

Exploring the Challenges of Strategic Plan Implementation in Small and Medium Enterprises (SMEs): Evidence from Lusaka CBD

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Abstract

This study explored the challenges faced in the successful implementation of strategic plans and their impact on the sustainability of Small and Medium Enterprises (SMEs) in Lusaka's Central Business District (CBD). A total of 150 respondents were selected using a mixed-methods approach that combined stratified sampling to capture diverse SME subgroups and snowball sampling to reach hard-to-access participants. The research examined the difficulties SMEs encountered in executing their strategic plans, reasons for failure to achieve strategic goals, and the relationship between non-implementation and business performance. Key barriers identified included financial constraints, employee resistance to change, technological limitations, and organizational culture, particularly hierarchical structures that hinder creativity and adaptability. The findings highlighted that many SMEs struggled with misalignment between planning and daily operations, often exacerbated by financial constraints, poor leadership engagement, and inconsistent review processes. The study found that businesses with formalized strategic plans experienced fewer financial losses and better sustainability, while those without plans suffered from operational inefficiencies, stagnation, and missed growth opportunities. Furthermore, the research highlighted the importance of leadership commitment and employee engagement in overcoming implementation barriers. Empirical evidence from the study was consistent with global literature, validating the key challenges SMEs faced in strategic planning and providing practical recommendations for overcoming these barriers. These recommendations included enhancing access to financial resources, fostering participatory leadership, investing in employee training, and leveraging technology for operational efficiency.

Keywords: Small and Medium Enterprises (SMEs), Strategic Management, Strategic Plan Implementation, External Environment, Financial Resources, Lusaka, Central Business District.

Introduction

For any country to achieve substantial economic growth and development, it is crucial to take deliberate steps in fostering the growth of the Small and Medium Enterprises (SMEs) sector. SMEs contribute significantly to job creation, revenue generation, and the promotion of innovation and technological advancements. This sector not only serves as a foundation for entrepreneurship but also plays a vital role in driving economic diversification and reducing poverty. SMEs also contribute to enhancing a country's economic efficiency by being a breeding ground for innovations and inventions, thereby

acting as an essential reservoir for employment. Moreover, the World Bank (2020) reported that SMEs were responsible for about 90% of businesses and 70% of employment globally, further underscoring their importance in economic development (Abosede, Obasan, & Alese, 2024).

Research and statistics supported these assertions by showing the significant contributions of SMEs across different economies. In developing countries, SMEs accounted for about 90% of businesses and more than 50% of employment, with a global contribution of up to 40% of national income (GDP) in emerging economies. This highlighted the essential role SMEs played in fostering economic growth, job creation, and innovation (Acheampong, 2022).

In more developed regions like the European Union, SMEs contributed to around 50% of GDP, as well as employment, highlighting the importance of how SMEs drove key sectors of the economy. Similarly, in India, SMEs contributed around 30% of GDP and approximately 1.3 million jobs each year, playing a vital role in manufacturing, services, and export sectors. Meanwhile, South Africa's SMEs contributed approximately 50% to the country's GDP and accounted for 60% of employment, proving to be a critical part of its economic infrastructure (Adams & Kojo, 2023).

In Zambia, there was limited information regarding the business activities of the SME sector and its contribution toward national development and economic growth. This was mainly due to the following perceived costs associated with formalization, such as multiple licensing regimes, tax obligations, and registration requirements. According to the Zambia Business Survey, 80 percent of private sector businesses were operated by SMEs, out of which 90 percent were informal and provided 73 percent of the employment (Agwu, 2024). However, several sectors had a significant number of SMEs in Zambia, namely wholesale and retail trade, which was the most dominant among Zambian SMEs, with many businesses involved in the buying and selling of goods. Agriculture and agri-business SMEs were engaged in farming, food production, and agribusiness activities, contributing significantly to the country's food supply and rural development. Construction SMEs played a crucial role in Zambia's construction industry, contributing to infrastructure development, while manufacturing SMEs were involved in the production of various goods, including textiles, food products, and beverages, driving industrial growth and local production. According to Ahmad & Seet (2025), tourism and hospitality SMEs operated lodges, travel services, and other tourism-related businesses, thus contributing to the economy.

Amankwah (2023) argued that studies in the tourism sector have identified the hindering challenges for tourism SMEs' development and growth, such as lack of access to funding, lack of entrepreneurial and management skills to operate their businesses, poor location of SME operations, and stiff competition from well-established SMEs. Therefore, for SMEs in tourism to survive, they needed to adopt superior strategic management strategies, and through this adoption, it would lead to better business performance. In the manufacturing and agricultural sectors, lack of industrial funds and capacity-building, coupled with a weak

entrepreneurial culture, had been cited as among the challenges these sectors faced in Zambia.

