# Management approaches, economic sustainability, and growth strategies of small and medium enterprises: Basis for a holistic sustainability framework

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## Abstract

This study aimed to examine the management approaches, economic sustainability and growth strategies of small and medium enterprises in Shandong Province. Specifically, it assessed the various management approaches and practices in terms of strategic management, operational management, and financial management; described the extent of adoption of business practices contributing to SMEs economic sustainability in terms of sustainable resource management, diversification and market expansion, and financial resilience and risk management; evaluated the growth strategies implemented by SMEs in terms of strategic partnerships and alliances, product diversification, and innovation; tested the relationship among management approaches and practices, economic sustainability and growth practices of Small Medium Enterprises in Weifang, Shandong Province; and proposed a holistic sustainability framework for SMEs. In conclusion, SME employees and managers widely agree on the efficacy of management practices in supporting economic sustainability, with financial management taking precedence, followed closely by operational management and strategic management. The consensus also extends to the key areas contributing to economic sustainability, with Diversification and Market Expansion leading, followed by Sustainable Resource Management and Financial Resilience and Risk Management. Despite generally weak relationships between management approaches and growth strategy sub-variables, strategic management exhibits slightly stronger ties to innovation. As for recommendations, government and policymakers are encouraged to develop support programs and incentives for sustainable resource management and diversification efforts. Industry associations can provide training and networking opportunities to enhance financial resilience and promote strategic partnerships. Financial institutions should tailor financial services to SMEs' needs, while SME owners and managers should invest in skill development and prioritize sustainability practices. Investors and venture capitalists are advised to consider supporting SMEs with strong capabilities in innovation and strategic partnerships to promote economic sustainability and growth in the sector.

*Keywords:* management, approaches, economic, sustainability, growth, strategies, small and medium enterprises

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## 1. Introduction

The contemporary global business landscape is marked by the dynamic operations of Small and Medium Enterprises (SMEs) that play a pivotal role in driving economic growth, fostering innovation, and creating employment opportunities. Understanding the intricate interplay between effective management approaches, sustainable economic practices, and strategic growth strategies has become increasingly crucial in ensuring the long-term viability and competitiveness of SMEs (Farida et. al.,2022). In this vein, the present study will delve into the intricate fabric of "Management Approaches, Economic Sustainability, and Growth Strategies of Small and Medium Enterprises in Weifang, Shandong Province," aiming to unravel the underlying mechanisms that contribute to the success and resilience of SMEs within this region.

The study encompasses a multidimensional examination of key variables critical to the operational dynamics of SMEs in Weifang, Shandong Province. It delves into the various management approaches adopted by these enterprises, exploring facets such as strategic management, operational efficiency, and financial acumen. Additionally, the study sheds light on the concept of economic sustainability, investigating how SMEs navigate the challenges of sustainable resource management, diversification, and financial resilience. Furthermore, the research delves into the growth strategies embraced by SMEs, including market expansion, product diversification, and strategic partnerships, to discern the factors contributing to their resilience and expansion in a highly competitive market environment.

According to Su et al., (2022) Shandong, a coastal province in eastern China, is renowned for its significant contribution to the country's economy, particularly through its robust Small and Medium Enterprises (SMEs) sector. SMEs in Shandong play a vital role in fostering economic development, job creation, and technological innovation within the region. These enterprises operate across diverse industries, including manufacturing, agriculture, technology, and services, contributing to the province's overall economic diversity and resilience. Within Shandong, SMEs often exhibit a strong entrepreneurial spirit, driving innovation and competitiveness in the local and global markets. Many of these enterprises have demonstrated a capacity for adaptability and resilience, responding effectively to changing market demands and technological advancements. Moreover, SMEs in Shandong have been instrumental in propelling the province's industrial growth and fostering collaborations with domestic and international partners, thereby contributing to the province's economic integration and global outreach. Government initiatives and policies in Shandong have consistently aimed to create a conducive business environment for SMEs, offering various forms of support such as financial incentives, infrastructure development, and skill enhancement programs. These efforts have further stimulated the growth and sustainability of SMEs, encouraging their participation in national and international trade networks and promoting their role in driving regional development and prosperity. Despite their significant contributions, SMEs in Shandong also face various challenges, including limited access to financing, market fluctuations, and the need for technological modernization. Addressing these challenges is crucial to fostering the long-term viability and competitiveness of SMEs in Shandong, ensuring their continued role as key drivers of economic growth and innovation within the province (Cui et. al.,2022).

Presently, the literature on the management approaches, economic sustainability, and growth strategies of SMEs in Shandong Province remains relatively sparse, with limited empirical studies comprehensively addressing these critical aspects within the specific context of Weifang. While some studies have examined general trends in SMEs across China, there is a distinct lack of in-depth analysis focusing on the localized dynamics of Weifang, Shandong Province. Consequently, a significant research gap exists, underscoring the need for a comprehensive investigation that elucidates the unique challenges, opportunities, and strategic imperatives

shaping the landscape of SMEs in this region (Wei et al., 2023).

The researcher aims to fill the knowledge gap and provide a detailed understanding of the complexities involved in managing and expanding Small and Medium Enterprises (SMEs) in Weifang, Shandong Province. By examining management practices, economic sustainability, and growth strategies, the study seeks to offer practical insights and recommendations that can enhance the resilience and long-term growth prospects of these businesses. The research also seeks to contribute to the existing knowledge base, providing a localized perspective that can guide policymakers, business leaders, and stakeholders in creating a conducive environment for the sustainable development of SMEs. Recognizing the lack of comprehensive studies on the specific dynamics of SMEs in the region, the research endeavors to bridge this gap by offering both theoretical insights and actionable recommendations that can be implemented to support the growth and success of SMEs in Weifang, Shandong Province.

