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Research paper

Strategic Management Practices and Their Economic Impact on SME Profitability in Emerging Markets

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Abstract

Small and Medium-sized Enterprises (SMEs) are crucial to economic growth and job creation, especially in the complex and often volatile environments of emerging markets. Limited strategic capacity and inconsistent performance hinder their potential. The study investigates the impact of strategic management practices, specifically strategic planning, market orientation, innovation, and financial control, on SME profitability across emerging economies in Asia, Africa, and Latin America. A mixed-methods approach was used, combining quantitative survey data from 310 SMEs with qualitative interviews of strategic decision-makers. Statistical analyses, including correlation and multiple regression models, were employed to examine relationships between strategic variables and financial indicators such as return on investment (ROI), revenue growth, and net profit margin. The results showed that strategic planning had the strongest positive correlation with ROI, followed by market orientation, while innovation and financial control had minimal direct influence. Sectoral and regional differences were also observed, with manufacturing SMEs showing stronger planning capabilities and Asian firms outperforming others across all profitability measures. The qualitative data highlighted contextual barriers and enablers shaping strategic decision-making. The findings emphasize the importance of institutionalizing strategic planning and adopting market-responsive strategies to enhance performance. Policymakers and development agencies should support capacity-building efforts and ensure necessary infrastructure is in place. Future research should explore longitudinal and comparative approaches to deepen understanding of strategic dynamics in various emerging market contexts.

Keywords: *Strategic Planning; SME Profitability; Emerging Markets; Market Orientation; Strategic Management Practices; Return on Investment.*

1. Introduction

Small and Medium-sized Enterprises (SMEs) are generally known to be an important aspect of economic growth, job creation, and poverty reduction, especially in emerging economies. These businesses are the pillars of any national economy, as they increase productivity, promote innovation, and local entrepreneurship (Mutambara & Kader, 2025). SMEs in emerging economies are a major contributor to socio-economic development, but they usually have to work in an unstable environment with limited resources, unstable policies, and high competition (Ma et al., 2022). Strategic Management Practices (SMPs) have become one of the most crucial processes whereby the SMEs may overcome uncertainty and attain better performance and long-term profitability.

Strategic management is the process of developing and executing significant objectives and initiatives that are initiated by the top management of a company, taking into account resources and the evaluation of the internal and external environment (Barney, 1991). An example of the activities that are generally included in SMPs in SMEs is strategic planning, market positioning, innovation management, and resource optimization (Gure & Karugu, 2018). Such practices are especially relevant in new markets, where a lack of institutions and constraints of infrastructure require active and flexible strategic action among business owners and managers (Khanna & Palepu, 2010).

Evidence indicates that the strategic management capabilities are associated with the organizational performance of SMEs in a positive direction (Sari, 2024). Through the incorporation of dynamic capabilities (market responsiveness, innovation adaptability, and operational flexibility), firms can generate and maintain competitive advantages in the environments that are often upheaved by technological change, globalization, and socio-economic transformations (Teece et al., 1997; Porter, 2008). The wave of digital transformation and the Fourth Industrial Revolution (4IR) has created new strategic horizons for SMEs, compelling them to reconsider the traditional business model and adopt a strategic planning system (Ahammed et al., 2024; Gonzalez-Varona et al., 2024). The new markets, like in Asia, Africa, and Latin America, have both challenges and opportunities for SMEs. Although these markets are usually characterized by a low level of institutional complexities, they are also characterized by high prospects of growth and unexploited consumer markets (London & Hart, 2004; Luo & Tung, 2007). In the case of SMEs that work in these environments, strategic management is a key to finding a competitive niche, operating with scarce resources, and remaining profitable (Albaz et al., 2020).