Problem Statement

Small and Medium Enterprises (SMEs) are the backbone of Zambia's economy, making up over 80% of businesses and providing approximately 70% of employment. Despite their significant contributions, many SMEs in Zambia struggle with the effective implementation of strategic plans, a crucial element for sustaining growth and competitiveness. Strategic management has been shown to enhance organizational resource allocation, adaptability to market changes, and overall profitability (Anichebe & Chukwu, 2023).

The absence of formalized strategic plans among SMEs often led to poor resource management, limited access to financing, and insufficient managerial skills. These challenges, combined with global competition, hinder the growth and scalability of SMEs (Andrews & Bosire, 2022).

However, in Zambia, Amankwah-Amoah (2023) alluded that it was not known whether SMEs had been applying strategic management practices, as information regarding the existence of the relationship between strategic management practices and implementation in SMEs was not readily available, especially among SMEs in the sectors highlighted because despite the rapid growth of SMEs in Zambia, many businesses collapsed shortly after being set up due to strategic planning still being insubstantial in Zambia. This had been due to limited research, leading to a knowledge gap. Lastly comparisons with other countries highlighted the need for a focused investigation into exploring the unique challenges faced by SMEs in Lusaka, Zambia, which this study aimed to do by providing actionable insights to improve SME performance, reduce informality, and support economic development, thereby contributing to the literature gap. It was against this background that this research had been undertaken by delving into the multifaceted challenges that SMEs companies encountered in the implementation of strategic management plans in Zambia's Lusaka (CBD). Understanding how strategic management was being implemented by Zambian SMEs was vital to enhancing their performance and long-term sustainability (Ansoff, 2024).

Recent studies have shown that over 70% of SMEs in Lusaka's Central Business District (CBD) fail within the first few years of operation, largely due to financial constraints, weak leadership commitment, employee resistance to change, and limited adoption of technology (Ministry of Small and Medium Enterprise Development, 2023). Reports from government and industries further highlight that failure rates are particularly high in the retail and service sectors, where more than three-quarters of SMEs struggle to survive beyond the start-up stage (Central Statistical Office Zambia, 2025). This persistent failure not only limits the contribution of SMEs to Zambia's socio-economic development but also raises concerns about the effectiveness of strategic planning processes within these enterprises (Kaombe et al, 2025). While strategic planning is widely recognized as a critical driver of business performance, there is limited empirical research in the Zambian context

that examines why SMEs fail to implement these plans successfully and how such failures affect sustainability. This gap necessitates a systematic investigation into the barriers to strategic plan implementation among SMEs in Lusaka’s CBD, with the aim of generating evidence-based recommendations to enhance their resilience and performance (Aragon-Sanchez & Sanchez-Marin, 2025).

Research Objectives

- i. To analyse the challenges SMEs face in the successful implementation of strategic plans.
- ii. To assess why SMEs failed to meet the goals of their strategic plans.
- iii. To examine the consequences of failing to implement strategic plans on the sustainability of SMEs in Lusaka’s Central Business District (CBD).

Conceptual Framework

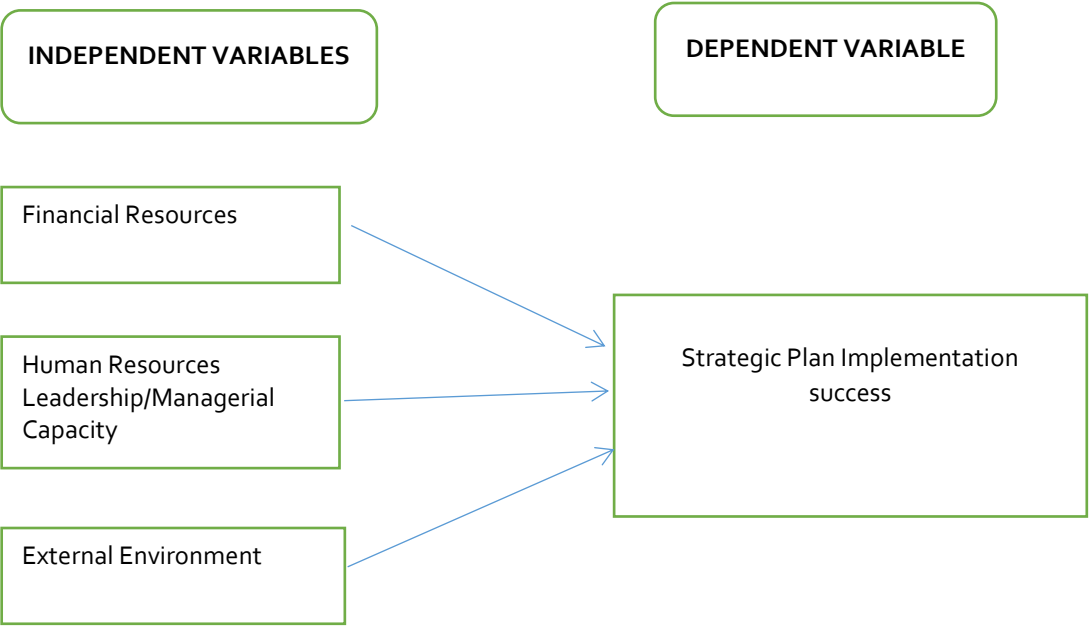


Figure 1. The independent variables (financial resources, human resources, external environment) represented the challenges or factors that could influence the implementation success. Arrows indicated the direct influence of each independent variable on the dependent variable, showing that each factor contributed to the overall effectiveness of strategic plan implementation.

