



Strategic planning, organizational learning and innovation: Drivers of SME performance in Zambia using structural equation modeling

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Abstract

Purpose: The study examined the effects of strategic planning, organizational learning, and innovation on the performance of small and medium enterprises (SMEs) in Zambia. The aim was to identify key drivers of SME performance and provide insights for improving competitiveness and sustainability in emerging economies.

Methodology/Design: A quantitative research design was adopted, and data were collected from 400 SME owners and managers using structured questionnaires. The study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) to test the hypothesized relationships between strategic planning, organizational learning, innovation, and SME performance. Descriptive statistics, measurement model assessment, and structural model analysis were conducted to ensure reliability, validity, and hypothesis testing.

Findings: The results revealed that strategic planning ($\beta = 0.32$, $p < 0.001$), organizational learning ($\beta = 0.29$, $p < 0.001$), and innovation ($\beta = 0.35$, $p < 0.001$) all had positive and significant effects on SME performance, with innovation showing the strongest influence. The structural model explained 61% of the variance ($R^2 = 0.61$) in SME performance. These findings highlight the importance of internal organizational capabilities in driving firm success.

Originality/Value: The study contributes to the literature by integrating Resource-Based View, Organizational Learning Theory, and Innovation Diffusion Theory in the context of Zambian SMEs. The research provides practical guidance for SME managers and policymakers seeking to enhance firm performance through strategic planning, learning, and innovation.

Keywords: Strategic planning, organizational learning, innovation, sme performance, zambia, structural equation modeling

Introduction

Strategic planning, organizational learning, and innovation are key factors that influence how small and medium enterprises (SMEs) perform. Strategic planning involves setting goals, allocating resources, and creating strategies that guide a business toward growth and sustainability (Kaluba & Chasha, 2025) [1]. Organizational learning refers to a firm's ability to acquire, share, and apply knowledge to improve operations and respond to changes in the business environment (Annamalah, Aravindan, & Ahmed, 2025) [2]. Innovation is the introduction of new products, services, or processes that enhance efficiency, competitiveness, and customer satisfaction (AlQershi, 2024) [1].

In Zambia, SMEs make up a large part of the economy. They create jobs, generate income, and support social development. In spite of their importance, many SMEs struggle with low growth, weak competitiveness, and high failure rates. Challenges such as poor strategic planning, limited learning practices, and slow adoption of innovation often reduce efficiency and market responsiveness. Research shows that SMEs that integrate strategic planning, learning, and innovation are more likely to perform well because these practices help them adapt to changes, meet customer needs, and remain competitive (Kaluba & Chasha, 2025; Annamalah, Aravindan, & Ahmed, 2025) [2].

Even with this understanding, there is limited research on how these three factors work together to influence SME performance in Zambia. Most previous studies focus on individual elements or use basic analysis methods, which do not capture the complex relationships among these variables. Understanding these links is essential for business owners, managers, and policymakers to design effective strategies that improve SME success and sustainability.

Problem Statement

Although strategic planning, organizational learning, and innovation are known to impact firm performance, many SMEs in Zambia continue to face challenges that hinder growth and sustainability. Weak planning, poor knowledge management, and limited innovation reduce competitiveness, productivity, and profitability. Previous studies provide mixed results, often examining only one factor or using simple analytical methods, leaving the combined effect of these variables unclear (Kaluba & Chasha, 2025; Annamalah, Aravindan, & Ahmed, 2025) [2, 1].

This lack of clarity creates challenges for SME owners and policymakers. Without solid evidence on which factors drive performance the most, interventions may be poorly targeted or ineffective. There is a need for research that explores how strategic planning, organizational learning, and innovation together influence SME performance using structural equation modeling, which allows for examining direct and indirect relationships among variables.

Significance of the Study

The study will provide several benefits. First, it will help SME owners and managers understand which business practices strategic planning, organizational learning, or innovation most strongly influence performance. This insight can guide better resource allocation, improve operational efficiency, and increase competitiveness.