Although strategic management has been theoretically identified as a valuable concept, most SMEs within the emerging markets still grapple with operational inefficiencies, financial instability, and market vulnerability. One of the crucial issues is the low rates of adoption and implementation of SMPs because of managerial incompetence, the absence of formal training, poor access to capital, and cultural aversion to change (Gure & Karugu, 2018; Gavurova et al., 2020). Strategic management is something many SMEs consider a luxury instead of a need and are worried about short-term survival instead of planning in the long run (Keelson et al., 2024). The empirical research highlights the lack of connection between the knowledge about SMPs and their real-life application in small businesses (Sari, 2024). This gap is particularly troubling given that those SMEs that have adopted strategic frameworks report improved organizational agility, market orientation, and financial performance (SULEIMAN, 2021; Tariq, 2025). Nevertheless, a comprehensive understanding of how strategic practices translate into profitability within emerging economies remains underdeveloped. The majority of existing research either concentrates on large firms or fails to account for contextual variables unique to developing regions, such as institutional fragility, informal economic systems, and limited access to technology (Meyer & Peng, 2016; Luo & Child, 2015).

The relevance of the current scholarship in marketing and finance also highlights the importance of the integration of customer-oriented strategies and financial performance in SMEs. Case in point, a study of Environmental, Social, and Governance (ESG) practices indicates that market orientation and sustainable branding can affect the return on investment (ROI) by increasing consumer trust and accessibility to capital (Scott et al., 2023). Likewise, research on financial innovation points out that SMEs that use integrated marketing-finance strategies are more sustainable in a turbulent environment (Ma et al., 2022). The inclusion of such points of view expands the scope of interdisciplinarity in this study and aligns it with the current discussion of how marketing and financial strategies are collective determinants of SME competitiveness. According to recent empirical data of small and medium-sized enterprises, better ESG performance corresponds to better financial performance and the lower cost of capital (Rossi et al., 2025).

Thus, there is an urgent need to investigate the nature and extent of SMPs adopted by SMEs in emerging markets and how these influence financial and economic outcomes. By examining this dynamic, the study aims to bridge theoretical knowledge with practical insights, offering a framework for policymakers, entrepreneurs, and development agencies.

The research focuses on SMEs operating within the context of emerging markets, which include economies in transition from low to middle-income status and exhibit characteristics such as rapid industrialization, political instability, and institutional gaps (Khanna & Palepu, 2010; Luo & Tung, 2007). The study prioritizes key strategic management areas, including strategic financial planning, market orientation, innovation, and digital adoption.

The primary limitation of the research lies in its generalizability. Since there is a great variety of emerging markets on different continents, the results obtained in one regional situation might not be totally applicable to another one. As an example, the business environment in SMEs in sub-Saharan Africa might be very different compared to the situation in Southeast Asia because of cultural differences, the regulatory environment, and market maturity (Mugano & Dorasamy, 2023). The primary data collection might be limited by data restrictions and access to decision-makers of the SMEs. The use of self-reported data may be another possible weakness because it can be biased or overestimated. The research solutions to these limitations are the triangulation of qualitative and quantitative data and the comparative approach, pointing out cross-regional similarities and differences. Findings are also supported by secondary data from past empirical studies, policy reports, and economic reports to make them robust.

The study is both practical and academic. In academic terms, the study can be said to be adding to an already large body of literature on SME development, especially when it comes to strategic management in the dynamic economic world. It extends foundational theories such as the Resource-Based View (Barney, 1991) and the Dynamic Capabilities Framework (Teece et al., 1997) by contextualizing them within emerging markets. Practically, the study offers actionable insights for SME owners, managers, policymakers, and development agencies. Understanding which SMPs drive profitability helps SMEs allocate limited resources more effectively, respond proactively to market changes, and build resilient business models (Ma et al., 2022; Scott et al., 2023). Policymakers can also benefit from the study by designing more targeted capacity-building initiatives and creating regulatory environments that incentivize long-term strategic thinking among SMEs (Arora, 2025).

In the wake of economic disruptions caused by global crises, such as pandemics, supply chain failures, and geopolitical instability, the study underscores the necessity for SMEs to develop adaptive strategic capacities. The research further aligns with sustainable development goals by promoting economic inclusion, innovation, and employment generation through improved SME performance (Kerzner, 2025).