Literature Review

Strategic planning is widely regarded as a vital process for SMEs, providing a framework for setting long-term objectives, aligning resources, and adapting to dynamic environments.

Scholars consistently highlight its role in enabling competitiveness and organizational focus (Asian Development Bank, 2023). However, while much of the literature emphasizes its theoretical advantages, there is less consensus on its practical applicability in resource-constrained contexts. For instance, although strategic planning can improve resilience, its impact is often undermined by structural barriers within SMEs, suggesting that the benefits assumed in larger corporations cannot be directly transferred to smaller firms without adaptation.

A recurring theme in the literature is the financial vulnerability of SMEs. Access to credit and capital has been identified as a primary determinant of successful strategy execution (Ayyagari & Demirguc-Kunt, 2025). It must be noted that the evidence is mixed: while some studies argue that microfinance and public-private partnerships provide meaningful alternatives, others contend these mechanisms remain insufficient, particularly in African contexts where institutional frameworks are weak. This contrast points to a deeper issue: the over-emphasis on availability of finance, rather than the effective use of funds and financial literacy of SME owners. Thus, financial constraints cannot be seen in isolation; they interact with managerial capacity and governance practices in shaping outcomes.

Equally contested are the roles of leadership and human resource capacity. While prior research underlines the importance of visionary leadership and participatory organizational cultures in enhancing strategic plan implementation (Bakar, Tufail, Tufail, & Virgiyanti, 2024), other studies According to Beck & Demirguc-Kunt (2024), caution that SMEs often rely heavily on owner-managers who lack formal strategic training. This raises the question of whether leadership deficiencies are a cause or a symptom of broader systemic weaknesses, such as inadequate training institutions, high employee turnover, or informal organizational structures. The literature converges on the notion that employee buy-in is critical but diverges on how SMEs can realistically cultivate such alignment given their limited resources.

According to Bryson (2023), external forces including market volatility, technological disruptions, and regulatory pressures are also cited as significant barriers. However, existing studies often analyze these factors in isolation rather than exploring their interdependence. For example, technology adoption is frequently constrained not only by high costs but also by regulatory uncertainty and limited market intelligence, creating a reinforcing cycle of underperformance. Moreover, while some scholars highlight the potential of digital tools to democratize competitiveness for SMEs, others caution that without parallel investments in skills and infrastructure, technology risks widening rather than closing the performance gap (Wiid, (2022).

Critically, a notable gap in the literature is the limited exploration of the consequences of non-implementation of strategic plans. While the barriers to planning and execution are well-documented, fewer studies assess how failure to follow through affects sustainability, innovation, and long-term growth. David, F. R. (2022) alluded that most existing work also treats strategic planning as a static event, rather than an iterative process that adapts to volatile environments—a point with which this study concurs. This oversight risks

underestimating the compounding effects of poor execution on business survival. Addressing this gap is especially important in Zambia, where SMEs form the backbone of the economy but face barriers that extend beyond financial constraints (Central Statistical Office Zambia, 2025). Dabrowski & Jablonski (2024), argued that the high tax regulatory environment, the rising cost of doing business, and institutional inefficiencies contribute to the high rate of failure in translating plans into practice, challenges less pronounced in many developed economies. According to Chanda & Banda (2021), by situating these context-specific realities at the centre of analysis, this study seeks to generate evidence-based recommendations for bridging the gap between planning and implementation.

Methodology

The approach used in this study combined both practical and theoretical understanding to examine the challenges that SMEs face in implementing strategic management plans in Lusaka Central Business District (CBD). This research applied a mixed method approach where both numbers and real experiences from the field were used. The aim was to connect what is happening in real business environments with the strategic management theories that exist. The research looked at facts from the ground while also considering the principles of planning, business leadership, and organizational development (Creswell & Plano Clark, 2023).

This study used a research philosophy called pragmatism. Pragmatism was the philosophical foundation that focused on mixed methods research. Fatoki (2023), alluded that the pragmatism emphasizes practical outcomes, allowing the use of various methods to understand and address research questions in the most effective way possible thus utilizing both qualitative and quantitative methods. For the qualitative part, interviews were conducted with SME owners, managers and employees to understand their challenges in detail. For the quantitative part, surveys were given to a larger group of SMEs to measure how common the challenges were. Both methods were used at the same time and then compared to provide a full picture of the problem (Eze & Ogundele, 2022).