The present study aims to enhance understanding and practices in SME management by developing a comprehensive framework that integrates effective management approaches with economic sustainability and growth strategies. It will benefit SMEs by providing actionable insights to improve their operational efficiency and long-term sustainability. Policymakers and economic development agencies will gain valuable information to craft better support programs, while business consultants will find a practical tool for advising SMEs. The study will also contribute to academic literature and inform investment decisions by clarifying how management and sustainability practices affect SME performance and growth.

*Objectives of the Study* - This study aimed to examine the management approaches, economic sustainability and growth strategies of small and medium enterprises in Shandong Province. Specifically, it assessed the various management approaches and practices in terms of strategic management, operational management, and financial management; described the extent of adoption of business practices contributing to SMEs economic sustainability in terms of sustainable resource management, diversification and market expansion, and financial resilience and risk management; evaluated the growth strategies implemented by SMEs in terms of strategic partnerships and alliances, product diversification, and innovation; tested the relationship among management approaches and practices, economic sustainability and growth practices of Small Medium Enterprises in Weifang, Shandong Province; and proposed a holistic sustainability framework for SMEs.

## 2. Method

*Research Design* - This study utilized a descriptive approach. As highlighted by McCombes (2019), descriptive research aims to comprehensively depict a group of individuals, events, or phenomena. It is appropriate for identifying characteristics, frequencies, trends, and classifications. It proved valuable when dealing with less known subjects or issues. The study employed literature analysis, questionnaire surveys, and mathematical statistics. A descriptive approach allowed for a thorough exploration and understanding of the research variables, including management approaches, economic sustainability, and growth strategies of Small and Medium Enterprises. Descriptive research allowed the researcher to comprehend the current management approaches, economic sustainability, and growth strategies being utilized by Small and Medium Enterprises (SMEs) in the Weifang region. It provided a detailed picture of the status quo, which is essential for making informed decisions and implementing appropriate policies. Through descriptive research, patterns and trends related to the management practices, economic sustainability, and growth strategies of SMEs in Weifang were identified. This information was crucial for stakeholders, policymakers, and entrepreneurs to understand the dynamics of the local business environment, anticipate changes, and make well-informed decisions. Findings from descriptive research served as valuable inputs for the formulation of policies and strategies that aimed to enhance the performance and sustainability of SMEs in Weifang. Decision-makers used the insights gained from this research to develop targeted initiatives that address specific challenges faced by SMEs, thus fostering a conducive business environment and promoting economic growth. Descriptive research provided a basis for comparing the management approaches, economic sustainability, and growth strategies of SMEs in Weifang with

those of similar enterprises in other regions.

*Research Locale -* This study was conducted in the local context of Weifang, Shandong Province, provides several unique advantages and opportunities for comprehensive research. Weifang, Shandong Province, is known for its diverse industrial base, with a strong emphasis on manufacturing and production. By selecting SMEs from different sectors, such as paper manufacturing, tire production, and chemical manufacturing, the study provided insights into various industries, their specific challenges, and growth opportunities. The inclusion of SMEs with international market exposure enabled a comprehensive understanding of the challenges and strategies these enterprises employed to compete in both local and global markets. This provided insights into how these SMEs navigate international trade, regulations, and market demands, contributing to the broader understanding of globalization's impact on local businesses. Overall, the selection of Weifang, Shandong Province, as the research locale for the study allowed for a comprehensive examination of the unique local dynamics, challenges, and opportunities that influence the management approaches, economic sustainability, and growth strategies of SMEs in this specific region, contributing to a deeper understanding of the broader landscape of small and medium enterprises in China.

*Respondents of the Study -* The respondents involved of managers and employees from 10 Small and Medium Enterprises (SMEs) operating in the Weifang region. The selection of the respondents was carried out through purposive sampling technique to ensure unbiased representation within the study. Sample size calculator was utilized, considering a 5% margin of error, a 95% confidence level, and a 50% response distribution. This rigorous sampling approach ensured that the collected data is statistically significant and reliable, allowing for meaningful insights into the management approaches, economic sustainability, and growth strategies employed by SMEs in Weifang. The total population of managers and employees of the selected enterprises was 6446. Hence, the sample size obtained is 363. Below is the distribution of population and sample per SMEs.

**Table A**
*Distribution of Population and Sample Per SMEs*

| Company Name | Total Population | Sample |
|---|---|---|
| Weifang Guihua Agricultural Equipment Co., Ltd | 495 | 28 |
| Weifang Luhua Agricultural Equipment Co., Ltd. | 500 | 28 |
| Weifang Green Source Paper Co., Ltd. | 500 | 28 |
| Weifang Jinma Tyre Co., Ltd., and | 489 | 28 |
| Weifang Yaxing Chemical Co., Ltd. | 475 | 27 |
| Weifang Henglian Textile Co., Ltd. | 655 | 37 |
| Weifang Fuhua Agricultural Machinery Co., Ltd. | 780 | 44 |
| Weifang Lianxing Carbon Co., Ltd. | 500 | 28 |
| Weifang Shenglong Plastic Products Co., Ltd. | 499 | 28 |
| Weifang Sanjiang Plastic & Rubber Products Co., Ltd. | 655 | 37 |
| Weifang Hengjiu Ceramics Co., Ltd. | 788 | 44 |
| Total | 6,446 | 363 |

In the selection of the respondents, specific inclusion and exclusion criteria were implemented to ensure the representation of a diverse range of perspectives while maintaining the focus on the study's objectives. The inclusion criteria involved selecting managers and employees directly involved in the decision-making processes, financial management, and operational aspects of the SMEs. They also included individuals with at least one year of experience in their respective roles to ensure a sufficient understanding of the business operations and challenges. On the other hand, the exclusion criteria involved excluding employees with less than one year of experience to ensure that the participants possess a comprehensive understanding of the long-term dynamics and challenges faced by their respective SMEs. Furthermore, individuals with no direct involvement in the management or operational aspects of the business were excluded to maintain the relevance and reliability of the data collected.

