



STRATEGIC PLANNING AS A MEDIATING MECHANISM BETWEEN STRATEGIC THINKING, STRATEGIC INNOVATION, AND WOMEN-OWNED SME PERFORMANCE IN PAKISTAN

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Abstract

Small and medium enterprises (SMEs) are key to Pakistan's economic development, and are significant in terms of employment creation, poverty reduction, and income generation. Despite the persistently negative outlook, women entrepreneurs (WEs) in Pakistan are still facing all kinds of bottlenecks which include access to finance, social norms and strategic management. This study examines the mediating role of strategic planning between strategic thinking, strategic innovation and performance of women owned small businesses in Punjab, Pakistan. A quantitative research technique was used, and this technique was further supplemented by the use of a convenience sampling technique consisting of 280 women entrepreneurs of Lahore, Faisalabad and Multan who were selected for the study by administering the self-administered questionnaire. Multiple linear regression, confirmatory factor analysis and Partial Least Squares Structural Equation Modelling (PLS-SEM) using SmartPLS 4 were used for statistical analysis. The findings show that strategic thinking and strategic innovation have a positive effect on business performance. Moreover, the relationships between strategic thinking and performance as well as strategic innovation and performance are significantly mediated by strategic planning. The results help fill gaps in the literature related to women entrepreneurship, strategic management, and SME performance in developing countries. Practical implications for women entrepreneurs, entrepreneurship development agencies and policy makers are provided on the importance of strategic thinking, strategic planning and strategic innovation to improve small business performance.

Keywords: Strategic Planning, Strategic Thinking, Strategic Innovation, Women-Owned SMEs, Small Business Performance, Pakistan

1. Introduction

The small and medium size enterprises (SMEs) are generally considered to be the engines of economic growth especially in developing countries like Pakistan. As per the Small and Medium Enterprises Development Authority (SMEDA, 2023) the overall contribution of SMEs to the overall GDP is around 40%, while 80% of the non-agricultural labour force is employed by SMEs. In this sector, women entrepreneurs are a minority but growing segment of the businesses. Women also have a large share in the population of Pakistan but their share in formal SMEs is only 1-2% (Global Entrepreneurship Monitor [GEM] 2022). This imbalance is alarming as women entrepreneurship can significantly contribute to economic diversification, poverty alleviation, and inclusive growth (Asif et al., 2023; Neneh, 2018).

Although women-owned SMEs are well recognized as an important segment of the economy, their performance is still found to be worse than that of its male counterpart (Asif & Sandhu, 2023; Hoque &



Awang, 2019). Women entrepreneurs are also confronted with specific problems, such as access to credit, limited mobility, societal norms related to women's roles and duties at home, and the absence of formal network of businesses in Pakistan (Asif et al., 2023; Donga & Chimucheka, 2024). The limitations are compounded in areas where there is poor infrastructure and institutional support, like in rural areas of Punjab and Khyber Pakhtunkhwa. Due to this, many women entrepreneurs in SMEs are still small and informal and are not protected against external shocks, and have high failure rates in the first few years of their operations.

Business performance is a multidimensional phenomenon that can be assessed by different indicators such as profitability, growth in sales, job creation, return on assets and customer satisfaction (Asif, 2024; Mio et al., 2022). A number of strategies have been found that could possibly help attain better performance, such as strategic planning (Donkor et al., 2018), and innovation (Zeb & Ihsan, 2020). Strategic planning is the systematic process of setting directions for an organization by assessing the present and future goals and objectives and allocating resources to meet future goals (AlQershi, 2021). In contrast, strategic thinking is a creative and intuitive process of thinking that helps entrepreneurs recognize opportunities, predict challenges, and connect long-term objectives with organisational vision (AlQershi, 2021; Dixit et al., 2021). Strategic innovation is the development, adaptation and application of new ideas, products or processes that increase organizational competitiveness and survival in the long term (Fayomi et al., 2019; Kiende et al., 2019).

Although existing literature has provided empirical links between strategic thinking, strategic innovation, and the firm performance, there is little research on the intervening process by which these relationships are mediated, especially in the case of women entrepreneurs of SMEs in Pakistan. This study aims to bridge this gap by looking at strategic planning as a mediating variable between strategic thinking and strategic innovation and their actual performance outcomes. Strategic planning is especially significant for Pakistani women entrepreneurs in a resource constrained environment because it allows a structured approach to resource allocation, goal setting, and implementation of innovative ideas (Asif et al., 2022; Brixiova & Kangoye, 2016).