The study area was Lusaka's Central Business District, chosen because it has a high number of registered SMEs in different sectors like retail, agriculture, construction, and services. The population for the research included SMEs from these sectors. For the survey, stratified sampling was used after grouping the companies into industries, while snowball sampling was used to identify SME owners and managers for interviews. The total number of participants was 110, including 95 survey respondents and 15 interviewees. The sample size was guided by the idea that once no new information is coming in, data collection can stop (Dwikat, Arshad & Mohd Shariff, 2022).

Data was collected using structured questionnaires for the survey and semi-structured interview guides for the interviews. For analysis, the study used descriptive statistics like averages and percentages for the quantitative part. For the interviews, thematic analysis was used to identify key ideas and repeated challenges shared by the participants. All data

was handled with honesty and confidentiality as supported by Creswell (2022). Informed consent was obtained from all respondents, and ethical approval was received from the university's research committee to ensure all standards were followed.

Validity and Reliability Test

To ensure the reliability and validity of the study findings, a statistical formula was used to determine an appropriate sample size. Given the population of 10,566 registered SMEs companies, a 90% confidence level and a 10% margin of error, the required sample size was calculated using the standard formula (Creswell, 2022).

$$n = E^2 Z^2 \cdot p \cdot (1-p)$$

Where:

- Z = Z-score (1.645 for 90% confidence)
- p = estimated proportion (0.5 used to maximize variability)
- E = margin of error (0.10)

$$n = (0.10)^2 (1.645)^2 \times 0.5 \times (1 - 0.5)$$

$$n = 2.70625 \times 0.25 / 0.01$$

$$n \approx 67.65625$$

$$n = 68$$

Thus, the minimum required sample size was approximately 68 participants.

In this study, a total of 150 respondents were sampled, comprising:

- 20 in-depth interviews (qualitative phase)
- 130 structured questionnaire responses (quantitative phase)

This exceeds the minimum required sample size, thereby enhancing the statistical power of the study. The use of both qualitative and quantitative methods (mixed methods) further strengthens the validity by capturing diverse perspectives and triangulating findings (Creswell, 2022).

Results and Discussion

The table below illustrates the demographic profile of 150 respondents, with 58% male and 42% female respondents. Most were aged 26–35 (27.3%), followed by 36–45 (26.7%), and 18–25 (24%), indicating a youthful respondent base. SMEs operated in construction (32%), manufacturing (26.7%), tourism, and agriculture (each at 20.7%). The majority were in their first five years of operation, with 28% aged 1–5 years and 27.3% less than one year old.

In terms of size, 26.7% employed 6–20 workers, while 22% had 51–100 employees, reflecting small to medium-sized enterprises. Education levels varied: 22.7% held diplomas/certificates, 21.3% had secondary education, and 20.7% held bachelor's degrees. Notably, 16.7% had no formal education, highlighting inclusivity in entrepreneurial participation regardless of formal educational attainment.

Table 1. Demographic profile of respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	87	58.0
	Female	63	42.0
Age Group	26-35	41	27.3
	36-45	40	26.7
	18-25	36	24.0
	46 and above	33	22.0
Nature of Business	Construction	48	32.0
	Manufacturing	40	26.7
	Tourism	31	20.7
	Agriculture	31	20.7
Business Age	1-5 years	42	28.0
	<1 year	41	27.3
	6-10 years	37	24.7
	>10 years	30	20.0
Employee Count	6-20	40	26.7
	51-100	33	22.0
	1-5	31	20.7
	Diploma/Certificate	34	22.7
Education Level	Secondary	32	21.3
	Bachelor's	31	20.7
	Postgraduate	28	18.7
	No formal education	25	16.7

Challenges SMEs Face in Implementing Strategic Plans

Small and Medium Enterprises (SMEs) in Lusaka CBD encounter a range of challenges that hinder the successful implementation of their strategic plans. The analysis indicates that financial constraints are the most significant barrier, followed by a lack of skilled workforce and stiff market competition. The figure below illustrates the proportion of respondents who identified each of these challenges.

