



Exploring the role of strategic leadership in enhancing the resilience of SMEs in Mozambique

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Abstract

Purpose: The study explored how strategic leadership and decision-making help SMEs in Mozambique stay steady and continue operating during economic, institutional, and environmental pressures.

Methodology/Design: A qualitative approach was used, and interviews were held with 15 SME owners and managers. The data were reviewed through thematic analysis to understand their leadership practices and decision-making styles.

Findings: The results showed that leaders rely on clear vision, innovation, strong relationships, and staff development to build resilience. Their decisions were shaped by early risk checks, flexible strategies, careful use of resources, and learning from past experience.

Implications: The insights offer guidance for SME owners, policymakers, and support agencies seeking ways to strengthen resilience among small firms facing ongoing uncertainty.

Originality/Value: The study adds fresh evidence from Mozambique and connects leadership and decision-making to resilience through the lens of RBV and Contingency Theory.

Keywords: Strategic leadership, decision-making, resilience, SMEs, Mozambique, uncertainty

Introduction

Small and medium-sized enterprises (SMEs) are widely recognized as critical drivers of economic growth, employment, and social stability in many developing economies. They contribute significantly to GDP and job creation, making them central to sustainable development strategies (Kotsios, 2023; Saah, Mbohwa & Madonsela, 2024) ^[18, 26]. In environments characterized by economic volatility, institutional fragility, and resource constraints, the survival and growth of SMEs often depend not only on financial resources or infrastructure but also on leadership and strategic orientation. Strategic leadership refers to the ability of top decision-makers to formulate vision, make strategic choices, allocate resources efficiently, and guide the organization through uncertainty (Ferdous Azam, Sun & Karim, 2024) ^[14].

Research shows that SME leaders who adopt strategic leadership behaviors such as strategic planning, flexible decision-making, stakeholder engagement, promotion of innovation, and dynamic resource management help their firms adapt, renew, and survive external disruptions (Ferdous Azam, Sun & Karim, 2024) ^[14]. A cross-national study highlighted that strategic orientation and dynamic capabilities mediated by SME leaders significantly improve organizational resilience under uncertain conditions (Ferdous Azam, Sun & Karim, 2024) ^[14].

Furthermore, investigations into SME resilience have identified key values and skills including reliability, integrity, work ethics, and adaptability as foundational for enduring crises and sustaining business continuity (Kotsios, 2023) ^[18]. Resilient leadership, characterized by adaptability, internal coordination, and supportive work environments, has been associated with better performance, especially under challenging external conditions (Olaleye *et al.*, 2024) ^[23].

Given the structural challenges in many African economies including weak infrastructure, limited institutional support,

and resource scarcity the leadership and management practices within SMEs are particularly critical. While research on strategic leadership and SME resilience is growing globally, qualitative, context-specific studies in Mozambique remain sparse. Studying how strategic leadership manifests in Mozambican SMEs can provide valuable insights into resilience mechanisms suited to local realities.

Problem Statement

In spite of the acknowledged importance of SMEs for economic development and employment, many remain vulnerable to shocks, including economic downturns, policy changes, market fluctuations, and institutional weaknesses. In Mozambique, structural constraints such as limited access to finance, weak infrastructure, uncertain regulatory environments, and insufficient managerial capacity further exacerbate these vulnerabilities. Many SMEs struggle to survive or scale under such conditions (Saah, Mbohwa & Madonsela, 2024) ^[26].

While external constraints are widely documented, there is limited empirical evidence on internal organizational factors especially strategic leadership that could enhance SME resilience, survival, and performance in Mozambique. Without understanding how strategic leadership influences adaptability and long-term sustainability, interventions that focus solely on financial or infrastructural support may fail to address underlying vulnerabilities related to decision-making and strategic management.

Therefore, this study seeks to answer the central question: In what ways does strategic leadership, as exercised by SME owners and managers in Mozambique, influence the resilience, adaptability, and long-term sustainability of SMEs under economic, institutional, and environmental uncertainty? This includes examining leadership practices, strategic decision-making under uncertainty, and their contribution to firm survival, adaptation, and growth.

Study Objective

The study focuses on understanding how SME leaders use strategic approaches to strengthen their organizations. Specifically, the study seeks to:

1. Examine the strategic leadership practices employed by SME owners and managers in Mozambique to enhance organizational resilient and;
2. Explore how strategic decision-making enables SMEs to adapt, survive, and sustain operations amid economic, institutional, and environmental uncertainties.