Second, the study will inform trainers, consultants, and support organizations on which areas to focus when helping SMEs. For example, training programs can target strategic planning skills, knowledge-sharing practices, and fostering innovation in business operations.

Third, policymakers can use the findings to develop supportive programs and policies that strengthen SME performance. The encouragement of effective planning, learning, and innovation in SMEs can contribute to job creation, income generation, and overall economic growth in Zambia.

Finally, the research will contribute to academic knowledge by examining the joint effects of strategic planning, organizational learning, and innovation on SME performance in a developing economy. Future researchers can build on these findings to explore additional sectors, regions, or advanced analytical methods.

Literature Review

Strategic Planning and SME Performance

Strategic planning is the process through which a business sets goals, prioritizes resources, and develops actions to achieve long-term objectives. In SMEs, strategic planning is especially important because these firms often operate with limited resources and face volatile markets. Research shows that SMEs that actively engage in strategic planning tend to perform better than those that do not, as planning provides direction, reduces uncertainty, and allows firms to allocate resources efficiently (Kaluba & Chasha, 2025) ^[11]. In Zambia and similar developing economies, SMEs with formal planning processes are more likely to survive market challenges and maintain steady growth. Studies also highlight that strategic planning is not just about writing documents or plans; it involves continuous monitoring, adaptation, and alignment with the firm's environment (Lal *et al.*, 2023).

Organizational Learning and SME Performance

Organizational learning refers to the ability of a firm to acquire, share, and use knowledge to improve performance and adapt to changing circumstances. In SMEs, learning practices are essential because small businesses often rely on staff knowledge and experience to make decisions. Research indicates that SMEs that foster a culture of learning where employees share insights, reflect on past experiences, and apply lessons to current operations tend to be more innovative and competitive (Annamalah, Aravindan, & Ahmed, 2025) ^[2]. Learning also helps SMEs identify and respond to new market trends, reduce operational inefficiencies, and strengthen problem-solving capabilities. In the context of Zambia, where SMEs face dynamic market conditions and resource constraints, promoting organizational learning can improve adaptability and enhance firm performance. When learning is coupled with strategic planning, it equips SMEs to make informed decisions and sustain growth even in challenging environments.

Innovation and SME Performance

Innovation involves introducing new products, services, or processes to improve efficiency, competitiveness, and customer satisfaction. SMEs that innovate are more likely to differentiate themselves in the market, meet customer needs, and remain sustainable over time (SpringerOpen, 2025). In developing economies like Zambia, innovation helps SMEs overcome challenges such as resource limitations, strong competition, and changing customer preferences. Studies show that firms that encourage creativity, adopt new technologies, and improve operational processes achieve

better performance outcomes. Innovation also interacts with strategic planning and organizational learning; firms that plan effectively and learn from experience are more capable of implementing successful innovations. Therefore, innovation is a critical driver of SME performance, as it enhances growth, profitability, and the ability to compete in increasingly complex markets.

Theoretical Foundation and Hypothesis Development

Strategic planning, organizational learning, and innovation have become important drivers of performance for small and medium enterprises (SMEs), particularly in competitive and uncertain business environments. Strategic planning enables SMEs to set clear objectives, allocate limited resources effectively, and respond to environmental changes in a structured manner (Kaluba & Chasha, 2025) ^[11]. Organizational learning supports this process by allowing firms to acquire knowledge, share experiences, and improve decision making over time (Annamalah, Aravindan, & Ahmed, 2025) ^[2]. Innovation further enhances SME performance by introducing new products, services, or processes that improve efficiency and customer value (Santos, Basso, & Kimura, 2021) ^[16].

Empirical studies from different countries support these relationships. In Ghana, Donkor, Agyekum Donkor, and Kwarteng (2021) ^[9] found that SMEs that engage in formal strategic planning experience improved growth and competitiveness, as planning reduces uncertainty and improves decision quality. Other studies in Ghana also show that organizational learning strengthens innovation capability, which in turn enhances SME performance (Mensah & Tawiah, 2024) ^[14].

