

**UNIVERSITY OF VAASA
FACULTY OF BUSINESS STUDIES
SCHOOL OF MANAGEMENT**

Nikolas Niinikoski

Strategy in Manufacturing SMEs: CEOs' Perceptions and Practices

Master's Thesis in
Strategic Business Development

VAASA YEAR 2025

LIST OF FIGURES.....	4
ABSTRACT	6
1. INTRODUCTION	8
1.1. <i>Motivation for the study</i>	8
1.2. <i>Research gap</i>	9
1.3. <i>Research problem and theoretical contribution</i>	10
1.4. <i>Thesis structure</i>	11
2. LITERATURE REVIEW	13
2.1. <i>Evolution of Strategic Management (1950s – present)</i>	13
2.1.1. <i>Cognitive Turn and Process Thinking (1970ss-1990s)</i>	14
2.1.2. <i>From Strategy Process to Strategy-as-Practice (2000s-present)</i>	16
2.2. <i>Manufacturing strategy from 1969 to 2022</i>	18
2.3. <i>Strategy tools</i>	21
2.4. <i>Characteristics and definitions of SMEs</i>	24
2.5. <i>Strategic challenges of SMEs</i>	26
2.6. <i>Critical success factors of SMEs</i>	31
2.7. <i>Synthesis of theme 1 and theme 2</i>	34
3. METHODOLOGY	36
3.1. <i>Research strategy and method</i>	36
3.2. <i>Case selection</i>	36
3.3. <i>Data collection</i>	37
3.4. <i>Data analysis and trustworthiness</i>	39
3.5. <i>Ethical considerations</i>	40
4. FINDINGS.....	41
4.1. <i>Strategy knowledge</i>	42
4.2. <i>Company’s success through strategic lens</i>	45
4.3. <i>Hurdles to Achieving Long-Term Success</i>	49
4.4. <i>Strategy work in SMEs</i>	52
5. DISCUSSION	56
5.1. <i>Theoretical implications</i>	56

5.2.	<i>Managerial implications</i>	59
5.3.	<i>Suggestions for future research</i>	60
5.4.	<i>Limitations</i>	61
5.5.	<i>Closing reflections</i>	61
REFERENCES		63
APPENDICES		75
	<i>Appendix1. Interview structure</i>	75

LIST OF FIGURES

Figure 1 Research gap justification	6
Figure 2 Thesis structure	12
Figure 3 Conclusion on history of strategic management	18
Figure 4 Conclusion of manufacturing strategy 1969-2022.....	20
Figure 5 Conclusion on strategy tool groups and key examples	24
Figure 6 Definition of different sizes companies	25
Figure 7 Conclusion on key strategic challenges in SMEs	31
Figure 8 Studies on critical success factors of SMEs based on Gumel & Bardai study (2023)	32
Figure 9 Strategic framework for this study.....	35
Figure 10 Overview of interviewed CEOs, including company size, role, and duration of the interview	38
Figure 11 Thematic map of emerged themes	41
Figure 12 Themes emerged from interview on company success.....	49
Figure 13 Set of strategic tools.....	55

UNIVERSITY OF VAASA**Faculty of business studies**

Author:	Nikolas Niinikoski
Topic of Thesis:	Strategic Management in SMEs
Name of supervisor:	Marko Kohtamäki
Degree:	Master's Degree in Business studies
Department:	Department of Management
Major Subject:	Strategic Business Development
Year of Entering the University:	2020
Year of Completing the Master's Thesis:	2025
Pages:	79

ABSTRACT

This master's thesis explores the perceptions of CEOs regarding strategy and strategy work within the context of Finnish manufacturing SMEs. The objective for the study was to understand the level of CEOs' perception of strategy in comparison to the academic literature. The empirical part of the research is based on thematic interviews with 13 CEOs of Finnish manufacturing SMEs, who shared their experiences and views on strategy.

The literature review examines the evolution of strategic management and manufacturing strategy from 1950 to present, introduces relevant strategy tools, and explores the characteristics, success factors, and strategic challenges to SMEs. The Literature review ends with the strategic framework, synthesizing the key themes. It illustrates how SME-specific factors and strategic dimensions shape CEOs' perceptions of strategy.

The findings show that the CEOs' understanding of strategy does not correspond to the theoretical foundations and models of contemporary strategic research but rather appears to remain anchored in the 1980s thinking. With regard to long-term SME success, customer orientation, financial stability and human capital emerged as key success factors from the interviews. The challenges identified included limited resources, external uncertainties and to some extent CEOs' time management.

The study provides new information on the actual level of strategy work in manufacturing SMEs and concrete development suggestions for CEOs to strengthen strategic thinking.

KEYWORDS: Strategy, Manufacturing SMEs, Strategy tools

1. INTRODUCTION

1.1. Motivation for the study

In today's uncertain and dynamic world, strategy plays an increasingly critical role in ensuring long-term success of companies. It defines purpose, guides operations, and helps to identify internal strengths and external opportunities (Kamensky, 2015, p.23). Company's success cannot be achieved through day-to-day operations alone. Instead, organizations must have a clear direction toward which it is heading. Strategy is considered a critical factor for a company's success, therefore companies pursue strategies to achieve a competitive advantage (Gumel & Bardai, 2023; Kazemi et al., 2024). The strategic management literature suggests that two widely recognized approaches to gaining a competitive advantage are pursuing cost efficiency and offering unique value through differentiation (Abdulwase et al., 2021).

Strategic management has been a central area of research in business economics for many decades. In addition to traditional theoretical contributions, recent literature has emphasized the practical role of strategy (Kohtamäki et al., 2022). Strategic management helps to achieve competitive advantage, focuses on long-term planning and helps respond to rapidly changing markets (Dwikat, 2022). Even though the development of strategy theories has been comprehensive and diverse, their application to small and medium-sized enterprises has received relatively little attention (Dwikat et al., 2022).

The topic is especially important because small and medium-sized enterprises are major drivers of economic growth, creating numerous jobs, bringing diversity and competition to the market (Wijayanti & Fahleti, 2021). Additionally, SMEs are crucial for local economic development, fostering innovation and strengthening societal resilience (Conz et al., 2017; Gherghina et al., 2020). Small and medium-sized enterprises, especially in manufacturing, operate with limited resources, which makes strategic planning even more critical (Dwikat et al., 2022).

Although the importance of strategy is widely recognized in research (Gavurova et al., 2020), it is less explored how strategic thinking and strategic planning are executed in SMEs. In small and medium-sized enterprises the role of the CEO is emphasized due to the limited hierarchy and resources. Therefore, the interest towards this study emerges from a need to better understand how strategic thinking, planning and practices are perceived in small and medium-sized manufacturing enterprises, particularly from through the lens of CEOs.

1.2. Research gap

Studies have shown that strategic planning is one of the critical success factors for corporations (Gumel & Bardai, 2023; Kazemi et al., 2024). A lack of effort in strategic work leads to intuitive decision-making (Wang et al., 2007). As a result, planning becomes short-term oriented, making companies struggle with growth due to focus on surviving and daily operations (Senderovitz, 2009; Urbonavicius 2005). In addition, large corporations have typically dedicated strategic teams for strategic planning, but SMEs fail to excel in strategy work due to lack of expertise and limited resources (Hristova & Bundaleska, 2019). Furthermore, strategy tools are considered to support strategy formulation and strategy work (Jarzabkowski & Kaplan, 2015), but their utilization in SMEs is often limited.

Despite the theory, CEOs' perceptions of strategy work remain underexplored in manufacturing SMEs. This study aims to explore the level of strategy work in Finnish manufacturing small and medium-sized enterprises. Gavurova et al. (2020) emphasized the need to better understand managers' perceptions of strategic management, especially in small and medium-sized enterprises. Also, Clifton et al. (2020) suggest conducting similar research across different countries to enable comparison of different economic environments and SME landscapes. These suggestions highlight a clear research gap concerning how CEOs in Finnish manufacturing SMEs perceive strategy.

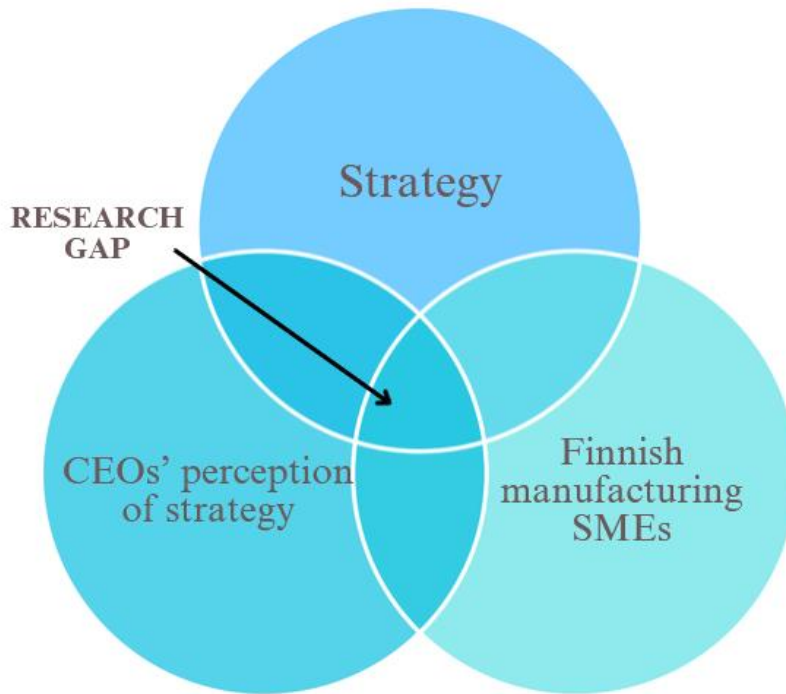


Figure 1 Research gap justification

1.3. Research problem and theoretical contribution

Previous studies (Gavurova et al., 2020; Clifton et al., 2020) have clearly highlighted the need to examine managers' perceptions of strategy in different regional contexts. This study addresses the calls for further research identified in previous studies. The study aims to fulfill the research gap by exploring how CEOs in manufacturing SMEs perceive strategy, its importance and how strategy work is implemented within their organizations. The main research question forms the foundation of the study:

What common themes emerge in how CEOs of manufacturing SMEs perceive strategy?

In order to provide a clear focus for the study and guide the investigation, the following research objectives are defined:

1. To describe the concept of strategy research and examine how do CEOs define strategy.
2. To present strategy tools and frameworks and examine their usage and familiarity in the strategy creation process.
3. To explain the characteristics, success factors and challenges of SMEs, and to examine how the specific traits of manufacturing SMEs shape CEOs' perception of strategy.
4. To identify common themes across the case companies.

By answering all the questions, the study provides a theoretical and empirical contribution to existing literature. It enriches the field of SME research and enhances our understanding of strategic practices in this context. In addition, the study shows the actual level of strategy work in Finnish manufacturing SMEs and how the strategy is perceived by CEOs. For CEOs, this study offers practical insights, introduces accessible strategy tools to support strategy work, and highlights common strategic hurdles and success factors. The primary aim of the study is to raise awareness of the importance of strategic thinking among CEOs in Finnish manufacturing SMEs. Strategy should not be viewed merely as a numerical budgeting tool but should provoke thoughts on how the company could achieve a competitive edge over competitors.

1.4. Thesis structure

The thesis has been divided into five main chapters. The introduction presents the context for this study. The literature review begins by reviewing strategy management from 1950s to the present. It then continues with an in-depth examination of manufacturing strategies during the same period. After a comprehensive strategy review, various strategy tools are presented and discussed. Together, these three subject areas form the first theme. The second theme begins with definitions and characteristics of SMEs and continues with an exploration of their critical success factors. Next, the challenges faced by SMEs are discussed. The literature

review concludes with a synthesis of the two themes, creating a framework for this study. This strategic framework illustrates how CEOs' perceptions of strategy are shaped and what factors contribute to that perception.

After the literature review, research methods are presented. The section covers case selection, data collection and analysis methods, trustworthiness and ethical considerations. The fourth chapter presents the research results from the interviews. The findings explore CEOs' views on strategy and strategic practices. The fifth and final chapter discusses the results in relation with theory and outlines theoretical and managerial implications of the study. In addition, future research and limitations are discussed.

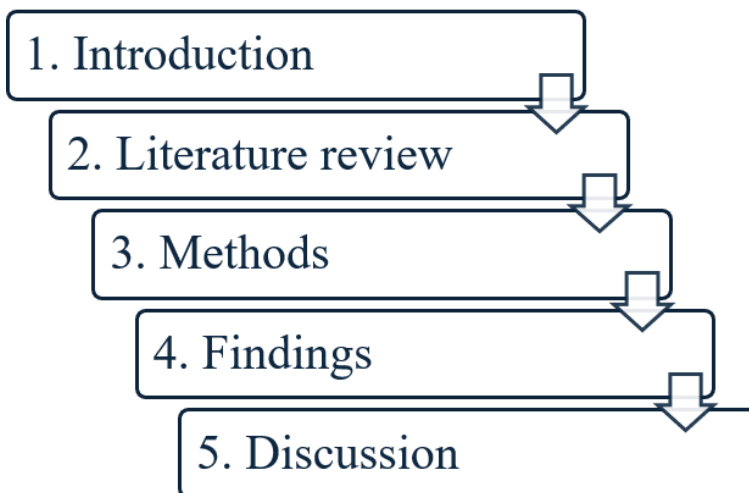


Figure 2 Thesis structure

2. LITERATURE REVIEW

Strategic management has been a topic of interest for decades, and it has evolved through different schools of thought and approaches (Fuertes et al., 2020). Yet, most of the theories and models are based primarily on research involving large companies (Mazzarol et al., 2014). SMEs have certain characteristics which differentiate them from large corporations. These include limited resources, informal management practices and a strong focus on daily operations (Mungai & Ogot, 2017). Due to these characteristics, strategy work does not follow academical textbook suggestions, appearing in a more practical and flexible form (Mazzarol et al., 2014; Brinckmann et al., 2010).

The first theme of literature review focuses on strategic management, manufacturing strategy and strategy tools. The second theme explores SME characteristics and definitions, SME success factors. The literature review concludes with a synthesis of two previous themes, creating a framework for this study. This strategic framework illustrates how CEOs' perceptions of strategy are influenced by various SME-specific and strategic factors. It combines SME-specific factors and Strategic dimensions into a cohesive whole.

2.1. Evolution of Strategic Management (1950s – present)

Strategy has evolved significantly over the past decades. The term strategy entered the business context in the 1950s as budget planning (Martinet, 2010). This period was seen as a rational long-range planning phase (Balaton, 2023; Seefried, 2013). Long-range planning was executed from top-down. The limits of rational long-range planning were not recognized in this period (Seefried, 2013).

One of the first influential contributions came from Igor Ansoff with his work ‘‘corporate strategy’’ in 1965. Study included a framework which was presented to top management

(Martinet, 2010; Ansoff, 1965). The framework produced by Ansoff was very complex and formal (Ansoff, 1965), highlighting the strong focus on planning and predicting everything in advance. Ansoff strongly believed that deliberate strategies were essential for achieving long-term outcomes and objectives (Martinet, 2010). Notable contributors during the first phase were Ansoff, Chandler, Drucker and Selznick (Karimli, 2020).