1.1. Research objectives

To address the gaps and explore the dynamics outlined above, the study is guided by the following research objectives:

- To examine the types and prevalence of strategic management practices adopted by SMEs in emerging markets
- To analyze the economic impact of these practices on SME profitability and financial performance
- To investigate the role of contextual factors—such as market competition, digital transformation, and policy frameworks—in shaping strategic outcomes

2. Methodology

2.1. Research design

It was a mixed-methods study that used both quantitative and qualitative information to investigate the correlation between SMPs and the profitability of SMEs in emerging economies. The data were collected in a cross-sectional manner, which allowed analyzing the current strategic practices without the need to track them longitudinally, as was done in diverse SMEs at a particular moment. The study was exploratory, as it revealed trends in such practices as planning, innovation, and market orientation, and explanatory, as it examined the impact of such strategies on profitability measures, including revenue growth and the ROI. The mixed approach offered not only quantitative knowledge but also a background understanding, so that the overall picture of the influence of strategic decision-making on the financial performance of a company in a turbulent and resource-limited environment of the emerging markets is clear.

2.2. Data collection methods

To gather comprehensive data, the study used two primary methods:
- Structured Questionnaires:
- Distributed to SME owners and managers.
- Included Likert-scale questions to measure the extent of strategic practices and performance indicators.
- Administered both online (via email, social media, and SME networks) and face-to-face (in regions with limited digital access).
- Semi-Structured Interviews:
- Conducted with a select number of respondents.
- Aimed to explore in-depth views on strategic decision-making, implementation barriers, and market challenges.
- Used to triangulate the quantitative findings for improved validity.

2.3. Population and sampling

The research focused on SMEs in emerging economies of Africa, Asia, and Latin America, which had locally defined characteristics, in terms of the number of employees (less than 250) and a low level of annual revenues. A stratified random sampling technique ensured representation across industries, manufacturing, services, and trade, as well as firm sizes and regions. Of 500 SMEs contacted, 342 responded, and 310 responses were complete and valid for analysis. This approach aimed to reflect diverse strategic orientations. For qualitative insights, purposive sampling was used to select participants directly involved in strategic planning and decision-making, enhancing the study's depth and relevance in examining SME strategic practices.

2.4. Data analysis techniques

The statistical software was used to analyze quantitative data, beginning with descriptive statistics that summarize characteristics of SMEs. Correlation and regression analysis were some of the inferential methods that were used in evaluating the association between strategic practices and profitability. Factor analysis was used to find out fundamental strategic dimensions and confirm constructs. The predictive effect of strategic practices on profitability was tested in multiple regression models of factors such as firm size and sector. Thematic analysis was used to analyse the transcripts of qualitative interviews, and themes such as the strategic drivers and operational challenges were coded in the recurrent patterns. These qualitative findings put the quantitative findings into perspective and provided an insight into factors that affected SME performance.

2.5. Ethical considerations

Before data collection, all the participants were made aware of the intentions and the extent of the research. All the respondents provided informed consent, and participation was voluntary. The respondents were guaranteed anonymity and confidentiality, and no personally identifiable information was revealed in reporting the findings. The information was kept safe, and only the research team could access it. The research was ethically approved by a reputable academic research review body, and it was conducted according to international ethics guidelines for research on human subjects. Data collection was done with special consideration of cultural sensitivity and respect to local norms, particularly in the areas where the business culture and privacy levels were different.

3. Results

The empirical results of the data obtained concerning 310 SMEs in the emerging markets are highlighted with a view to the linkage between SMPs and firm profitability. The findings are organized into four important analytical domains: sectoral practices, regional profitability, correlation analysis, and regression modeling. All the tables are accompanied by interpretative materials in order to point out their usefulness and insights.

3.1. Strategic management practices by sector

The analysis of SMPs by sector provided significant differences in focus and application, as indicated in Table 1. The manufacturing industry was the sector with the most user activity in strategic planning (mean score = 3.13) and financial control (3.21), which is operations-friendly and structured. The services industry attached more value to market orientation (3.22), as it is a customer-oriented approach that may have been influenced by first-hand dealings in the market. The trade sector exhibited moderate scores across all four practices, reflecting a more balanced but less specialized strategic focus. These differences suggested that sectoral characteristics influenced how SMEs prioritized strategic initiatives. The findings from Table 1 implied that operational complexity, customer proximity, and transactional models played a role in shaping strategic behavior within each sector.