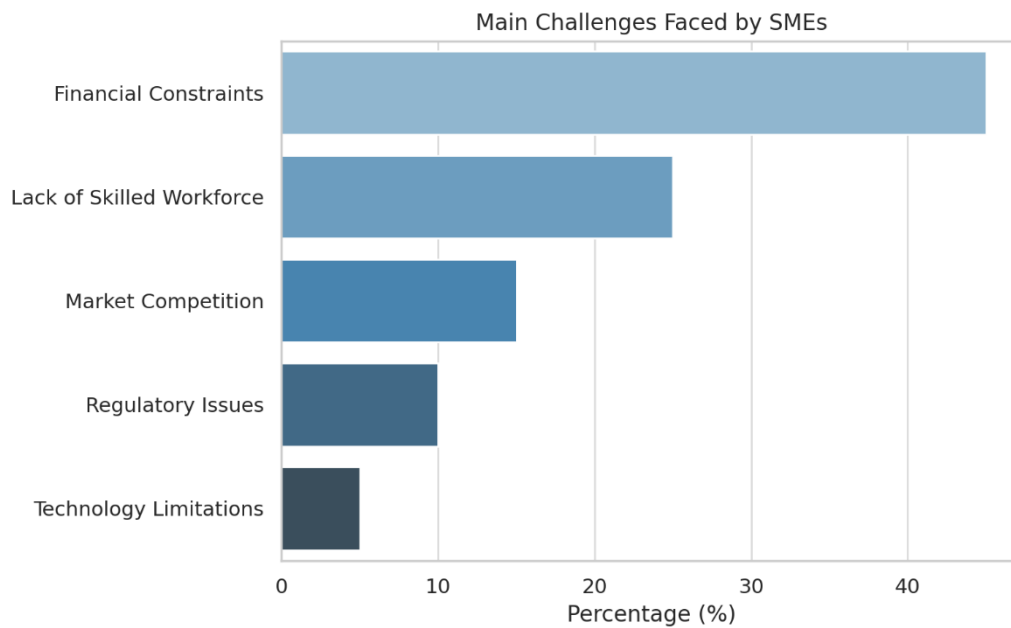


Figure 1: Financial constraints, lack of skilled workforce, and market competition are leading obstacles

The chart demonstrates that financial limitations remain the most cited challenge, reflecting the widespread difficulty SMEs experience in accessing credit and investment. This insufficiency of capital often limits SMEs' ability to hire skilled staff, invest in modern technologies, and expand their operations. A substantial number of respondents also mentioned the lack of skilled personnel, which compounds operational inefficiencies and delays in executing strategic activities. Market competition, particularly from larger and more established firms, further complicates survival and growth prospects for SMEs in the area.

Impact of Financial Constraints on Strategic Planning

The financial constraints experienced by SMEs not only emerge as the most reported challenge but also significantly impact their ability to execute strategic initiatives. The severity of this impact was measured using a five-point scale, with 1 indicating low impact and 5 representing high impact. The following diagram presents the respondents' assessment.

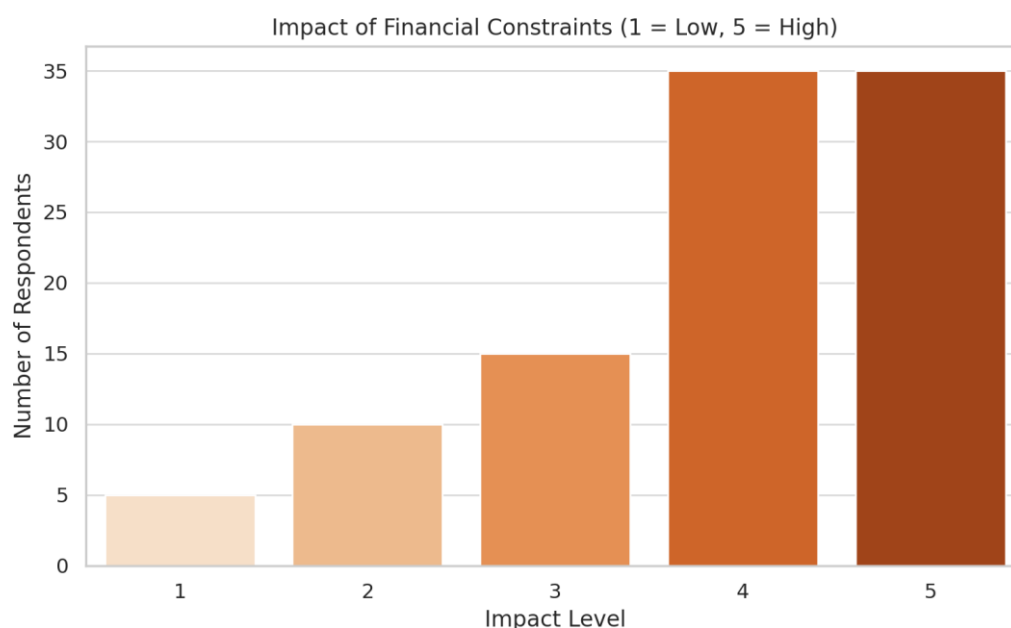


Figure 4: A large portion of respondents rate the impact of financial constraints as high

A majority of the participants rated the impact as high (levels 4 and 5), affirming that financial limitations are not merely obstacles but critical determinants of strategic outcomes. Many SMEs are unable to implement even well-designed plans due to lack of funds. The chart reflects the urgent need for financial mechanisms and external funding support that are responsive to the needs of local SMEs. Without such support, strategic objectives remain unattainable and sustainability becomes compromised.

Why SMEs Fail to Attain Strategic Goals

Despite having strategic plans in place, many SMEs fail to meet their intended objectives. A variety of factors contribute to these failures, including poor financial management, inadequate resource allocation, and insufficient leadership engagement. These challenges are illustrated in the figure below.

