



Examining the Role of Strategy Implementation in Enhancing the Performance of Egyptian SMEs

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Abstract. This study examines the effect of strategy implementation—focusing on organizational structure, organizational culture, and resource allocation—on the performance of small and medium-sized enterprises (SMEs) in Egypt. The relevance of this research lies in addressing how effective strategy execution can enhance operational effectiveness and market competitiveness in dynamic environments. The purpose is to analyze the impact of these components and provide actionable insights for SMEs. A quantitative methodology was employed, utilizing regression analysis to examine data collected from SMEs in Egypt. The findings reveal that organizational culture and resource allocation collectively explain 57.9% of the variance in SME performance ($R^2 = 0.579$). Organizational culture emerged as the most influential factor, demonstrating a strong positive correlation and fostering innovation, collaboration, and strategic alignment. Resource allocation significantly impacts performance emphasizing the strategic importance of leveraging resources. In contrast, organizational structure presented mixed results, with areas of positive perception (mean = 3.97) and misalignments (mean = 2.7) highlighting the need for adaptive and decentralized structures. These results underscore the critical roles of culture and resource allocation in successful strategy execution, providing practical recommendations for Egyptian SMEs to enhance innovation, agility, and competitiveness.

Keywords: Egyptian SMEs, Organizational Culture, Organizational Structure, Resources Allocation, Strategy implementation.

1. INTRODUCTION

Small and medium-sized enterprises (SMEs) are recognized globally as crucial drivers of economic development, innovation, and job creation. Their contribution is particularly significant in emerging economies, where they play a pivotal role in addressing socio-economic challenges and fostering growth. SMEs possess unique advantages, such as entrepreneurial agility and the ability to adapt swiftly to shifting market dynamics. However, despite these strengths, they face persistent barriers that hinder their growth and sustainability. These include restricted access to financial and human resources, inefficiencies in operational processes, rapid technological advancements, and heightened market competition (Rajasekar, 2014).

Overcoming these barriers requires a robust approach to strategy implementation, which transforms strategic plans into actionable initiatives. Strategy implementation involves aligning organizational resources, culture, and leadership with defined objectives to achieve desired outcomes (Peng, 2017). This alignment is critical for enhancing SMEs' operational efficiency, fostering innovation, and building competitive advantages—key indicators of organizational performance (Galbraith, 2014).

Despite its importance, effective strategy execution remains a significant challenge. Research indicates that even well-formulated strategies frequently fail due to inadequacies in their implementation. This gap between formulation and execution highlights the need for a deeper understanding of enabling factors that influence successful strategy implementation. Organizational structure, culture, and resource allocation have been identified as critical determinants in this process (Agyapong & Acquah, 2021). However, their specific roles and interactions within the context of SMEs, particularly in resource-constrained environments like Egypt, remain underexplored.

This study contributes to the strategic management literature by examining the under-researched link between strategy implementation and SME performance in the context of Egyptian SMEs. The theoretical contribution lies in expanding the understanding of how organizational structure, culture, and resource allocation individually and collectively influence strategy implementation and performance in SMEs. Drawing on perspectives from the Resource-Based View (RBV) and contingency theory, the study explains variations in SME performance based on contextual factors.

Empirically, the study provides robust evidence on the contributions of organizational structure, culture, and resource allocation to SME performance. By quantifying the variance in performance explained by these factors, the research offers valuable insights and actionable benchmarks for practitioners. Furthermore, the practical contribution highlights how managers and policymakers can optimize internal structures, cultural alignment, and resource utilization to enhance competitiveness and sustainability in dynamic markets.

By focusing on these dimensions, this study aims to provide a nuanced understanding of the interplay between strategic implementation and SME performance, equipping Egyptian SMEs with strategies to thrive in competitive and resource-constrained environments.

2. LITERATURE REVIEW

2.1. Theoretical Review

The interplay between strategy implementation and organizational performance can be understood through well-established theoretical frameworks. These theories provide the foundation for analyzing the role of strategy implementation in influencing SME performance.

