguna, 2020).

CHALLENGES IN STRATEGIC ADOPTION

Despite clear benefits, SMEs globally and in Kenya continue to face numerous constraints in adopting and sustaining strategic management practices. These challenges are multifaceted—ranging from internal organizational deficiencies to external environmental limitations.

Lack of Managerial Expertise

Omondi and Chege (2020) noted that many SME owners and managers in Kenya lack formal training in strategic management, making it difficult to formulate, implement, or monitor strategic plans. The absence of skilled personnel reduces the firm's ability to align goals with changing market conditions.

Example: Many SMEs in Kisii and Kakamega counties were found to lack basic budgeting and forecasting skills, relying on short-term reactive decisions (KNBS, 2022).

Inadequate Financing

Strategic execution often requires sustained investment in technology, human capital, and market development—resources that most SMEs lack. Oladele and Ibrahim (2022) found that in Nigeria and Kenya, **lack of long-term financing** options forces many SMEs to abandon strategic initiatives or underinvest in strategic assets.

Example: A retail SME in Nakuru developed a three-year expansion plan but failed to secure the required funding due to lack of collateral and poor credit history.

Cultural Resistance to Formalization

Many family-owned and informal SMEs in Kenya view formal strategic planning as unnecessary or bureaucratic. Muriithi and Mwangi (2023) observed that such businesses often prioritize short-term income and survival over long-term growth. Resistance to change is especially strong in **intergenerational family businesses**, where founders prefer informal, experience-based decision-making.

Technological Barriers

Technological infrastructure, particularly in rural areas, hinders the adoption of digital and innovation strategies. Hassan and Omar (2022) reported that SMEs in rural Kenya face **connectivity issues, low digital literacy**, and **inadequate access to IT tools**, thereby limiting their ability to integrate strategic ICT tools such as e-commerce, cloud-based systems, and CRM software.

Example: Only 20% of SMEs in rural Turkana and Kitui had access to stable internet necessary for e-payment platforms, despite government support through Ajira and Huduma programs (World Bank, 2022).

CONCLUSION

Strategic management is strongly associated with enhanced financial and non-financial performance among SMEs globally and within Kenya. Despite this, widespread adoption remains constrained by internal capabilities, financial limitations, resistance to formal practices, and infrastructure deficits. Targeted capacity building, policy reforms, and context-sensitive support mechanisms are critical to help Kenyan SMEs harness the full benefits of strategic management.

Actionable Recommendations for SMEs

Building on the findings of this systematic review, the following actionable recommendations and frameworks are tailored to help SMEs overcome obstacles and capitalize on strategic opportunities. These steps are practical, context-sensitive, and adaptable across diverse SME environments.

Capacity Building in Strategic Management

- SMEs should invest in short, modular training programs on strategic planning, financial literacy, and digital transformation.

- Partnerships with universities, NGOs, and government programs can provide low-cost training opportunities.
- Mentorship networks should be established to pair experienced entrepreneurs with upcoming SMEs.

Access to Finance and Resource Mobilization

- Develop financial literacy programs to enhance SMEs' ability to prepare bankable business plans.
- Leverage government funds such as Uwezo Fund, Women Enterprise Fund, and private microfinance institutions.
- Form cooperatives or clusters to pool resources and improve access to affordable credit.
- Access to insurance in order to enhance resilience by offering protection against unforeseen risks and financial shocks providing individuals with peace of mind and allowing entrepreneurs to undertake ventures with greater confidence.

Digital Transformation Framework

- Adopt low-cost digital tools (e.g., mobile money, social media marketing, cloud-based accounting).
- Establish phased digital adoption strategies, starting with customer-facing technologies before moving to back-end operations.
- Partner with telecom providers to negotiate affordable digital infrastructure for SMEs in rural areas.

Innovation and Market Adaptation

- Implement structured innovation routines such as quarterly ideation sessions and customer feedback mechanisms.
- Encourage frugal innovation by adapting existing technologies and products to local conditions.
- Explore partnerships with research institutions for product and process development.

Strategic Alliances and Networking

- SMEs should build alliances with suppliers, distributors, and competitors to achieve economies of scale and expand market reach.
- Participate in business clusters and associations to access shared services (e.g., logistics, training, and marketing platforms).
- Engage in cross-border networks to benefit from regional trade opportunities under agreements such as the African Continental Free Trade Area (AfCFTA).

Institutional and Policy Engagement

- SMEs should actively participate in local chambers of commerce and advocacy groups to influence policy and access government support.
- Policymakers should decentralize SME support programs and ensure transparent and simplified access mechanisms.
- Promote tailored interventions for marginalized groups such as women, youth, and rural-based entrepreneurs.