Significance of the Study

This study is important for multiple stakeholders. Academically, it addresses a gap in qualitative, context-rich research on strategic leadership and SME resilience in Mozambique and similar developing economies. By exploring leadership practices within their socio-economic and institutional context, the research contributes to theory-building on resilience, dynamic capabilities, and strategic management in SMEs.

For SME practitioners' owners, managers, and entrepreneurs the findings can provide practical, context-relevant insights into effective leadership practices and strategic behaviors that enhance resilience. Understanding why some SMEs survive and thrive under adverse conditions can guide strategic decision-making, resource allocation, and long-term planning.

For policymakers, development agencies, and institutional support programs, the study may highlight the importance of investing not only in financial or infrastructural support but also in leadership development, managerial training, and strategic capacity building. Such holistic interventions can strengthen SMEs' ability to adapt and sustain themselves in volatile environments.

Ultimately, by illustrating how strategic leadership underpins resilience and business continuity, this study can contribute to a stronger, more sustainable SME sector, fostering economic growth, employment, and social stability in Mozambique.

Literature Review

Theoretical Framework

This study is guided by two key theories that explain how strategic leadership can enhance the resilience of SMEs:

Resource-Based View (RBV) Theory

The Resource-Based View (RBV) theory emphasizes that organizations achieve competitive advantage and resilience by effectively utilizing their internal resources and capabilities (Barney, 1991) ^[6]. In the context of SMEs, strategic leadership is critical because leaders decide how to allocate scarce resources, develop capabilities, and leverage strengths to adapt to environmental challenges. By applying RBV, this study examines how SME leaders in Mozambique mobilize resources, including human, financial, and social capital, to sustain operations and enhance resilience.

Contingency Theory

Contingency Theory suggests that there is no single best way to manage an organization; rather, effective management depends on the alignment between organizational practices and the external environment

(Fiedler, 1964) ^[15]. For SMEs facing unpredictable economic, institutional, and environmental conditions, strategic leadership must be adaptive and context-sensitive. This theory supports the exploration of how SME leaders in Mozambique adjust strategies and decision-making processes in response to situational factors, thereby promoting resilience and long-term sustainability.

These theories mutually provide a lens for understanding how internal resources and adaptive leadership behaviors contribute to SME resilience under challenging conditions.

Strategic Leadership

Strategic leadership refers to the ability of leaders to influence organizational direction, make decisions under uncertainty, and align resources with long-term goals (Ferdous Azam, Sun & Karim, 2024) ^[14]. In SMEs, strategic leadership is particularly important because these organizations often operate under resource constraints and in volatile environments. Leaders who demonstrate strategic foresight, flexibility, and innovation orientation can guide their firms to adapt to challenges, seize opportunities, and maintain competitive advantage (Kotsios, 2023) ^[18]. Studies also highlight that strategic leaders engage in stakeholder management, encourage innovation, and cultivate human capital to build organizational capacity and resilience. In the context of developing economies, strategic leadership is a critical mechanism for navigating market unpredictability, institutional gaps, and operational constraints, thereby ensuring the sustainability and growth of SMEs (Olaleye *et al.*, 2024) ^[23].

Resilience of SMEs

Resilience in SMEs is the capacity to survive, adapt, and thrive despite adverse conditions, including economic shocks, regulatory changes, and market disruptions (Saah, Mbohwa & Madonsela, 2024) ^[26]. Research indicates that resilient SMEs are characterized by adaptive leadership, resourcefulness, and robust internal processes that allow quick response to challenges. Key factors influencing SME resilience include innovation capability, strategic planning, flexibility, and strong organizational culture (Kotsios, 2023) ^[18]. Resilient SMEs are not only able to withstand external pressures but can also identify opportunities in crises, maintaining continuity and achieving long-term sustainability. In developing economies like Mozambique, where SMEs face significant structural and environmental challenges, resilience is essential for survival, growth, and contribution to broader economic development (Olaleye *et al.*, 2024) ^[23].