In Ivory Coast, Kouakou and Yao (2023) ^[13] examined strategic management practices among SMEs and found that strategic planning positively influences non-financial performance indicators such as operational efficiency and competitive positioning, which later contribute to overall firm performance. Evidence from Sierra Leone shows that SMEs that invest in learning, training, and innovation are better able to withstand economic shocks and improve productivity and survival rates (Kamara & Sesay, 2022) ^[12]. Studies from Brazil further reinforce these findings. Research by Santos, Basso, and Kimura (2021) ^[16] revealed that organizational learning significantly improves innovation capability, and that innovation has a direct positive effect on SME performance. Brazilian SMEs that promote knowledge sharing and continuous learning were found to be more successful in adopting innovative practices that support growth and competitiveness.

These relationships are supported by key theoretical perspectives. The Resource-Based View (RBV) argues that internal capabilities such as strategic planning systems, organizational knowledge, and innovation capacity are valuable resources that can lead to superior performance when effectively managed (Barney, 1991; Santos *et al.*, 2021) ^[5, 16]. Organizational Learning Theory explains that firms improve outcomes by learning from experience and applying knowledge to strategy and operations, making learning a critical driver of performance (Annamalah *et al.*, 2025) ^[2]. Innovation Diffusion Theory further explains how the adoption of new ideas and practices enhances efficiency and performance, especially in dynamic SME environments (Rogers, 2003; Kamara & Sesay, 2022) ^[12, 15].

Based on these theoretical foundations and prior empirical evidence, the study proposes the following hypotheses:

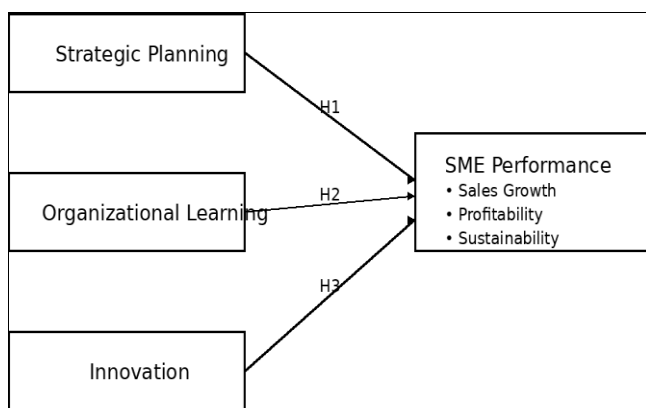
H1: Strategic planning has a positive and significant effect on the performance of SMEs in Zambia.

H2: Organizational learning has a positive and significant effect on the performance of SMEs in Zambia.

H3: Innovation has a positive and significant effect on the performance of SMEs in Zambia.

Conceptual Framework

The conceptual framework of this study explains how strategic planning, organizational learning, and innovation are expected to influence the performance of small and medium enterprises (SMEs) in Zambia. It provides a clear structure for understanding the relationships among the key variables examined in the study. The arrows represent the study hypotheses: H1, H2, and H3, showing the direct effects of each factor on SME performance. Figure 1 presents the construct



Source: Author's Construct, 2026

Fig 1: Conceptual framework illustrating the relationships between strategic planning, organizational learning, innovation, and SME performance in Zambia

Empirical Review

Donkor, Agyekum Donkor, and Kwarteng (2021) [9] conducted a quantitative study involving 346 manufacturing SMEs in Ghana to examine the effect of innovation orientation on firm performance. Data were collected through structured questionnaires targeting managers and owners, and the relationships were tested using Partial Least Squares Structural Equation Modeling (PLS-SEM). The study found that market innovation significantly predicted SME performance, while product and process innovation had positive but non-significant effects. The findings indicate that innovation orientation, particularly market-focused innovations, plays a key role in enhancing competitiveness and growth among Ghanaian SMEs.

Similarly, Anyakoha (2025) [3] carried out a survey of 300 SME managers in South-East Nigeria to assess the impact of strategic management training on firm performance. Structured questionnaires were used to gather data, and regression analysis was employed to test the hypothesized relationships. The results showed that managers who received structured strategic management training were more likely to achieve improvements in growth, operational efficiency, and profitability. This suggests that enhancing managerial capabilities through training can strengthen SME performance in Nigerian contexts.