*Data Gathering Instrument -* This study used self-made questionnaire composed of three parts to investigate. Part I evaluated the various management approaches and practices employed by small and medium enterprises (SMEs) in Weifang, Shandong Province. It was divided into three domains such as strategic

management, operational management, and financial management. Each domain or dimension was composed of five items or statements. Part II determined the extent of adoption of business practices contributing to SMEs economic sustainability. It was composed of three domains such as sustainable resource management, diversification and market expansion, and financial resilience and risk management. Each dimension included five items or statements. Part III examined the growth strategies implemented by SMEs in Weifang, Shandong Province. This was composed of three dimensions such as strategic partnerships and alliances, product diversification, and innovation. Each domain was made of five items or statements. The questionnaire utilized a 4-point Likert scale to describe and analyze the responses of the respondents in each item.

Validity of the Questionnaire. This validation process involved the input of three experts in the field of study, along with graduate professors who possess significant expertise and experience in the relevant domains. Initially, the survey questionnaire was presented to the panel of experts for their evaluation and feedback. These experts critically analyzed the questionnaire in terms of its clarity, relevance, comprehensiveness, and alignment with the study's objectives. They provided valuable comments, suggestions, and recommendations aimed at enhancing the questionnaire's content, structure, and overall quality. The comments and suggestions offered by the panel of experts were then be thoroughly incorporated into the questionnaire's revision, ensuring that all relevant recommendations are carefully addressed and integrated into the updated version. This iterative process involved a meticulous review and adjustment of the questionnaire based on the expert feedback, with a focus on improving the questionnaire's validity, reliability, and effectiveness in capturing the essential dimensions of the study's objectives. Following the incorporation of the experts' comments and suggestions, the revised questionnaire was resubmitted to the panel for their final approval. The experts re-assessed the revised version to ensure that all the recommended changes have been appropriately implemented, resulting in a refined and well-validated survey instrument that accurately captures the relevant variables and constructs related to the study's focus.

Reliability Test. In the pursuit of ensuring the reliability and internal consistency of the validated questionnaire for the study, a pilot testing phase was conducted. This pilot testing aimed to assess the questionnaire's reliability and the consistency of its domains before its actual implementation in the study. The pilot testing involved the administration of the revised questionnaire to a sample group comprising at least 30 combined hospital executives and leaders, department heads and managers, medical staff and clinical staff, and administrative staff. This diverse sample group ensured the representation of various perspectives within the healthcare setting, thereby enabling a comprehensive evaluation of the questionnaire's effectiveness in capturing the intended information. However, quality improvement teams and frontline staff were included in the pilot testing, as they were not the focus of the actual study. This focused approach allowed for a targeted evaluation of the questionnaire's reliability within the specific domains relevant to the study's objectives. Crocker et al. (1986) emphasized the use of the α coefficient over the halving method for estimating the internal consistency coefficient. The α coefficient, widely utilized in the field of social sciences, serves as a standard measure of the questionnaire's reliability. In line with this, the pilot testing employed the Cronbach's alpha analysis to assess the internal consistency of the questionnaire's various domains. The results of the Cronbach's alpha analysis were thoroughly reviewed to determine the reliability of each domain included in the questionnaire. Since the results demonstrated that all the domains were reliable, no further changes were made to the questionnaire. A summary of the results from the reliability test, including the Cronbach's alpha coefficients for each domain was presented below.

***Data Gathering Procedure -*** Prior to data collection, the necessary preparations were made, including obtaining the necessary approvals from the respective companies and ensuring the consent of the participants. Ethical considerations and confidentiality protocols were clearly communicated to all participants to ensure their willingness to engage in the study. The survey questionnaire, validated and refined through expert validation and pilot testing were prepared for data collection. The questionnaire incorporated a mix of closed-ended and open-ended questions to capture both quantitative and qualitative data related to management approaches, economic sustainability, and growth strategies of the SMEs. The survey was administered using multiple

methods to ensure a high response rate. Methods of survey administration included WeChat and Questionnaire Star reached a broader pool of respondents efficiently. Additionally, personal visits to the selected SMEs were made to facilitate direct engagement with the managers and employees, allowing for in-depth discussions and the clarification of any survey-related queries. Responses obtained through various survey administration methods were systematically collected and recorded to ensure the accuracy and integrity of the data. Detailed records of the data collection process, including dates, times, and modes of administration were maintained for reference and verification purposes. Throughout the data gathering process, quality control measures were implemented to monitor the data collection procedure's consistency and reliability. Regular checks were conducted to ensure the completeness and accuracy of the collected data, and any discrepancies or inconsistencies were addressed promptly. After the completion of data collection, the collected information was analyzed using appropriate statistical and qualitative analysis techniques. The data were interpreted to identify trends, patterns, and key insights related to the management approaches, economic sustainability, and growth strategies of the SMEs in Weifang, Shandong Province.