Strategic Leadership Practices in SMEs

Strategic leadership is widely recognized as a critical determinant of SME performance and resilience, particularly in developing economies where businesses often face resource constraints and volatile market conditions. It refers to the ability of leaders to set a clear vision, align resources, make informed decisions, and guide organizations through uncertainty (Ferdous Azam, Sun & Karim, 2024) ^[14]. In SMEs, strategic leadership is not limited to formal management roles; owners and managers often play multiple roles simultaneously, from operations and finance to marketing and human resource development. This multifunctional role makes leadership practices central to organizational resilience.

Studies suggest that effective strategic leadership involves several core practices. First, leaders must engage in strategic planning, setting long-term objectives while remaining flexible to adapt to changing circumstances (Kotsios, 2023) ^[18]. Second, promoting innovation within the organization is a common leadership practice that allows SMEs to develop new products, services, and processes, thereby sustaining competitive advantage. Third, stakeholder engagement and relationship management are critical, as SMEs often rely on networks with suppliers, customers, and financial institutions for survival and growth (Olaleye *et al.*, 2024) ^[23]. Finally, developing and nurturing human capital through training and delegation strengthens the internal capacity of SMEs, equipping them to respond effectively to challenges. In Mozambique, SMEs operate in a context marked by infrastructural deficits, regulatory uncertainty, and limited access to finance. Research indicates that SMEs with leaders who adopt strategic leadership practices are more likely to develop adaptive capabilities that mitigate these challenges, enhance operational efficiency, and build resilience (Saah, Mbohwa & Madonsela, 2024) ^[26]. By examining these practices, the study can provide insights into how Mozambican SME leaders navigate environmental complexities and foster organizational resilience.

Strategic Decision-Making and SME Adaptation

Strategic decision-making refers to the process through which leaders assess internal and external conditions, evaluate alternatives, and choose courses of action that influence organizational direction and performance. In SMEs, where resources are often limited and environmental conditions unpredictable, strategic decision-making is essential for survival and long-term sustainability (Ferdous Azam, Sun & Karim, 2024) ^[14]. Decisions regarding resource allocation, market entry, product diversification, and risk management are directly linked to the firm's ability to adapt and maintain operations during crises or uncertainty.

Literature highlights that adaptive decision-making enhances SME resilience by allowing firms to respond proactively to changes in market demand, regulatory environments, and economic conditions (Kotsios, 2023) ^[18]. For instance, SMEs that adopt flexible strategies, such as modifying production processes or pursuing strategic partnerships, are better positioned to mitigate operational disruptions. Additionally, integrating scenario planning and risk assessment into decision-making enables SMEs to anticipate potential challenges and prepare contingency measures, reducing vulnerability to shocks (Olaleye *et al.*, 2024) ^[23].

In the Mozambican context, SMEs face challenges such as limited institutional support, fluctuating economic policies, and inconsistent market access. Research shows that leaders who actively engage in informed, context-sensitive decision-making are more likely to guide their firms through these uncertainties successfully, maintaining continuity and supporting growth (Saah, Mbohwa & Madonsela, 2024) ^[26]. Exploring these decision-making processes provides insights into how SMEs adapt and sustain operations, offering both practical guidance for managers and contributions to theory on resilience and strategic management in developing economies.

Empirical Review

Research on strategic leadership and SME resilience in Europe provides useful insights that relate well to the Mozambican context.

For instance, a study from Germany by Schneider and Vogel (2023) ^[27] examined how SME leaders used strategic leadership routines to cope with market instability. Using a qualitative case study approach with interviews from 18 owners, they found that long-term vision, strong networking, and employee involvement helped firms stay stable during supply chain disruptions. Their work showed that resilience was closely linked to how leaders mobilized internal capabilities and adapted processes quickly.

A similar study in France by Laurent and Dupont (2022) ^[20] explored the decision-making patterns of SMEs facing financial uncertainty. The researchers used semi-structured interviews with 22 SME managers across Paris and Lyon. Their findings revealed that flexible planning and early risk scanning were the most effective strategic behaviors that supported survival. Managers who reviewed past decisions and adjusted strategies regularly were more able to sustain operations during regulatory and market shifts.

In Spain, Rodríguez-Cano and Salinas (2024) ^[25] investigated how small businesses used strategic leadership to manage environmental and competitive pressures. They adopted a mixed qualitative design involving interviews and document analysis of 20 SMEs in Madrid. The study showed that innovation-driven leadership, especially encouraging staff creativity, played a major role in strengthening resilience. Leaders who openly shared business goals and empowered staff were found to adapt faster to economic and technological changes.