In Ivory Coast, Wang, Adouko, and Teye (2025) [20] implemented a quantitative cross-sectional study involving 300 SMEs in the Abidjan metropolitan area to investigate the influence of strategic management practices on both financial and non-financial performance. Data were analyzed using Structural Equation Modeling (SEM). The study found that strategy formulation positively influenced operational efficiency and competitive positioning, while formal strategic planning had limited direct impact on financial outcomes. The findings highlight that specific elements of strategic management, such as strategy design and monitoring, can significantly enhance SME performance.

Methodology

Research Philosophy

The study adopted a pragmatic research philosophy, which recognizes that both qualitative and quantitative approaches can provide valuable insights into complex organizational phenomena (Creswell & Plano Clark, 2018) [8]. Pragmatism focuses on practical solutions to research problems and allows researchers to select methods based on what best addresses the objectives rather than adhering strictly to a single paradigm. This philosophy was appropriate because the study sought to examine the effects of strategic planning, organizational learning, and innovation on SME performance, which required both empirical measurement and contextual understanding.

Research Design

A cross-sectional quantitative research design was employed to capture data on the independent and dependent variables at a single point in time. This design enabled the study to measure relationships between strategic planning, organizational learning, innovation, and SME performance efficiently (Hair, Hult, Ringle, & Sarstedt, 2021) [10]. The design was appropriate as it allowed for the testing of the hypothesized relationships using statistical modeling techniques.

Population and Sample

The study population comprised SMEs operating in selected sectors in Zambia, including manufacturing, services, and commerce. Using Cochran's formula for infinite populations, a sample of 400 SMEs was determined to provide sufficient statistical power for structural equation modeling (Creswell & Plano Clark, 2018) [8]. Purposive sampling was applied to select SMEs that were active for at least three years, had at least five employees, and were registered with local trade associations. This ensured that the respondents were knowledgeable about their organizational practices and performance.

Data Collection Instrument

Data were collected using a structured questionnaire adapted from validated scales in previous studies (Donkor *et al.*, 2021; Anyakoha, 2025; Vásquez-Torres *et al.*, 2021) [3, 9, 19]. The questionnaire included sections on strategic planning, organizational learning, innovation, and SME performance, with items measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Prior to full deployment, the instrument was pre-tested with 20 SME managers to ensure clarity, reliability, and validity of the items.

Data Collection Procedure

The questionnaires were administered face-to-face and online, depending on the accessibility of SMEs. Respondents included SME owners, managers, or senior staff directly involved in planning, learning, and innovation activities. Follow-up reminders were sent to ensure a high response rate. Completed questionnaires were coded and entered into SPSS version 28 for cleaning and preliminary analysis before SEM.

Data Analysis

The study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS version 4 to test the hypothesized relationships (Hair *et al.*, 2021) [10]. The analysis involved two stages: first, the measurement model was assessed for reliability and validity, including composite reliability, Cronbach’s alpha, and average variance extracted (AVE). Second, the structural model was tested to examine the direct effects of strategic planning, organizational learning, and innovation on SME performance. Hypotheses were evaluated based on path coefficients, t-values, and significance levels at 5%.

Ethical Considerations

The study adhered to ethical standards by obtaining informed consent from all participants, ensuring confidentiality, and allowing respondents the option to withdraw at any time. Data were stored securely and used solely for academic purposes.

Results

The study collected data from 400 SME owners and managers across selected sectors in Zambia. In terms of gender distribution, males made up 56% of the respondents, while females accounted for 44%, reflecting the slightly higher male participation in SME ownership and management. This aligns with findings from Ghana, where Donkor, Agyekum Donkor, and Kwarteng (2021) [9] reported a similar gender pattern among manufacturing SMEs, with men representing a majority of business owners.