The planning school of strategy was established in the 1960s. Planning was viewed as a rational, systematic and top-down process which long-term goals could be achieved via structured analysis (McKiernan, 2006; Learned et al., 1965). Learned et al.'s study emphasized what the corporation could do, should do, is capable of doing, and what wants to do (1965). The philosophy of the interplay of the organization's resources and environment emerged. However, this resource-based view was later recognized by Michael Porter influencing the foundation of positioning school (McKiernan, 2006).

The planning school was most popular in large corporations in the 1960s. The popularity of formal planning could be explained by a steady environment. This didn't encourage large corporations to emphasize external environment analysis. SWOT analysis was created as a tool to help identify the corporation's strengths, weaknesses, opportunities, and threats. However, the focus was on strengths and weaknesses, while opportunities and threats received relatively little attention (McKiernan, 2006).

2.1.1. Cognitive Turn and Process Thinking (1970ss-1990s)

In 1971 Andrews published his seminal work "the concept of corporate strategy". Andrews, like Ansoff, emphasized the role of the manager in making strategic decisions for medium and long-term strategic plans (Sarbah & Otu-Nyarko, 2014; Andrews, 1971). The concept of strategic management began to emerge in the 1980s. A new approach focused on strategic

planning and on the implementation of strategies (Seefried, 2013), which both were seen as equally important. As industries and organizations faced more uncertainties, managers were forced to make faster decisions (Hutzschenreuter & Kleindienst, 2006). Therefore, long complex strategic plans were not capable of responding quickly to environmental changes (Seefried, 2013). This period started to recognize the limitations of rational strategic decision-making. The cognitive school criticized the assumption of perfect rationality, arguing that decision-makers rarely behave in a fully rational manner in strategic context (Starbuck, 2015). Thus, strategic decision-making always involves interpretation.

The strategy process emerged in the 1980s and has become a widely researched area. The strategy process has been shaped by most renowned contributors such as Pettigrew, Burgelman, Mintzberg and Quinn. Strategy process characteristics are shaped by the interplay of internal and external forces influencing its development over time (Burgelman et al., 2018). It was commonly acknowledged that strategies become more formalized as companies grow. However, Mintzberg challenged this assumption by arguing that strategy continues to emerge through informal learning and adaptation (Hutzschenreuter & Kleindienst, 2006; Mintzberg, 1973).

This allowed the emergence of learning school, highlighting that strategy is formed gradually through organizations' experiences, failures and continuous adaptation (McKiernan, 2006). Mintzberg's view on emergent strategy highlighted how strategy can be shaped through everyday activities and decisions without a predefined or deliberate plan.

The focus of literature has shifted from traditional planning themes toward the relationship between planning and performance, and the explanation of how organizations adapt strategies (Hutzschenreuter & Kleindienst, 2006). Logical Incrementalism, introduced in the 1980s, emphasized continuous improvement and a structured but flexible approach (Quinn,

1980; Heracleous et al., 2023). It has influenced the development of process research and has been recognized as a key element in strategy process theory.

Strategic learning, emergent strategy, and the configurational school draw heavily on Mintzberg's work (1987). Growing environmental uncertainty has demonstrated that meticulous strategic planning does not ensure effective strategy implementation (Viitala & Jylhä, 2019). According to Mintzberg, strategy can be defined afterwards once the realized strategy has become apparent (1994). This process explains why and how strategies evolve over time.

Dynamic capabilities represent an area that bridges the gap between on strategy content and strategy process. It has emerged as a prominent concept in strategic management, offering insight into how companies can gain and sustain competitive advantage (Teece & Pisano, 1994). Dynamic capabilities are understood as a firm's capacity to systematically integrate, develop, and reconfigure internal and external competencies to address rapidly evolving environmental conditions (Teece et al., 1997). Despite its wide recognition and popularity, the dynamic capabilities framework had received criticism because it's often interpreted in different and sometimes conflicting ways, making in hard to understand clearly (Kurtmollaiev, 2017). However, research on dynamic capabilities can be seen a continuation of the development of strategic management, adding insights into how corporations can succeed in continuously changing environments.

2.1.2. From Strategy Process to Strategy-as-Practice (2000s-present)

Strategic management has shifted towards a process- and practice-oriented approach, with an emphasis on the emergence of strategy. This development laid the foundation for the Strategy-as-Practice approach in the early 2000s. SAP literature explores who strategists are,

what they do, and what tools they use (Kohtamäki et al. 2022; Golsorkhi et al., 2015). In other words, the Strategy-as-Practice perspective is seen as a set of actions carried out by individuals, rather than a cohesive corpus of theory, as strategy process approach does (Kohtamäki et al. 2022; Vaara, 2010).

In SAP literature five clusters have been identified. The five clusters in SAP literature are praxis, sensemaking, discursive, sociomaterial, institutional. Among these, praxis was initially the core cluster but has since become less dominant (Kohtamäki et al. 2022). The sixth identified cluster, process, is an external concept referred to in as-practice research. It does not really fit in SAP research; instead, strategy process has dialogue between these two areas (Kohtamäki et al, 2022).

Strategy practice and process are usually omitted. Due to their emphasis on internal organizational events and activities, practice and process are quite similar (Paroutis & Pettigrew, 2007; Whittington, 2007). The two fields intersect due to their shared interest in the processes involved in formulating strategies, such as decision-making and related activities (Whittington, 2007). Literature of both areas tends to choose qualitative methods, and when practice perspective was first introduced, it was not quite evident in its use of terms, applying the concepts of activities, practices, and process very loosely without precise definitions (Whittington, 2007, Jarzabkowski et al., 2022).

The exploration of strategic management from the 1960s to the 2020s highlights an evolving field, to adapting global changes of each period. The foundational work by Ansoff (1965) on strategic planning initiated a concept of strategy that later evolved into emergent strategy thinking and eventually led to the strategy as practice perspective. Mintzberg challenged rigid planning models, helping to bring forward thinking strategic learning and resource-based view. This highlighted the importance of adaptability in strategy work. The Strategy-as-

Practice (SAP) research further enriches our understanding by focusing on the practical aspects of strategy.

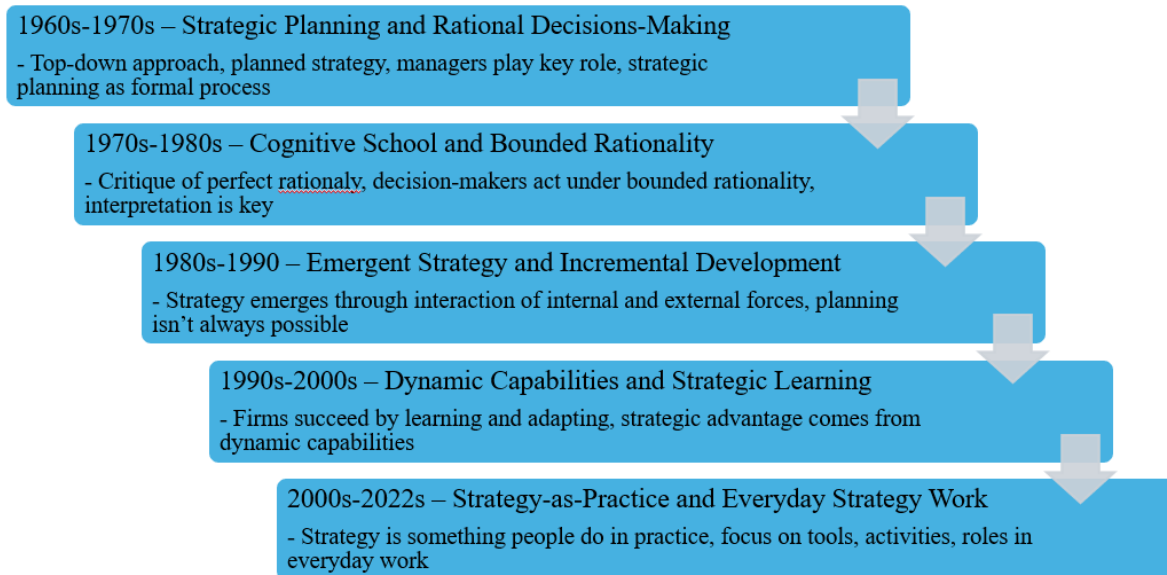


Figure 3 Conclusion on history of strategic management

2.2. Manufacturing strategy from 1969 to 2022

SMEs operating in the manufacturing sector must use strategic management practices to enhance their competitiveness and resilience. The implementation of strategic principles can lead to increased competitiveness, reduced costs, improved decision-making, better employee motivation, shorter delivery times, and superior customer service (Holátová & Březinová, 2018). Manufacturing strategy aligns operations and decisions, enabling the firm to achieve competitive advantage and overall business success (Dohale et al., 2022). Thus, strategic management practices adopted by manufacturing SMEs are crucial for navigating market change, maintaining competitiveness, and ensuring sustainable operations (Holátová & Březinová, 2018).

In the late 1960s, manufacturing strategy emerged as a formal discipline. Skinner (1969) presented that manufacturing decisions should be aligned with overall corporate strategy to achieve competitive advantage. The strategic management framework was developed, helping to optimize manufacturing operations by managing structural (e.g., capacity, sourcing) and infrastructural (e.g., human resources, planning) decisions (Dohale et al., 2022). During its early development from 1969 to 1990, researchers focused on theory-building, introducing seminal frameworks – Skinner’s strategic concepts, Wheelwright’s hierarchical strategy formulation, and Hayes and Wheelwright’s product-process matrix (Dohale et al., 2022).

The second phase of the manufacturing strategy era happened from 1991 to 2000. Research focused on performance improvement and just-in-time theories (Dangayach & Deshmukh, 2001a). Manufacturing enterprises started to incorporate more structured approaches to strategic planning through quantitative and analytical methods, such as the analytic hierarchy process, integer programming, data envelopment analysis and simulation (Dohale et al., 2022). Analytical tools became important in strategic management, offering new pathways to operational excellence. These tools were simulation, optimization and multi-criteria decision-making (Dohale et al., 2022).

The early 2000s marked a significant shift in manufacturing strategy, driven by globalization and the growing need for strategic alignment between operations and overall business objectives (Miltenburg, 2009). Companies increasingly integrated strategic planning with broader organizational goals to answer local and global pressures (Dohale et al., 2022). Concepts such as mass customization, high-value manufacturing, and lean manufacturing concepts became popular (Dohale et al., 2022). This provided manufacturing companies with ways to retain superiority.

Between 2011 and 2021, sustainability and technological advancements have gained increasing importance in strategic planning (Lazarou Tarracco et al., 2021). Green strategies were implemented due to awareness of the environmental effect and sustainable practices

(Dohale et al., 2022). In addition to green strategies, different digital manufacturing solutions such as Industry 4.0, Big Data, IoT, and cloud-based production have shaped strategic landscape (Seyedghorban et al., 2020). These developments have further transformed manufacturing companies toward greater innovation and digital transformation.

Digital manufacturing strategies play a significant role in recent strategic management research (Dohale, 2022). Therefore, scholars suggest focusing on developing more detailed digital manufacturing strategies, emphasizing AI (Dohale et al., 2022). More research needs to be conducted geographically and contextually adapted to manufacturing strategies to support competitive advantage and sustainable growth (Dohale et al., 2022).

The different phases of manufacturing discussed above are summarized in figure 4. The visual representation brings together the key developments presented in the literature, offering a structured overview of how manufacturing strategy has evolved from 1969 to this day.

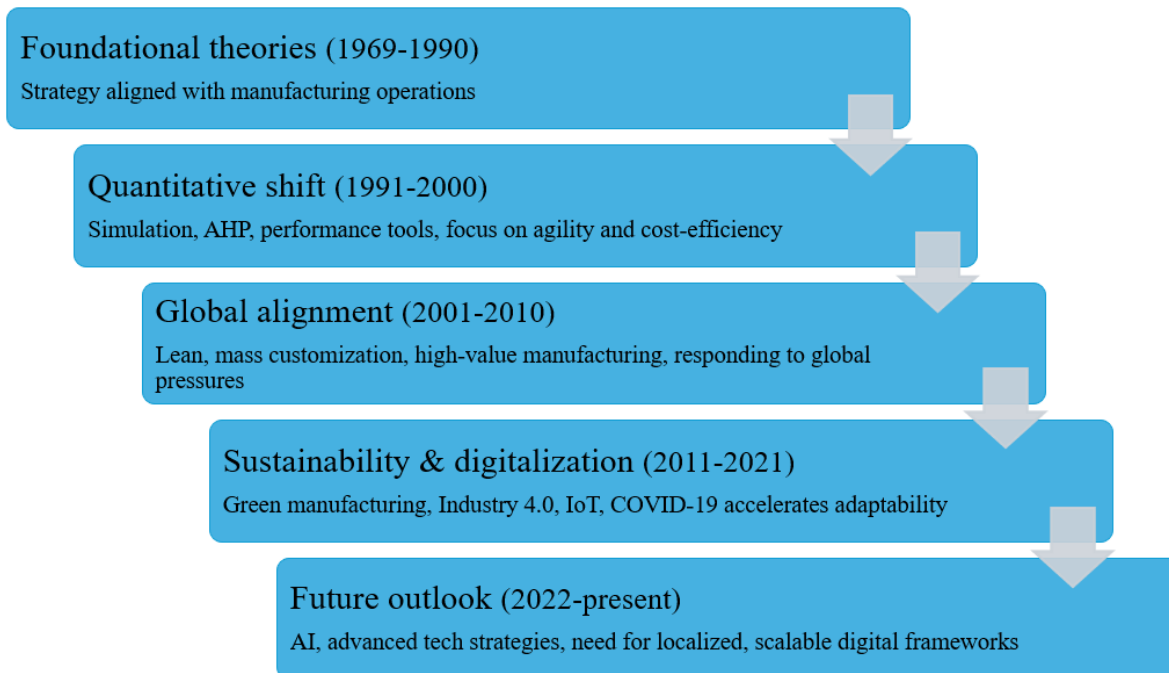


Figure 4 Conclusion of manufacturing strategy 1969-2022

2.3. Strategy tools

Strategy tools are developed in response to broader societal and organizational developments. Strategy tools are also developed to support strategy work and thereby achieve a competitive advantage in the market. It is necessary to critically approach the tools. Tools can be divided into four groups (Vuorinen & Huikkola, 2023). The first group includes strategy tools that aim to enhance operations and adapt to customer needs, such as the Balanced Scorecard and SWOT analysis (Vuorinen & Huikkola, 2023). The second group represents a contrasting perspective, focusing on innovating operations, rather than enhancing efficiency. The most well-known tool among them is the Blue Ocean Strategy (Vuorinen & Huikkola, 2023). The third group represents an environment-oriented view of strategy that emphasizes monitoring external matters. Well-known tools in this group include the Five Forces model and the BCG matrix (Vuorinen & Huikkola, 2023). The fourth group of strategy tools focus on resource development and can be considered opposite to group three's view. These tools are aimed at developing into developing internal capabilities of an organization instead of monitoring external issues. Examples of such tools include benchmarking and dynamic capabilities analysis (Vuorinen & Huikkola, 2023). The process of an organization's strategy varies in its coverage and formality according to organization's needs. For example, a mining company and IT-company should not follow the same steps.