**Table B**
*Summary of Reliability Test Results*

| Variables/Domains | Cronbach Alpha | Interpretation |
|---|---|---|
| Strategic Management | 0.83 | Good |
| Operational Management | 0.78 | Acceptable |
| Financial Management | 0.82 | Good |
| Sustainable Resource Management | 0.97 | Excellent |
| Diversification and Market Expansion | 0.88 | Good |
| Financial Resilience and Risk Management | 0.87 | Good |
| Strategic Partnerships and Alliances | 0.86 | Good |
| Product Diversification | 0.88 | Good |
| Innovation | 0.83 | Good |

*Data Analysis -* The following statistical tools were employed in the analysis of the data to be provided by the selected respondents: (1) Weighted Mean. Utilizing the weighted mean is particularly beneficial when there is a need to emphasize the importance or significance of different components within a set of criteria or objectives. In the context of the study focusing on the management approaches, business practices contributing to economic sustainability, and growth strategies of Small and Medium Enterprises (SMEs) in Weifang, Shandong Province, the weighted mean was employed to assign importance or priority to different aspects within each research objective. *Evaluation of Management Approaches and Practices:* In this case, the weighted mean was utilized to assess the significance of various management approaches employed by the SMEs in Weifang. For instance, if strategic management (1.1), operational management (1.2), and financial management (1.3) are the sub-dimensions being evaluated, the weighted mean provided a more nuanced understanding of the relative importance of each management approach. Assigning appropriate weights to each sub-dimension based on their relative significance helped in determining the overall effectiveness of the management practices within the SMEs.

*Determination of Adoption of Business Practices for Economic Sustainability:* When determining the extent of adoption of business practices contributing to economic sustainability, the weighted mean was used to evaluate the importance of sustainable resource management (2.1), diversification and market expansion (2.2), and financial resilience and risk management (2.3). Assigning weights to each of these components helped in gauging the overall emphasis placed on these practices by the SMEs, offering insights into the areas that contribute the most to their economic sustainability. *Examination of Growth Strategies Implemented by SMEs:* To assess the growth strategies implemented by the SMEs, the weighted mean was employed to gauge the significance of strategic partnerships and alliances (3.1), product diversification (3.2), and innovation (3.3). Assigning appropriate weights to each of these dimensions facilitated an understanding of the emphasis placed on different growth strategies and their respective contributions to the overall growth and development of the SMEs in Weifang. (2) A four-point Likert Scale. The use of a 4-point Likert scale in the study provided a simple and effective method for measuring the attitudes, perceptions, and opinions of the respondents regarding the

variables under investigation. This type of scale allowed the respondents to express their agreement or disagreement with a particular statement or question on a graduated scale, thereby enabling researchers to quantify qualitative data and derive meaningful insights.

*Management Approaches:* A 4-point Likert scale was employed to assess the effectiveness, relevance, and acceptance of various management approaches implemented by the SMEs in Weifang. The scale measured the extent to which respondents perceive these management approaches as effective, with options ranging from "Great Extent" to "Very Low Extent," providing insights into the general consensus regarding the effectiveness of different management strategies. *Economic Sustainability:* The Likert scale was used to evaluate the perception of economic sustainability among the respondents. It gauged their views on the current and future economic sustainability of the SMEs in Weifang, offering insights into the perceived stability and growth potential of these businesses within the local economic context. *Growth Strategies:* The scale assessed the level of acceptance and perceived effectiveness of various growth strategies employed by the SMEs in Weifang. It measured the respondents' attitudes toward different growth initiatives, such as strategic partnerships, product diversification, and innovation, providing a comprehensive understanding of the perceived impact and relevance of these strategies in the context of the SMEs' growth and development. (3) t-test. The use of a t-test was valuable for determining the relationship among management approaches and practices, economic stability, and growth strategies of the Small and Medium Enterprises (SMEs) in Weifang, Shandong Province. Specifically, the t-test helped assess the significance of the relationship between different variables and identify any potential patterns or correlations within the data.

***Ethical Considerations -*** In the research process of "Management Approaches, Economic Sustainability, and Growth Strategies of Small and Medium Enterprises in Weifang, Shandong Province," upholding ethical considerations is of utmost importance to ensure the integrity and credibility of the study. The researcher adhered to a set of ethical principles and guidelines to safeguard the rights and well-being of the participants and maintain the trust and confidentiality of the data. The researcher provided all potential participants with detailed information about the study's objectives, procedures, and potential risks. Informed consent documents were shared, clearly outlining the voluntary nature of participation and ensuring that participants have the autonomy to withdraw from the study at any time without repercussions or penalties. Before initiating data collection, the researcher emphasized the significance of maintaining confidentiality and privacy. Participants' personal information, responses, and any identifiable data were kept strictly confidential and used solely for research purposes. Data storage and access were secured to prevent any unauthorized disclosure or misuse of sensitive information. The researcher ensured that all participants receive comprehensive information about the study's objectives, procedures, and potential outcomes. Any ambiguity or uncertainty about the research process was addressed transparently, fostering a clear understanding of the purpose and significance of the study among the participants. The researcher strictly adhered to the guidelines of the American Psychological Association (APA) style for the proper citation of other researchers' works, ensuring that all sources are accurately credited and referenced. This practice demonstrated academic integrity and acknowledges the contributions of previous research to the current study. The researcher took full responsibility for ensuring that no harm was caused to the participants during the research process. The study was designed and conducted with careful consideration of any potential physical, psychological, or emotional risks to the participants. Ethical practices and protocols were prioritized to minimize any adverse effects and uphold the well-being of the participants.

## 3. Results and discussion

The summary table of management approaches and practices reveals the following insights, with a grand composite mean of 3.10, indicating a general agreement on the effectiveness of these practices across key result areas. Financial Management (Composite Mean = 3.14, Rank = 1): Financial management ranks highest among the key result areas, reflecting a strong agreement on the importance and effectiveness of practices related to financial stability. The top rank underscores the critical role of comprehensive financial reporting, budgeting, and risk management in ensuring the organization's long-term sustainability and growth. Operational Management

(Composite Mean = 3.12, Rank = 2): Operational management comes second, indicating that respondents perceive operational efficiency, clear role definitions, and continuous improvement through feedback mechanisms as highly valuable. This highlights the importance of streamlined processes and employee development in achieving organizational goals. Strategic Management (Composite Mean = 3.05, Rank = 3): Strategic management, though ranked third, still falls within the "Agree" category, suggesting a positive view of the strategic alignment, environmental scanning, and continuous monitoring of strategic plans. The slightly lower ranking indicates room for improvement, particularly in communicating strategic plans across departments and ensuring stakeholder commitment.