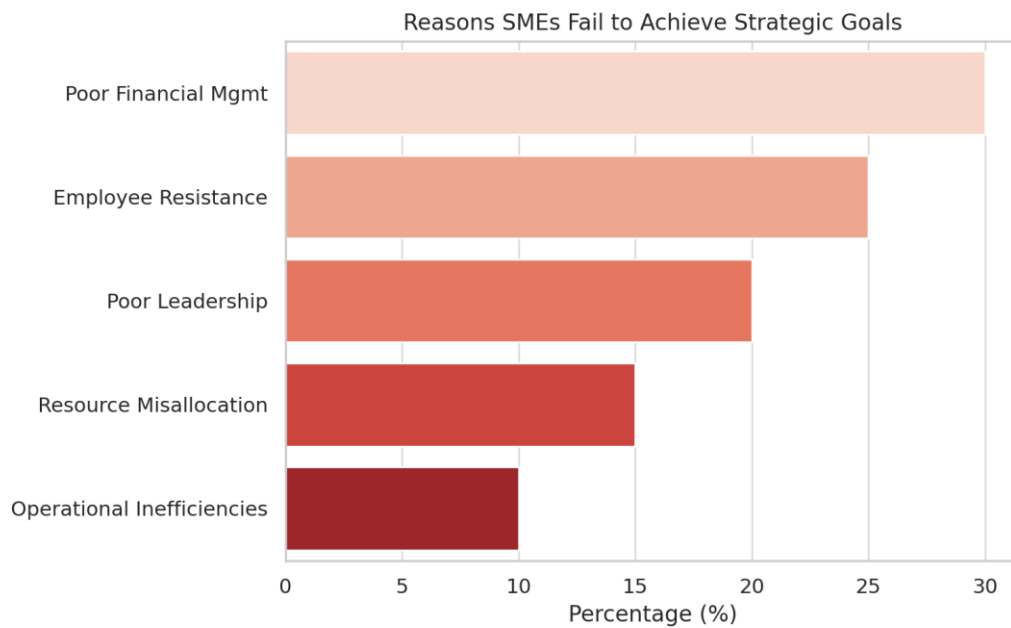


Figure 5: Poor financial management and leadership are leading contributors of failure to achieve goals.

The bar chart identifies financial mismanagement and poor leadership as key reasons why SMEs fail to achieve strategic alignment. The data suggests that businesses that lack structured monitoring processes and inclusive leadership approaches are more likely to face repeated setbacks. Furthermore, recurring operational failures suggest that SMEs need continuous support mechanisms to overcome internal inefficiencies. A strong correlation between proactive leadership and successful strategy execution was also observed, highlighting the importance of managerial competence.

Thematic Analysis

a) Challenges Faced in the Implementation of Strategic Plans

The study revealed that a majority of SMEs (80%) face significant challenges in implementing their strategic plans, with financial constraints emerging as the most critical barrier, affecting nearly half of the respondents. This issue was further reinforced by qualitative responses, which emphasized difficulties in accessing adequate funding. In addition to financial barriers, employee resistance to change posed a substantial challenge, particularly in organizations where staff were not actively involved in the planning process. Technological limitations also hindered implementation efforts, with SMEs struggling to modernize due to outdated systems and a lack of digital skills. These challenges collectively highlight the need for better financial support, enhanced employee engagement, and investment in technology to strengthen strategic plan execution among SMEs.

b) Reasons for Failure to Achieve Strategic Plan Goals

Quantitative findings showed that 60% of SMEs failed to achieve their strategic goals due to a disconnect between planning and day-to-day operations, while 40% pointed to poor leadership engagement as a contributing factor. The qualitative data supported these findings, with respondents highlighting rushed or inconsistent review processes and rigid organizational structures that limited creativity and slowed decision-making. These issues reflect the broader influence of organizational culture on strategic success. Hierarchical cultures were found to hinder flexibility and innovation, whereas participatory environments encouraged employee involvement and better alignment between strategy and operations. This highlights the need for SMEs to adopt inclusive leadership styles and ensure consistent planning practices to improve goal attainment.

c) Consequences of failing to implement Strategic Plans on the sustainability of SMEs

Regression analysis revealed a strong link between having a strategic plan and improved business sustainability, with SMEs that had strategic plans experiencing greater financial stability and fewer losses. Only 30% of these SMEs reported financial losses compared to 60% of those without plans, indicating that strategic planning contributes significantly to business resilience. Qualitative insights further emphasized the consequences of failing to implement strategic plans, including missed growth opportunities, financial stagnation, and reduced market adaptability. Additionally, leadership commitment was found to play a crucial role in aligning teams with strategic objectives and enhancing financial performance, with proactive and transparent leaders motivating employees to support plan execution effectively.

d) Recommendations for Improvement

The study discovered that a majority of SMEs in Lusaka's Central Business District struggle significantly with implementing their strategic plans. Financial constraints were the most pressing challenge, affecting nearly half of the respondents. These financial limitations often resulted in fragmented efforts and missed business opportunities. Additional barriers included employee resistance to change and technological shortcomings, which further complicated the execution of strategic initiatives. These challenges collectively reveal a complex environment where resource limitations, organizational inertia, and outdated systems hinder the effective rollout of strategic plans.