The Resource-Based View (RBV) theory emphasizes the strategic importance of resources as sources of competitive advantage (Barney, 1991). According to RBV, leveraging unique and inimitable resources can foster sustained competitive advantage for SMEs. This theory underscores that strategic deployment of financial, human, and technological resources is essential for achieving competitive performance outcomes.

The dynamic capabilities Theory builds on RBV by focusing on how firms reconfigure their resources in response to environmental change (Teece et al., 1997). SMEs must adopt dynamic capabilities to adapt to market conditions, technological advancements, and consumer preferences to ensure long-term performance.

Contingency theory posits that successful strategic outcomes depend on aligning strategy with internal organizational strengths and external market factors. Strategy implementation is more likely to succeed when it considers these environmental contingencies and organizational dynamics (Donaldson, 2001).

Developed by (Kaplan and Norton, 1996), this framework integrates financial and non-financial performance measures to assess organizational success. It enables firms to link strategic goals with performance outcomes across multiple dimensions, including operational, financial, and customer-focused areas.

These theoretical lenses collectively suggest that strategy implementation is multifaceted and influenced by structural, cultural, and resource-related factors. The interaction between these dimensions determines the degree of strategy execution success and the resulting organizational performance.

2.2. Strategy Implementation

The strategy implementation process is a pivotal factor in the success of any organization (Pushpa Rani, 2019). It involves translating strategic planning into actionable steps and organizational change, ensuring that strategies are effectively executed to achieve desired outcomes (Hrebiniak, 2013).

According to Lee and Puranam (2016), even the most well-crafted strategies are rendered ineffective without the active participation and commitment of individuals across the organization to put them into practice. Strategy implementation is defined as a “dynamic, iterative, and complex process” encompassing various activities by managers and employees to transform strategic plans into reality and meet strategic objectives (Yang et al., 2010).

Research by Cândido and Santos (2015) identifies several common barriers to successful strategy implementation, including resistance to change, poor inter-departmental coordination, and unclear objectives. Addressing these obstacles through effective communication and active stakeholder engagement significantly improves implementation outcomes.

Critical factors such as resources, organizational structure, and culture play a supportive role in facilitating effective strategy implementation in any organization (Palinkas et al., 2013). These elements create a framework that enables seamless alignment between strategic goals and operational processes, thereby enhancing overall organizational performance.

2.2.1. Organizational Structure

Organizational structure acts as a foundational framework for distributing tasks, responsibilities, and resources within a business. It outlines how employees collaborate, how decisions are made, and how resources are managed. An effective organizational structure integrates strategic objectives with operational activities, enabling SMEs to execute strategies more effectively (Mintzberg, 1979).

SMEs often favor flat and decentralized structures, as these promote employee autonomy, foster innovation, and facilitate swift decision-making (Daft, 2020). Conversely, rigid hierarchical structures may hinder strategic agility and lower employee morale (Hill et al., 2020).

According to Cristian-Liviu (2013), the organizational structure ensures that the business possesses the appropriate mindset, tools, and framework necessary for successful strategy implementation. Studies further highlight that structures with clear lines of accountability and robust communication mechanisms enhance strategic coherence. Flexible roles and open communication channels are key drivers in aligning strategic objectives, fostering shared goals, and boosting organizational performance (Tawse & Tabesh, 2021; Alharthy et al., 2017).

2.2.2. Organizational Culture

In SMEs, organizational culture is crucial for driving adaptability, innovation, and employee engagement, all of which are vital for effective strategy execution (Alvesson, 2016). A culture that emphasizes creativity and supports risk-taking empowers SMEs to navigate dynamic market conditions successfully. In contrast, cultural misalignment or resistance can lead to reduced performance, underscoring the importance of aligning culture with strategic objectives (Schein, 2017).

An innovation-focused and improvement-driven culture fosters an environment where teams can implement high-performance practices, boosting organizational efficiency and success (Tamunomiebi & Keremah, 2020). Shahzad et al. (2014) emphasize that organizational culture is a key performance determinant, with a cohesive and robust culture being essential for sustained excellence.