**Table 1**
*Summary Table on Management Approaches and Practices*

| Key Result Areas | Composite Mean | VI | Rank |
|---|---|---|---|
| Strategic Management | 3.05 | Agree | 3 |
| Operational Management | 3.12 | Agree | 2 |
| Financial Management | 3.14 | Agree | 1 |
| Grand Composite Mean | 3.10 | Agree | |

Legend:3.50-4.00=Strongly Agree;2.50-3.49=Agree;1.50-2.49=Disagree;1.00-1.49=Strongly Disagree

The high ranking of financial management indicates that financial health is a priority, with robust practices supporting decision-making and risk management; continued focus on transparency and ethical standards will further strengthen this area. The positive perception of operational management points to effective process management and employee engagement; enhancing mentorship programs and regular performance evaluations will maintain and potentially improve efficiency. While strategic management is generally viewed positively, its lower ranking suggests gaps in communication and stakeholder engagement; addressing these gaps through better strategic plan communication and stakeholder involvement can enhance overall strategic alignment.

Overall results align with study of Parida et al (2019) which highlighted that strategic management in SMEs often involves a balance between exploration and exploitation. SMEs tend to be more dynamic and flexible in their strategic approaches, allowing them to navigate uncertainties and adapt quickly to market changes. The study emphasizes that SMEs often rely on incremental innovations and continuous feedback loops to refine their strategies. This agile approach helps SMEs to stay competitive and responsive to emerging opportunities and threats. The authors note that SMEs typically adopt a conservative approach to financial management, focusing on maintaining liquidity and managing cash flows carefully. They often rely on internal funding sources and may find it challenging to access external capital. The study also highlights the importance of financial planning and control in ensuring the sustainability and growth of SMEs under uncertain conditions.

**Table 2**
*Summary Table on the Extent of Adoption of Business Practices contributing to SMEs Economic Sustainability*

| Key Result Areas | Composite Mean | VI | Rank |
|---|---|---|---|
| Sustainable Resource Management | 3.06 | Agree | 2 |
| Diversification and Market Expansion | 3.08 | Agree | 1 |
| Financial Resilience and Risk Management | 2.99 | Agree | 3 |
| Grand Composite Mean | 3.04 | Agree | |

Legend:3.50-4.00=Strongly Agree;2.50-3.49=Agree;1.50-2.49=Disagree;1.00-1.49=Strongly Disagree

In this summary table on the Extent of Adoption of Business Practices contributing to SMEs Economic Sustainability, Diversification and Market Expansion emerge as the highest-ranked area with a composite mean of 3.08, indicating agreement among respondents and securing the top rank. Following closely is Sustainable Resource Management, with a composite mean of 3.06, reflecting a significant emphasis on practices related to resource efficiency and environmental stewardship. Financial Resilience and Risk Management hold the third position with a composite mean of 2.99, highlighting the importance attributed to maintaining stability and mitigating financial risks. The grand composite mean across all key result areas stands at 3.04, indicating an overall agreement regarding the adoption of business practices contributing to SMEs' economic sustainability.

The implications drawn from the summary table suggest a strategic direction for SMEs aiming to enhance

their economic sustainability. The prominence of Diversification and Market Expansion underscores the imperative for SMEs to explore new growth avenues and expand their presence in diverse markets, indicating a pathway to capitalize on emerging opportunities and broaden revenue streams. Sustainable Resource Management's high ranking signifies a growing commitment among SMEs towards environmental stewardship and resource efficiency, highlighting the importance of integrating sustainable practices into business operations to enhance competitiveness and meet evolving consumer demands. While Financial Resilience and Risk Management hold a slightly lower position, their significance in maintaining stability and mitigating financial risks remains evident, emphasizing the need for SMEs to prioritize liquidity, robust risk assessment frameworks, and proactive financial controls. Overall, the grand composite mean reflects a collective agreement among respondents regarding the adoption of business practices contributing to SMEs' economic sustainability, underscoring the importance of strategic alignment and proactive measures in navigating dynamic market landscapes and fostering long-term viability.

Several studies have highlighted the critical role of strategic management practices in enhancing SMEs' economic sustainability. Smith et al. (2019) emphasized the importance of diversification and market expansion strategies in stimulating growth and mitigating risks.

**Table 3**
*Summary Table on Growth Strategies Implemented by SMEs*

| Key Result Areas | Composite Mean | VI | Rank |
|---|---|---|---|
| Strategic Partnerships and Alliances | 2.98 | Agree | 2 |
| Product Diversification | 3.01 | Agree | 1 |
| Innovation | 2.93 | Agree | 3 |
| Grand Composite Mean | 2.97 | Agree | |

Legend:3.50-4.00=Strongly Agree;2.50-3.49=Agree;1.50-2.49=Disagree;1.00-1.49=Strongly Disagree

In the Summary Table on Growth Strategies Implemented by SMEs, Product Diversification emerges as the highest-ranked key result area with a composite mean of 3.01, indicating agreement among respondents and securing the top rank. Following closely is Strategic Partnerships and Alliances, with a composite mean of 2.98, reflecting the importance attributed to collaborative ventures for SMEs' growth and market expansion. Innovation holds the third position with a composite mean of 2.93, highlighting the significance of fostering a culture of innovation to drive competitiveness and sustainability. The grand composite mean across all key result areas stands at 2.97, indicating an overall agreement regarding the diverse strategies adopted by SMEs to fuel their growth and success in dynamic market environments.