Another useful study from Portugal by Carvalho and Tavares (2023) ^[9] focused on strategic decision-making in SMEs during periods of economic slowdown. Through a qualitative phenomenological approach with 15 business owners, the study uncovered that resilience was strongest among firms that used structured resource allocation, ongoing learning, and collaboration with local institutions. The authors observed that Portuguese SME leaders who applied reflective decision-making practices were better able to sustain operations during market instability.

Methodology

Philosophical Foundation

The study was grounded in the pragmatist philosophy, which emphasizes practical problem-solving and the use of multiple sources of evidence to understand complex phenomena (Creswell & Creswell, 2018) ^[11]. Pragmatism was appropriate for exploring strategic leadership and SME resilience because it allowed the integration of qualitative insights to capture managerial perceptions, leadership behaviors, and adaptive strategies that cannot be fully measured through quantitative methods alone.

Research Design

A qualitative research design was adopted to explore the strategic leadership practices and decision-making processes of SME owners and managers in Mozambique. This approach enabled an in-depth understanding of leadership behaviors, resilience strategies, and adaptive responses within the unique contextual challenges faced by SMEs (Marshall & Rossman, 2016) ^[21].

Population and Sample

The population comprised SME owners and managers in Mozambique across different sectors. A purposive sampling technique was used to select participants who were directly involved in strategic decision-making and had experience leading their firms through uncertainty (Etikan, Musa & Alkassim, 2016)^[13]. A total of 15 participants were included to ensure rich, detailed data suitable for qualitative analysis.

Data Collection

Data were collected through semi-structured interviews, allowing participants to share their experiences and perspectives on strategic leadership and resilience in their own words (Kvale & Brinkmann, 2015)^[19]. The interview guide included open-ended questions covering leadership practices, strategic decision-making, adaptive strategies, and responses to environmental uncertainties. Interviews lasted approximately 45–60 minutes and were conducted face-to-face or virtually.

Data Analysis

Thematic analysis was employed to analyze the data following Braun and Clarke's six-step process (2006)^[7]. Transcripts were coded iteratively, with emerging themes related to leadership practices, decision-making strategies, and resilience factors identified and interpreted in the context of Mozambican SMEs. This approach facilitated the identification of patterns, similarities, and unique insights across participants.

Reliability and Validity

Reliability was ensured by using a consistent interview guide for all participants and by audio-recording and transcribing all interviews accurately. Peer debriefing and cross-checking of transcripts were conducted to minimize researcher bias and enhance consistency (Creswell & Creswell, 2018)^[11].

Validity was maintained through triangulation by comparing participants' responses with documented practices, industry reports, and relevant literature. Member checking was also employed, where participants reviewed and confirmed the accuracy of their responses and interpretations. These steps enhanced the credibility, trustworthiness, and authenticity of the findings (Marshall & Rossman, 2016)^[21].

Ethical Considerations

Ethical clearance was obtained prior to data collection. Participants provided informed consent, and confidentiality and anonymity were maintained throughout the study. Pseudonyms were used to protect identities, and participants were informed of their right to withdraw at any stage.

Results

Demographic Characteristics of Respondents

Understanding the demographic profile of participants provides context for interpreting findings related to strategic leadership and SME resilience. This study involved fifteen SME owners and managers operating in Mozambique who participated in semi-structured interviews. The characteristics of these respondents are described below.

Regarding gender, among the fifteen respondents, the majority were men. This male predominance aligns with patterns observed across West Africa, where SME ownership remains largely male-dominated. For instance, in Liberia, a qualitative study found that men constituted most small business owners, reflecting a persistent gender imbalance in SME management (Sivili, 2024; Adeniyi, Smith & Oyewole, 2024)^[1, 28].

On age and experience, respondents ranged from young adults to middle-aged individuals, combining youthful energy with several years of business experience. Such a distribution mirrors finding in other African contexts, where SME operators often include both younger entrepreneurs and more experienced business owners, which can influence adaptability, risk-taking, and resilience (Somwarbi, 2024)^[29].

On education Level, most participants had attained at least secondary education, with several holding post-secondary or higher qualifications. This observation is consistent with other African studies indicating that formal education equips SME owners with managerial skills to navigate complex operational and environmental challenges (Somwarbi, 2024)^[29].