Aldrin and Yunanto (2019) define organizational culture as the shared attitudes and behaviors of individuals within a workplace. When employees adopt a sense of accountability and responsibility, it enhances motivation and performance. This type of culture encourages active contributions to achieving organizational strategies (Deraman et al., 2017).

Additionally, organizational culture plays a vital role in ensuring sustainability by improving operational efficiency and facilitating the attainment of strategic goals (Indiyati et al., 2021). It significantly influences the acceptance of new ideas or processes, making it a critical factor in determining organizational success (Okwata & Andemariam, 2022).

Jardioui and L. (2020) highlight the significant impact of organizational culture on performance management systems in manufacturing SMEs, emphasizing its importance in enhancing overall performance. A culture that promotes continuous learning and empowerment is particularly effective for successful strategy execution, as it motivates employees to take ownership of strategic initiatives (Cameron & Quinn, 2011). For instance, fostering an entrepreneurial mindset can be highly beneficial in industries undergoing rapid technological advancements, enabling SMEs to adapt to market changes and seize new opportunities (Martins & Terblanche, 2003).

On the other hand, a misaligned culture can obstruct strategy implementation. A disconnect between organizational culture and strategic goals, such as maintaining a rigid hierarchical structure in a fast-paced environment, can lead to inefficiencies, employee disengagement, and resistance to change (Kotter, 2012).

2.2.3. Resource Allocation

Resource allocation is a cornerstone of strategic management and plays a critical role in strategy implementation (Maritan et al., 2017). Effective resource management positively influences organizational performance by aligning structural elements with strategic objectives (Mohamed et al., 2019). Flexible resource allocation enables innovation, technological adaptation, and responsiveness to market changes, all of which are key drivers of competitive performance (Westerman et al., 2014).

Mango (2014) asserts that resource allocation significantly impacts the execution of management's plans. Directing resources toward environmentally and socially responsible initiatives not only fulfills regulatory requirements but also enhances competitive positioning and strengthens market reputation (Hart, 1995). Similarly, Titus (2018) highlights that proper allocation and management of resources are essential for the successful implementation of strategic plans.

Dimova and Pela (2018) emphasize that careful selection and prudent allocation of resources contribute to maintaining a healthy financial status in businesses. Moreover, business performance relies on both organizational resources—such as human and financial capital—and the decision-making skills of individuals who manage these resources (Wang et al., 2016).

Strategic resource allocation is integral to ensuring that SMEs can effectively implement strategies, optimize their operations, and achieve sustainable performance improvements.

2.3. SMEs Performance

Small and medium-sized enterprises (SMEs) play a vital role in driving economic growth and serve as key indicators of a country's economic development (Myslimi & Kaçani, 2016). Business performance, as defined by Smith and Sandada (2014), reflects an organization's ability to meet the objectives set by its primary stakeholders. Both financial and non-financial metrics are essential in assessing organizational performance (Tseng, 2014).

Financial indicators, such as profitability, revenue growth, cost-efficiency, and return on investment, provide critical insights into the financial health and sustainability of SMEs (Brush et al., 2009). On the other hand, non-financial measures—such as customer retention, satisfaction, innovation capacity, and employee engagement—highlight broader success factors that contribute to an SME's competitiveness and resilience (Walker & Brown, 2004). Additionally, market-based indicators, including market share, competitive positioning, and brand loyalty, underscore the ability of SMEs to establish and maintain a strong foothold in competitive or niche markets (Kotler & Keller, 2016). Together, these metrics illustrate the multidimensional nature of SME performance evaluation.

SME performance can also be defined through key indicators such as market share, firm profitability, and growth. Among these, profitability and growth are essential elements used to measure performance effectiveness (Soininen et al., 2012). Financial performance specifically assesses an organization's overall financial health, typically within a specified timeframe, such as quarterly or annually (Matar & Eneizan, 2018).

performance remains the primary goal for SMEs striving to stay competitive in the ever-changing business landscape (Efrat et al., 2018). A comprehensive evaluation of both financial and non-financial performance measures is crucial for understanding the effectiveness of strategy implementation and ensuring long-term success.