Strategy tools can be placed in a specific phase of the strategy process. For example, PESTEL or Five Forces are both strategic tools related to the examination of strategic position, but SWOT is a summary of analyses of the strategic position. The Balanced Scorecard, on the other hand, can be both making decisions and implementing them. Taylorism or Lean philosophy are also difficult to fit in a specific phase of the strategy process (Vuorinen & Huikkola, 2023). The following section presents four tools from each group in more detail.

The idea of a Balanced Scorecard is to transform the organization's strategic intent into operational action through metrics and action plans (Vuorinen & Huikkola, 2023). The Balanced Scorecard operates under the philosophy that effectively managing an entity

becomes challenging if it lacks quantifiable metrics for measurement. The Balanced Scorecard has four perspectives on performance, which it simultaneously evaluates to avoid dominant influence of any single viewpoint (Johnson et al. 2019). These include the financial, customer, quality, and innovation (Johnson et al. 2019). The tool is based on causal relationships among the four perspectives. For example, achieving sound financial performance is difficult without satisfied customers, and customer satisfaction depends on skilled and continuously learning personnel. As well as strategic objectives need to be met, it's essential to excel in key areas of success but it is difficult to achieve without a practical and detailed plan of action (Vuorinen & Huikkola, 2023).

Scenario Planning is employed as a method to support strategic thinking by anticipating various future developments (Meyerowitz et al., 2018). This approach facilitates the exploration of a broad spectrum of potential futures, capturing them in nuanced and comprehensive detail (Schoemaker, 1995). Origins lie in the world of film and theatre, and it refers to the director's guiding script (Vuorinen & Huikkola, 2023) and was part of strategic management after 1973 oil crisis (Schoemaker, 1995).

To develop a scenario, ten steps must be made: *“define the scope, identify the major stakeholders, identify basic trends, identify key uncertainties, construct initial scenario themes, check for consistency and plausibility, develop learning scenarios, identify research needs, develop quantitative models and evolve toward decision scenarios”* (Schoemaker, 1995). It is recommended to develop three to five scenarios simultaneously.

Dynamic capabilities fit into a fourth group of strategy tools. The resource-oriented view of strategy that emphasizes monitoring external matters. The concept of dynamic capabilities builds upon and extends the static resources-based view of strategy and the VRIO model by recognizing the dynamic, constantly changing business environment and the company's need to respond to this change by managing and transforming internal resources and capabilities (Vuorinen & Huikkola, 2023). Dynamic capabilities take into account the ever-evolving landscape of industrial economics as well as the enhancement of resources and skills known

from the viewpoint of resource-based theory (Long & Vickers-Koch, 1995). With dynamic capabilities competitive advantage is sought in the market.

The dynamic capabilities process starts with identifying new opportunities, such as technological advancements and changes in legislation (Vuorinen & Huikkola, 2023). For example, Artificial intelligence (AI) creates threats but also opportunities. This can create new business opportunities, savings for companies. In the second phase, companies decide which opportunities to seize, which can lead to unexpected business prospects, such as new products (Vuorinen & Huikkola, 2023). The third phase concentrates on developing resources and integrating existing skills with new ones in response to market changes and new business opportunities (Vuorinen & Huikkola, 2023).

From the third group of strategy tools, the BCG matrix was selected. Even though BCG matrix has been criticized because its belief in the importance of market share, especially in situations where technology, markets, and consumer behaviour change rapidly, it still is a widely used tool (Vuorinen & Huikkola, 2023). The BCG matrix evaluates a company's portfolio based on market share and growth to assess how attractive and balanced it is (Johnson, 2019). The BCG-matrix has four different categories on two dimensions: market growth and market share (Johnson, 2019). These four categories are known as stars, question marks, cash cows and dogs. Stars are business unit that have a high market share in a growing market (Johnson, 2019). A Question mark is a business unit operating in a growing market, but without having a high market share (Johnson, 2019). A cash cow is a business unit that has a high market share in a mature market (Johnson, 2019). Dogs are business units that have a low share in declining markets which is considered the least attractive category (Johnson, 2019).

BCG-matrix is a simple matrix to understand, but due to its simplicity, identifying whether growth or market share is high or low can be challenging in different situations. In some industries, what is considered low market may actually be relatively high when compared to industry norms. In addition, the BCG matrix presumes that the business units within the

portfolio do not have any business relationship with one another (Johnson, 2019). For example, the survival of one business unit might hinge on the continued operation of a less successful unit, referred to as dogs (Johnson, 2019).

The four different strategy tools presented in the literature review were chosen from four categories. The four categories are tools for developing resources, tools for developing innovation, tools for improving efficiency, and tools for positioning. This creates context for the findings section, where 25 strategy tools were presented for to CEOs and asked what tools they identify and what tools they have utilized in strategy work.

Strategy Tool	Tool Group	Main Focus	Purpose
Balanced Scorecard	Tools for improving efficiency	Transforming strategy into action via metrics across four perspectives	Aligns strategy with operations and tracks performance, uses cause-effect between perspectives
Scenario Planning	Tools for strategic foresight and innovation	Strategic thinking via exploring multiple future scenarios	Helps to identify trends, uncertainties, and guides strategic decision-making in uncertain environments
BCG-Matrix	Tools for positioning	Portfolio evaluation based on market share and growth	Simple visual tool for portfolio analysis
Dynamic capabilities	Tools for developing resources	Adapting internal resources in dynamic environments; identifying and seizing opportunities	Extends RBV to dynamic settings, helps organizations remain competitive by evolving resources

Figure 5 Conclusion on strategy tool groups and key examples

2.4. Characteristics and definitions of SMEs

The classification of SMEs differs across countries. In the United States, SME classifications differ from European classifications. Since the regional context in this study was Finland, naturally it was chosen to use the SME definition that applies to Finland. Within the EU, the definition remains the same across all countries (European Commission, 2020).

Next figure illustrates company sizes defined by European Commission. Companies employing fewer than 250 people, having an annual turnover of no more than 50 million euros or a balance sheet of no more than 43 million euros are defined as small and medium-sized enterprises (European Commission, 2020). However, the independence criterion must be met: at least 75% of the company must remain outside the control of larger, non-SME entities for it to count as independent (Tilastokeskus, 2023). Figure 6 illustrates SME classification used in Europe. It is divided into three company sizes: small, medium and large. The classification is based on the number of employees, annual turnover, and balance sheet totals.

Definition of company sizes	Small	Medium	Large
Employees	Under 50	50-249	Over 250
Revenue	Under 10 million€	Under 50 million€	Over 50 million€
Balance	Under 10 million€	Under 43 million€	Over 43 million€

Figure 6 Definition of different sizes companies

In Finland, only 0.1% of all companies are classified as large corporations (Tilastokeskus, 2023). This highlights the importance of SMEs, as they create new jobs, contribute to GDP (gross domestic product), and add market diversity and competition (Adegbola et al., 2024; Brezinova, 2021; Mazarrol et al., 2014;). From a macroeconomic perspective, small and medium-sized enterprises are viewed as the drivers of economies (Abdul-Azeez et al., 2024; Singh et al., 2008). Despite their economic significance, SMEs often face constraints such as limited financial resources and access to human capital. These challenges make it difficult for them to compete with large corporations (Mungai & Ogot, 2017; Hu et al., 2015). As a result, SMEs often rely on a smaller customer base and specialized markets, which increases their vulnerability to economic fluctuations (Vinueza et al., 2024b).

SMEs are characterized by their size, limited resources and flexible structures (Tilastokeskus, 2023; Hu et al., 2015; Singh et al., 2008). Flexibility allows SMEs to adapt faster to market

changes and consumer demands. SMEs usually have a strong customer focus, which may lead to increased loyalty and market share (Abdul-Azeez et al., 2024).

2.5. Strategic challenges of SMEs

SMEs have certain characteristics that distinguish them from larger organizations. For example, SMEs are more adaptive, and larger organizations are more deliberate (Bellamy et al., 2019; Gibbons and O'Connor, 2005). They typically have less formal management practices, which allows them to quickly adapt to market changes (Senderovitz, 2009; Löfving et al., 2014). However, this informality can lead to difficulties in managerial and technological development. The combination of flexibility and limitations strongly affects how SMEs plan and operate their business strategies (Senderovitz, 2009). Additionally, SMEs are often directly managed by their founders, who use personalized leadership styles.

The primary strategic challenge SMEs face is maintaining competitiveness in a rapidly changing global economy. SMEs must continuously improve their processes and products due to technological advancements and increased competition (Wang et al., 2007). In the manufacturing sector, this means more focus on operational efficiency and employee training (Leachman et al., 2005).

SMEs seeking to enter the international markets often lack the necessary resources, and face regulatory barriers, trade limitations, and cultural differences (Singh et al., 2008). SMEs do not have the same brand recognition as large enterprises, making it hard to compete against large enterprises in new markets. To overcome these hurdles SMEs can collaborate with international partners, participate in export programs, and have strategic alliances to get the necessary support (Cagliano et al., 2006).

The second challenge for SMEs is effective leadership and structured management strategies. SMEs are often led by their founders, who may excel in technical expertise, but they usually

lack formal training in strategic business planning (Kindström et al., 2022; Vos, 2005). As a result, decision-making is highly reactive rather than proactive, not making it sustainable in the long run (Urbonavicius, 2005). Strengthening strategic thinking and supporting leadership development through training programs, it can enhance SMEs' long-term growth potential (McAdam & McClelland, 2002).

Greater emphasis should be placed on supply chain efficiency and technological adoption. The use of digital technology and advanced manufacturing methods will dramatically increase efficiency and competitiveness. However, many SMEs struggle to adopt new technologies due to limited financial resources and technical knowledge (Denis & Bourgault, 2003). This makes large-scale adoption challenging for SMEs. SMEs can establish partnerships with research institutions and leverage government incentives to overcome this hurdle. In addition, SMEs that prioritize strong supplier relationships and implement lean manufacturing practices often achieve improved market positioning (Gunasekara et al., 2001).

One of the growing concerns is the implementation of performance measurement systems. Many SMEs do not have structured frameworks to evaluate their operational performance, which can hinder their ability to make data-driven strategic decisions (St-Pierre & Delisle, 2006). Utilizing benchmarking methodologies and adopting structured performance management tools enables SMEs to identify their weaknesses and refine their competitive strategies (McAdam & McClelland, 2002).

Strategic planning is essential for success in manufacturing small and medium-sized enterprises (Gumel & Bardai, 2023). It is often defined in terms of an enterprise's long-term goals, mission, and vision. Research highlights that systematic strategic planning (SSP) is effective in aligning an SME's organizational objectives with the ever-shifting marketplace (Dwikat et al., 2022). Still, many manufacturing SMEs encounter significant barriers when attempting to implement formalized strategic planning processes. Their planning efforts are often limited by limited resources, too informal planning practices, and strong focus on day-

to-day operations (Adani & Konnerth, 2019; Ates, 2008). As a result, decision-making in SMEs is very intuitive and short-term oriented, causing enterprises to struggle with growth as they primarily focus on daily survival.

Informal management practices are relatively common in SMEs. This leaves SMEs behind in strategic planning. This phenomenon can be explained by the fact that when strategic planning is driven by internal or external pressures, SMEs often tend to stick with informal management practices rather than formal approaches (Dincer et al., 2006). However, informal planning allows SMEs to remain flexible when making strategic plans. In most SMEs, strategic planning is a mix of formal and informal practices (Dincer et al., 2006). Informality helps SMEs to stay flexible, which is important when they need to quickly adapt to uncertainties in the market.

It is commonly acknowledged that SMEs are characterized by limited resources. Limited resources in SMEs that studies have recognized are limited capital, labor and technology resources (Adani & Konnerth, 2019). These resource limitations highlight the significant importance of efficient resource allocation in manufacturing enterprises, especially in emerging economies.

In manufacturing, production planning is part of resource allocation. Production planning's main components are scheduling, inventory management, and quality control (Kamar et al., 2024). Planning is seen as essential for achieving efficiency in meeting customer demands (Kamar et al., 2024). However, studies have shown that SMEs generally have low productivity and suffer from extended lead times (Kamar et al., 2024). This presents a significant hurdle to achieving efficiency and productivity.

Recent technological advances like discrete-event simulation have shown great potential for use in the prediction of production system behavior (Kamar et al., 2024). The study shows that in the hands of small or medium-sized enterprises, these systems can be used to identify and resolve bottlenecks in a production environment (Kamar et al., 2024). If these

technologies are successfully implemented in SMEs, enhanced productivity but also improved decision making is achieved.

At a strategic level, manufacturing SMEs play an underappreciated role in innovation. Research literature has found innovation as a clear key driver for raising operational efficiency and the business performance in overall (Aghajari & Senin, 2014). However, SMEs face many obstacles in pushing innovation forward. According to Aghajari and Senin (2014), the lack of financial resources, time, and a clear process for advancing innovation at the strategic planning level are key barriers slowing innovation in SMEs. Despite these challenges, there are some SMEs successfully coming up with new products, services, and processes, especially under the external pressure, COVID-19, for example (Igartua, 2023). Many different external factors and uncertainties push SMEs in the manufacturing sector to stay resilient and adaptive in order to survive and maintain their status in the marketplace. The SMEs' adaptability to progressing market trends relies heavily on innovation and research and development (Igartua, 2023). Innovation allows SMEs to improve their competitiveness and makes them stand out in the market. Investing in innovative practices supports process improvements and drives business advancement. This enables SMEs to have operational efficiencies and respond more effectively to customer demands.

The influence of digital transformation on strategic planning and innovation in SMEs is vital and cannot be understated. Small and medium-sized enterprises are increasingly realizing that they need to integrate digital tools into their operations in order to survive the intense competition. Rapid technological change demands continual adaptation and innovation. Digital platforms enhance both resource management efficiency and internal communication and collaboration among team members (Kamar et al., 2024). Digital platforms are now the main enabler for teams to work in a new way and for firms to take a step toward digital transformation. Large companies with bigger resources are seeking competitive advantage with Artificial intelligence.

Therefore, nurturing a culture that accepts technological progress is vital for small and medium-sized enterprises (SMEs) that want to thrive in a fast-evolving marketplace. Those that fail to adapt, the risk of falling behind their competitors, not just because they use technology to work more efficiently, but also because they are more flexible in their strategy.

For manufacturing SMEs, supply chain management is an important strategic function. Achieving efficiency and resilience requires careful coordination of activities across the supply chain (Arlbjørn & Mikkelsen, 2024). Both must happen for supply chain to be effective. The research highlights that SMEs frequently encounter barriers in handling supply chain interruptions. This is explained because SMEs do not see or control all the activities that occur upstream and downstream (2024). To overcome these obstacles, SMEs have developed action plans for mitigating their identified weaknesses.