A key issue identified was the misalignment between strategic plans and daily operations, cited by 60% of SMEs. Poor leadership engagement also played a major role, with 40% of businesses acknowledging it as a significant obstacle. Many SMEs failed to regularly review or adapt their strategies due to time pressures or rigid hierarchical structures. These cultural and operational misalignments often suppressed creativity and slowed decision-making. The findings suggest that SMEs need to adopt more inclusive leadership approaches and

encourage participatory cultures to ensure that strategic plans are not only well-designed but also executable.

The study revealed a direct link between strategic plan implementation and financial performance. SMEs that actively implemented their plans reported fewer financial losses, while those that did not were more likely to experience stagnation and reduced adaptability. Non-implementation often led to inefficiencies, missed market opportunities, and slow responses to external changes. These outcomes illustrate how failure to execute strategic plans can erode a business's competitive edge, especially in dynamic or resource-constrained environments like Lusaka CBD.

Beyond financial and operational factors, the research emphasized the importance of organizational culture in shaping strategic outcomes. Hierarchical and rigid structures within many SMEs created an environment resistant to change, slowing down execution and reducing employee involvement. Companies with participatory cultures were better positioned to adapt and implement strategies effectively. This perspective provides new insight into the execution gap by showing how cultural factors—such as communication flow and leadership style—can either support or hinder the realization of strategic goals.

The findings also offer practical strategies for overcoming these challenges. Financial support and employee training were commonly cited as key enablers of successful implementation. Leadership transparency and team engagement were emphasized as essential to driving alignment and motivation. By investing in staff development and seeking external funding, SMEs can build the capacity needed to overcome internal and external obstacles. These actionable recommendations serve as a roadmap for SME owners, policymakers, and support organizations aiming to enhance business sustainability through effective strategic planning and implementation.

e) Beyond the Numbers: Situating Findings within Contemporary SME Research

The findings of this study align with much of the post-2018 literature on SMEs but also extend current debates by revealing how barriers interact in practice. Consistent with Dabrowski and Jablonski (2019) and Adams and Kojo (2020), financial constraints emerged as the most significant obstacle to implementing strategic plans. This reflects the global consensus that credit and working capital are the lifeblood of SME sustainability. Similarly, the role of leadership and workforce capacity observed in Lusaka echoes Chanda and Banda (2021), who emphasized managerial competence and delegation as critical for execution. The influence of technology adoption resonates with Andrews and Bosire (2021), yet this study contributes by highlighting how finance, leadership, and technology are not isolated factors but intertwined, with shortages in one dimension amplifying weaknesses in the others. In this way, the study moves beyond replication of prior findings to offer a more integrative understanding of the implementation gap.

f) When Consensus Meets Contradiction: Agreements, Tensions, and the Lusaka Lens

The data broadly reinforce earlier evidence that finance, leadership, and culture drive success in strategy implementation, but they also expose tensions with existing scholarship. For instance, while Adams and Kojo (2020) present microfinance and public-private partnerships as credible solutions to SME financing gaps, the Lusaka evidence shows that these instruments remain poorly aligned with the realities of small firms operating in the CBD. Entrepreneurs still face stringent collateral requirements and rigid repayment schedules, leaving capital shortages unresolved. Similarly, although Andrews and Bosire (2021) suggested that digital tools can quickly level the playing field, respondents in Lusaka revealed that limited digital literacy and reliance on outdated systems hinder adoption. These contradictions highlight the importance of context. Three local factors stand out: intense competition from established CBD firms that compress margins, administrative burdens that consume managerial attention (ADB, 2019), and a workforce where many owners lack formal strategic training (Chanda & Banda, 2021). Together, these conditions suggest that solutions celebrated in the literature may not automatically succeed unless adapted to Lusaka's institutional and market environment.

g) From Insight to Action: Reimagining Policy and Practice for SMEs

The study's findings carry clear policy and practical implications that extend beyond the immediate challenges faced by SMEs. At the policy level, the evidence underscores the need for financing models designed for early-stage and small enterprises, with cash-flow-based underwriting and flexible grace periods rather than rigid collateral requirements. Equally important is the promotion of managerial and digital skills training, delivered through local business associations and chambers, and linked to financial support to ensure capacity and capital grow together. Regulatory agencies should also simplify procedures by adopting single-window digital platforms that reduce compliance time and allow owners to focus on execution (Eze & Ogundele, 2019). For practice, SMEs must focus on translating strategic plans into quarterly action cycles with clear responsibilities and low-cost early wins, building a culture of review and adjustment. Investing in small-scale but high-impact digital tools such as basic accounting or inventory systems coupled with staff cross-training and participatory leadership can help overcome resistance and misalignment. In this way, both policy interventions and firm-level practices can converge to close the planning and execution gap and enhance SME sustainability in Lusaka's dynamic business environment.