2.4. Strategy Implementation and SMEs' Performance

Research indicates that leadership, organizational structure, culture, and resource allocation are key factors that directly influence the success of strategy implementation in these enterprises. Successful implementation enables SMEs to drive innovation, enhance agility, and respond effectively to market demands, allowing them to overcome challenges and achieve sustained growth (Otieno et al., 2017).

The ability to implement strategies effectively is as critical as the strategies themselves. Effective implementation defines the extent to which an organization can meet its strategic goals and operational objectives (Buuni et al., 2015). Furthermore, it shapes essential elements such as organizational structure, culture, and processes, which collectively influence overall performance (Zaidi et al., 2018). Reed and Buckley (1988) emphasize that strategy implementation provides the organizational framework necessary for pursuing strategic objectives effectively.

Research by Amobi (2022) demonstrates a strong positive relationship between successful strategy implementation and improved SME performance. This alignment ensures that SMEs can adapt to dynamic market conditions and leverage technological advancements, strengthening their competitive positioning and long-term sustainability (Galbraith, 2014).

strategy implementation serves as a fundamental driver of SMEs' success, enabling them to achieve their performance targets and remain competitive in rapidly evolving business environments.

2.5. Hypotheses of the Study

This study aims to explore the factors that influence the effectiveness of strategy implementation in SMEs, focusing on the relationship between organizational structure, culture, resource allocation, and overall performance. By examining these factors, the study seeks to understand how SMEs can enhance their strategy implementation processes to achieve sustainable growth and competitive advantage.

The hypotheses to be examined in this study are as follows:

H₁: There is a positive relationship between organizational structure and SMEs performance.

H₂: There is a positive relationship between organizational culture and SMEs performance

H₃: There is a positive relationship between resource allocation and employee engagement.

H₄: There is a positive relationship between strategy implementation structure and SMEs performance

The research framework for this study is illustrated in Figure 1.