Regarding the firm age and Business experience, the sample included operators of both new and established SMEs. While some respondents had recently launched their businesses, others had sustained operations for multiple years. Similarly, research in Liberia highlighted the diversity of firm age, showing that SME growth and survival are influenced by owner experience and business maturity (Sivili, 2024)^[28].

On sector of operation, participants operated in diverse sectors, including trade/retail, services, and small-scale manufacturing or production. This sectoral diversity reflects regional trends in SME operations; studies in Liberia reported SMEs spanning retail, service, and informal trade sectors (Somwarbi, 2024; Adeniyi, Smith & Oyewole, 2024)^[1, 29].

Reliability and Validity of the Study

Ensuring the reliability and validity of qualitative findings is essential to demonstrate the trustworthiness and credibility of the study. In this research, reliability refers to the consistency of the data collection and analysis process, while validity relates to the accuracy and truthfulness of the findings in reflecting participants' experiences (Creswell & Creswell, 2018)^[11]. Measures were taken to enhance both, including the use of a consistent semi-structured interview guide, member checking, triangulation, and peer debriefing. For both objectives, reliability was ensured by using the same interview protocol for all participants, recording and transcribing interviews verbatim, and conducting peer debriefing to minimize researcher bias. Validity was strengthened through member checking, where participants reviewed and confirmed the interpreted data, as well as triangulation by comparing responses with existing literature and sectoral reports. These measures collectively enhanced the trustworthiness of the study findings, providing confidence that the results accurately capture the strategic leadership practices and decision-making behaviors of SMEs in Mozambique. The results of these procedures for the two research objectives are summarized in Table 1.

Table 1: Reliability and Validity Results for Objectives 1 and 2

Objective	Reliability Measures	Validity Measures	Result/Outcome
1. To examine the strategic leadership practices employed by SME owners and managers in Mozambique to enhance organizational resilience	Consistent interview guide applied to all participants; audio-recorded interviews; peer review of transcripts	Member checking with participants; triangulation with prior literature and industry reports	High reliability and credibility; themes confirmed by participants and aligned with literature
2. To explore how strategic decision-making enables SMEs to adapt, survive, and sustain operations amid economic, institutional, and environmental uncertainties	Systematic coding process using thematic analysis; iterative review of transcripts; cross-checking of emerging themes	Validation through participant confirmation; comparison with documented strategies and prior studies	Strong validity; findings accurately reflected participants' decision-making practices and adaptive strategies

Source: Field Data, 2025

Results

Objective 1: To Examine the Strategic Leadership Practices Employed by SME Owners and Managers in Mozambique to Enhance Organizational Resilience

A brief overview of the findings shows that SME leaders in Mozambique employ diverse strategic leadership practices that help their firms navigate challenges and build resilience. Thematic analysis of the interviews revealed four major themes, as detailed below.

Theme 1: Visionary Leadership

Participants emphasized the importance of having a clear vision to guide business growth and resilience. Leaders articulated long-term goals and aligned their teams with these objectives.

Quote

“I always try to show my team where we want to be in five years, so everyone knows why we work hard even when times are tough.” (Respondent 4)

Theme 2: Encouraging Innovation

SME managers highlighted adopting innovative approaches in products, services, and processes to remain competitive and resilient

Quote

“Whenever we see new opportunities, we adjust our services. Innovation keeps our customers and also protects us from market shocks.” (Respondent 9)

Theme 3: Stakeholder Engagement and Networking

Leaders frequently built relationships with suppliers, clients, and local institutions to ensure support during challenging periods

Quote

“I always communicate with my suppliers and customers; understanding their needs helps us survive when the economy fluctuates.” (Respondent 2)

Theme 4: Human Capital Development

Developing and empowering employees was seen as crucial for organizational resilience, enabling the firm to adapt effectively to change.

Quote

“I train my staff regularly and involve them in decisions. When they feel responsible, they help the business cope with difficulties.” (Respondent 7)

Objective 2: To Explore How Strategic Decision-Making Enables SMEs to Adapt, Survive, and Sustain Operations amid Economic, Institutional, and Environmental Uncertainties

The analysis of decision-making practices among SME owners revealed four key themes that underpin adaptability

and sustainability in Mozambique’s challenging business environment.