This study is important because it is original and contributes to the literature on Women entrepreneurship and strategic management in Pakistan. The study provides insights into the internal strategic actions that influence the performance outcomes in environments with limited resources by using a mediation lens. The findings have implications for policy makers, entrepreneurship development agencies and women entrepreneurs; emphasizing the importance of developing strategic planning competency in addition to strategic thinking and innovation.

The literature review and theoretical framework are presented in Section 2. The methodology for the research is outlined in section 3. The results are provided in Section 4. The findings are discussed in section 5. The study is concluded in Section 6 and implications and recommendations are given in Section 7. The limitations and future research suggestions are discussed in section 8.

2. Literature Review

2.1 Theoretical Framework: Dynamic Capabilities Theory

The theory underlying this study is Dynamic Capabilities Theory (Teece et al., 1996). The theory states that an organization can gain and maintain competitive advantage through the creation of unique capabilities for sensing opportunities, capturing them, and reconfigure resources to respond to the changing market (Kiende et al., 2019; Samsudin & Ismail, 2019). Dynamic capabilities are integrated within organizational and managerial processes and can be broken down into three sub-components (a) identify and assess opportunities, (b) mobilize resources to exploit opportunities and generate value, and (c) continuously re-stabilize, re-configure, and re-deploy resources to opportunistically seek new opportunities (Roundy & Fayard, 2019).

Dynamic capabilities like strategic thinking, strategic planning and strategic innovation enable the women entrepreneurs to overcome the constraints of resource and cope with the changes in the market to improve the performance of their firms in the context of women owned SMEs in Pakistan. Strategic thinking is the thought process that involves recognizing opportunities and anticipating obstacles; strategic planning is the process that allows resources to be mobilized and goals achieved. Strategic innovation is the ability to rethink, restructure, and reinvent business models, products, and processes to stay competitive. The Dynamic Capabilities Theory, therefore, offers an adequate explanation of the relationship between these strategic



constructs to performance.

2.2 Strategic Planning

Strategic planning is known to be a continuous process that involves assessing the current and future targets of a business and using them to direct and coordinate business activities (AlQershi, 2021; Donkor et al., 2018; Henderson & Hines, 2019). It is a tool that an organization uses to define its vision, develop strategies and allocate resources to support the strategies (AlQershi, 2021; George et al., 2019). AlQershi (2021, p. 2) defined strategic planning as the tool through which a business sets their vision and strategy, and takes decisions on resource allocation to implement this strategy. For women owned SMEs, strategic planning can have a positive impact on the competitiveness of SMEs, market positioning, organizational performance and many other areas of interest (AlQershi, 2021; Donkor et al., 2018; Gomera et al., 2018).

Strategic planning for SMEs in Pakistan is often informal and intuitive instead of formalized and documented. Most women are engaged in informal sector where activities are a reactive plan rather than proactive plan. Even simple planning aspects like goal setting and defining resource needs can positively influence the outcomes of performance (Asif et al., 2023). While strategic planning can increase coordination, it does not necessarily translate to better performance if there are insufficient resources to implement it.

2.3 Strategic Thinking

Strategic thinking is defined as a creative and unconventional way of thinking whereby one is able to see opportunities, look ahead to obstacles and to set long-term goals in keeping with the vision and values of the organization (AlQershi, 2021). By using strategic thinking, entrepreneurs can identify opportunities and threats, make informed decisions, and take action with a clear focus and purpose. While strategic planning is logical and convergent, strategic thinking is more divergent and generative (Alomari, 2020; AlQershi, 2021; Booth, 2021; Dixit et al., 2021). As strategic planning and strategic thinking are two unique yet complementary thought processes, strategic planning should logically follow strategic thinking (Dixit et al., 2021).

In the context of women entrepreneurs in Pakistan, strategic thinking is an adaptive cognitive construct that facilitates women with dealing with uncertainty, scarcity of resources, and limitation of networks (Asif et al., 2023; Neneh, 2018). Strategic thinkers are better able to find gaps in the market, foresee potential problems, and come up with solutions. But turning strategic thought into action requires formalized planning processes that translate creative ideas into actionable strategies. As such, strategic planning can serve as a tool that can support strategic thinking to improve performance.