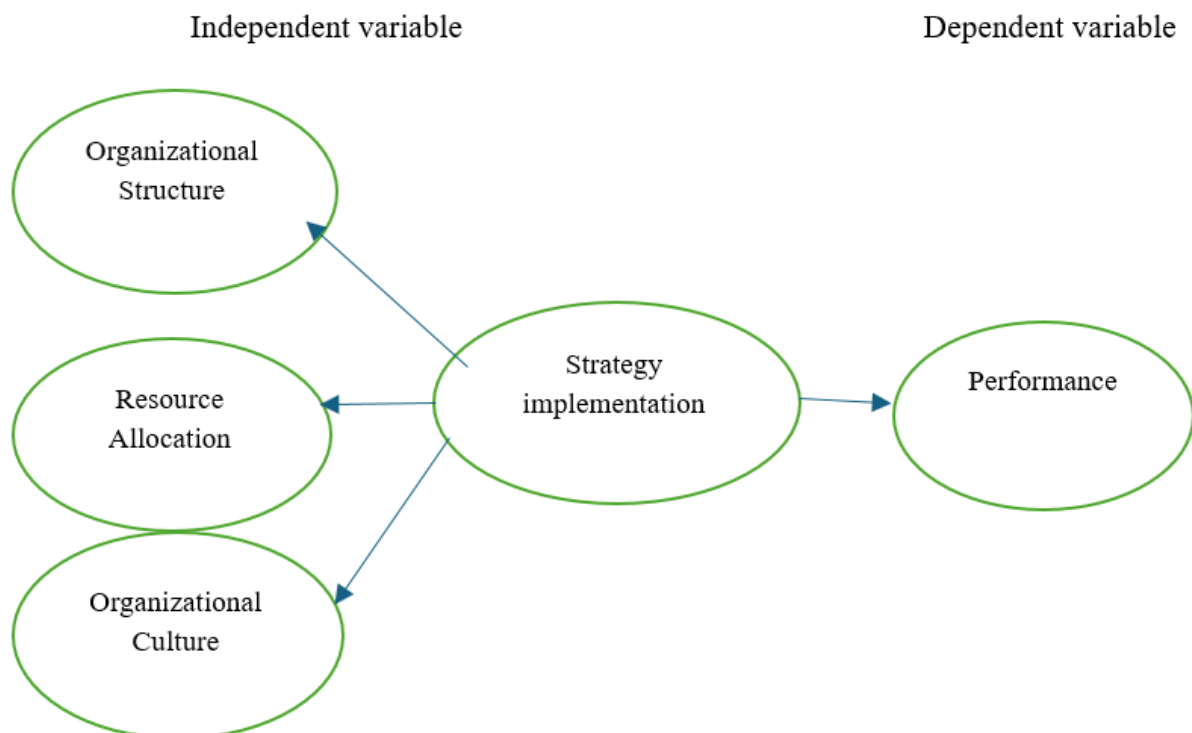


Figure 1: The relationship between the study variables and the suggested model.

3. METHODOLOGY

This study adopts an explanatory approach using a cross-sectional survey design to explore the effect of strategy implementation—specifically organizational structure, organizational culture, and resource allocation—on SMEs' performance. The analysis will focus on senior managers within SMEs in Egypt.

3.1. Population and Sampling

The target population for this study consists of senior managers from SMEs operating in manufacturing sectors across Egypt.

Given that the exact size of the population was unknown, the sample size was determined using statistical methods designed for unknown populations. Based on a confidence level of 95% and a margin of error of 5%, a sample of 380 senior managers was deemed sufficient to ensure reliable and generalizable results.

3.2. Data Collection and Measurement

This study employed a structured questionnaire, developed based on prior studies, with slight modifications to suit the specific context of the research. The first section of the questionnaire consists of statements designed to assess respondents' views on the independent variable, strategy implementation, which encompasses organizational structure, organizational culture, and resource allocation

The second section includes the phrases that were used to survey the individual's opinions about the dependent variable, SMEs performance.

Responses were recorded using a five-point Likert scale ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree").

This scale facilitated a nuanced assessment of participant perceptions

4. DATA ANALYSIS AND RESULT

The collected data were analyzed using multiple regression analysis to examine the relationship between strategy implementation (organizational structure, organizational culture, and resources allocation) and SMEs performance. The analysis focused on determining how strategy implementation predicts SMEs performance by assessing the overall explained variance in the model (R^2) and the individual contributions of organizational structure, organizational culture and resources allocation (B coefficients). Additionally, Pearson's correlation was applied to evaluate the strength of the relationships between the variables.

Table 1: Cronbach's Alpha.

		Cronbach's Alpha if Item Deleted
Organizational Structure	The implementation steps that have been established are considered when forming the strategy	0.937
	The administration is developing mechanisms to implement alternative strategic plans	0.936
	Management considers the organizational structure, responsibilities and powers to ensure their suitability for implementation	0.930
Resource Allocation	Management sets the time to implement the plans	0.934
	Management determines the necessary resources	0.932
	The administration provides lower departments with a database that helps them carry out tasks	0.931
Organizational Culture	Management develops a clear methodology for dealing with resistance to change	0.929
	The administration adopts the principle of participation and cooperation between different departments to implement programs and plans	0.933
	Individuals specialized in implementation are involved in developing the plan	0.935
Performance of SMEs	ROA of the enterprise has improved over the last three years	0.933
	ROE of the enterprise has improved over the last three years	0.932
	The annual sales of the enterprise have improved over the last three years	0.932
	The annual profits of the enterprise has improved over the last three years	0.929
	The market share of the enterprise has increased over the past three years	0.935
	The enterprise has employed more employees due to improved revenues	0.933
	The overall trend of the company's performance has improved	0.932
N of Items		16
Cronbach's Alpha		0.936

4.1. Reliability Test

The reliability of the measurement scale was assessed using Cronbach's Alpha, which yielded a value of 0.936 across 16 items. This indicates excellent internal consistency, as values above 0.7 are generally considered acceptable, and those above 0.9 signify excellent reliability. The individual items' Cronbach's Alpha values ranged between 0.929 and 0.937, confirming that each item contributes significantly to the overall reliability.