It has become increasingly vital to integrate sustainable practices in supply chain management in today's markets where corporate responsibility is highly valued (Majama & Magang, 2017). This is one way for SMEs to enhance their competitive advantage and appear more sustainable. Sustainable supply chain strategies help the environment, make operations more efficient, and keep customers loyal (Arlbjørn & Mikkelsen, 2024). SMEs often fail to implement these strategies due to resource constraints and limited knowledge about sustainability frameworks. To overcome these challenges, studies suggest that SMEs foster partnerships with larger companies or industry groups, which will give them access to necessary resources and expertise (Majama & Magang, 2017; Abosede et al., 2016).

Challenge	Core Problem	Solution Idea
Competitiveness	Rapid tech & global market changes	Invest in training & process improvements
Market Entry & Expansion	Limited resources, low brand recognition, trade/cultural barriers	Strategic alliances, export programs, local partnerships
Leadership & Management	Founders lack formal training, decision-making is reactive	Leadership development, strategic training
Technology & Innovation	Poor access to new tech, R&D limited by costs and skills	Use digital tools, adopt lean innovation, for R&D partnerships
Strategic Planning	Mostly informal or short-term thinking	Combine structured and flexible planning, train founders in planning methods
Resource Allocation	Difficulty managing inventory, scheduling & quality	Adopt simulation tools, improve data-driven decision making
Performance Measurement	Lack of structured performance tracking	Introduce KPIs, benchmarking, and continuous improvement culture
Supply Chain & Sustainability	Disruptions, lack of visibility, and weak sustainability strategies	Build resilient supply chains, seek sustainability support via partnerships

Figure 7 Conclusion on key strategic challenges in SMEs

2.6. Critical success factors of SMEs

Understanding the critical success factors of SMEs is essential, as they are closely linked to strategic planning. Identifying SMEs critical success factors emphasizes the importance of strategic planning. Without strategy, SMEs can be at risk of falling behind their competitors because they are incapable of allocating resources effectively toward critical success factors. Therefore, this section examines the critical success factors of SMEs.

The term strategic tool gained popularity after Clark's (1997) study about strategic management tool usage. In his research, Clark linked strategy tool as concept to help managers in decision making and reflecting a complex situation, especially guiding the process of developing a strategy. Subsequent research has examined how strategy tools are utilized in organizations (Jarzabkowski and Kaplan, 2015; Jarzabkowski et al., 2011; Jarzabkowski and Balogun, 2009; Gunn and Williams, 2007). Strategy tools studies focus more on what tools are used in organizations rather than what value does it bring to them (Jarzabkowski and Kaplan, 2015; Jarzabkowski et al., 2011). Even though over fifty years of research, it have not provided a clear relationship between performance and strategic

planning, some researchers argue that strategic planning has a critical role in organizations (Bellamy et al., 2019).

The use of the same definition of success for SMEs as for large corporations has long been questioned. Jennings and Beaver argued (1997, s.64) that the success of SMEs cannot be measured using rational economic criteria (Bellamy et al., 2019). Research has identified different critical success factors for SME success. In figure 8, results from various studies on the critical success factors of SMEs have been compiled. There are ten studies about critical success factors of SMEs, conducted between 1984-2019.

Author/s	Title of Research	Findings
Naqvi (2011)	Critical success and failure factors of entrepreneurial organizations: Study of SMEs in Bahawalpur	Customer Service, Prior Experience, and Knowledge of Owners
Dickinson et al. (1984)	Critical Success Factors and Small Business	Adopting management information systems, maintaining cash, organizing, and planning
Avçıkurt et al. (2011)	Critical Success Factors for Small Hotel Businesses in Turkey: An Exploratory Study	Educational background and experience of owners/managers
Al-Tit et al. (2019)	Critical success factors of small and medium-sized enterprises in Saudi Arabia: Insights from a sustainability perspective	Management skills; Adequate Capital; Personal characteristics; and Business Support
Alfoqaha (2018)	Critical success factors of Small and Medium-sized Enterprises in Palestine	Customers and Competition; Excellent Customer Service; and Reliable Delivery
Chawla et al. (2010)	Are Small Business Critical Success Factors Same in Different Countries?	Financial needs, firms' location, prior experience, & business age
Saad et al. (2006)	Critical success factors for lean implementation within SMEs	Leadership, Management, Finance, and Skills
Lampadarios (2015)	Critical Success Factors (CSFs) for Small Medium Enterprises (SMEs): An Empirical Study in the UK Chemical Distribution Industry	Customer Relationship Management; Human Capital; Strategic Planning; Market and Product development; Entrepreneurial Orientation; Experience; Economic; and Regulatory Compliance
Lo et al. (2016)	The critical success factors for the organizational performance of SMEs in Malaysia: A partial least squares approach	Top management support (including Technology support)
Robertson (2008)	Critical success factors for Service-oriented Small Businesses in the E-commerce Environment	Employee Computer Expertise, Innovation, and Integration of E-commerce to Existing Infrastructure

Figure 8 Studies on critical success factors of SMEs based on Gumel & Bardai study (2023)

It can be concluded from figure 8 that there were five different common themes across studies. The most frequent aspect was *customer focus*. Customer focus in this context means, customer relations, sales, and operations which are all included in the framework of customer relationship management (Gumel & Bardai 2023; Bowersox, 2013). Information is exchanged among these three areas in order to meet customer needs, which are quality of products and on-time delivery (Bowersox, 2013). This enhances and builds customer loyalty, thereby enabling companies to maintain their competitive advantage (Ozaydin, 2020). Technological advancements facilitate CRM systems, which enhance information sharing and enable businesses to better understand and fulfill customer expectations (Gumel & Bardai, 2023; Hassan et al. 2019).

The *second* common theme, management skills and experience were found to be important for SMEs. Effective management consists of planning, organizing financial management and leadership (Gumel & Bardai, 2023). Ahinful et al. argue that as owners and managers gain experience over time, and their knowledge and skills enhance their ability to make better decisions (2021).

Third, financial management was recognized as one of the critical success factors for SME success. The growth of SMEs is highly dependent on financial performance, especially sustainable cash flow and prudent financial planning (Yu et al., 2023; Mbanugo et al., 2020). The *fourth* factor is human capital, which is considered an important factor. Skills, experience, competences, educational investment, and on-the-job training are considered forms of human capital (Gumel & Bardai, 2023; Qamariah & Muchtar, 2019). With sufficient human capital in SMEs, it positively affects their ability to internationalize, enhances their operational efficiency, strengthens their capacity to innovate, and improves overall business performance (Gumel & Bardai, 2023; Purgał-Popiela et al., 2023, Vixathep & Phonvisay, 2019; Xu & Li, 2019). *The fifth*, strategic planning which is defined in Gumel & Bardai study “*Those activities for the determination in advance that actions and human and physical resources that are required to reach a goal; it includes identifying alternatives, analyzing each one, and selecting the best one*” (2023). Studies show that there is a favorable

correlation between SMEs' performance and strategic planning (Wu et al., 2023; Al-Dhaafri & Alosani, 2020).

2.7. Synthesis of theme 1 and theme 2

This section provides a synthesis of the two core themes covered in the literature, SME-specific factors and strategic dimensions. The synthesis illustrates how CEOs' perceptions of strategy are shaped within the context of this study. A strategic framework was developed to support understanding of the interplay between two core themes, influencing strategic thinking and outcomes within manufacturing SMEs. A strategic framework is presented in figure 9. Notably, this framework was used to examine the CEOs' perceptions of strategy.

In the strategic framework, on the **left**, SME-specific factors include characteristics such as firm size, success factors and limitations. These elements define the environment in which CEOs operate, which influences their approach to strategy. On the **right** side, it represents the strategic dimensions consisting of general strategy, manufacturing strategy and strategy tools. The right side reflects a more formal side of strategic management, providing insight into how strategy is understood. At the **center**, an interplay of two previous themes forms CEOs' strategy perceptions and practices. Also, this central position highlights the role of the CEO. CEOs are interpreters and executors of strategy in this context. Finally, at the **bottom**, the framework concludes with "Outcomes of Strategic Understanding", referring to the practical side of how strategy is perceived and applied.



Figure 9 Strategic framework for this study

3. METHODOLOGY

This section outlines the methodological approach of this thesis. Section begins by explaining research strategy and method, then continuing to the case selection. Following to data collection and data analysis, and trustworthiness. Finally, the ethical considerations are discussed.

3.1. Research strategy and method

The choice of methodology is shaped by the type of research project. There are three common research designs which are quantitative, qualitative and mixed methods (Saunders, 2023, p. 181). Quantitative research focuses numbers and statistics, while qualitative research helps to understand human thoughts, feelings, and experiences in more depth (Lim, 2024). Qualitative research typically adopts an inductive approach to theory development, where empirical findings contribute to the construction of new theoretical insights or the enrichment of existing frameworks withing the literature (Saunders, 2023, p.185).

This study adopts a qualitative research approach due to the exploratory nature of the research, aiming to understand SME managers' subjective experiences and perceptions of strategy and strategic planning. A qualitative approach provides in depth an understanding of managerial perceptions on strategy, which quantitative methods would not capture.

3.2. Case selection

The purposive sampling was employed to select 10-15 SMEs that specifically meet predetermined criteria. These predetermined criteria are important to address research questions. The criteria were: that company must fall into SME category according to the EU definition – fewer than 250 employees, revenue less than 50 million euros and balance under

43 million euros. Secondly, it is important that all chosen companies operate in the same industry because this ensures comparability of the research data but also the consistency of the context. The chosen sector was the manufacturing sector. They face similar environmental challenges, market dynamics and technological demands. Also, companies operating in the same sector reduce the impact of external variables and enable more in-depth analysis of how strategic processes and challenges manifest specifically in this context. It was mentioned in several research to study local SMEs and their perceptions on strategy, which adds one criterion – they must operate in Finland. The last criterion was that all the chosen companies are willing to grow because research shows that companies do not grow if their management does not want it, and in that case they neither develop nor innovate. These criteria enhance the relevance and reliability of the study.

3.3. Data collection

The methods used in qualitative research usually tend to be unstructured or semi-structured interviews. This means that the research questions and processes can adapt or evolve naturally as the study progresses (Saunders, 2023, p. 185). Data collection began with identifying suitable CEOs for this study who are directly responsible for making strategic decisions. Seventeen CEOs from SME manufacturing companies were selected for participation in this study. After a careful selection process, the CEOs were contacted via email, and 13 of them responded. Making an outstanding hit rate of 77%. Four CEOs did not respond.

Data on personal perceptions of strategy and strategic planning among SMEs was collected via semi-structured one-on-one interviews. The interview questions were structured in a way that answers the study's research questions and were grounded on existing literature. There were four themes: how CEOs define a strategy and how important they see it, what areas the company should focus on in order to achieve long-term success, what are the hurdles when trying to achieve success of a company and lastly knowledge and utilization of strategy tools.

Despite the themes being predefined, the order of questions varied. The questions asked in the interviews were open-ended questions, which encourages the interviewee to answer their own perceptions. During the interviews, some follow-up questions helped to deepen the discussion of a theme. This made sure that the conversations were a natural discussion rather than a tentative interview. Although there is more freedom in semi-structured interviews, the interview still follows a clear structure and purpose to ensure that all essential topics are covered.

All interviews were conducted in Finnish, which is natural as the language is native for both. Interviews lasted from 18 mins and 12sec to 42 min and 50sec. The average duration of the interviews was 34 mins and 43 seconds. All interviews were held via Teams, were digitally recorded and then immediately after the interview were transcribed from word-by-word in order to facilitate the analysis. Quotes found in findings sections, were translated from Finnish into English.

Identifier	Revenue	Personnel	Role	Interview duration
P1	5-10 M€	40-50	CEO	39min 17sec
P2	5-10 M€	30-40	CEO	39min 51sec
P3	5-10 M€	30-40	CEO	18min 12sec
P4	20-25 M€	60-70	CEO	34min 42sec
P5	20-25 M€	160-240	CEO	35min 16sec
P6	1-5 M€	10-20	CEO	37min 29sec
P7	5-10 M€	30-40	CEO	30min 54 sec
P8	20-25 M€	30-40	CEO	37min 8 sec
P9	5-10 M€	30-40	CEO	40min 42 sec
P10	10-15 M€	60-70	CEO	37min 50sec
P11	1-5 M€	10-20	CEO	30 min 38sec
P12	10-15 M€	20-30	CEO	42min 50 sec
P13	1-5 M€	10-20	CEO	27min 22sec

Figure 10 Overview of interviewed CEOs, including company size, role, and duration of the interview

3.4. Data analysis and trustworthiness

Thematic analysis can be understood as a qualitative method that identifies and interprets recurring patterns from the data. It involves a structured approach to coding, through central themes are developed to guide the overall analysis (Braun & Clarke, 2022, p. 3). In thematic analysis, qualitative data is examined, key pieces of information are coded, and those codes are then used to identify themes relating to the research question (Saunders et al., 2023 p.664).

Thematic content analysis was used in analyzing the qualitative data. The first step in the analysis involved repeated readings of the interview transcripts to help gain a thorough understanding of the data. The next step was open coding, which involved generating codes directly from the content. This was done without any predetermined categories in mind. The next part of the analysis was putting together the pieces of open coding to form broader themes that addressed the research questions.

After identifying these themes, a cross-case analysis was performed by comparing themes. This allowed the researcher to find both the common threads, but also the variations that make up the participants' individual stories about their perceptions concerning strategy and strategic planning. A specific open-source analysis tool was used in data analysis, Taguette.

To strengthen the trustworthiness of the analysis, a member-checking technique was used by presenting initial findings back to selected interviewees for validation. This approach ensured that the interviewer correctly understood interviewees intended meanings, which enhances the credibility and reliability of the research.

3.5. Ethical considerations

This thesis follows the ethical guidelines provided by the University of Vaasa. Artificial intelligence has been used for proofreading as well as for enhancing the language. Every participant was clearly informed about the purpose and objectives of the research, and it was explicitly said that participation in the interviews was entirely voluntary, and participants were free to stop at any time without any consequences. Confidentiality was assured to all participants. This means that the identities or any personally identifiable information would not be provided in the research. All participants and companies were anonymized through interview data and the research results. The collected data from interviews was securely stored in password-protected files with restricted access. Additionally, all participants were clearly informed about how and where the research findings would be reported and used.

4. FINDINGS

This section presents the findings of the data analysis, which aims to provide an in-depth understanding of how SME CEOs in the manufacturing sector perceive strategy. In addition, the study explores the challenges SMEs face in strategy work but also the ways in which strategy work is implemented in the selected SMEs.

After careful examination of transcribed semi-structured interviews, four themes emerged, which are summarized in the following figure 11. The four identified themes were: Perceptions on strategy (theme 1), What to focus in order to SME succeed (theme 2), Obstacles for success (theme 3), Strategy work in SMEs (theme 4). In the thematic map (Figure 11), each of four themes, subthemes are listed which emerged from transcripts.