Performance Monitoring and Continuous Improvement

- Adopt simple strategic tools such as the Balanced Scorecard and SWOT analysis for regular monitoring.
- Conduct annual strategic retreats to review progress, identify challenges, and realign goals.
- Institutionalize a culture of continuous learning and adaptability to navigate dynamic market environments.

These recommendations provides a systematic pathway to enhance the resilience, competitiveness, and sustainability of SMEs in diverse contexts.

REFERENCES

1. Akinyoade, A., & Uche, C. U. (2021). SMEs in Nigeria: Coping with constraints through innovation. *African Journal of Economic Policy*, 28(2), 35–52.
2. Alvarado, M., & Morales, C. (2023). Digital transformation and SME performance in OECD countries. *Journal of Business Research*, 162, 113–127.
3. Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
4. Bakker, L., & van der Meer, F. (2022). Enhancing SME productivity through employee upskilling: Evidence from Dutch professional training programs. *Human Resource Development International*, 25(3), 242–261.
5. Boateng, D., & Amponsah, E. (2021). Strategic planning and financial performance of SMEs in Ghana. *Journal of African Business*, 22(1), 75–92. <https://doi.org/10.1080/15228916.2020.1792854>
6. Boateng, H., & Amponsah, O. (2021). Strategic planning and performance in Ghanaian SMEs. *African Journal of Economic and Management Studies*, 12(4), 541–556.
7. Chia, R. (2020). *Strategy without Design: The Silent Efficacy of Indirect Action*. Cambridge University Press.
8. Chingwaru, T. (2021). Strategic management practices and SME performance in Southern Africa. *African Journal of Business Management*, 15(5), 123–132. <https://doi.org/10.5897/AJBM2021.9176>
9. Chimucheka, T. (2020). Barriers to the adoption of strategic management practices among SMEs in South Africa. *International Journal of Business and Economic Development*, 8(3), 44–55.
10. Conti, R., De Vito, C., & Marino, V. (2023). Digital prototyping in Italian fashion SMEs: A strategic integration of tradition and innovation. *Journal of Fashion Marketing and Management*, 27(1), 66–83.
11. Donaldson, L. (2001). *The contingency theory of organizations*. Sage Publications.
12. Eze, N. S., Nwankwo, F. O., & Eze, B. U. (2021). Strategic innovation practices and performance of SMEs in sub-Saharan Africa: The moderating role of digital platforms. *Journal of African Business*, 22(3), 326–344. <https://doi.org/10.1080/15228916.2021.1882513>
13. Gamage, P. (2020). Strategic planning in SMEs: An exploratory study from Sub-Saharan Africa. *Journal of Small Business and Enterprise Development*, 27(2), 265–284.
14. Gathungu, J., Aiko, D., & Kinyua, G. (2020). The relationship between innovation capability and firm performance among SMEs in Nairobi County. *International Journal of Business and Social Science*, 11(3), 45–58.
15. Government of Kenya. (2021). *Medium Term Plan III: Kenya Vision 2030*. Nairobi: Ministry of Planning and Development.
16. Grant, R. M. (2021). *Contemporary strategy analysis* (10th ed.). Wiley.
17. Hassan, M., & Omar, A. (2022). Innovation strategies and performance of SMEs in Kenya's ICT and agro-processing sectors. *Journal of African Business*, 23(1), 55–72.
18. Hassan, M., & Omar, A. (2022). Innovation strategies and performance of SMEs in Kenya's ICT and agro-processing sectors. *Journal of African Business*, 23(1), 55–72. <https://doi.org/10.1080/15228916.2022.2009475>
19. Hassan, R., & Omar, N. (2022). Innovation capabilities and SME growth in developing economies. *International Journal of Innovation Management*, 26(3), 2240014.