4.2. Descriptive Statistics

Table 2: Distribution of participants according to their opinion related to Organizational Structure.

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD	Rank
S1	Fr.	4	19	65	192	105	3.97	0.86	3
	%	1	4.9	16.9	49.9	27.3			
S2	Fr.	38	137	133	56	21	2.7	1.01	2
	%	9.9	35.6	34.5	14.5	5.5			
S3	Fr.	24	85	74	128	74	3.37	1.2	1
	%	6.2	22.1	19.2	33.2	19.2			

Table 2 shows participants' varying levels of agreement regarding organizational structure. Item S1, with a mean score of 3.97, received the most favorable response, indicating a generally positive perception of the implementation steps in strategy formation. On the other hand, S2 (mean = 2.7) demonstrated a lower level of agreement, closer to "Disagree," suggesting some dissatisfaction or misalignment in the development of mechanisms for alternative strategic plans. Item S3 (mean = 3.37) scored moderately, reflecting a more mixed perception about whether management considers the organizational structure, responsibilities, and powers as suitable for implementation.

Table 3: Distribution of participants according to their opinion related to Resource Allocation

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD	Rank
S4	Fr.	32	95	83	115	60	3.2	1.21	2
	%	8.3	24.7	21.6	29.9	15.6			
S5	Fr.	38	96	64	115	72	3.23	1.28	1
	%	9.9	24.9	16.6	29.9	18.7			
S6	Fr.	19	65	77	152	72	3.5	1.12	3
	%	4.9	16.9	20	39.5	18.7			

The findings from Table 3 show that responses to the resource allocation items were generally positive, though there was some variation. Item S6 received the highest mean (3.5), indicating a relatively strong agreement that management provides lower departments with the necessary databases for task completion. Items S4 and S5 scored moderately (means = 3.2 and 3.23, respectively), reflecting a solid, but less enthusiastic, agreement regarding management's setting of time for plan implementation and determining the necessary resources. These results suggest that, while there is general satisfaction with resource allocation strategies, there may still be room for improvement, particularly in the areas reflected by the slightly lower mean scores.

Table 4: Distribution of participants according to their opinion related to Organizational Culture.

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD	Rank
S7	Fr.	22	72	95	129	67	3.38	1.14	3
	%	5.7	18.7	24.7	33.5	17.4			
S8	Fr.	17	68	60	144	96	3.61	1.17	2
	%	4.4	17.7	15.6	37.4	24.9			
S9	Fr.	3	17	46	208	111	4.06	0.81	1
	%	0.8	4.4	11.9	54	28.8			

Table 4 shows that the responses regarding organizational culture were generally highly favorable. Item S9, which had the highest mean (4.06), indicates strong agreement that individuals specialized in implementation are involved in developing the plan. Items S7 and S8 also received positive responses, with means of 3.38 and 3.61, respectively. While these scores are slightly lower than S9, they still reflect favorable perceptions, suggesting agreement on management's development of clear methodologies for dealing with resistance to change and the adoption of a participatory approach between departments to implement plans. These results highlight the overall positive influence of organizational culture on strategy implementation.

Table 5: Distribution of Participants According to Their Opinion Related to Performance of SMEs.