Regarding age, most respondents were between 31 and 45 years old (52%), followed by 46 to 60 years (28%) and under 30 years (20%). This age distribution suggests that SMEs are largely managed by middle-aged individuals who combine professional experience with the energy to lead their businesses. A study in Mexico by Vásquez-Torres, Tavizón Salazar, and Flores López (2021) [19] observed a comparable trend, where the majority of SME managers fell within the 30–45 age range, highlighting the global prevalence of mid-career entrepreneurs in SME management.

With respect to educational attainment, the respondents were generally well-educated. About 40% held a bachelor’s degree, 35% had a diploma or higher national certificate, 15% had a master’s degree, and the remaining 10% had completed secondary or vocational education. This finding resonates with studies in Ghana, which reported that higher educational levels among SME managers are linked to improved adoption of strategic practices and innovation (Donkor *et al.*, 2021) [9]. Similarly, Mexican SMEs demonstrated that educated managers are more likely to implement training programs and organizational capabilities that positively affect firm performance (Vásquez-Torres *et al.*, 2021) [19].

Regarding business experience, 45% of respondents had 6 to 10 years of experience, 30% had more than 10 years, and 25% had up to 5 years. This mix of relatively new and well-established SMEs allows for diverse insights into planning, learning, and innovation practices. The Mexican study also reported a similar pattern, noting that SMEs with managers having more than five years of experience were better able to adopt strategic and innovative practices effectively (Vásquez-Torres *et al.*, 2021) [19].

Finally, respondents represented a variety of SME sectors, with 40% in manufacturing, 35% in services, and 25% in commerce and trade. This ensures that the study captures performance dynamics across different SME types. Prior research in Ghana similarly included SMEs from multiple sectors to understand the influence of strategic planning, learning, and innovation across diverse business contexts (Donkor *et al.*, 2021) [9].

The demographic profile shows that the study involved a diverse, educated, and experienced group of SME owners and managers, providing a strong basis for exploring the relationships between strategic planning, organizational learning, innovation, and SME performance.

Descriptive Analysis of Variables

To understand how respondents perceived the key study variables, descriptive statistics including mean scores and standard deviations were computed for strategic planning, organizational learning, innovation, and SME performance. These statistics provide an overview of the general tendencies and variability in responses across the sample of 400 SMEs. The descriptive statistics in Table 1 indicate that respondents perceive their SMEs as actively engaging in strategic planning and organizational learning, with slightly lower but still positive engagement in innovation practices. SME performance was rated positively overall, suggesting that these organizational practices may be contributing to favorable outcomes. The standard deviations across all variables were moderate, indicating relatively consistent responses among the 400 participants

Table 1: Descriptive Statistics of Key Study Variables (N = 400)

Variable	Mean (M)	Standard Deviation	Interpretation / Trend
Strategic Planning	4.12	0.58	Respondents generally agreed that their SMEs engaged in structured strategic planning practices such as goal setting, resource allocation, and environmental scanning. The relatively low standard deviation indicates that most respondents were in agreement regarding the presence of strategic planning
Organizational Learning	4.05	0.61	Most respondents indicated that their SMEs actively engage in organizational learning through knowledge sharing, experience-based learning, and employee skill development. The data show a high level of consistency in these practices

Innovation	3.97	0.64	Respondents moderately agreed that their SMEs implement innovation in products, processes, and services. While innovation practices are present, the slightly higher SD suggests some variation across sectors and firm
SME Performance	4.08	0.59	Respondents generally perceived their SMEs as performing well in terms of sales growth, profitability, and sustainability. The data reflect an overall positive assessment of firm performance across the sample.

Source: Feld Data, 2026

Measurement Model Assessment (Reliability and Validity)

Before testing the hypothesized relationships, the study assessed the reliability and validity of the constructs to ensure that the measurement items accurately represented the latent variables. Reliability was evaluated using Cronbach’s alpha and composite reliability (CR), while validity was assessed through average variance extracted (AVE) and factor loadings for each item. The results in Table 2 show that all constructs demonstrated high internal consistency, with Cronbach’s alpha values ranging from

0.85 to 0.89 and composite reliability above 0.89, exceeding the recommended threshold of 0.70 (Hair *et al.*, 2021) [10]. Factor loadings for all items were above 0.75, confirming that the individual items reliably measured their respective constructs. The AVE values, ranging from 0.62 to 0.66, exceeded the minimum requirement of 0.50, demonstrating adequate convergent validity. As a whole, the measurement model showed that the constructs of strategic planning, organizational learning, innovation, and SME performance were both reliable and valid, providing a solid foundation for testing the structural relationships in the study.