Conclusion

a) Strategic Plan Implementation Challenges among SMEs

This study explored the major obstacles that SMEs in Lusaka's Central Business District face when implementing strategic plans. Financial constraints emerged as the most significant challenge, limiting access to credit and stalling investment in operations. Other barriers

included employee resistance to change, weak leadership engagement, and organizational cultures that discourage participation and innovation. Many SMEs reported difficulties aligning strategic plans with day-to-day operations, resulting in delays and inefficiencies. A lack of inclusive leadership further weakened employee commitment and disrupted the smooth rollout of strategies. These challenges highlight the need for capacity building, better access to funding, and leadership training to foster environments where strategic planning can be effectively executed.

b) Impact of Strategic Plan Implementation on SME Sustainability

The study equally found a clear relationship between effective strategic plan implementation and the financial sustainability of SMEs. Businesses that developed and actively followed strategic plans reported fewer financial losses, better adaptability to market changes, and improved operational efficiency. In contrast, SMEs without strategic plans experienced stagnation, reduced competitiveness, and missed opportunities for growth. Leadership commitment was identified as a key factor in successful execution, with proactive leaders helping to align teams with strategic goals. These findings suggest that the sustainability of SMEs can be significantly improved through consistent plan execution, inclusive leadership practices, and organizational cultures that support innovation and long-term thinking.

Limitations and Pathways for Future Inquiry

Like any research, this study carries certain limitations that should be acknowledged when interpreting the findings. First, the focus was limited to Small and Medium Enterprises (SMEs) within Lusaka's Central Business District, which may constrain the generalizability of the results to other regions of Zambia where market conditions, institutional support, and competitive dynamics differ. Second, while the use of a mixed-methods approach and a sample of 150 respondents enhanced validity, the relatively modest sample size restricts the ability to capture the full diversity of SME experiences across industries and geographical contexts. Third, the cross-sectional design of the study provided valuable insights at a single point in time but did not account for how strategic planning challenges evolve in response to changing economic conditions or business growth cycles.

Future research can build on these limitations in several ways. Longitudinal studies would be especially valuable to track how SMEs' ability to implement strategic plans changes over time and in response to shifting market or policy environments. Comparative studies across different sectors such as manufacturing, retail, and services could also reveal whether implementation barriers are universal or industry-specific. Expanding the scope beyond Lusaka to include rural and peri-urban SMEs would provide a more comprehensive national picture. Finally, further research might explore the role of emerging technologies, such as mobile banking or AI-driven management tools, in shaping the future of strategic planning among SMEs in developing economies.

Recommendations

a) *Enhance Access to Financial Resources*

Policymakers and financial institutions should develop tailored financial products to support SME strategic planning and execution. Low-interest loans, grants, and subsidies can help SMEs overcome financial barriers and invest in growth-oriented initiatives. Partnerships between government agencies and private investors could also provide the much needed financial support to SMEs.

b) *Promote Participatory and Adaptive Organizational Cultures*

SMEs must shift away from rigid hierarchical structures and adopt more inclusive, team-based cultures that encourage employee input, creativity, and ownership of strategic goals. This fosters effective alignment between strategy and execution.

c) *Capacity Building and Training*

Ongoing training in strategic management, change management, and leadership should be offered to both SME managers and employees to improve implementation capabilities and reduce resistance to change.

d) *Policy Support and Regulatory Alignment*

Policymakers should formulate supportive policies that incentivize strategic planning among SMEs, including tax benefits or business certification schemes for firms with documented and monitored strategic plans.

e) *Building Organizational Capacity*

SME owners should prioritize employee training and development to reduce resistance to change and enhance the implementation of strategic plans. Training programs focused on strategic thinking, technological skills, and change management can empower employees to align with organizational goals. Additionally, fostering a participatory culture where employees are involved in decision-making can improve buy-in and reduce implementation gaps.

f) *Leveraging Technology*

SMEs should adopt cost-effective technological solutions to streamline operations and improve efficiency. Governments and development partners can support SMEs by providing access to affordable digital tools and platforms. Technology hubs and incubators can also play a role in helping SMEs adopt innovative practices and remain competitive.

g) *Creating Supportive Policy Frameworks*

The government should establish supportive policy frameworks to create an enabling environment for SMEs. This includes reducing bureaucratic hurdles, improving

infrastructure, and facilitating access to markets. Public-private partnerships can further enhance SME sustainability by addressing systemic challenges and fostering innovation.

h) Encouraging Research and Development

Continuous research into SME challenges and best practices should be encouraged to provide data-driven insights for policy formulation and business strategies. Academic institutions and research organizations can collaborate with SMEs to identify emerging trends and solutions tailored to the unique needs of the sector.

i) Monitoring and Evaluation of Strategic Plans

SMEs should adopt robust monitoring and evaluation systems to track the progress of their strategic plans. Regular reviews can help identify bottlenecks early and enable businesses to adapt to changing market conditions. Tools such as key performance indicators (KPIs) can assist in providing actionable insights for continuous improvement.

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