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD	Rank
S10	Fr.	19	38	135	114	79	3.51	1.08	3
	%	4.9	9.9	35.1	29.6	20.5			
S11	Fr.	14	53	39	174	105	3.79	1.1	1
	%	3.6	13.8	10.1	45.2	27.3			
S12	Fr.	16	53	62	173	81	3.65	1.08	2
	%	4.2	13.8	16.1	44.9	21			
S13	Fr.	22	72	95	129	67	3.38	1.14	6
	%	5.7	18.7	24.7	33.5	17.4			
S14	Fr.	13	61	124	125	62	3.42	1.04	4
	%	3.4	15.8	32.2	32.5	16.1			
S15	Fr.	23	64	96	137	65	3.41	1.13	5
	%	6	16.6	24.9	35.6	16.9			
S16	Fr.	14	53	39	174	105	3.79	1.1	1
	%	3.6	13.8	10.1	45.2	27.3			

Table 5 presents mixed but generally positive views regarding the performance of SMEs. Items S11 and S16, with the highest means of 3.79, indicate strong agreement that the Return on Equity (ROE) and the overall trend of the company's performance have improved over the past three years. Other performance items, such as S12 (mean = 3.65) and S13 (mean = 3.38), show moderate agreement, suggesting improvements in annual sales and profits. Items S10 and S14 scored moderately (means = 3.51 and 3.42, respectively), reflecting a more neutral stance on improvements in Return on Assets (ROA) and market share. Overall, the results demonstrate a positive perception of SME performance, with higher agreement on financial growth and profitability.

Table 6: Correlation between Organizational Structure, Resource Allocation, Organizational Culture and Performance of SMEs.

		Organizational Structure	Resource Allocation	Organizational Culture	Performance of SMEs
Organizational Structure	Pearson Correlation	1	1.000**	0.675**	0.645**
	Sig. (2-tailed)		0.000	0.000	0.000
	N	385	385	385	385
Resource Allocation	Pearson Correlation	1.000**	1	0.675**	0.645**
	Sig. (2-tailed)	0.000		0.000	0.000
	N	385	385	385	385
Organizational Culture	Pearson Correlation	0.675**	0.675**	1	0.733**
	Sig. (2-tailed)	0.000	0.000		0.000
	N	385	385	385	385
Performance of SMEs	Pearson Correlation	0.645**	0.645**	0.733**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	385	385	385	385

4.3. Correlation Analysis

The correlation matrix in Table 6 reveals statistically significant relationships among the variables. A perfect correlation is observed between organizational structure and resource allocation ($r = 1.000$, $p < 0.001$), indicating that the effectiveness of resource allocation is closely tied to the design of the organizational structure. Both organizational structure and resource allocation show strong positive correlations with organizational culture ($r = 0.675$, $p < 0.001$) and SME performance ($r = 0.645$, $p < 0.001$), suggesting that improvements in structure and resource management are likely to positively influence culture and performance. Of particular note, organizational culture has the strongest correlation with SME performance ($r = 0.733$, $p < 0.001$), highlighting the pivotal role that fostering a positive organizational culture plays in enhancing overall SME performance.

4.4. Multiple Regression Analysis

A multiple regression analysis was conducted to assess the impact of organizational structure, organizational culture, and resource allocation on SME performance.

Table 7: Multiple regression test.

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	0.761 ^a	0.579	0.576	0.53424		
a. Predictors: (Constant), m3, m1						
ANOVA^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	149.641	2	74.821	262.151	0.000 ^a
	Residual	109.027	382	0.285		
	Total	258.668	384			
a. Predictors: (Constant), m3, m1						
b. Dependent Variable: Y						
Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.544	0.136		4.002	0.000
	m1	0.302	0.049	0.276	6.124	0.000
	m3	0.545	0.045	0.547	12.145	0.000
a. Dependent Variable: Y						

The regression model explains approximately 58% of the variance in SME performance ($R^2 = 0.579$), with ANOVA results ($F = 262.151$, $p < 0.001$) confirming the model's overall significance. Among the predictors, organizational culture ($\beta = 0.547$, $p < 0.001$) emerged as the most significant factor, emphasizing its critical role in enhancing performance. Additionally, resource allocation ($\beta = 0.276$, $p < 0.001$) significantly influenced performance, highlighting the importance of effective resource management.