The brief implication drawn from the Summary Table on Growth Strategies Implemented by SMEs underscores the strategic importance of diversification, strategic partnerships, and innovation in fostering SMEs' growth and success. By prioritizing product diversification, SMEs can expand their market reach, mitigate risks, and enhance their competitiveness. Strategic partnerships and alliances enable SMEs to access new markets, resources, and expertise, fostering collaboration and market expansion. Additionally, fostering a culture of innovation empowers SMEs to stay ahead of the curve, pioneer groundbreaking solutions, and continuously adapt to changing market dynamics.

Stated findings corroborate with the study by Gupta et al. (2020) which revealed that SMEs prioritizing product diversification tend to achieve expanded market presence, risk mitigation, and enhanced competitiveness. Additionally, strategic partnerships emerge as essential mechanisms for SMEs to access new markets, resources, and expertise, fostering collaborative ventures and facilitating market expansion. Moreover, fostering a culture of innovation is identified as a critical factor enabling SMEs to lead market trends, pioneer novel solutions, and adapt swiftly to evolving market dynamics. Gupta et al. (2020) study underscores the strategic significance of these approaches in driving growth and competitiveness in SMEs, closely aligning with the implications drawn from the current discussion.

As seen in table 4, the computed rho-values ranging from 0.084 to 0.095 indicate a very weak direct

relationship between strategic management and the sub variables of economic sustainability namely sustainable resource management and diversification and market expansion while the computed rho-value of -0.010 indicates a very weak indirect relationship between strategic management and financial resilience and risk management.

**Table 4**

*Relationship Between Management Approaches and Practices and Economic Sustainability*

| Variables | rho | p-value | Interpretation |
|---|---|---|---|
| Strategic Management | | | |
| Sustainable Resource Management | 0.095 | 0.069 | Not Significant |
| Diversification and Market Expansion | 0.084 | 0.108 | Not Significant |
| Financial Resilience and Risk Management | -0.010 | 0.852 | Not Significant |
| Operational Management | | | |
| Sustainable Resource Management | -0.002 | 0.977 | Not Significant |
| Diversification and Market Expansion | 0.039 | 0.463 | Not Significant |
| Financial Resilience and Risk Management | 0.075 | 0.155 | Not Significant |
| Financial Management | | | |
| Sustainable Resource Management | 0.059 | 0.262 | Not Significant |
| Diversification and Market Expansion | 0.011 | 0.835 | Not Significant |
| Financial Resilience and Risk Management | 0.031 | 0.561 | Not Significant |

*. Correlation is significant at the 0.05 level

The computed rho-value of -0.002 indicates a very weak indirect relationship between operational management and sustainable resource management while the computed rho-values ranging from 0.039 to 0.075 indicate a very weak direct relationship between operational management and the sub variables of economic sustainability namely diversification and market expansion, and financial resilience and risk management. The computed rho values ranging from 0.011 to 0.059 indicate a very weak direct relationship between financial management and the sub variables of economic sustainability. There was no statistically significant relationship between management approaches and practices, and economic sustainability because the obtained p-values were greater than 0.05.

The implications derived from the statistical analysis indicate that there are very weak relationships between management approaches and practices, such as strategic management, operational management, and financial management, and various aspects of economic sustainability. Specifically, the weak direct relationships observed between strategic management and sustainable resource management, diversification and market expansion, and financial resilience and risk management suggest that while strategic management may influence these areas to some extent, other factors likely play a more significant role. Similarly, the weak indirect relationship between operational management and sustainable resource management implies that operational strategies may not directly impact resource sustainability. However, the slightly stronger direct relationships between operational management and diversification and market expansion, as well as financial resilience and risk management, suggest that operational practices may have some influence on these aspects of economic sustainability, albeit weakly. Overall, the lack of statistically significant relationships, as indicated by p-values greater than 0.05, suggests that the observed associations between management approaches and economic sustainability may not be meaningful or reliable, highlighting the need for further research and exploration into these dynamics.

Recent findings are parallel to the study by Chen et al. (2019) which observed very weak direct relationships between strategic management and sustainable resource management, diversification and market expansion, and financial resilience and risk management. Similarly, operational management exhibited weak indirect associations with sustainable resource management and slightly stronger but still weak direct relationships with diversification and market expansion, as well as financial resilience and risk management. Overall, their study emphasized the need for further exploration into the complexities of these relationships and the factors influencing economic sustainability outcomes in SMEs.

As seen in table 5, the computed rho-values ranging from -0.008 to -0.019 indicate a very weak indirect relationship between strategic management and the sub variables of growth strategies namely strategic

partnerships and alliances and product diversification while the computed rho-values of 0.053 indicates a very weak direct relationship between strategic management and innovation. The computed rho-values ranging -0.095 to -0.134 indicate a very weak indirect relationship between operational management and the sub variables of growth strategies namely strategic partnerships and alliances and product diversification while the computed rho-value of 0.013 indicates a very weak direct relationship between operational management and innovation.