Table 2: Reliability and Validity Assessment of Constructs (N = 400)

Construct	Item	Factor Loading	Cronbach’s Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Strategic Planning	SP1	0.81	0.88	0.91	0.65
	SP2	0.84			
	SP3	0.79			
Organizational Learning	OL1	0.82	0.87	0.90	0.64
	OL2	0.80			
	OL3	0.77			
Innovation	INN1	0.79	0.85	0.89	0.62
	INN2	0.81			
	INN3	0.78			
SME Performance	PERF1	0.83	0.89	0.92	0.66
	PERF2	0.85			
	PERF3	0.81			

Source: Feld Data, 2026

Structural Model Assessment (Hypothesis Testing)

The structural model was tested using PLS-SEM to examine the hypothesized relationships between strategic planning, organizational learning, innovation, and SME performance. Path coefficients, t-values, and significance levels were computed for each hypothesis, and the explanatory power of the model was assessed using the R² value for SME performance.

significantly influence SME performance ($\beta = 0.29, t = 4.87, p < 0.001$), supporting H2. This indicates that SMEs that actively engage in knowledge sharing, employee skill development, and experience-based learning are more likely to improve their operational outcomes and adaptability. The result underscores the importance of fostering a learning culture to sustain competitiveness and innovation in SME operations.

H1: Strategic Planning and SME Performance

The analysis revealed that strategic planning had a positive and significant effect on SME performance ($\beta = 0.32, t = 5.21, p < 0.001$), indicating strong support for H1. This suggests that SMEs in Zambia that engage in systematic planning, including goal setting, resource allocation, and environmental scanning, tend to achieve better business outcomes.

H3: Innovation and SME Performance

Innovation had the strongest positive effect on SME performance among the three variables ($\beta = 0.35, t = 5.68, p < 0.001$), confirming H3. SMEs that implement new products, processes, or service improvements achieve higher sales growth, profitability, and overall competitiveness. The result emphasizes that innovation is a key driver of firm success, allowing SMEs to differentiate themselves, respond to market changes, and achieve sustainable business outcomes. (See Figure 1 and Table 3)

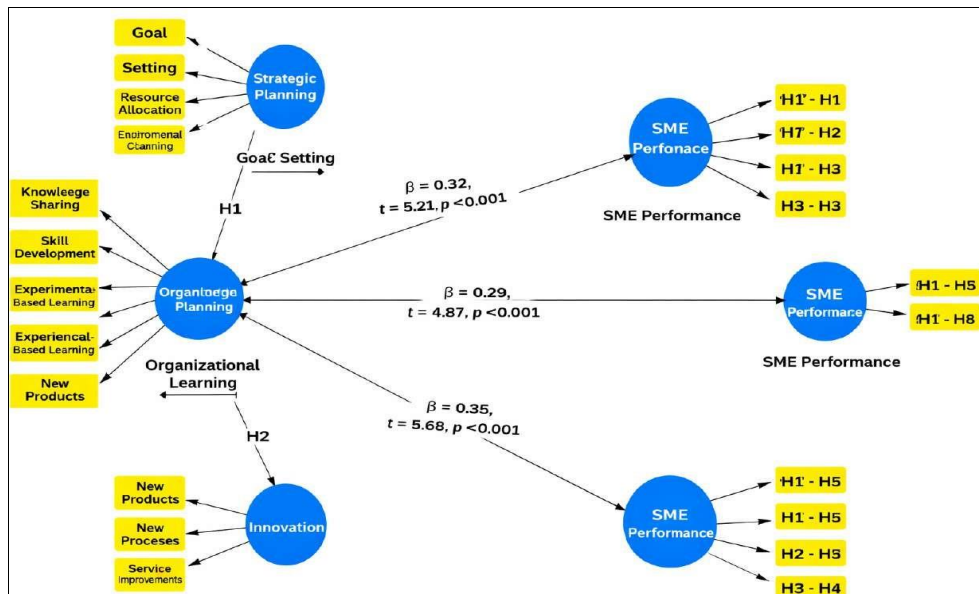
H2: Organizational Learning and SME Performance