Theme 1; Proactive Risk Assessment

Respondents consistently reported evaluating potential risks before making business decisions to reduce vulnerability

Quote

“Before launching any new service, I think about the risks and how they might affect our business. Planning ahead keeps us safe.” (Respondent 1)

Theme 2: Flexibility in Strategy Implementation

SME managers emphasized adjusting plans and operations based on changing market or institutional conditions

Quote

“Sometimes the market changes suddenly. We adapt quickly, changing how we deliver products or offer services.” (Respondent 10)

Theme 3: Resource Allocation and Optimization

Decision-making included careful allocation and utilization of financial, human, and material resources to ensure continuity during crises

Quote

“We carefully decide where to spend money and how to use our resources efficiently so that even if business slows down, we can survive.” (Respondent 6)

Theme 4: Learning from Experience and Feedback

Participants highlighted the role of reflection on past experiences and feedback from customers and employees to inform future decisions

Quote

“I always review what worked and what didn’t. Learning from experience helps me make better decisions next time.” (Respondent 12)

Discussion of Findings

Objective One: To examine the strategic leadership practices employed by SME owners and managers in Mozambique to enhance organizational resilience

This section discusses the themes that emerged from interviews about strategic leadership practices used by SME owners and managers in Mozambique to build resilience. Each theme is related to the Resource-Based View (RBV) and Contingency Theory and illustrated with relevant prior studies from the USA, Canada, Australia and Austria.

Theme 1: Visionary leadership

Respondents underlined the role of a clear long-term vision in keeping staff focused and guiding recovery or growth efforts during shocks. From an RBV perspective, a leader’s

vision functions as an intangible strategic resource: it shapes routines, motivates employees, and helps the firm mobilize other resources more effectively (Barney, 1991) ^[6]. Empirical work shows that visionary and empowering leadership improves innovative performance and commitment in small firms, which in turn supports resilience (Wang, 2024) ^[33]. U.S. practitioner-focused research also documents how small business leaders use vision statements and goal alignment to steer firms through crises (Charette, 2023) ^[10]. Contingency Theory complements this view by suggesting that the effectiveness of a visionary approach depends on situational factors for example, market turbulence or regulatory change so leaders must adapt how they communicate and enact vision to fit the context (Fiedler, 1964) ^[15]. In short, vision is a valuable internal resource (RBV) whose impact on resilience is moderated by external conditions (Contingency).

Theme 2: Encouraging innovation

Managers repeatedly described deliberate efforts to change products, services, or processes when markets shifted. This aligns with the RBV and dynamic-capabilities literature: innovation is a capability that turns limited resources into sustained advantage and helps firms adapt to shocks (Koporcic, 2025) ^[17]. Canadian evidence from post-pandemic surveys and reports shows that SMEs with higher innovation and digital maturity weathered disruptions better, underscoring how innovation capability supports resilience in practice (Statistics Canada; digital maturity studies, 2023–24) ^[30]. From a contingency viewpoint, the choice and timing of innovation depend on sectoral and institutional conditions: in some contexts, a rapid service pivot is effective, while in others product innovation or process re-engineering is required. Thus, encouraging innovation is both an internal capability (RBV) and a context-sensitive strategy (Contingency).

Theme 3: Stakeholder engagement and networking

Participants stressed maintaining close ties with suppliers, customers and local institutions as a buffer during hard times. RBV treats social and relational ties as strategic resources — social capital that firms can mobilize for preferential credit terms, information, or market referrals (Barney, 1991) ^[6]. Studies from Australia and OECD reports show that active stakeholder engagement and clear communication with public actors and value-chain partners helped SMEs manage disruptions and access support during crises (Erdiaw-Kwasie *et al.*, 2023; OECD, 2023) ^[12, 22]. Contingency Theory adds that which stakeholders matter most changes with circumstances: during a supply shock supplier relationship matter most, while in a demand shock customer relation become critical. Therefore, stakeholder engagement is a relational resource under RBV whose practical value is shaped by the situation (Contingency).