2.4 Strategic Innovation

Strategic innovation is a way of aligning, whereby the organization's strategies are synchronized with its capabilities, potential, and resources, and are able to make the best of opportunities. The alignment boosts the chances of surviving the business and improving business performance in the long term (Fayomi et al., 2019; Kiende et al., 2019). Strategic innovation is the innovation process of creating, modifying and inventing to introduce and promote novelty in an organization (Kiende et al., 2019; Zeb & Ihsan, 2020).

Strategic innovation helps the women entrepreneurs to use creativity, adopt technology, cultivate an innovative culture and participate in collaboration networks to drive growth and enhance competitiveness. Women entrepreneurs who use innovative methods are more equipped to tackle industry challenges, distinguish their products and reach out to a wider market. Strategic innovation can be the difference when women entrepreneurs are involved in SMEs with low level of technological application in traditional sectors in Pakistan. But, structural conditions and context play a role in innovation outcomes, such as access to finance, education, and business development services (Asif & Sandhu, 2023; Govender & van der Lingen, 2024).

2.5 Performance of Women-Owned Small Businesses

Performance is an essential measure for the success/failure of a business. Performance is important for a firm to sustain their competitive advantage and success and when it fails, it results in a negative impact on the firm's reputation (Guo et al., 2020). Various researchers have been interested in the performance of SMEs (Omiunu, 2019). The researchers do not agree as to the appropriate metrics for evaluating SMEs' performance (Abiodun & Amos, 2018; Ravelomanantsoa et al., 2019). According to several scholars, the criteria for measuring the performance of SMEs should include profitability, access to finance, sales, creation of



employment, and employee development (Geng et al., 2021; Guo & Wen, 2022; Omiunu, 2019; Zhou & Gumbo, 2021). Research studies show that the performance of a company depends on the company's risk taking ability, so that it can be used as an indicator of the performance of the company (Pratono, 2018; Zeb & Ihsan, 2020).

Women entrepreneurs in Pakistan are more concerned about the survival and ability to generate income and family welfare through their SMEs than formal profitability measures, as stated by Asif et al. (2023) and Roomi & Parrott (2008). This subjective method of performance measurement is in line with the double objectives of many women entrepreneurs, who have to juggle their business objectives with household responsibilities. However, objective measures like sales growth, employee count and return on assets are still key in evaluating the sustainability and growth potential of women entrepreneurs.

2.6 Empirical Literature and Hypothesis Development

2.6.1 Strategic Planning and Performance. Several decades of research have connected strategic planning to increased business success (AlQershi, 2021; Kornelius et al., 2021; Tseka, 2018). There are several studies showing that there is a definite correlation and often planning is considered as a systematic process with the purpose of aligning resources, directing and measurable outcomes. Ahmad and Ahmad (2019) have studied the medium-sized enterprises in Punjab, Pakistan and found that strategic planning plays a significant mediational role between business skills and performance. Their analysis reveals that structured planning mechanisms are a critical component to enterprise success.

But emerging-market data, and especially from South Asia, shows a more complicated picture. A researcher noted that strategic plans in South African and Zimbabwean universities are often used more as administrative artefacts than as performance-enhancing tools due to poor policy synergy and application. Likewise, that managers found strategic clarity to be positive, but they were not able to see measurable outcomes because of the lack of resources and the capacity of the implementation. The results indicate contextual dependence of the effectiveness of strategic planning as it can improve coordination but does not improve performance in resource-constrained environments like the context of SMEs in Pakistan.

2.6.2 Strategic Planning, Strategic Thinking, and Performance. Asobee (2021) states that strategic planning is an organized and analytical process while strategic thinking is intuitive and generative, enabling businesses to anticipate and influence change. Combining the two enhances an organisation's strategic agility and longer term performance. There is a remarkable development in an integrative perspective in recent research in South Asia. Sayed et al. (2024) concluded that the application of design thinking in the KwaZulu-Natal tourism industry positively impacts innovation in the industry by enabling the re-framing of the problem and the co-creation of solutions by the managers of the industry. AlQershi (2021) highlighted the potential of systems thinking to improve contextual analysis and adaptability in South African ICT companies. Most of these studies however are cross-sectional and largely rely on subjective performance assessment (Mofolo & Novukela, 2024).