Table 1: Average Strategic Management Practices by Sector

Sector	Strategic Planning	Market Orientation	Innovation	Financial Control
Manufacturing	3.13	3.08	2.99	3.21
Services	3.07	3.22	3.04	3.11
Trade	3.09	3.12	3.01	3.15

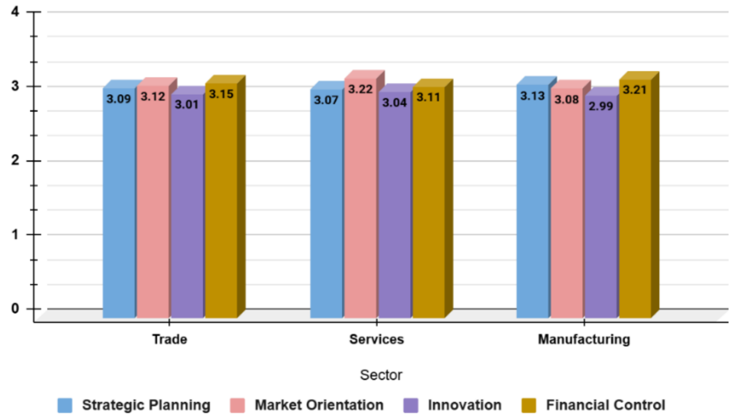

Fig. 1: Sector-Wise Comparison of Strategic Management Practices Among SMEs in Emerging Markets.

3.2. Profitability metrics by region

As illustrated in Table 2, the analysis of profitability metrics across regions revealed distinct financial performance patterns among SMEs in emerging markets. Asian SMEs recorded the highest averages in all three metrics—revenue growth (10.43%), net profit margin (12.67%), and particularly ROI (15.32%), indicating stronger strategic outcomes, likely supported by better infrastructure, technological integration, and policy frameworks. Latin American SMEs followed with moderate figures, showing competitive performance but slightly trailing behind Asia. African SMEs reported the lowest values, with an ROI of 12.14%, suggesting challenges in capital access, operational scalability, or external market conditions.

Table 2: Average Profitability Metrics by Region

Region	Revenue Growth (%)	Net Profit Margin (%)	ROI (%)
Africa	8.23	10.12	12.14
Asia	10.43	12.67	15.32
Latin America	9.14	11.01	13.45

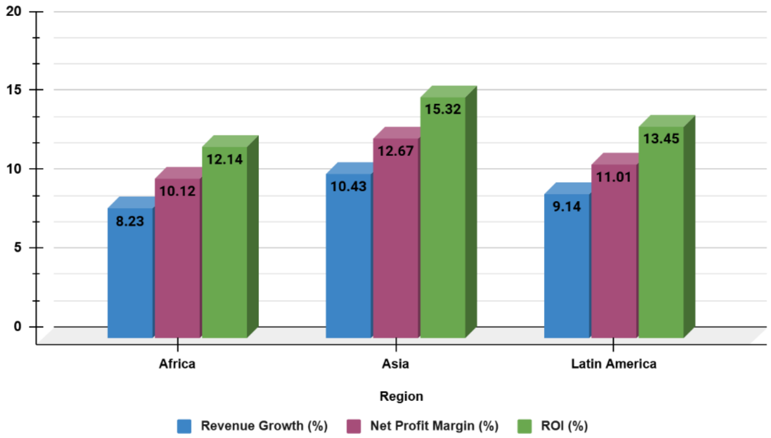

Fig. 2: Regional Comparison of SME Profitability Metrics.

3.3. Correlation between strategic practices and profitability

The correlation analysis conducted as shown in Table 3, analyzed the strength of the relationships between several SMPs and the indicators of profitability among SMEs. The findings revealed that the positive correlation between strategic planning and ROI was strongest ($r = 0.34$), which means that the more structured the planning process, the higher the financial performance of the firm. Market orientation also demonstrated a moderately strong correlation with ROI ($r = 0.29$) and an even stronger association with net profit margin ($r = 0.33$), highlighting the importance of customer focus and market adaptability in enhancing profitability. On the other hand, innovation and financial control exhibited relatively weaker correlations with all profitability metrics, particularly ROI ($r = 0.15$ and $r = 0.10$, respectively). These findings suggested that while innovation and control mechanisms played a role, their impact on profitability might be more indirect, possibly moderated by firm size, sectoral context, or external market dynamics. Overall, Table 3 emphasized the strategic value of planning and market responsiveness in driving SME performance.