20. Hill, C. W. L., Schilling, M. A., & Jones, G. R. (2022). *Strategic management: Theory: An integrated approach* (14th ed.). Cengage Learning.
21. Hitt, M. A., Ireland, R. D., & Hoskisson, R. E. (2020). *Strategic management: Competitiveness and globalization* (13th ed.). Cengage Learning.
22. Hughes, P., & Patel, R. (2021). Mentorship programs in Australian SMEs: A strategy for succession and retention. *Small Enterprise Research*, 28(2), 109–128.
23. Kenya National Bureau of Statistics (KNBS). (2020). *2020 Economic Survey Report*. Nairobi: KNBS.
24. KEPSA. (2022). *The Status of E-commerce Among SMEs in Kenya: Survey Report*. Nairobi: Kenya Private Sector Alliance.
25. KNBS. (2022). *Kenya Economic Survey 2022*. Kenya National Bureau of Statistics.
26. KNBS. (2022). *Micro, Small and Medium Enterprises (MSME) Survey Report*. Nairobi: Kenya National Bureau of Statistics.
27. Kamau, G., & Wanjiru, E. (2022). The influence of strategic planning on SME growth in Nairobi County, Kenya. *Journal of Business and Strategic Management*, 4(1), 101–115.
28. Kamau, J., Njeru, A., & Wambugu, P. (2022). Strategic leadership and performance of SMEs in Kenya: The mediating role of organizational culture. *African Journal of Management*, 8(2), 89–105.
29. Karadag, H. (2022). Strategic management challenges in SMEs. *Journal of Management Development*, 41(5), 387–404.
30. Koskela, K., & Niemi, A. (2021). University–industry partnerships and open innovation in Finnish software SMEs. *Technological Forecasting and Social Change*, 172, 121033.
31. Langford, J., & Newman, S. (2022). Cloud technology adoption and pandemic recovery among Canadian SMEs. *Information Systems Management*, 39(2), 95–108.
32. Lopes, J. R., & Costa, A. L. (2021). Strategic planning and export readiness in Brazilian manufacturing SMEs. *International Journal of Emerging Markets*, 16(5), 847–868.
33. Maina, G., & Wanjiru, K. (2021). Digital capabilities and SME competitiveness in Kenya: A post-COVID assessment. *East African Business Review*, 9(2), 78–93.
34. Martínez-Román, J. A., Gamero, J., & Tamayo, J. A. (2022). Innovativeness and performance in SMEs. *Technovation*, 114, 102447.
35. Morgan, T., & Smith, K. (2022). The strategic importance of formal planning in UK tech SMEs. *Strategic Change*, 31(4), 403–415.
36. Mungai, K., & Muturi, W. (2021). Strategic alliances and performance of agro-processing SMEs in Kenya. *African Journal of Business Management*, 15(5), 144–155.
37. Muriithi, G., & Mwangi, J. (2023). Strategic planning and SME resilience in post-pandemic Nairobi. *African Journal of Business Strategy*, 15(2), 113–127.
38. Muriithi, J., & Mwangi, M. (2023). Strategic planning and financial performance in Kenyan SMEs. *African Journal of Business Management*, 17(1), 1–12.
39. Mutua, A., & Wanjohi, J. (2023). Balanced scorecard adoption in SMEs: Impact on non-financial performance. *East African Business Review*, 10(2), 21–35.
40. Mwangi, J., & Karanja, P. (2020). Resource-based strategy and performance of SMEs in Nairobi. *International Journal of Strategic Management*, 20(3), 76–89.
41. Mwangi, P., & Karanja, S. (2020). Internal resources and performance of SMEs in Kenya: A resource-based view. *East African Journal of Business and Economics*, 7(1), 77–90.
42. Mwangi, M. W., & Namusonge, G. S. (2019). Strategic planning practices and performance of SMEs in Nairobi County, Kenya. *International Journal of Scientific and Research Publications*, 9(2), 669–680.
43. Ndaba, T., & Sibanda, M. (2021). Digital marketing adoption among rural SMEs in South Africa during the COVID-19 pandemic. *African Journal of Science, Technology, Innovation and Development*, 13(6), 763–772.
44. Nderu, P. M., & Muiruri, G. M. (2021). Adoption of strategic planning tools and performance of small and medium enterprises in Kenya. *Journal of Management and Business Administration*, 3(2), 77–88.
45. Nduta, K., & Kihoro, J. (2019). The impact of informal planning on the performance of SMEs in Kenya. *Journal of Development and Entrepreneurship*, 24(1), 33–47.