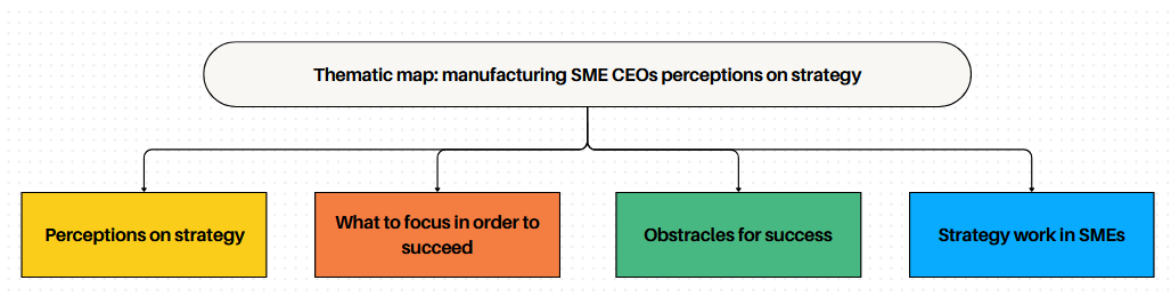


Figure 11 Thematic map of emerged themes

The study included thirteen SMEs from the manufacturing sector, located in Finland. The size of the companies varied from 15 to 220 employees, with annual revenues between 1.5 million euros and 24 million euros. Most of the CEOs have developed their companies from scratch to their current level. All of the CEOs have operated in the same sector for decades. This background information is important for interpreting variations in strategy perceptions of the chosen SME CEOs.

4.1. Strategy knowledge

According to literature, strategy is not executed in SMEs at the same level as in large corporations and strategy is not seen as an important factor as daily operations. The level of respondents' strategy knowledge varied greatly. Variation in strategic perceptions among CEOs was partly explained by differences in their professional backgrounds and years of experience in the industry. Respondents were divided into three categories through the findings section based on their answers and how strategy is executed in respondents' companies. These three categories represent the evolution of strategic management and manufacturing strategy, covered in the literature review. The first group represents the planning-oriented view of strategy, typical of the 1960s. The second group reflects the period between the 1970s and 1990s. Finally, the last group has the strategic mindset of the 2000s to the present. The CEOs' responses were categorized based on their answers.

The interview started with a question designed to encourage the CEOs to share their views on strategy. The intention of the opening question was to examine the depth of CEOs' answers on how they understand strategy. Among CEOs in **the first group**, strategy was most commonly seen as a plan to achieve long-term goals. This approach was described by several respondents, who view strategy as future-oriented deliberate planning.

“For me, strategy means planning for the future and formulating a plan to reach it [goals]” (P12)

“Strategy is a guidebook for the company” (P10)

“Strategy is future planning” (P3)

“I view strategy as a direction that shows where we are going” (P13)

The second group saw strategy as a more emergent approach. This approach is a shift from deliberate planning to a more flexible, emergent approach. The second group understood that strategy evolves over time, meaning that strategy is revisited more actively than the first group. Even though strategic focus was seen, strategy's practicality was lagging behind. Practicality was seen as benchmarking manufacturing operations on a daily basis, which was often confused with strategy work. According to some respondents, strategy was reviewed on a daily basis, even though benchmarking was meant by CEOs - in this context strategy intended to mean long-term goals, not daily operational comparisons. CEOs' answers emphasize that strategy is choosing what to do and what not to do.

“It is company’s plan what to do, and what not to do. It sums up, on what are we focusing and pursuing” (P7)

“We focus on where we are good at and build on that” (P11)

CEOs in the second group mentioned that they focus on their internal, rather than external resources. External pressures are addressed only when necessary and companies change primarily due to these pressures. This approach is not proactive, but reactive. However, change occurs when companies are ready and willing to adapt. The formation of the strategy is not based on external competitive analysis or market monitoring but primarily driven by internal expertise, experience and the availability of resources.

“ There are a lot of variables that are out of your control and that makes it challenging. The laws change and there are tax issues that have changed, and you just have to respond to them.” (P4)

In **the third group**, a couple of CEOs answered this question more in-depth than others. Answers about strategy were more diverse and they saw strategy as a way to achieve a competitive advantage, distinguishing them from the previous two groups. Based on the

interview data, the respondents noted that strategy consists of many different areas. These areas were sales and marketing, R&D, positioning, developing processes and resources.

“It is necessary to think these areas, and then the goal. Strategy is the answer. For each area, some kind of tool/tools must be utilized, and the desired goal must be set. This approach help achieve competitive edge over competitors”
(P8)

External environment analysis was highly emphasized, because the business environment was seen as constantly changing and difficult to predict. Therefore, it is crucial to include external environment analysis in strategy. Although not everything can be predicted, but CEOs mentioned that companies must conduct external environment analysis such as scenario analysis. CEOs who actively analysed markets, were perceived to gain a competitive advantage over others.

“I find it ridiculous that in our industry, hardly anyone believed this would happen. In 2023, I sold our part of business and got a fairly reasonable price. Now, those who bought it from me are surprised that there’s no demand. But this could have been completely foreseeable if they had paid more attention to the market environment.” (P6)

The practicality of strategy was also emphasized, and it was seen as desirable when strategy involves people, yet every respondent acknowledged that this remains a common challenge for them. The reasoning often relied on the belief that there is limited interest around this topic in the organization. This problem was tackled by developing clear, simple and visible strategies.

From the interviews it can be concluded that most of the respondents belong in the first and second group. Most of the CEOs saw strategy primarily as guidance to achieve long-term

goals. Notably, only one CEO openly told not pursuing any form of strategy. Reason for this was the lack of benefits according to the CEO.

“Company does not implement any strategy. We are subcontractors, and our perspective is much shorter than compared to companies that produce a product with a life cycle of seven years for example. In our case, the customer can leave after the notice period, which is six months, so I can’t make million euro investments when the customer could leave after the notice period”. (P1)

However, other CEOs recognized the importance of strategy. Yet, there were differences in how important CEOs saw the strategy depending on the group. The importance of strategy was emphasized the most in the third group and the least in the first group. Nevertheless, all respondents considered it important. In addition, the importance of strategy was reflected in the CEOs’ responses explicitly and implicitly.

4.2. Company’s success through strategic lens

Even though CEOs’ perceptions of strategy varied enormously, there were surprisingly similar factors contributing to their company’s success. In this section CEOs were asked what elements they consider essential for a company to succeed in the long term. It is not possible to focus on everything, due to the limited resources available to SMEs. The most common themes that emerged from the interview were data were customer orientation and financial focus. These two themes were identified by all the CEOs. Next, human capital was recognized, and lastly strategic planning, which remained somewhat less recognized. The most prominent theme identified was customer orientation, considered the most important factor by respondents.

Focusing on customers was an answer of all respondents. Success is built on understanding customers’ needs and responding to them quickly. From the interview data customer was defined as end-customer, but also all stakeholders with whom the company operates in a broader ecosystem. Without customers, there are no businesses. This means focusing on

recognizing customer needs, ensuring customer satisfaction, fulfilling the customer value proposition, and maintaining continuous customer relationships. Sending surveys to customers was somewhat criticized. Even though surveys are a common method to monitor customer satisfaction, for SMEs the surveys often fail to provide genuine insight into customer needs. According to CEOs, surveys might steer the company in an undesirable direction, especially if the feedback emphasizes issues like high pricing. Understanding who the real customers are was emphasized. By collaborating with the right customers, it enhances innovation with co-creation.

''You also need to be able to identify who our customers really are, and that also requires a certain boldness, something many lacks, the courage to tell a customer if your values don't align. If a customer is only chasing the cheapest option, it's better to let them go. There won't be genuine collaborations, no commitment, and no innovation in that kind of relationship.'' (P2)

''In the market, you have to stand out and offer the customer some kind of added value that competitors might not be able to provide. If you do everything the same way as your competitors, you won't get very far in terms of success.'' (P9)

Strong customer focus was evident in all activities, whether it was sales, R&D, or building partnerships. One of the ways customer satisfaction was achieved was through consistent product quality. Product quality was achieved when products were monitored through different quality control systems, in order to ensure they met customer expectations. CEOs noted on-time delivery to be a very important factor to maintain customer satisfaction. Implicitly, on-time delivery was a challenge for many companies.

''You need to understand the customer's needs, listen, and do what you promised, deliver on time'' (P4)

The financial aspect was considered equally important to customer focus among the CEOs. Profitability and financial stability were seen as prerequisites for long-term success.

Profitability in manufacturing companies comes from efficient manufacturing operations with heavy focus on benchmarking and cost control. In addition, Lean philosophy was applied to streamline operations and eliminate unnecessary inefficiencies in production. In terms of financial stability, CEOs emphasized that companies were not aiming for quick wins but focusing on long-term sustainability. This meant retaining some profits within the company, which strengthened financial stability. CEOs monitored financial figures on a weekly basis, which were reviewed once a month, and compared against the annual targets to ensure the company remained on track. If targets were not met, the issue was addressed, and response to it was taken quickly.

“Without financial expertise and profitability analysis, it is difficult to steer a company” (P10)

“CEOs must not look for quick profits. I’ve always said that a person doesn’t need more than what’s necessary. It is smarter to leave the profits in the company’s cash reserves” (P8)

All of the respondents are entrepreneurs in their companies and logically strong financial performance is a central priority. However, growth was seen as increasing steadily rather than rapidly. This reflects the CEOs’ desire to retain a large ownership share while also minimizing risks.

mentions “If we want to grow more aggressively, I could of course reduce my ownership share, and then we would have more capital. That’s one way I could do this quickly, but then other challenges arise.” (P2)

Seven out of thirteen respondents recognized that engaging personnel and developing personnel’s skills were considered relatively important for company success in the long run. This was the third theme that emerged from the interviews. The CEOs considered employee engagement to be important. For better engagement, they emphasized showing genuine respect towards employees, paying competitive wages, and rewarding good performance.

Not so commonly answered, but personnel involvement in developing internal processes was seen as valuable.

Additionally, developing personnel was seen as important and as an investment in the future. However, many CEOs admitted that they do not actively engage in developing their employees. As recognized in the literature as well, a successful company takes care of its personnel, their skills, and their commitment.

“That people want to come to work and work with you, join your company. I feel like we’ve reached a position where people actually want to work for us. That comes through respect” (P9)

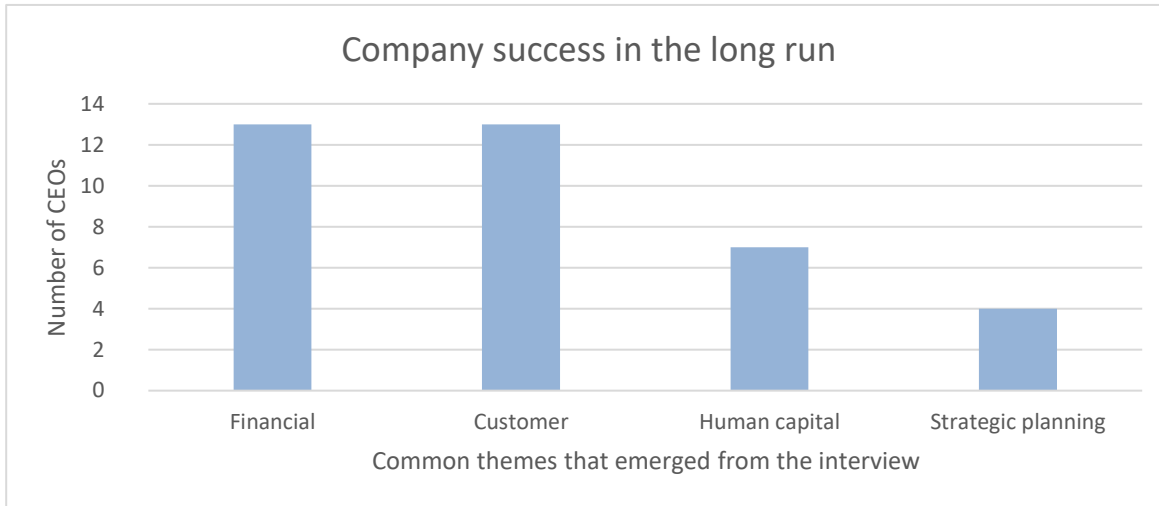
“By developing and engaging personnel, we gain the capabilities that are needed to gain a competitive advantage” (P5)

The final theme that emerged from the interviews was strategic planning, which remained less recognized. Strategic planning was seen as a way to allocate resources, setting a general direction for the company, and long-term goals. Implicitly, strategic planning enables a proactive approach by management. According to CEOs proactivity refers to the ability to identify potential market changes and customer needs.

CEOs shared their views on how companies can succeed in the long run. With a competitive advantage companies can succeed in the market they operate. Due to the limited resources of SMEs (Adani & Konnerth, 2019), they must allocate resources effectively. Although competitive advantage is a familiar term, it wasn’t discussed in much detail during the interviews.

The next figure illustrates the four themes that emerged from the interview. The frequency of each theme is illustrated with a bar chart based on the number of respondents. The most frequently mentioned themes were the customer and financial perspective, both mentioned by 13 out of 13 CEOs. Followed by human capital, mentioned by seven CEOs, and lastly strategic planning, mentioned by four CEOs. It can be concluded that the four themes that

emerged from the interviews are in line with the research that examined critical success factors in SMEs.



12 Themes that emerged from the interview

4.3. Hurdles to Achieving Long-Term Success

The hurdles slowing the company's long-term success are not just a reflection of success factors, but in this section the types of strategic obstacles that may limit success are presented. The first theme that emerged from the interview data was the limitation of resources, which all CEOs identified as a challenge. In this context, limited resources refer to financial constraints, a shortage of employees and a lack of expertise. Although the CEOs considered the financial perspective an important aspect for the company's success, it was also viewed as a hurdle. The assets of SMEs are significantly smaller than those of large companies. In order for SMEs to survive the intense competition, the allocation of resources is exceedingly significant. The CEO makes the decision where it makes sense to allocate resources. As a result, the performance of the SME is based on this resource allocation. The CEOs emphasized the importance of industry knowledge in order to understand where the money flows and to ensure the company is competing in the right markets. Because financial

resources are limited, investments in SMEs are made with great caution and must be well justified. To minimize risks, growth is not pursued with heavy reliance on debt financing, but rather gradual and organic expansion funded by internal cash flow.

''Yeah, the limited resources are definitely one major constraint. It really demands an incredible amount from the entrepreneur'' (P6)

Scarcity of resources also manifests itself as a shortage of personnel. Operations are often structured around key players who, for example, drive product innovation in production. Production performance also largely depends on the capabilities of production managers, and one less capable manager may limit production efficiency. This does not stand out as strongly in large companies, as individuals tend to disappear into the mass. It was mentioned that usually the same individuals handle many tasks, for example operational tasks, managerial and board-level responsibilities. Typically, in SMEs there are family members involved and put in a role where they lack the skills or education leading the company to face challenges in decision-making and long-term growth.

''Resource scarcity limits the development of the organization. This is reflected in the fact that the operational work, the operational organization, and the board are usually the same people. In many cases, there are also family ties involved, for example the father founded the company, the son continues, and then there are a couple of daughters and a nephew. Everyone is given a 'good position', even if they lack the skills or education for it – which is why organizational development is often neglected. As a result, the company ends up 'stuck' with no real competence to move forward'' (P7)

External uncertainties were identified as a second factor that hinders the company's long-term success. Respondents highlighted market uncertainty, high fluctuations in demand, but also intense competition can significantly limit future planning. This is a typical challenge for SMEs, also recognized in the literature (Adani & Konnerth, 2019).