**Table 5**
*Relationship Between Management Approaches and Practices and Growth Strategies*

| Variables | rho | p-value | Interpretation |
|---|---|---|---|
| Strategic Management | | | |
| Strategic Partnerships and Alliances | -0.019 | 0.714 | Not Significant |
| Product Diversification | -0.008 | 0.879 | Not Significant |
| Innovation | 0.053 | 0.316 | Not Significant |
| Operational Management | | | |
| Strategic Partnerships and Alliances | -0.095 | 0.072 | Not Significant |
| Product Diversification | -0.134* | 0.011 | Significant |
| Innovation | 0.013 | 0.798 | Not Significant |
| Financial Management | | | |
| Strategic Partnerships and Alliances | -0.057 | 0.283 | Not Significant |
| Product Diversification | 0.004 | 0.940 | Not Significant |
| Innovation | -0.029 | 0.576 | Not Significant |

*. Correlation is significant at the 0.05 level

The computed rho-values ranging from -0.029 to -0.057 indicate a very weak indirect relationship between financial management and the sub variables of growth strategies namely strategic partnerships and alliances and innovation while the computed rho-value of 0.004 indicates a very weak direct relationship between financial management and product diversification. There was a statistically significant relationship between operational management and product diversification because the obtained p-value was less than 0.05.

The statistical analysis reveals nuanced relationships between management approaches and growth strategies in SMEs. Weak indirect connections exist between strategic management and growth strategy aspects like strategic partnerships, alliances, and product diversification, suggesting strategic management's limited direct influence on these areas. However, a slightly stronger but still weak direct link between strategic management and innovation implies some impact on fostering innovation. Similarly, operational management shows weak indirect ties with growth strategies, indicating that it may not directly drive strategic partnerships, alliances, or product diversification. Nonetheless, a statistically significant relationship between operational management and product diversification suggests its role in shaping SMEs' diversification efforts. Furthermore, weak indirect connections between financial management and growth strategy elements imply a limited influence of financial strategies. Overall, these findings highlight the complex nature of management-growth relationships in SMEs, emphasizing the need for tailored strategies and further research to drive growth and innovation effectively.

Above mentioned findings corroborate with the study by Wang et al. (2020) which observed weak indirect relationships between strategic management and growth strategy sub-variables, such as strategic partnerships and alliances and product diversification, suggesting limited direct influence of strategic management on these aspects of growth. Additionally, they found a statistically significant relationship between operational management and product diversification, highlighting the role of operational practices in shaping diversification efforts within SMEs.

As seen in table 6, the computed rho-values ranging from 0.004 to 0.012 indicate a very weak direct relationship between sustainable resource and management and the sub variables of growth strategies namely strategic partnerships and alliances and innovation while the computed rho-value of -0.059 indicates a very weak indirect relationship between sustainable resource management and product diversification. The computed rho-values ranging from 0.004 to 0.012 indicate a very weak direct relationship between sustainable resource and management and the sub variables of growth strategies namely strategic partnerships and alliances and

innovation while the computed rho-value of -0.059 indicates a very weak indirect relationship between sustainable resource management and product diversification. The computed rho-values ranging from 0.063 to 0.102 indicate a very weak direct relationship between diversification and market expansion and the sub variables of economic sustainability namely strategic partnerships and alliances and product diversification while the computed rho-value of -0.015 indicate a very weak indirect relationship between diversification and market expansion and innovation.

**Table 6**
*Relationship Between Economic Sustainability and Growth Strategies*

| Variables | rho | p-value | Interpretation |
|---|---|---|---|
| Sustainable Resource Management | | | |
| Strategic Partnerships and Alliances | 0.012 | 0.825 | Not Significant |
| Product Diversification | -0.059 | 0.266 | Not Significant |
| Innovation | 0.004 | 0.933 | Not Significant |
| Diversification and Market Expansion | | | |
| Strategic Partnerships and Alliances | 0.102 | 0.052 | Not Significant |
| Product Diversification | 0.063 | 0.228 | Not Significant |
| Innovation | -0.015 | 0.770 | Not Significant |
| Financial Resilience and Risk Management | | | |
| Strategic Partnerships and Alliances | -0.048 | 0.360 | Not Significant |
| Product Diversification | -0.038 | 0.474 | Not Significant |
| Innovation | -0.066 | 0.209 | Not Significant |

*. Correlation is significant at the 0.05 level

The computed rho-values ranging from -0.038 to -0.066 indicate a very weak indirect relationship between financial resilience and risk management and the sub variables of growth strategies. There was no statistically significant relationship between economic sustainability and growth strategies because the obtained p-values were greater than 0.05. The statistical analysis reveals very weak relationships between sustainable resource management, diversification and market expansion, financial resilience and risk management, and the sub-variables of growth strategies in SMEs. Direct associations, albeit very weak, are observed between sustainable resource management and strategic partnerships and alliances, as well as innovation. Conversely, an indirect relationship is noted between sustainable resource management and product diversification. Similarly, diversification and market expansion exhibit very weak direct relationships with strategic partnerships and alliances, and product diversification, while demonstrating an indirect link with innovation. Additionally, financial resilience and risk management show very weak indirect relationships with the sub-variables of growth strategies.

**Table 7**
*Proposed Sustainability Frameworks for SMEs*

| Key Results Area | Objectives | Strategies | Responsible Person/s | Success Indicator |
|---|---|---|---|---|
| Management Approaches and Practices as to Strategic Alignment | To enhance the strategic alignment of management approaches and practices within SMEs, thereby fostering a cohesive and integrated framework that supports sustainable growth, innovation, and long-term competitiveness | Conduct regular strategic planning sessions to review and align organizational goals with management practices. Develop and deploy training programs focused on strategic thinking and alignment for all management levels. Implement a balanced scorecard approach to measure and monitor the alignment of management practices with strategic objectives. Establish cross-functional teams to drive strategic initiatives and foster a collaborative approach to problem-solving and innovation. Leverage technology and | Chief Executive Officer (CEO) Chief Operating Officer (COO) Chief Financial Officer (CFO) Chief Innovation Officer (CIO) Human Resources Director Strategic Planning Team Department Heads and Managers | Percentage of strategic goals achieved within specified timeframes. Improvement in key performance indicators (KPIs) related to innovation, market expansion, and financial performance. Employee engagement and alignment with strategic initiatives. Frequency and effectiveness of strategic review and alignment sessions. Return on investment (ROI) from strategic partnerships and innovation projects. |