Table 3: Correlation Matrix (Strategic Practices and Profitability Metrics)

	Strat. Planning	Market Orientation	Innovation	Fin. Control	Revenue Growth	Net Profit Margin	ROI
Strategic Planning	1.00	0.21	0.18	0.14	0.31	0.27	0.34
Market Orientation	0.21	1.00	0.25	0.20	0.28	0.33	0.29
Innovation	0.18	0.25	1.00	0.17	0.16	0.19	0.15
Financial Control	0.14	0.20	0.17	1.00	0.11	0.13	0.10
Revenue Growth	0.31	0.28	0.16	0.11	1.00	0.52	0.55
Net Profit Margin	0.27	0.33	0.19	0.13	0.52	1.00	0.61
ROI	0.34	0.29	0.15	0.10	0.55	0.61	1.00

3.4. Regression analysis: predicting ROI

Table 4 shows that Multiple linear regression analysis was used in determining how much the strategies of strategic management practice were predictive of ROI among SMEs. Strategic planning, market orientation, innovation, and financial control were independent variables of the regression model. The constant term was also significant (12.3120, $p < 0.001$), and this shows a strong base ROI among firms irrespective of strategy levels. Strategic planning was among the predictors, and it had a positive coefficient (beta = 0.4461) and was nearly statistically significant ($p = 0.083$), which meant that it had the greatest impact on ROI. Market orientation, as well, positively, but non-significantly, influenced (beta = 0.3696, $p = 0.145$). Innovation had a weak positive influence (beta = 0.1072) and financial control had a negative relation (beta = -0.3201), but neither of them was significant. In general, Table 4 shows that structured planning has played the most important role in ROI, and possible over-control of finance may interfere with performance.

Table 4: Regression Analysis Summary (Dependent Variable: ROI)

Variable	Coefficient (β)	Std. Error	t-value	p-value	95% CI Lower	95% CI Upper
Constant	12.3120	1.683	7.317	0.000	9.001	15.623
Strategic Planning	0.4461	0.256	1.741	0.083	-0.058	0.950
Market Orientation	0.3696	0.253	1.462	0.145	-0.128	0.867
Innovation	0.1072	0.260	0.413	0.680	-0.404	0.619
Financial Control	-0.3201	0.251	-1.277	0.202	-0.813	0.173

Interpretation:

- Strategic planning had a positive but marginally significant effect on ROI ($p = 0.083$), indicating its importance in shaping financial outcomes.
- Market orientation had a positive but not significant effect ($p = 0.145$), implying that it might need other capabilities to generate a payoff.
- Innovation had a small, non-significant impact.
- Remarkably, the coefficient of financial control was negative, which can be interpreted as the fact that too much attention paid to control mechanisms might prevent agility and adaptability in the context of emerging markets.

4. Discussion

The implications of the study present vital information on the effectiveness of SMPs in determining the SME profitability in emerging markets. The findings revealed that strategic planning had a higher correlation and predictive effect on ROI among the strategic variables evaluated: strategic planning, market orientation, innovation, and financial control. Even though this is not statistically significant at the conventional 0.05 level ($p = 0.083$), the coefficient indicates a significant positive trend. This confirms the idea that SMEs having clarified long-term planning models were in a better position to maximize resources and to face uncertainty. Market orientation also had a moderate positive correlation with ROI and net profit margin, implying that responsiveness to customer needs and competitive awareness had a positive effect on profitability. The regression findings showed that the impact of this variable reduced after the control of other strategic factors, which means that market orientation could be synergistic rather than independent in its action on financial performance.