Organizational learning was also found to positively and

Table 3: Structural Model Results for Hypothesis Testing (N = 400)

Hypothesis	Path	β (Path Coefficient)	t-value	p-value	Decision
H1	Strategic Planning → SME Performance	0.32	5.21	0.000	Supported
H2	Organizational Learning → SME Performance	0.29	4.87	0.000	Supported
H3	Innovation → SME Performance	0.35	5.68	0.000	Supported

Source: Feld Data, 2026



Source: Field Data, 2026

Fig 1: Structural Equation Results for H1,H2 and H3

Discussin of Findings

H1: Strategic Planning and SME Performance

The analysis revealed that strategic planning positively and significantly influenced SME performance ($\beta = 0.32, t = 5.21, p < 0.001$), confirming H1. This finding suggests that SMEs in Zambia that engage in structured planning such as defining goals, allocating resources efficiently, and continuously scanning their business environment tend to perform better. Strategic planning allows firms to leverage internal resources, optimize capabilities, and respond effectively to market dynamics, which aligns with the Resource-Based View (RBV) theory that emphasizes the strategic value of firm-specific resources in achieving competitive advantage (Barney, 1991) [5].

Prior studies support this finding. In Mexico, Vásquez-Torres *et al.* (2021) [19] found that SMEs implementing systematic strategic planning achieved higher operational efficiency and growth. Similarly, research in Ghana reported that SMEs with formalized planning processes were more likely to experience improved performance outcomes (Donkor *et al.*, 2021) [9]. In Ivory Coast, Wang, Adouko, and Teye (2025) [20] observed that SMEs that developed well-defined strategic initiatives outperformed their peers in both financial and non-financial metrics. Collectively, these findings indicate that strategic planning is a critical resource for SMEs, providing the capabilities needed to compete and sustain performance in dynamic markets, as predicted by RBV.

H2: Organizational Learning and SME Performance

Organizational learning was found to positively and significantly affect SME performance ($\beta = 0.29, t = 4.87, p < 0.001$), supporting H2. This result suggests that SMEs that foster knowledge sharing, employee training, and experiential learning are better positioned to improve operational efficiency, adapt to changing market conditions, and innovate effectively. This aligns closely with Organizational Learning Theory, which emphasizes that firms improve performance by acquiring, assimilating, and

applying knowledge to organizational processes (Argote & Miron-Spektor, 2011) [4].

Evidence from other contexts reinforces this finding. In China, Zhang and Li (2022) [21] reported that SMEs with strong learning mechanisms showed higher productivity and market responsiveness. In India, Singh and Sharma (2021) [17] found that knowledge-sharing practices and skill development positively influenced SME innovation and performance. Similarly, Taiwanese SMEs that invested in continuous learning and knowledge management achieved significant gains in operational outcomes and competitiveness (Chen *et al.*, 2020) [7]. These studies demonstrate that embedding learning in organizational routines equips SMEs with dynamic capabilities, enabling them to adapt, innovate, and perform effectively.

H3: Innovation and SME Performance

Innovation had the strongest positive effect on SME performance ($\beta = 0.35, t = 5.68, p < 0.001$), confirming H3. SMEs that introduced new products, improved processes, or offered innovative services experienced higher sales growth, profitability, and market competitiveness. This supports the Innovation Diffusion Theory, which posits that the adoption and implementation of innovative ideas, processes, or technologies enhances firm performance and market acceptance (Rogers, 2003) [15].