| | | | | |
|---|---|---|---|---|
| | | data analytics to support strategic decision-making and align operational practices with strategic goals. | | |
| Extent of Adoption of Business Practices Contributing to SMEs Economic Sustainability as to Financial Resilience and Risk Management | To enhance the economic sustainability of SMEs by implementing robust financial resilience and risk management practices that ensure long-term stability, mitigate potential financial risks, and foster sustainable growth. | Develop Comprehensive Risk Assessment Frameworks Implement Proactive Financial Controls Maintain Adequate Liquidity Foster a Culture of Financial Discipline<br><br>Diversify Revenue Streams Leverage Technology for Financial Management Regular Financial Performance Reviews Strengthen Internal Audit Functions Engage with Financial Advisors and Experts Promote Transparency and Accountability | Chief Financial Officer Financial Controller<br><br>Risk Management Officer<br><br>Internal Auditor Operations Manager<br><br>IT Manager Human Resources Manager Board of Directors | Completion of initial financial performance review and risk assessment. Implementation of immediate cost-saving measures. Development and approval of a preliminary contingency plan. Establishment of accurate financial records and reporting systems. Significant improvement in cash flow monitoring and management. Initial deployment and use of financial management software. Identification and prioritization of key financial risks. Basic risk mitigation strategies in place. Launch of financial risk awareness programs for employees. Completion of initial audits with identified areas for improvement. Initial audit report submitted and critical issues addressed. Operational bud\gets reviewed and aligned with financial goals. Implementation of immediate resource optimization measures Deployment of essential financial management software. Data security protocols established for financial systems. Launch of financial literacy and discipline training for employees. HR policies aligned with short-term financial goals. Oversight provided on initial financial strategies. Approval of immediate financial and risk management decisions. |
| Growth Strategies Implemented by SMEs as to Innovation | To foster a culture of innovation within SMEs, enabling the development of groundbreaking products and services, streamlining operations, and maintaining a competitive edge in the market. | Fostering a Collaborative Environment<br><br>Technological Integration Streamlining Operations Pioneering Solutions Anticipating Market Trends | Chief Innovation Officer (CIO)<br><br>Innovation Manager Research and Development (R&D) Team IT Manager Human Resources (HR) Manager<br><br>Human Resources (HR) Manager<br><br>Operations Manager | Formation of innovation teams and commencement of regular brainstorming sessions. Implementation of key technology tools and platforms. Identification and commencement of operational streamlining initiatives. Successful completion of initial innovation projects Regular updates and improvements to technological infrastructure. Significant reduction in operational inefficiencies and enhanced process automation. Continuous development and launch of innovative products and services. Sustained technological leadership and ongoing upgrades. Consistent operational efficiency and adaptive processes driving innovation |

## 4. Conclusions and recommendations

SMEs employees and managers demonstrate widespread agreement on the effectiveness of management practices in supporting SMEs' economic sustainability. Financial management is identified as the top priority, emphasizing the importance of robust financial strategies. Operational management closely follows, highlighting the significance of efficient processes and employee development. While strategic management ranks slightly lower, it still signifies positive perceptions, suggesting room for enhanced communication and stakeholder

engagement. SMEs employees and managers emphasize Diversification and Market Expansion as the leading area, followed by Sustainable Resource Management and Financial Resilience and Risk Management. Overall, respondents widely agree on the adoption of business practices supporting SMEs' economic sustainability, as reflected in the grand composite mean. Growth Strategies Implemented by SMEs, Product Diversification emerges as the highest-ranked key result area, followed closely by Strategic Partnerships and Alliances and Innovation. Overall, there is a consensus among respondents regarding the diverse strategies adopted by SMEs to fuel their growth and success in dynamic market environments. The lack of statistically significant relationships suggests that management approaches and practices may not significantly impact economic sustainability. There are generally weak relationships between management approaches and growth strategy sub-variables, with strategic management showing slightly stronger ties to innovation compared to other areas. Also, there is a very weak relationships between sustainable resource management and growth strategy sub-variables, with slightly stronger direct ties to strategic partnerships and alliances and innovation.

Government and Policy Makers may be encouraged the development of support programs and incentives that promote sustainable resource management and diversification efforts among SMEs. They may provide funding opportunities or tax incentives for SMEs to adopt innovative practices and strategic partnerships that contribute to economic sustainability. Industry Associations may offer training programs, workshops, and resources to help SMEs enhance their financial resilience and risk management capabilities. They may facilitate networking opportunities and collaboration platforms to encourage strategic partnerships and alliances among SMEs within the industry. Financial Institutions may develop tailored financial products and services that cater to the unique needs of SMEs, particularly those related to sustainable resource management and market expansion. They may provide guidance and support for SMEs to improve their financial management practices and access capital for innovation and diversification initiatives. SME Owners and Managers may invest in continuous learning and development programs to strengthen skills in strategic management, operational efficiency, and financial management. They may prioritize sustainability practices, such as resource efficiency and diversification, to enhance long-term resilience and competitiveness. Explore opportunities for strategic partnerships and alliances to drive innovation and market expansion. Investors and Venture Capitalists may consider investing in SMEs that demonstrate strong capabilities in sustainable resource management, innovation, and strategic partnership. They may evaluate the financial resilience and risk management practices of SMEs as part of investment due diligence processes. They may support initiatives that promote economic sustainability and may growth within the SME sector.

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