''If I just could say that growth is nice, steady and so on. But as mentioned earlier, the variance (fluctuation in demand) has a big impact that limits our future planning'' (P1)

''Fierce competition brings its own challenges, and usually it's the lack of demand that comes with that competition'' (P3)

Third, CEOs' own time management was seen to some extent as an obstacle to strategy implementation and strategy work. It was widely acknowledged that CEOs have little time for everything. Different kinds of tasks arise whether the CEO wanted them or not. The CEO often functions as a generalist, handling a wide range of responsibilities. From the interview data, it can be concluded that the majority of the work is operational work and reactive problem solving. Time was used for business development whenever it could be found during the day. If not, it happens in the evenings or even on weekends. Even though there is a limited amount of time in a day, CEOs felt that their use of time was more a matter of prioritization. If strategy work was considered important by the CEO, they would find time for it. Conversely, if it was not seen as a priority, the CEO often cited lack of time as the reason for postponing it.

'' For me, the organizational development work happens in the evenings and on weekends, while the day-to-day operational work is handled during the weekdays'' (P6)

''Yes, it is true to some extent that CEO's time resources are limited. When it comes to the role of the CEO, I go where the 'fire' is, if there are challenges in sales, for example, then I go there to help. Or if things land on my desk whether I want them or not, they inevitably take up my time. It's easy to look back, but when looking ahead, the owners must have a shared will, and it needs to be visible. There has to be a regular effort to envision the future, and only we can make operational plans and see how they align with the strategy'' (P7)

''Sometimes, of course, I take on too much work for myself. I should trust my subordinates more and let them do their jobs. But even right now, we're focusing on streamlining production so that it can run without my constant input. In the future, we plan to elevate our strategic work even further'' (P9)

4.4. Strategy work in SMEs

In this section, the results regarding strategy process are presented. The CEOs were asked how often they engage in strategy work and how often they revisit their strategy. They were also asked which strategy tools they could identify from a toolbox of 25 strategy tools, and whether they had used them. Additionally, they were asked whether they felt their current level of strategy work is sufficient or if they should spend more time on strategic planning.

Strategy work began by defining the goal. The goal was usually easily measurable – a numerical target such as revenue. It was compared to previous years and then related to the following years. Strategy work was carried out with the company’s board of directors. However, this differs enormously from the strategy work of large corporations, as the CEO and the chairman of the board were usually the same, which blurred the boundaries between the board and the management.

“Well, the strategic guidelines come from the board. They provide the main directions, key points, and performance indicators. Then, our management team goes through them and considers what they mean at the organizational level and what kind of actions are needed. There are usually around four main focus areas per fiscal year. After that, our operational management team breaks them down into practical, actionable steps, and then each department head looks at how it affects their specific area of responsibility” (P10)

This reflects a lack of resources. Several CEOs criticized that strategic decision-making concentration was among a small number of individuals. It was noted that this could limit diverse perspectives and slow down adaptability. The strategy work exclusively with top management signals a strong top-down approach. To conclude, strategy work in manufacturing SMEs can be asked with one question: what to do next and why. Due to strong operational focus, strategy work was not long power-points and lots of analysis, but most commonly what is the interplay between sales and manufacturing over the coming years.

Areas of emphasis were improving production efficiency, market growth and securing the supply chain.

''If we think about the strategic focus areas that our entire strategy is built on, they are sales and marketing, then product development and service development, followed by how processes and production function, and finally resources, workforce and others'' (P8)

Strategy was formed typically from one to five years maximum. It was often divided into short-term strategy and long-term strategy. For most CEOs, short-term strategies spanned from 1 to 2 years and long-term strategies from 3 to 5 years. Only a couple respondents out of thirteen had considered what a company should look like in ten or fifteen years. Most of the CEOs saw strategy as emergent and it needed to be revisited. The fact that strategies are typically created for a maximum of five years reflects the nature of SMEs, where operations tend to be more uncertain and the business environment more volatile.

''We have short-term strategies and long-term strategies. Short-term strategy is for one year and long-term strategy is up to five years'' (P9)

''Strategy is planned five years ahead. But in reality, it often changes every six months to a year. Especially in this industry, as we can see, things are in deep water right now. It's not worth carving the strategy in stone, it changes, and it is meant to change over time'' (P8)

''We plan our strategy for one, three and five years'' (P5)

Once the strategy was formed, it was typically revisited twice a year. Many CEOs reported that numerical, budget-like targets were monitored on a weekly and even daily level. The responses revealed that the majority focused on tracking these numerical and budget-driven goals. There were also answers that strategy was revisited when needed. When CEOs were asked to clarify when it was needed, typically the revision happened once in 1 or 2 years. The majority of CEOs were satisfied with their current approach to strategy work.

''Once or twice a year we revisit and clarify it (the strategy)'' (P5)

''We have four strategy days per year for the leadership, where we go through both long-term and short-term strategy'' (P6)

''We return to the strategy every month'' (P10)

''Let's say, we revisit the strategy once a quarter or every six months''(P11)

''Once per quarter'' (P3)

In the final part of the interview, the CEOs were asked about their understanding of strategy tools. They were shown an image containing 25 strategy tools, and their task was to pick the tools they had used in strategy implementation. The true purpose of this question was to identify how familiar CEOs were with various strategy tools, as well as to examine which categories of strategy tools were most and least recognized. Furthermore, to analyze how this reflects in their actual strategies.

The image shown to the CEOs, at the center of the image was the business model canvas tool. The other tools were divided into four categories, each containing six tools. The four categories were:

1. Tools for developing resources,
2. Tools for developing innovation,
3. Tools for improving efficiency
4. Tools for positioning.

The majority of respondents recognized only a few tools, such as SWOT, Benchmarking and Lean, and had used them to some extent in their strategy work. CEOs recognizing only a few

tools, mostly belonged to the first group presented in the beginning of the findings. This reflects how strategy work is at an early stage of maturity of CEOs from the first group. However, there were many CEOs who recognized more strategy tools than the three mentioned earlier. The majority of the recognized tools were from the categories *developing resources* and *improving efficiency*. This may indicate a relative neglect of *positioning* as a strategic dimension. Only a few CEOs were able to identify almost all of the tools and actively use them to clarify and refine their strategy. It should be noted that while some companies had used external consultants, their role in the strategy process remained minimal. To conclude, the more tools the CEOs were able to identify, the more in-depth and more advanced or sophisticated their strategy work appeared to be. A visual representation of the strategy tools presented for the CEOs is shown below.

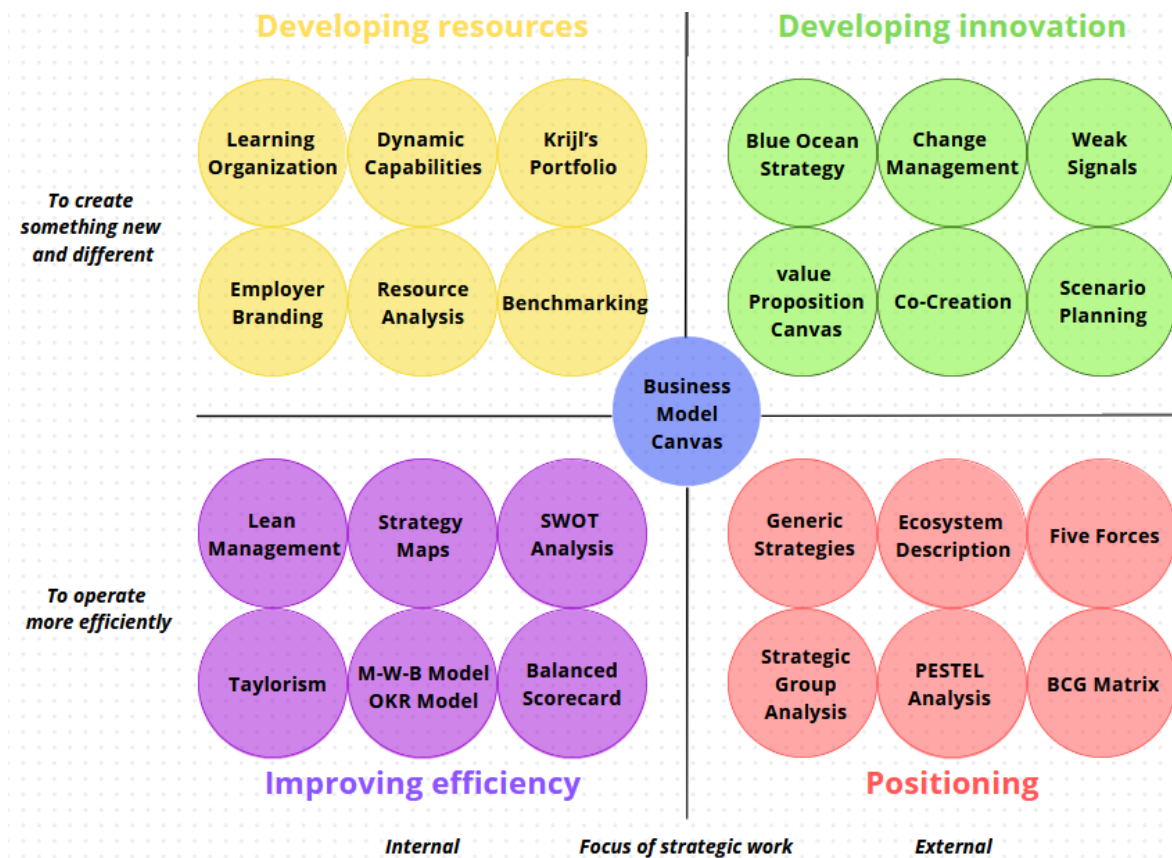


Figure 13 Set of strategic tools based on Vuorinen & Huikkola (2023)

5. DISCUSSION

5.1. Theoretical implications

This study aimed to understand CEOs' perceptions of strategy. CEOs operate SME manufacturing companies. The study focused on CEOs operating manufacturing SMEs in Finland, and through interviews, how they perceive strategy, define long-term company success, identify strategic hurdles, and utilize strategy tools. For the interviews, thirteen CEOs were carefully chosen who met the selection criteria.

The importance of strategy and its benefits are widely recognized in literature. Strategy provides the organization with a clear direction and long-term objective, enables the achievement of competitive advantage, supports adaptation to changing environmental conditions. Furthermore, a favorable correlation has been shown between strategic planning and an organization's performance (Meers & Robertson, 2007). Despite the strong emphasis on strategy in the literature, it was surprising to observe tremendous variation among CEOs in their perceptions of strategy. The importance of strategy for CEOs, was partly reflected in the interviews. In general, the CEOs considered strategy to be important, but it had not been refined or developed in great depth. Four CEOs regarded strategy as an incredibly important aspect and genuinely saw it as a source of long-term added value.

For CEOs, strategy was more emergent and guiding businesses. The emergent nature of strategy appears natural for SMEs, due to their flexible characteristics recognized in the literature (Mungai & Ogot, 2017; Mazzarol et al., 2014; Hu et al., 2015). On the other hand, the emergent strategy approach may also indicate a lack of systematic commitment to strategy, which can undermine its overall effectiveness.

From the interview data CEOs, a common mindset among CEOs emerged. External factors shape the company, rather than the company shaping its environment. CEOs recognized external pressures but tended not to act until they become absolutely necessary. The CEOs'

lack of utilization of external environment strategy tools supports the view. This approach puts most of the CEOs within the planning school of thought, where organizations do not proactively anticipate or shape their environment but instead adapt to it, often with delay (Kafel & Ziębicki, 2021). CEOs are not focusing on external factors in strategy because they rely on their strong expertise. However, the literature suggests using a proactive approach rather than reactive, especially in environmental strategy (Shu et al., 2020).

Another significant finding was the strategic emphasis on budget-driven planning. This approach resembles the strategic planning school from the 1960s. Strategic goals are numerical budget goals like revenue or cash flow (Ansoff, 1965) and naturally executed in a top-down manner. During the interviews, CEOs mentioned setting strategic goals for one to three years, which were then implemented at the operational level, and further to group and team levels. These targets were monitored on a weekly and even daily basis. The strong financial orientation can be explained by the fact that all CEOs held significant ownership stakes in their companies. Business success was predominantly measured in terms of financial performance, based on the interviews.

The findings reveal three strategic hurdles that limit Finnish manufacturing SMEs in executing strategy. First, and most commonly cited hurdle was limited resources which is a challenge also acknowledged in the literature (Singh et al., 2008). Limited resources not only covered financial constraints but also limited human capital. Limited human capital in SMEs can be observed, for example when family members are employed in key positions without having relevant skills or qualifications for the role.

Secondly, external uncertainties such as high market volatility, demand fluctuation and intense competition in the market were also highlighted in the interviews and have also been discussed in the literature (Adani & Konnerth, 2019; Holátová & Březinová, 2018). Respondents pointed out that these challenges made steady growth harder.

Third, studies have found that CEOs operating in SMEs do not have time for strategic planning as they prioritize daily operations (Hristova & Bundaleska, 2019; Wang et al., 2007). However, interviews revealed otherwise. A few CEOs who did not value strategic planning hid behind this claim. In contrast, most of the interviewed CEOs, who genuinely considered strategy important, said it was merely a matter of prioritization.

Strategy in manufacturing SMEs was twofold: a short-term strategy was planned for 1 to 2 years and a long-term strategy spanning 3 to 5 years. This supports prior findings as it was recognized that SMEs' perspective was quite short. Short-term focus can be explained by rapid market changes. This allows for the possibility that it is not worth planning too far as things will change anyway. Still, CEOs considered it important to plan ahead as it clarifies their vision. It was mentioned many times in interviews that the further ahead strategy is planned, the imprecise it gets.

Strategy work was very CEO-driven as they were also company owners, and strategy tools were rarely utilized to clarify the strategy. This naturally enables faster decision-making and adds flexibility, but as also noted in the literature, decision-making was generally highly intuitive in SMEs. Of the 25 strategy tools presented, most CEOs recognized only a few, SWOT, Benchmarking, and Lean. The fewest tools were recognized in the category of "external environment". This reflects the fact that many CEOs have worked in the same industry for 10-25 years and think they know in depth the market they are operating in.

It is not ideal that CEOs do not devote sufficient time to analyzing the external environment. A strong understanding enables the creation of long-term competitive advantage and reduces the risk of unexpected events. Although experience is valuable, it alone is not sufficient in a rapidly changing business environment.

The greatest number of recognized strategy tools fell in the category of *tools for improving efficiency* and *tools for developing resources*. This suggests that the focus of strategy work is largely on process optimization and enhancing organizational performance. It can be

concluded that strategic management tends to emphasize operational thinking, which is typical for SMEs with limited resources. The heavy focus on processes also indicates that companies tend to pursue *cost leadership* strategy rather than differentiation in Finland. This raises an important question: could this represent a future market opportunity for new manufacturing companies to gain a competitive advantage through differentiation?

The strategy was most commonly revisited two to four times a year, and it was done in connection with strategy days or management team meetings. Following the strategy was mostly informal and it focused mostly on monitoring financial figures – as one of the recognizable tools was benchmarking. Based on these observations, it can be concluded that although strategy work is present in SMEs, its systematic review, the use of strategy tools, and the involvement of the entire organization remain areas that need to be developed in many SMEs. The development of strategy work could benefit from clearer structure, the use of strategy tools, and open dialogue between management and personnel.