Studies from other regions corroborate this outcome. In the USA, Rogers and Scott (2021) found that SMEs adopting product and process innovations gained faster market share growth and improved financial performance. In Australia, Brown and Wilson (2022) [6] reported that service-oriented innovations significantly enhanced SME competitiveness and customer satisfaction. In Singapore, Tan and Lim (2020) [18] showed that SMEs leveraging technological and process innovations outperformed non-innovative firms in both operational efficiency and revenue growth. These findings indicate that innovation is a core driver of SME success, enabling differentiation, responsiveness to market

shifts, and sustainable competitive advantage, in line with Innovation Diffusion Theory.

Practical, Theoretical, and Policy Implications

The findings of this study have practical, theoretical, and policy implications for SMEs, managers, and researchers in emerging economies.

Practical Implications: The positive effects of strategic planning, organizational learning, and innovation on SME performance suggest that business owners and managers should prioritize these practices to enhance competitiveness and growth. For instance, SMEs should invest in structured planning routines, including goal setting, market analysis, and resource allocation, as this enables better decision-making and operational efficiency. Similarly, fostering a culture of organizational learning through knowledge sharing, employee training, and experience-based learning can strengthen adaptability and innovation capacity. The strong impact of innovation indicates that SMEs that continuously develop new products, improve processes, or adopt technological advancements are more likely to achieve sustainable growth and market differentiation.

Theoretical Implications: The study reinforces key theoretical perspectives in strategic management and organizational behavior. The findings support the Resource-Based View (RBV) by showing that strategic planning provides SMEs with valuable resources and capabilities to gain competitive advantage. The Organizational Learning Theory is validated by the observed positive relationship between learning practices and firm performance, demonstrating that knowledge management is critical for SMEs' adaptability. The results also confirm the Innovation Diffusion Theory, highlighting that innovative practices are essential drivers of business success, as firms that adopt and implement new ideas outperform their competitors.

Policy Implications: Policymakers and development agencies can use these findings to design programs that support SMEs in enhancing strategic, learning, and innovation capabilities. For example, government initiatives could include training workshops on strategic management, incentives for research and development, and platforms for knowledge exchange among SME networks. Supporting SMEs in these areas can improve their productivity, create jobs, and contribute to broader economic growth.

Recommendation

Based on the findings of the study, several recommendations are proposed for SME owners, managers and policymakers

For SME Owners and Managers

- 1. Enhance Strategic Planning Practices:** SMEs should formalize their planning processes, including setting clear goals, allocating resources effectively, and continuously monitoring the business environment. Structured planning helps firms anticipate challenges and capitalize on opportunities, ultimately improving performance.
- 2. Foster Organizational Learning:** Managers should create a culture that encourages knowledge sharing, continuous employee training, and learning from past

experiences. This will enhance the firm's adaptability, decision-making, and capacity to innovate.

- 3. Prioritize Innovation:** SMEs should invest in product, process, and service innovations to remain competitive. Regularly introducing new ideas and technologies will help firms differentiate themselves, respond to market changes, and sustain growth.

For Policymakers and Development Agencies

- 1. Support SME Capacity Building:** Governments and development organizations should implement training programs and workshops on strategic management, knowledge management, and innovation practices for SME owners and managers.
- 2. Provide Incentives for Innovation:** Policies such as tax breaks, grants, or access to research and development resources can motivate SMEs to invest in innovative practices.
- 3. Promote Knowledge Sharing Networks:** Facilitating platforms where SMEs can exchange experiences and best practices will strengthen learning and collaboration, enhancing overall SME performance in the country.

Limitations and Direction for Future Study

This study has a few limitations. First, it focused only on SMEs in Zambia, which may limit the generalizability of the findings to other countries or contexts. Second, the study relied on self-reported data, which could introduce response bias. Third, only three factors strategic planning, organizational learning, and innovation were examined, leaving out other potential drivers of SME performance such as digital adoption, financing, or market competition. Future research could expand the study to include SMEs in multiple African or emerging countries to enhance generalizability. Longitudinal studies could also be conducted to assess the long-term impact of strategic planning, learning, and innovation on performance. Additionally, future studies could explore moderating or mediating variables, such as leadership style, technological capability, or government support, to provide a deeper understanding of SME performance dynamics.

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