5. DISCUSSION

This study investigates the impact of strategy implementation on SME performance, with a particular focus on organizational structure, organizational culture, and resource allocation. The findings reveal that these elements significantly influence the operational effectiveness and market competitiveness of SMEs.

In terms of organizational structure, the results showed that certain aspects were perceived positively. For instance, S1, with a mean of 3.97, indicates that certain structural elements are seen as conducive to strategic execution. However, other areas, such as S2 (mean = 2.7), suggest that misalignments within the structure may hinder effective strategy implementation. These discrepancies suggest the need for adjustments to the organizational structure to better align with strategic goals. The variability observed supports contingency theory, which argues that adaptive, decentralized structures that foster autonomy, innovation, and rapid decision-making are crucial for organizations to thrive in dynamic and competitive markets (Donaldson, 2001; Daft, 2020). Improving accountability and communication across the organization could address these structural inefficiencies and further align the structure with strategic objectives (Hill et al., 2020; Alharthy et al., 2017).

Organizational culture emerged as the most significant determinant of SME performance, with a strong positive correlation ($r = 0.733$, $p < 0.001$). This finding is consistent with the literature, which suggests that a cohesive and adaptable culture can foster innovation, collaboration, and better alignment with strategic goals (Cameron & Quinn, 2011; Schein, 2017). High scores for S9 (mean = 4.06) reflect a strong perception of cultural alignment, though the observed variability indicates that leadership intervention is needed to reinforce a culture of innovation and collaboration. Leaders must actively cultivate a culture that reduces resistance to change and ensures that employees' behaviors align with organizational strategies (Kotter, 2012; Alvesson, 2016).

Resource allocation was also found to have a significant impact on SME performance ($\beta = 0.276$, $p < 0.001$), aligning with the Resource-Based View (RBV), which emphasizes that strategically leveraging resources is essential for gaining a competitive advantage (Barney, 1991). While some aspects of resource allocation (e.g., S6, mean = 3.5) showed a general consensus, variability in other areas highlights inefficiencies that need to be addressed. Optimizing the use of financial, human, and technological resources is critical to ensuring these resources are aligned with the company's strategic priorities (Kaplan & Norton, 1996; Westerman et al., 2014).

The regression analysis also revealed that organizational culture and resource allocation collectively explain 57.9% of the variance in SME performance ($R^2 = 0.579$), underscoring their vital role in successful strategy implementation. This result aligns with prior research, which has demonstrated that effective strategy execution is strongly linked to increased innovation, market agility, and competitiveness (Rajasekar, 2014; Amobi, 2022).

The study highlights the importance of organizational structure, culture, and resource allocation in driving SME performance. Future research could explore the role of other organizational factors, such as leadership styles or external environmental influences, to further enhance our understanding of successful strategy implementation. Additionally, further investigation into the integration of these factors with other strategic

management frameworks could provide valuable insights for SME leaders seeking to improve organizational effectiveness.

6. CONCLUSION

This study explores the impact of strategy implementation—specifically focusing on organizational structure, culture, and resource allocation—on SME performance. The results highlight the critical role of organizational culture as the strongest predictor of performance, followed by resource allocation, together accounting for 57.9% of the variance in performance. These findings underscore the collective importance of these factors in driving the success of SMEs.

The study supports established theoretical frameworks, such as the Resource-Based View (RBV) and contingency theory, illustrating the dynamic relationship between strategic elements and organizational performance. The practical implications of these findings suggest that SME leaders should focus on addressing structural inefficiencies, cultivating adaptive cultures, and optimizing resource allocation to improve agility and competitiveness in dynamic market environments.

For improved performance, SME leaders should embrace flexible, decentralized organizational structures that facilitate decision-making and strategic alignment, foster cohesive and innovative cultures that are aligned with strategic objectives and allocate resources strategically to enhance operational efficiency and responsiveness to market shifts.

Additionally, policymakers and stakeholders should provide targeted training and support to help SMEs strengthen these capabilities. Future research could explore mediating factors such as leadership styles and technology adoption, offering further insights into the role of strategy implementation in SME success.

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