The relatively low impact of innovation on profitability perhaps points to the fact that innovation in many emerging market SMEs is not radical. The lack of resources, the inability to access sophisticated technology, and the institutional gaps tend to limit the ability of firms to implement significant changes and innovations and instead resort to minor process improvements that may not bring about financial returns in the short term. In a similar manner, the negative coefficient of financial control may be attributed to the high volatility of emerging market environments. Too much focus on strict financial control might make SMEs less agile, unable to respond promptly to changes in the market or make investment decisions. Within this contextual interpretation, the significance of balance is emphasized, wherein innovation and financial oversight contribute to, rather than limit, strategic flexibility. This implies that although internal governance and innovation capacity are significant factors, their direct contribution to profitability might be limited by external market factors or might need to take a long-term orientation to show results that can be measured. The sectoral analysis also showed that manufacturing SMEs had a better performance in strategic planning and financial control, whereas services SMEs were market-oriented. This difference can probably be attributed to the complexities of operations and interactions in the market of each sector. On the same note, regional comparison revealed that Asian SMEs were more profitable than their African and Latin American counterparts in the three metrics of profitability, probably due to the superior institutional structure, access to technology, and policy environment. It is also relevant to note that the difference in profitability across regions can be caused not only by infrastructure and policy regimes but also by culturally and institutionally based dynamics. As an example, SMEs in sub-Saharan Africa tend to work in informal economic environments and have to deal with the lack of regulatory enforcement, whereas SMEs in Southeast Asia may enjoy the support of a stronger institutional framework and export-oriented policies. These variations in governance, market maturity, and entrepreneurial culture may temper the usefulness of SMPs, thus making the direct comparability of outcomes across regions less usable.

The results are quite similar to the previous empirical and theoretical research on the importance of strategic management and SME success. Sari (2024) clarified that strategic management has a direct impact on the performance of an organization because it optimizes decision-making, goal convergence, and market competitiveness in emerging markets. On the same note, Mutambara and Kader (2025) underscored the importance of strategic financial planning in ensuring the profitability of an organization amidst limited resources. The identified positive effect of strategic planning is similar to the study by Gure and Karugu (2018), which revealed that SMEs based in Nairobi with structured planning reported better financial performance. Such uniformity in the research studies highlights the universal nature of the importance of planning in different socio-economic contexts. Regarding the market orientation, the research confirms the results of Suleiman (2021), who revealed that customer-centric approaches have a substantial impact on the financial results in unstable market conditions. That dynamic is evidenced by the strong relationship between the market orientation and net profit margin that was found in the study.

The limited impact of innovation on ROI contrasts with the optimistic projections of other scholars. Keelson et al. (2024) argued that innovation, particularly in response to market competition, is a critical driver of SME growth. The disparity may stem from differences in innovation execution; many SMEs in emerging markets may adopt incremental rather than radical innovations, which might not immediately translate into profitability. The negative coefficient for financial control in the study presents an intriguing contrast to traditional assumptions. While Ma et al. (2022) emphasized the importance of strategic accounting and financial governance, our findings suggest that overly rigid control mechanisms may inhibit strategic agility, especially when firms need to respond quickly to market shifts. This highlights the importance of balance, rather than the extent, of financial controls. Regional differences in profitability metrics found in the study are consistent with macro-level observations by London and Hart (2004) and Khanna and Palepu (2010), who documented how institutional voids and policy environments shape enterprise success in emerging economies.

These findings have significant theoretical and practical implications. Theoretically, they validate and extend the Resource-Based View (RBV) proposed by Barney (1991) and the Dynamic Capabilities Framework by Teece, Pisano, and Shuen (1997), both of which emphasize internal capabilities as critical drivers of competitive advantage. In the study, strategic planning and market orientation emerged as such capabilities, strongly linked to performance outcomes. From a practical standpoint, SME owners and managers should prioritize strategic planning frameworks that include long-term goals, SWOT analyses, and actionable milestones. Doing so can help overcome the resource and institutional constraints typical of emerging markets. Policymakers, in turn, should consider designing interventions and training programs that enhance the planning capacities of SMEs.