5.2. Managerial implications

This study sheds light on what level of strategy work is in SMEs in manufacturing companies. It provides insights for developing strategic work. Based on the interview data, it can be concluded that in manufacturing SMEs, strategy work is largely CEO-driven, as they often also serve as company owners. This enables faster decision-making and greater operational flexibility, but it also means that strategy work can be more intuitive, informal and short-term in nature.

The importance of strategy was recognized in most of the companies, but systematic implementation was lacking. For CEOs, it would be beneficial to use effective strategy tools to clarify the vision of a company. External environment analysis should be strengthened, because understanding the market is key to building long-term competitive advantages. In addition, strategy should answer the question: how are we going to gain competitive

advantage, rather than simply serve as guide for the future. From the interview data it could be observed that those CEOs who recognized most of the strategy tools and had used them in strategy work, can be characterized as having a more systematic and higher quality approach compared to other respondents. These companies' strategy work was clearly far more advanced: Strategy was revisited frequently during the year, strategy was based on analysis – utilizing strategy tools and strategy was also viewed as an enabler of competitive advantage, rather than merely a tool for financial measurement.

From a strategic perspective, in order for a company to succeed in the long run, CEOs mostly highlighted customers and financial performance. As a third, half of the respondents considered human capital and employee engagement very important in order to succeed in the long run. Companies where strategy had been developed to a more advanced level than others considered strategic planning to be essential for long-term success. This was considered important as it helped allocate resources more effectively, while a clear strategy also supported CEOs in making the right strategic decisions that were aligned with the company's long-term vision.

5.3. Suggestions for future research

For further research, it would be necessary to deepen the understanding of strategy practices in manufacturing SMEs operating in Finland, as this would provide more concrete insights into how strategic planning is implemented in practice and how it impacts long-term competitiveness. Furthermore, the importance of strategy needs to be strengthened in SMEs, that is why a study exploring the relationship between strategic planning and company growth would therefore be advisable.

5.4. Limitations

Strategy is a broad and multidimensional concept, but the interviews conducted might have benefited from a longer duration, with the average duration of 34 minutes and 43 seconds. This may limit the depth of understanding CEOs' perceptions of strategy. Second, the sample size consisted of thirteen CEOs from manufacturing SMEs, making the sample size relatively small, limiting its generalizability. Generalizability is limited by the focus on the manufacturing sector.

Furthermore, this study captured the CEOs' views on strategy at a specific point in time. Strategic thinking and practice are inherently dynamic and subject to change as the business environment evolves. The study is based on the subjective perspectives of CEOs, introducing interpretive limitations in use of interviews as a data collection method. Furthermore, interviews were conducted in Finnish, translating the findings into English may have resulted subtle shifts in meaning.

5.5. Closing reflections

CEOs should view their companies' operations like a traveler navigating unfamiliar terrain with the help of a map. The terrain describes the real operating environment, which is constantly changing, multidimensional and sometimes difficult to visualize. A map, on the other hand, is a model or theory that attempts to structure this environment. A map helps the traveler navigate the terrain better than without one. There are many types of maps, and some maps are inevitably better than others. However, it is important to understand that a map never fully corresponds to the terrain. It is inevitably a simplification, an interpretation, which sometimes is useful and sometimes misleading.

Nevertheless, a map matters. Even though it is possible to navigate the terrain without one, a good map helps you to find your way, to make decisions and to visualize the big picture.

Different maps offer different perspectives, and some are more suitable for certain purposes than others. At its best, a map does not limit but rather enables deeper understanding and more purposeful action.

Upon closer examination this phenomenon more deeply, it becomes more evident that the terrain itself (the operational environment) is constructed by the maps we choose to apply. Economic phenomena, for instance, are not solely defined by their objective characteristics, but also how they are interpreted and what kinds of models are applied to understand them. This can easily create a situation where the original terrain is forgotten, and decision-makers simply follow each other's footsteps. A collective movement emerges, where actors follow established paths without questioning the direction or the surrounding landscape.

This reflects a kind of simulated existence, where actions are based on maps, but no longer on the actual terrain. That is why it is important to maintain a critical and curious attitude towards the maps (strategy), they can help us navigate, but only if we remember that they do not replace the reality.

REFERENCES

- Abdul-Azeez, N. O., Ihechere, N. a. O., & Idemudia, N. C. (2024). SMEs as catalysts for economic development: Navigating challenges and seizing opportunities in emerging markets. *GSC Advanced Research and Reviews*, 19(3), 325–335. <https://doi.org/10.30574/gscarr.2024.19.3.0230>
- Abosede, A. J., Obasan, K. A., & Alese, O. J. (2016). Strategic management and small and medium enterprises (SMEs) development: A review of literature. *International Review of Management and Business Research*, 5(1), 315–335.
- Achanga, P., Shehab, E., Roy, R., & Nelder, G. (2006). Critical success factors for lean implementation within SMEs. *Journal of Manufacturing Technology Management*, 17(4), 460–471. <https://doi.org/10.1108/17410380610662889>
- Adegbola, N. M. D., Adegbola, N. a. E., Amajuoyi, N. P., Benjamin, N. L. B., & Adeusi, N. K. B. (2024). Leveraging financial incentives for enhanced diversity: A review and new models. *International Journal of Applied Research in Social Sciences*, 6(5), 1037–1047. <https://doi.org/10.51594/ijarss.v6i5.1150>
- Aghajari, N., & Senin, A. A. (2014). Strategic orientations and dual innovative operation strategies for manufacturing SMEs. *Procedia - Social and Behavioral Sciences*, 148, 468-473.
- Ahinful, G. S., Boakye, J. D., & Osei Bempah, N. D. . (2021). Determinants of SMEs' financial performance: evidence from an emerging economy. *Journal of Small Business & Entrepreneurship*, 1-24.
- Al-Dhaafri, H., & Alosani, M. (2020). Closing the strategic planning and implementation gap through excellence in the public sector: Empirical investigation using SEM. *Measuring Business Excellence*.
- Alfoqahaa, S. (2018). Critical success factors of small and medium-sized enterprises in Palestine. *Journal of Research in Marketing and Entrepreneurship*, 20(2), 170–188.

<https://doi.org/10.1108/jrme-05-2016-0014>

Al-Tit, A., Omri, A., Euch J. (2019). Critical Success Factors of Small and Medium-Sized Enterprises in Saudi Arabia: Insights from Sustainability Perspective. *ideas.repec.org*. <https://ideas.repec.org/a/gam/jadmsc/v9y2019i2p32-d219413.html>

Andrews, K.R. (1971) *The Concept of Corporate Strategy*. Irwin, Homewood.

Ansoff, H. I. (1965). *Corporate strategy*. McGraw-Hill.

Arlbjørn, J. S., & Mikkelsen, O. S. (2024). Towards supply chain resilience: A structured process approach. *Operations Management Research*. <https://doi.org/10.1007/s12063-024-00513-0>

Avcikurt, C., Altay, H., & Ilban, M. O. (2010). Critical success factors for small hotel businesses in Turkey: an exploratory study. *Cornell Hospitality Quarterly*, 52(2), 153–164. <https://doi.org/10.1177/1938965509341288>

Balaton, K. (2023). A behavioural approach to strategic management. *Theory Methodology Practice*, 19(2), 37–42. <https://doi.org/10.18096/tmp.2023.02.04>

Bellamy, L. C., Amoo, N., Mervyn, K., & Hiddlestone-Mumford, J. (2019). The use of strategy tools and frameworks by SMEs in the strategy formation process. *International journal of organizational analysis (2005)*, 27(2), 337-367. <https://doi.org/10.1108/IJOA-02-2018-1363>

Bowersox, D. J. (2013). *Supply chain logistic management*. Singapore: McGraw Hill

Burgelman, R. A., Floyd, S. W., Laamanen, T., Mantere, S., Vaara, E., & Whittington, R. (2018). Strategy processes and practices: Dialogues and intersections. *Strategic Management Journal*, 39(3), 531–558. <https://doi.org/10.1002/smj.2741>

Braun, V., & Clarke, V. (2022). *Thematic analysis: A practical guide*. SAGE Publications Ltd.

Březinová, M. (2021). Basic characteristics of small and medium-sized enterprises in terms of their strategic management. *International Journal of Systems Applications Engineering & Development*, 15, 84–87. <https://doi.org/10.46300/91015.2021.15.11>

- Brinckmann, J., Grichnik, D., & Kapsa, D. (2010). Should entrepreneurs plan or just storm the castle? A meta-analysis on contextual factors impacting the business planning–performance relationship in small firms. *Journal of business venturing*, 25(1), 24-40. <https://doi.org/10.1016/j.jbusvent.2008.10.007>
- Cagliano, R., Caniato, F., & Spina, G. (2006). The linkage between supply chain integration and manufacturing improvement programs. *International Journal of Operations & Production Management*, 26(3), 282-299.
- Chawla, S., Khanna, D., & Chen, J. (2010). Are small business critical success factors same in different countries. <https://www.semanticscholar.org/paper/Are-Small-Business-Critical-Success-Factors-Same-in-Chawla-Khanna/d25555f60ed230a472ba369d995caaad2684bf87#citing-papers>
- Chia, R., and B. MacKay. (2007). Post-processual challenges from the emerging strategy-as-practice perspective: Discovering strategy in the logic of practice'. *Human Relations* 60/1: 217–242.
- Chiarvesio, M., Maria, E.D. and Micelli, S. (2004), “From local networks of SMEs to virtual districts? Evidence from recent trends in Italy”, *Research Policy*, Vol. 33 No. 10, pp. 1509-28.
- Clark, D. N. (1997). Strategic management tool usage: A comparative study. *Strategic change*, 6(7), 417-427. [https://doi.org/10.1002/\(SICI\)1099-1697\(199711\)6:7<417::AID-JSC281>3.0.CO;2-9](https://doi.org/10.1002/(SICI)1099-1697(199711)6:7<417::AID-JSC281>3.0.CO;2-9)
- Dangayach, G. S., and S. G. Deshmukh. 2001a. “Manufacturing Strategy: Literature Review and Some Issues.” *International Journal of Operations and Production Management* 21 (7):884–932.
- Denis, L., & Bourgault, M. (2003). Linking manufacturing improvement programs to the competitive priorities of Canadian SMEs. *Technovation*, 23(8), 705-715.
- Dickinson, R. A., Ferguson, C. R., & Sircar, S. (1984). Critical success factors and small business. *American Journal of Small Business*, 8(3), 49–57.

<https://doi.org/10.1177/104225878400800309>

Dincer, O., Tatoglu, E., & Glaister, K. W. (2006b). The strategic planning process: evidence from Turkish firms. *Management Research News*, 29(4), 206–219.

<https://doi.org/10.1108/1409170610665068>

Dwikat, S. Y., Arshad, D., & Shariff, M. N. M. (2022). The influence of systematic Strategic Planning and Strategic Business Innovation on the Sustainable performance of Manufacturing SMES: the case of Palestine. *Sustainability*, 14(20), 13388.

<https://doi.org/10.3390/su142013388>

European Commission. (2020). *User guide to the SME definition*. Publications Office of the European Union. <https://doi.org/10.2873/255862>

Fuertes, G., Alfaro, M., Vargas, M., Gutierrez, S., Ternero, R., & Sabattin, J. (2020). Conceptual Framework for the Strategic Management: A Literature Review—Descriptive. *Journal of Engineering*, 2020, 1–21.

<https://doi.org/10.1155/2020/6253013>

Gavurova, B., Cepel, M., Belas, J. and Dvorsky, J. (2020), “Strategic Management in SMEs and Its Significance for Enhancing the Competitiveness in the V4 Countries -A Comparative Analysis”, *Management & Marketing. Challenges for the Knowledge Society*, Vol. 15, No.4, pp. 557-569, DOI: 10.2478/mmcks-2020-0032.

Gherghina, Ş. C., Botezatu, M. A., Hosszu, A., & Simionescu, L. N. (2020). Small and Medium-Sized Enterprises (SMEs): The Engine of Economic Growth through Investments and Innovation. *Sustainability*, 12(1), 347.

<https://doi.org/10.3390/su12010347>

Gibbons, P. and O'Connor, T. (2005), "Influences on Strategic Planning Processes among Irish SMEs", *Journal of Small Business Management*, Vol. 43, pp. 170-187

Golsorkhi, L. Rouleau, D. Seidl, & E. Vaara (Eds.), *Cambridge handbook of strategy as practice* (pp. 1–30). Cambridge University Press.

<https://doi.org/10.1017/CCO9781139681032.001>

- Gumel, B. I., & Bardai, B. B. (2023). A review of critical success factors influencing the success of SMEs. *SEISENSE Business Review*, 3(1), 37–61. <https://doi.org/10.33215/sbr.v3i1.906>
- Gunn, R. and Williams, W. (2007), "Strategic Tools: an Empirical Investigation into Strategy in Practice in the UK", *Strategic Change*, Vol. 16, pp. 201-216.
- Hassan, S. H., Haniba, N. M. M., & Ahmad, N. H. (2019). Social customer relationship management (s-CRM) among small-and-medium-sized enterprises (SMEs) in Malaysia. *International Journal of Ethics and Systems*, 35(2), 284-302.
- Heracleous, L., Wawarta, C., Papachroni, A., & Paroutis, S. (2023). Logical incrementalism as a path to strategic agility: The case of NASA. *California Management Review*, 65(4), 63–92. <https://doi.org/10.1177/00081256231180878>
- Holátová, D., & Březinová, M. (2018). Management of Human Resource in Small and Medium-Sized Enterprises: Case Study. In *InTech eBooks*. <https://doi.org/10.5772/intechopen.70294>
- Hristova, S., & Bundaleska, E. (2019). Strategic Planning Practices and Challenges: The case of SMEs in Macedonia. *Mednarodno Inovativno Poslovanje = Journal of Innovative Business and Management*, 10(2). <https://doi.org/10.32015/jimb/2018-10-2-2>
- Hu, Q., Mason, R., Williams, S. J., & Found, P. (2015). Lean implementation within SMEs: a literature review. *Journal of Manufacturing Technology Management*, 26(7), 980–1012. <https://doi.org/10.1108/jmtm-02-2014-0013>
- Hutzschenreuter, T., & Kleindienst, I. (2006). Strategy-Process Research: What Have We Learned and What Is Still to Be Explored. *Journal of management*, 32(5), 673-720. <https://doi.org/10.1177/0149206306291485>
- Jarzabkowski, P. and Balogun, J. (2009), "The Practice and Process of Delivering Integration Through Strategic Planning", *Journal of Management Studies*, Vol. 46, pp. 1255-1288
- Jarzabkowski, P., Giuliatti, M., Amoo, N. and Oliveira, B. (2011), "Use or Value? Practical Adoption of Strategy Tools in Different Stages of the Strategy Process", *The*

European Group for Organizational Studies (EGOS) 27th EGOS Colloquium on Reassembling Organizations, Gothenburg, July, 2011.