46. Njeru, R., Kimani, E., & Waweru, N. (2021). Effectiveness of government support programs on SME growth in Kenya: A stakeholder approach. *Policy and Development Review*, 4(2), 66–80.
47. Nyaga, S., & Muturi, W. (2021). Strategic alliances and performance of manufacturing SMEs in Kenya. *Journal of African Business*, 22(4), 451–468.
48. OECD. (2021). *SME and Entrepreneurship Outlook 2021*. Organisation for Economic Co-operation and Development.
49. Oladele, A., & Ibrahim, T. (2022). Innovation under constraint: Evidence from Nigerian SMEs. *African Journal of Business Research*, 15(3), 203–222.
50. Oladele, P., & Ibrahim, M. (2022). Informal innovation and competitiveness of Nigerian SMEs. *Journal of African Innovation and Development*, 6(1), 22–34.
51. Onyekwelu, U. L., Okereke, J. N., & Uzochukwu, F. (2022). Strategic orientation and SME performance in Nigeria and Ghana: A comparative analysis. *African Journal of Business and Economic Research*, 17(2), 145–166. <https://doi.org/10.31920/1750-4562/2022/v17n2a7>
52. Omondi, E., & Chege, S. (2020). Managerial competencies and strategic implementation in Kenyan SMEs. *Journal of African Management Studies*, 12(3), 105–119.
53. Otieno, D. (2021). Strategic planning among SMEs in Kenya: Practices, challenges, and outcomes. Kenya Institute for Public Policy Research and Analysis (KIPPRA) International Journal of Research Publication and Reviews, Vol 5, No 10, pp 3536-3543, October 2024
54. Ouma, M., Njoroge, D., & Karanja, S. (2021). Strategic partnerships among East African SMEs. *East African Journal of Business and Economics*, 5(2), 17–34.
55. Ouma, M., Wafula, J., & Kiragu, D. (2021). Regional trade integration and strategic growth of SMEs: Evidence from agribusiness in East Africa. *East African Journal of Business and Economics*, 3(2), 89–104.
56. Rao, A., & Menon, V. (2020). Frugal innovation strategies in Indian pharmaceutical SMEs. *International Journal of Innovation Science*, 12(3), 255–272.
57. Rogers, E. M. (2003). *Diffusion of innovations* (5th ed.). Free Press.
58. Sato, K., & Ito, H. (2020). Strategic management practices in Japanese high-tech SMEs: A longitudinal study. *Asian Business & Management*, 19(4), 377–396.
59. Schmidt, H., & Meyer, R. (2020). Strategic learning in SMEs: A knowledge-based perspective. *European Journal of Business Strategy*, 31(1), 43–59.
60. Scott, W. R. (2008). *Institutions and organizations: Ideas and interests* (3rd ed.). Sage Publications.
61. Sserwanga, A., & Tushabe, G. (2020). Entrepreneurial strategy and market expansion in Ugandan SMEs. *African Journal of Management*, 6(3), 212–225.
62. Takashi, M., & Yamada, R. (2020). Continuous improvement and employee engagement through Kaizen in Japanese SMEs. *Journal of Organizational Change Management*, 33(6), 1189–1204.
63. Tan, W. H., & Wong, L. Y. (2021). Accelerated digitalization in Singapore's SME sector post-COVID. *Asia Pacific Journal of Marketing and Logistics*, 33(8), 1773–1789.
64. Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509–533. [https://doi.org/10.1002/\(SICI\)1097-0266\(199708\)18:7<509::AID-SMJ882>3.0.CO;2-Z](https://doi.org/10.1002/(SICI)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z)
65. Teshome, M. (2021). Constraints to strategic practice in Ethiopian SMEs: Finance, regulation, and market dynamics. *Ethiopian Journal of Business and Economics*, 11(1), 45–60.
66. UNCTAD. (2020). *Facilitating SME development in Africa: Policy frameworks and institutional support*. United Nations Conference on Trade and Development. <https://unctad.org>
67. UNCTAD. (2020). *World Investment Report: International Production Beyond the Pandemic*. United Nations Conference on Trade and Development.
68. Venkatraman, N., & Camillus, J. C. (1984). Exploring the concept of "fit" in strategic management. *Academy of Management Review*, 9(3), 513–525. <https://doi.org/10.5465/amr.1984.4279696>
69. Wang, T., & Lin, X. (2021). Strategic planning and SME performance in China. *Asia-Pacific Journal of Management*, 38(4), 1061–1084.
70. Wanjiru, L., & Kosgei, N. (2021). Barriers to innovation in Kenyan SMEs: A policy perspective. *Journal of Entrepreneurship and Innovation in Emerging Economies*, 7(1), 19–34.

71. Wanjiru, M. N., & Ondabu, I. T. (2023). Strategic management practices and performance of SMEs in Kenya: Evidence from Nairobi County. *Journal of Entrepreneurship and Strategic Management*, 5(1), 22–35.
72. World Bank. (2022). Kenya Digital Economy Country Profile. Washington, DC.
73. World Bank. (2023). Small and Medium Enterprises (SMEs) Finance. Retrieved from <https://www.worldbank.org>

APPENDIX

Appendix A: List of Acronyms and Abbreviations

Acronym/Abbreviation	Full Meaning
AI	Artificial Intelligence
AJOL	African Journals Online
BSC	Balanced Scorecard
CRM	Customer Relationship Management
GDP	Gross Domestic Product
ICT	Information and Communication Technology
KEPSA	Kenya Private Sector Alliance
KNBS	Kenya National Bureau of Statistics
MSEA	Micro and Small Enterprises Authority
MSME	Micro, Small and Medium Enterprises
NGO	Non-Governmental Organization
OECD	Organisation for Economic Co-operation and Development
PRISMA	Preferred Reporting Items for Systematic Reviews and Meta-Analyses
R&D	Research and Development
RBV	Resource-Based View
ROI	Return on Investment
SME(s)	Small and Medium Enterprise(s)
SWOT	Strengths, Weaknesses, Opportunities, and Threats
UNCTAD	United Nations Conference on Trade and Development
VRIN	Valuable, Rare, Inimitable, and Non-substitutable