Fostering market-oriented behavior, such as implementing customer feedback systems, monitoring competitors, and offering flexible service delivery, can further enhance firm performance. Development agencies and SME support organizations should emphasize strategic marketing training and sector-specific mentorship. While innovation did not emerge as a strong independent predictor, it should not be disregarded. The implication here is that innovation must be better resourced and strategically aligned to existing business goals to be impactful. Policymakers should focus on reducing barriers to technology access, which may prevent SMEs from innovating effectively. The findings on financial control suggest that firms need to strike a balance between governance and flexibility. Excessive rigidity may prevent them from investing in growth opportunities or responding to market changes, especially in high-volatility environments.

The study, while robust in design and execution, had several limitations. First, the cross-sectional design restricted the ability to assess causality or long-term effects. It only captured a snapshot of SME behavior and profitability at one point in time, potentially missing the evolving nature of strategic initiatives. A major weakness of this research is the use of self-reported survey data that can be influenced by bias in reporting, such as exaggeration of strategic actions or financial performance. The triangulation with the qualitative interviews increased the validity, but in future research, more objective financial data are required in the form of audited statements or tax returns to verify the reported profitability measures. Also, the cross-sectional study design limits the causal interpretation of the observed relationships. Longitudinal research designs would allow a better appreciation of the role of strategic practices in determining profitability over the years. Some respondents may have overstated the effectiveness of their practices or underreported weaknesses. While the study included diverse regions and sectors, the generalizability of findings remains limited due to the region-specific economic and cultural contexts. SMEs in Asia, Africa, and Latin America differ significantly in regulatory frameworks, digital readiness, and market maturity, which may have affected strategic outcomes in ways not fully captured in the research. The regression model applied a narrow range of predictors and did not consider the external factors like the intensity of competition, the complexity of regulations, or the stability of the supply chain, which might affect profitability.

The current study leaves a lot of questions to be answered in the future, and it is recommended that future studies use longitudinal designs to investigate the evolution of strategic practices and their effects on firm performance in the long run. The delayed gains of innovations and market expansion strategies would especially be useful to longitudinal studies. Future researchers need to take into account the possible moderating and mediating factors, including access to finance, digital adoption, and managerial competency, to have a better picture of how the complex relationships between strategic practices and performance work. Scholars such as Gonzalez-Varona et al. (2024) and Arora (2025) have also called attention to the benefits of digital transformation and institutional integration in increasing strategic capacity, which should also be tested empirically.

Cross-regional or cross-sector comparative studies can be used to determine regional or sector-specific strategic levers. This may help in coming up with locally specific SME strategy formulation frameworks. An interesting effect would also be to examine the interaction effects of the strategic practices. As an example, is the effect of market orientation enhanced by the high levels of innovation or strategic planning? Being acquainted with such synergistic relationships may allow SMEs to develop more integrated and effective strategies. Finally, the researchers might want to employ mixed-methods designs that would entail quantitative modeling and qualitative case studies to reveal more insights into the question of how and why some strategic decisions succeed or fail in particular environments.

5. Conclusion

Effective SMPs are essential for increasing SME profitability, especially in the dynamic and challenging environments of emerging markets. This study found that strategic planning had the most positive impact on ROI compared to other strategic dimensions examined, followed by market orientation. These findings underscore the importance of goal-setting, systematic decision-making, and adaptability to market changes for achieving financial sustainability. Sector analysis showed that manufacturing SMEs focus more on planning and control, while service-based SMEs are more customer-oriented. Asian SMEs are more profitable than their African and Latin American counterparts across all profitability measures, likely due to better infrastructure and institutions. The implications are significant. SME managers are expected to develop effective strategic plans that include environmental scanning, customer feedback systems, and performance monitoring. Policymakers should support SME growth through targeted, flexible measures that promote planning and market engagement without enforcing strict financial controls. SMEs should adopt formal strategic tools, develop customer-focused models, and invest in innovation aligned with business goals. Enhancing competitiveness can also be achieved through improved access to digital technologies and training in strategic thinking and market intelligence gathering. Future research should focus on longitudinal studies to better understand the long-term effects of strategic practices. Additionally, exploring mediating variables such as digital maturity, leadership and management styles, and sector dynamics could provide further insights. Cross-regional comparative and mixed-method studies will also enrich understanding of how SMEs can leverage strategic management for success in emerging economies.

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