Theme 4: Human capital development

Respondents linked staff training, delegation and inclusive decision-making to their ability to adapt quickly. Under RBV, human capital is a core, heterogeneous firm resource that supports problem solving, innovation and routine change which are all necessary for resilience (Barney, 1991) ^[6]. Austrian and wider European studies highlight that investments in workforce skills and managerial know-how strengthen SMEs' adaptive capacity and support

internationalization or digital transitions (Bigos *et al.*, 2024; UNIDO report, 2025) ^[8, 32]. Canadian research on digital maturity likewise finds that firms whose people could use new technologies recovered faster (digital maturity reports, 2021–24). Contingency Theory explains variation in training priorities: the right mix of skills depends on the firm's strategy and environment (e.g., a firm competing on service flexibility needs different skills than one competing on product quality). Thus, human capital development is a strategic RBV resource whose precise form should be aligned to contextual demands (Contingency).

Objective Two: To explore how strategic decision-making enables SMEs to adapt, survive, and sustain operations amid economic, institutional, and environmental uncertainties

This section interprets the four themes that emerged around strategic decision-making and explains how they enable Mozambican SMEs to adapt, survive and sustain operations. Each theme is linked to the Resource-Based View (RBV) which emphasises internal resources and capabilities and Contingency Theory which highlights the situational fit of choices. Prior studies from Saudi Arabia, Jordan, Qatar and Kuwait are used to show how similar decision practices operated in other volatile or resource-constrained environments.

Theme 1: Proactive risk assessment

Respondents consistently described assessing potential threats before committing to new products or services. From an RBV perspective, proactive risk assessment is a managerial capability that converts informational and cognitive resources into a form of protection for the firm: anticipating threats reduces the chance that scarce resources will be wasted and preserves firm-specific assets (Barney, 1991) ^[6]. Contingency Theory complements this by showing that the kinds of risks leaders prioritise depend on external conditions; what counts as the biggest threat varies by market volatility or regulatory environment (Fiedler, 1964) ^[15]. Empirical work from the Gulf region supports these points: studies in Saudi Arabia found that SME owners who routinely conducted risk appraisals before strategic moves experienced fewer operational setbacks during downturns (Al-Otaibi, 2022) ^[2, 4], and research in Jordan reported that firms using simple risk matrices were better able to preserve cashflows when policy or demand shocks occurred (Al-Qaralleh, 2021) ^[15]. Together, these findings suggest that risk assessment is both an internal capability (RBV) and a context-sensitive practice (Contingency) that strengthens resilience.

Theme 2: Flexibility in strategy implementation

Interviewees emphasised the need to change plans quickly when market signals shifted. Under RBV, flexibility is a dynamic capability and ability to reconfigure existing resources to meet new demands which helps firms extract more value from their limited assets and sustain competitive advantage (Teece *et al.*, 1997; Barney, 1991) ^[6, 31]. Contingency Theory explains why flexibility must be exercised differently depending on situational factors: in fast-changing markets a rapid tactical pivot may be required, whereas in stable settings incremental adjustments may suffice (Fiedler, 1964) ^[15]. Research from Qatar and Kuwait found similar patterns: Qatari SMEs that institutionalized

short review cycles for strategy adjusted faster to supply chain interruptions (Al-Mansour, 2023) ^[3], while Kuwaiti firms that embedded contingency plans into operations recovered more quickly from demand shocks (Al-Kuwari, 2022) ^[2]. Thus, strategic flexibility emerges as a resourceful practice that must be tailored to the firm's environment.

Theme 3: Resource allocation and optimization

Participants reported careful choices about where to invest limited funds, staff time and inventory. RBV treats judicious resource allocation as a vital routine: when leaders allocate resources toward activities that protect or build firm-specific capabilities, the firm's resilience improves (Barney, 1991) ^[6]. From a contingency angle, allocation decisions depend on external constraints for example, during a policy-driven cash shortage leader may prioritise liquidity, while in a demand slump they may redirect resources to customer retention (Fiedler, 1964) ^[15]. Studies in Saudi Arabia and Jordan show that SMEs that adopted conservative budgeting and strict prioritization during crises preserved core operations and avoided insolvency (Al-Otaibi, 2022; Al-Qaralleh, 2021) ^[4, 5]. Gulf studies also note that transparent resource rules and simple decision heuristics helped small firms act quickly and consistently under pressure (Al-Mansour, 2023) ^[3]. In sum, resource optimisation is an internal strategic competency whose form should match situational demands.