Jarzabkowski, P. and Kaplan S. (2015), "Strategy Tools-in-use: A Framework for Understanding 'Technologies of Rationality' in Practice", *Strategic Management Journal*, Vol. 36 No. 4, pp.537-558

Jarzabkowski, P., Seidl, D., & Balogun, J. (2022). From germination to propagation: Two decades of Strategy-as-Practice research and potential future directions. *Human Relations*, 75(8), 1533–1559. <https://doi.org/10.1177/00187267221089473>

Jennings, P., and Beaver, G. (1997), "The Performance and Competitive Advantage of Small Firms: a Management Perspective", *International Small Business Journal*, Vol. 15, pp. 64

Johnson, G., Angwin, D., Regnér, P., & Scholes, K. (2019). *Exploring strategy: Text and cases (12th ed)*. Pearson Education.

Leachman, C., Pegles, C. C., & Shin, S. K. (2005). Manufacturing performance: Evaluation and determinants. *International Journal of Operations & Production Management*, 25(9), 851-874.

Kafel, T., & Ziębicki, B. (2021). Dynamics of the evolution of the strategic management concept: From the planning school to the neostrategic approach. *Journal of Entrepreneurship Management and Innovation*, 17(2), 7–28. <https://doi.org/10.7341/20211721>

Kazemi, A., Kazemi, Z., Heshmat, H., Nazarian-Jashnabadi, J., & Tomášková, H. (2024). Ranking Factors Affecting Sustainable Competitive Advantage from The Business Intelligence Perspective: Using Content Analysis And F-TOPSIS. *Journal of Soft Computing and Decision Analytics*, 2(1), 39–53. <https://doi.org/10.31181/jscda21202430>

Kamensky, M. (2015). *Menestyksen timantti: Strategia, johtaminen, osaaminen, vuorovaikutus*. Talentum.

- Kohtamäki, M., Whittington, R., Vaara, E., & Rabetino, R. (2022). Making connections: Harnessing the diversity of strategy-as-practice research. *International journal of management reviews : IJMR*, 24(2), 210-232. <https://doi.org/10.1111/ijmr.12274>
- Kurtmollaiev, S. (2017). Dynamic capabilities and where to find them. *Journal of Management Inquiry*, 29(1), 3–16. <https://doi.org/10.1177/1056492617730126>
- Kindström, D., Carlborg, P., & Nord, T. (2022). Challenges for growing SMEs: A managerial perspective. *Journal of Small Business Management*, 62(2), 700–723. <https://doi.org/10.1080/00472778.2022.2082456>
- Lampadarios, E. (2016). Critical success factors for SMEs: An Empirical study in the UK chemical distribution industry. *International Journal of Business and Management*, 11(7), 67. <https://doi.org/10.5539/ijbm.v11n7p67>
- Lazarou Tarraco, Elisangela, Felipe Mendes Borini, Roberto Carlos Bernardes, and Sabrina Della Santa Navarrete. 2021. “The Differentiated Impact of the Institutional Environment on Eco-innovation and Green Manufacturing Strategies: A Comparative Analysis Between Emerging and Developed Countries.” *IEEE Transactions on Engineering Management*, 1–12. doi:10.1109/TEM.2021.3068642. Learned, E.P., C.R. Christensen, K.P. Andrews, and W.G. Guth. 1965. *Business Policy: Text and Cases*. Homewood, IL: Irwin.
- Lim, W. M. (2024-07-25). What Is Qualitative Research? An Overview and Guidelines. *Australasian marketing journal*. <https://doi.org/10.1177/14413582241264619>
- Long, C., & Vickers-Koch, M. (1995). Using core capabilities to create competitive advantage. *Organizational dynamics*, 24(1), 7-22. [https://doi.org/10.1016/0090-2616\(95\)90032-2](https://doi.org/10.1016/0090-2616(95)90032-2)
- Löfving, M., Säfsten, K., & Winroth, M. (2014). Manufacturing strategy frameworks suitable for SMEs. *Journal of Manufacturing Technology Management*, 25(1), 7-26. <https://doi.org/10.1108/JMTM-08-2012-0081>

- Martinet, A. (2010). Strategic planning, strategic management, strategic foresight: The seminal work of H. Igor Ansoff. *Technological forecasting & social change*, 77(9), 1485-1487. <https://doi.org/10.1016/j.techfore.2010.06.024>
- Mazzarol, T., Clark, D. N., & Reboud, S. (2014). Strategy in action: Case studies of strategy, planning and innovation in Australian SMEs. *Small Enterprise Research*, 21(1), 54–71. <https://doi.org/10.1080/13215906.2014.11082076>
- Mbanugo, C. I., Nwannah, N. L., & Udegbumam, E. O. (2020). Financial Management Practices Applied by Entrepreneurs for Operations of Small and Medium Scale Enterprises International Scholar. *Journal of Arts and Social Science Research*, 3(1), 76-83.
- McAdam, R., & McClelland, J. (2002). Sources of new product ideas and creativity practices in the UK textile industry. *Technovation*, 22(1), 113-121.
- McKiernan, P. (2006). Exploring environmental context within the history of strategic management. *International Studies of Management and Organization*, 36(3), 7–21. <https://doi.org/10.2753/imo0020-8825360301>
- Meers, K.A. & Robertson, C. (2007). Strategic Planning Practices in Profitable Small Firms in the United States. *The Business Review*, 7(1):302-307. Available from: EBSCOHost: CINAHL: <http://search.global.epnet.com/>
- Meyerowitz, D., Lew, C., & Svensson, G. (2018). Scenario-planning in strategic decision-making: requirements, benefits and inhibitors. *Foresight*, 20(6), 602–621. <https://doi.org/10.1108/fs-04-2018-0036>
- Miltenburg, John. 2009. “Setting Manufacturing Strategy for a Company’s International Manufacturing Network.” *International Journal of Production Research* 47 (22): 6179–6203. doi:10.1080/00207540802126629
- Mintzberg, H. (1973). Strategy-making in three modes. *California Management Review*, 16(2): 44-53.

- Mintzberg, H. (1987). The Strategy Concept I: Five Ps For Strategy. *California management review*, 30(1), 11-24. <https://doi.org/10.2307/41165263>
- Mintzberg, H. (1994). The fall and rise of strategic planning. *Harvard Business Review* 72, January, May – June, 71-86.
- Mungai, E., & Ogot, M. (2017). Generic Strategies and Firm Performance: An investigation of Informal sector Micro-Enterprises in Kenya. *International Journal of Business and Management*, 12(3), 148. <https://doi.org/10.5539/ijbm.v12n3p148>
- Naqvi, S. W. H. (2011). Critical Success and Failure Factors of Entrepreneurial Organizations: Study of SMES in Bahawalpur. *Journal of Public Administration and Governance*, 1(2), 17. <https://doi.org/10.5296/jpag.v1i2.824>
- Ozaydin, H. (2020). Social customer relationship management: New Communication Approaches in the Digitalized World. In E. E. Erciş, *Customer relationship Management in Small Businesses* (pp. 363- 377). Cambridge Scholars.
- Paroutis, S., and A. Pettigrew. (2007). ‘Strategizing in the multi-business firm: Strategy teams at multiple levels in and over time’. *Human Relations* 60/1: 99–135.
- Purgał-Popiela, J., Pauli, U., & Poczowski, A. (2023). Human Resource Management in Early Internationalised SMEs. *Taylor & Francis*, 2023(1), 5.
- Qamariah, I., & Muchtar, Y. C. (2019). Analyzing business performance of small and medium enterprises (SMEs) based on human capital, social capital, and competitive advantage. *Eco forum Journal*, 8(2), 2019.
- Quinn, J. B. (1980). *Strategies for change: Logical incrementalism*. Irwin.
- Ribeiro, L. M. M., & Cabral, J. A. S. (2006). A benchmarking methodology for metal casting industry. *Benchmarking: An International Journal*, 13(1/2), 23-35
- Robertson, R. A. (2008). Critical success factors for service-oriented small businesses in the e-commerce environment (Order No. 3297721). . (304830836). <https://www.proquest.com/dissertations-theses/critical-success-factors-service-oriented-small/docview/304830836/se-2>
- Sarbah, A., & Otu-Nyarko, D. (2014). An overview of the Design School of Strategic Management (Strategy Formulation as a Process of Conception). *Open Journal of*

- Business and Management*, 02(03), 231–249.
<https://doi.org/10.4236/ojbm.2014.23029>
- Saunders. (2023). *Research methods for business students*. Pearson Education.
- Schoemaker, P. J. H. (1995). Scenario Planning: A Tool for Strategic Thinking. *MIT Sloan management review*, 36(2), 25.
- Seefried, E. (2013). Steering the future. The emergence of “Western” futures research and its production of expertise, 1950s to early 1970s. *European Journal of Futures Research*, 2(1). <https://doi.org/10.1007/s40309-013-0029-y>
- Senderovitz, M. (2009). *How are SMEs defined in current research?* University of Southern Denmark.
- Seyedghorban, Zahra, Hossein Tahernejad, Royston Meriton, and Gary Graham. 2020. “Supply Chain Digitalization: Past, Present and Future.” *Production Planning & Control* 31 (2–3): 96–114. doi:10.1080/09537287.2019.1631461.
- Shu, C., Liu, J., Zhao, M., & Davidsson, P. (2020). Proactive environmental strategy and firm performance: The moderating role of corporate venturing. *International Small Business Journal Researching Entrepreneurship*, 38(7), 654–676.
<https://doi.org/10.1177/0266242620923897>
- Skinner, Wickham. 1969. “Manufacturing – Missing Link in Corporate Strategy.” *Harvard Business Review* 47 (3): 136–145.
- Singh, R. K., Garg, S. K., & Deshmukh, S. G. (2008). Strategy development by SMEs for competitiveness: A review. *Benchmarking: An International Journal*, 15(5), 525-547.
- Starbuck, W. H. (2015). Karl E. Weick and the dawning awareness of organized cognition. *Management Decision*, 53(6), 1287-1299. <https://doi.org/10.1108/MD-04-2014-0183>
- Teece, D., & Pisano, G. (1994). The Dynamic Capabilities of Firms: an Introduction. *Industrial and Corporate Change*, 3(3), 537–556.
<https://doi.org/10.1093/icc/3.3.537-a>
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509–533.

[https://doi.org/10.1002/\(SICI\)1097-0266\(199708\)18:7<509::AID-SMJ882>3.0.CO;2-Z](https://doi.org/10.1002/(SICI)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z)

- Tilastokeskus. (2023). *Tilastokeskus*. https://stat.fi/tup/suoluk/suoluk_yritykset.html
- Urbonavicius, S. (2005-09-01). ISO system implementation in small and medium companies from new EU member countries: A tool of managerial and marketing benefits development. *Research in international business and finance*, 19(3), 412-426. <https://doi.org/10.1016/j.ribaf.2005.03.002>
- Van Wyk, N. F. (2007). *Business Strategies and the Small Professional Services Firm : Evidence from the Accounting Profession* (Order No. 30713841). . (2901811115). <https://www.proquest.com/dissertations-theses/business-strategies-small-professional-services/docview/2901811115/se-2>
- Viitala, R., & Jylhä, E. (2019). *Johtamisen keskeiset käsitteet, teorit ja trendit*. Edita Publishing OY
- Vinueza, P. a. C., Guijarro, E. J. S., Verkovitch, I. E., & Altamirano, J. S. A. (2024b). Impact of the formality level on the strategic planning process of SMEs. *Journal of Ecohumanism*, 3(7), 1370–1382. <https://doi.org/10.62754/joe.v3i7.4302>
- Vixathep, S., & Phonvisay, A. (2019). Human capital, innovation, and entrepreneurship in micro and small businesses in Laos. In *Innovation in Developing Countries* (pp. pp. 99-121). Singapore: Springer.
- Vos, J. P. (2005). Developing strategic self-descriptions of SMEs. *Technovation*, 25(9), 989-999.
- Vuorinen, T., & Huikkola, T. (2023). *Strategiakirja: 25 työkalua*. Alma Talent.
- Wamalwa, H., Upadhyaya, R., Kamau, P. and McCormick, D. (2019), “Strategies of Kenyan firms: a case study of food processing firms in Nairobi,” *African Journal of Economic and Management Studies*, Vol. 10 No. 4, ISSN 2040-0705, doi:10.1108/AJEMS-09-2018-0282

- Wang, C., Walker, E. A., & Redmond, J. (2007). *Explaining the lack of strategic planning in SMEs: The importance of owner motivation*. *International Journal of Organizational Behaviour*, 12(1), 1-16. Retrieved from https://www.researchgate.net/publication/49277688_Explaining_the_Lack_of_Strategic_Planning_in_SMEs_The_Importance_of_Owner_Motivation
- Westkämper, E., Alting, and Arndt. 2000. "Life Cycle Management and Assessment: Approaches and Visions Towards Sustainable Manufacturing (Keynote Paper)." *CIRP Annals*
- Whittington, R. (2007). Strategy practice and strategy Process: family differences and the Sociological eye. *Organization Studies*, 28(10), 1575–1586. <https://doi.org/10.1177/0170840607081557>
- Wijayanti, S., & Fahleti, W. (2021). Business Development Strategy For SME – Snack Preferences of Millennial Generation: A Case Study of a Fish-Based Cracker Producer In Indonesia. *Russian Journal of Agricultural and Socio-Economic Sciences*, 109(1), 166–173. <https://doi.org/10.18551/rjoas.2021-01.22>
- Wu, Q., Yan, D., & Umair, M. (2023). Assessing the role of competitive intelligence and practices of dynamic capabilities in business accommodation of SMEs. *Economic Analysis and Policy*, 77, 1103-1114.
- Ullah, M. H., & Bhuiyan, F. (2013b). Strategic Planning and its implications on SMEs in Bangladesh: An Empirical study. *Global Disclosure of Economics and Business*, 2(1), 47–60. <https://doi.org/10.18034/gdeb.v2i1.193>
- Xu, J., & Li, J. (2019). The impact of intellectual capital on SMEs' performance in China. *Journal of Intellectual Capital*, 20(4), 488-509.
- Yu, W., Huang, H., Kong, X., & Zhu, K. (2023). Can Digital Inclusive Finance Improve the Financial Performance of SMEs? *Sustainability*, 15(3), 1867.

APPENDICES

Appendix1. Interview structure

- How would you personally define strategy and what is its significance in your leadership approach?
- Is your company currently implementing a strategy?
- Do you allocate time for future planning? If so, how far ahead do you typically plan, and what key factors do you consider when developing that plan?
- Do you believe long-term planning is beneficial for SMEs? Please explain why or why not.
- Are your employees or team members generally aware of the direction the company is pursuing?
- What does business success mean to you? In your opinion, what are the most critical areas a company should focus on to achieve long-term success?
- What factors do you identify as potential barriers to success?
- Have you ever explored how other companies approach growth planning? If so, were there any notable insights or takeaways?
- Do you believe that your company would benefit from more strategic planning?
- Could you please elaborate on the nature of the strategic work conducted within your organization?
- Lastly, how familiar are you with strategy tools or frameworks?

- I will present you with 25 strategy tools. Could you indicate how many of them you recognize, and how many you have used to clarify your company's strategy?