Theme 4: Learning from experience and feedback

Respondents described using past successes and failures, plus customer and staff feedback, to inform later choices. RBV highlights organisational learning and knowledge as intangible resources that, when accumulated, increase a firm's capacity to respond to future challenges (Barney, 1991) ^[6]. Contingency Theory explains that the lessons a firm needs to learn are shaped by the types of shocks it faces supply disruptions require different learning than regulatory changes (Fiedler, 1964) ^[15]. Empirical evidence from Kuwait and Qatar supports this: studies reported that SMEs that instituted regular after-action reviews and customer feedback loops adjusted faster to repeated shocks and improved service continuity (Al-Kuwari, 2022; Al-Mansour, 2023) ^[2, 3]. Research in Jordan similarly found that firms that codified lessons into simple routines reduced the likelihood of repeating costly mistakes (Al-Qaralleh, 2021) ^[5]. Therefore, learning is a sustainable internal resource that must be oriented by the context to deliver resilience.

Implications

The findings offer several important lessons for both practice and policy. First, the results show that strong strategic leadership helps SME owners in Mozambique stay steady in the face of pressure. When leaders set a clear direction, guide employees with confidence, and respond quickly to challenges, their firms are better placed to survive difficult moments. This suggests that leadership development should be a core part of SME support programmes, especially in regions that face frequent economic and institutional shifts.

The study also shows that strategic decision-making is not just a routine managerial task but a vital tool for adaptation. Owners who review information carefully, scan their business environment often, and involve trusted staff in key choices tend to build firms that bend but do not break.

Because of this, training centres and business associations may need to introduce more practical coaching on scenario planning, problem analysis, and quick-response thinking.

For policymakers, the results point to the value of creating a supportive environment where small firms can take informed risks. When regulations are stable, information is easy to access, and support systems function well, SME leaders are more confident to make long-term decisions. This means national and local authorities can strengthen resilience by improving consistency in policies, simplifying administrative processes, and expanding advisory services for small businesses.

For researchers, the findings open fresh directions for studying resilience in African markets. The experiences of Mozambican SME owners show that resilience is shaped by leadership behaviour, decision routines, and the wider business environment. Future work can explore more sectors, compare different regions, or use mixed methods to deepen understanding.

Essentially, these implications highlight that strengthening leadership capacity and decision-making systems can act as a strong shield for SMEs as they face constant economic and environmental uncertainty in Mozambique.

Recommendations

The findings point to several practical steps that can help strengthen the resilience of SMEs in Mozambique.

First, owners and managers may benefit from regular leadership development programmes that help them build confidence, guide teams effectively, and respond calmly during uncertainty. Workshops offered through local business hubs, universities, or SME associations can give leaders the chance to sharpen skills in communication, staff support, and crisis navigation.

There is also a need for targeted training in strategic decision-making. Many SME owners operate in unpredictable conditions, so practical coaching on environmental scanning, analysing risks, exploring alternative options, and making timely choices can make a real difference. Programmes that combine real business scenarios with peer learning may help owners gain tools they can use immediately.

Government agencies and business support institutions can help by creating a more stable and predictable policy space. When rules are clear and information is easy to access, SME owners can make decisions with fewer fears about sudden disruptions. Strengthening advisory services, improving access to business information, and reducing administrative bottlenecks will support faster and more grounded decision-making.

Financial institutions also have a role to play. Offering flexible financial products that match the realities of small businesses such as emergency funds, micro-insurance, and simplified loan assessment procedures could help firms cope better when shocks occur.

Finally, it may be useful for SMEs to build stronger networks among themselves. Peer groups, clusters, and local business associations can help owners share experiences, learn from others, and coordinate responses to wider economic or institutional challenges.

In all, these recommendations point to the need for stronger leadership capacity, better decision systems, and a more supportive business environment to help Mozambican SMEs stand firm during ongoing uncertainty.

Limitations and Suggestions for Future Studies

This study relied on a small sample of 15 SME owners and managers, which offered rich insights but limits how far the findings can be applied to all SMEs in Mozambique. The study also focused on qualitative accounts, so the results reflect personal experiences rather than broader patterns measured through larger surveys. In addition, the research covered selected regions, leaving out SMEs in other parts of the country that may face different forms of uncertainty.

Future studies may consider using larger samples to compare decision-making patterns across different SME sectors and regions. Mixed-method designs could also help blend personal experiences with measurable trends. It may also be useful for scholars to explore how digital tools, leadership training, or government interventions shape decision-making and resilience over time.

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