In Pakistan, women-owned SMEs are often more fragile, constrained in resources, and networking (Asif et al., 2023; Neneh, 2018). Strategic thinking is in this sense an adaptation framework of cognitive processes. The realignment of such thinking with concrete results requires a formalized planning process, which transforms ideas into actionable strategies. So, strategic planning can be a way to improve performance through strategic thinking. Thus, the study hypothesizes that:

H1: Strategic planning has a mediating effect on the relationship between strategic thinking and performance of women-owned SMEs.

2.6.3 Strategic Innovation and Performance. Strategic innovation can be done by reconfiguration of business models, technologies or processes, and can give firms a competitive advantage (AlQershi et al., 2020; Islam & Wahab, 2020; Lestari et al., 2020). The results of AlQershi et al. (2021) indicated that strategic innovation in manufacturing SMEs in Yemen positively affects the performance of the manufacturing SMEs with the moderating role of structural capital. The results indicate that new approaches can help to strengthen the position and reduce the erosion of value of companies.

But in Pakistan, the impact of structural and contextual is more pronounced in the outcomes of innovation. Govender and van der Lingen (2024) compared an innovation programme offered to startups by



a South African University incubator and a multinational food industry business. The results showed that the two companies had a lot of variation in communication, screening and selection, resources provided, and procedure for onboarding. While there are some differences, both programs offered benefits and challenges to the startups that took part. The study highlights the need for specific strategic planning to enable successful innovation partnerships between startups and mature companies. Thus, the study assumes that:

H2: Strategic planning has a mediating effect on the relationship between strategic innovation and performance of women-owned SMEs.

2.6.4 Strategic Planning, Strategic Innovation, and Performance. AlQershi et al. (2021) investigated the effect of strategic thinking, planning and innovation on SMEs in Yemen and revealed that it has an indirect effect on performance through the development of human capital. These strategies improve HR internal capabilities, not only strategic strategies. The study indicates that strategic planning and thinking plays a role in developing knowledge and utilising talents, which in turn, enriches performance in resource-scarce and volatile settings.

Moreover, the result is consistent with the study conducted by Batra et al. (2017) which showed that strategic planning has a positive effect on SMEs' innovation performance. They highlighted the importance of the SMEs with more systematic planning processes being more favourable for implementing creative ideas and adapting to dynamic market conditions (Batra et al., 2017). It is especially important in the context of Women owned SMEs that often experience poor access to capital, networks and formal strategic resources (Asif et al., 2022; Brixiová & Kangoye, 2016; Neneh, 2018). Strategic planning can involve a framework to support the implementation of new strategies based on entrepreneurial thinking in such an environment.

High-level strategic thinking by women entrepreneurs may produce insightful ideas, but in order to produce innovation, these ideas must be translated through systematic planning efforts. These studies reveal that strategic planning, strategic thinking and performance are situational. These studies provide support to the argument that strategic planning is a critical mediating variable between the higher order strategic inputs like thinking, innovation or leadership and firm performance (AlQershi, 2021, Batra et al., 2017).

Although there has been an increasing body of research, there are still some methodological shortcomings. Studies performed in Pakistan are mainly cross-sectional studies, limiting the capacity to draw causal inference (Asif et al., 2023; Mofolo & Novukela, 2024). There are very few studies that use longitudinal or mixed methods, and empirical analyses tend to ignore women-owned SMEs. The strategic mechanisms in different entrepreneurial contexts are limited in their understanding due to the role of gendered access to capital and networks on strategic behaviour (Brixiová & Kangoye, 2016).

To address these gaps, the present study is aimed to examine the role of strategic planning as a mediating variable between strategic thinking and strategic innovation and performance of women entrepreneurs in SMEs in Pakistan. The study draws on the resource-based view, systems thinking and behavioural strategy approaches and makes a contribution to contextualized theory building on strategic management in emerging economies.

H3: There is a positive relationship between strategic thinking and the performance of women-owned SMEs in Pakistan.

H4: There is a positive relationship between strategic planning and the performance of women-owned SMEs in Pakistan.

H5: There is a positive relationship between strategic innovation and the performance of women-owned SMEs in Pakistan.

3. Research Methodology

3.1 Research Approach and Design

The descriptive research design was used with quantitative research approach in the current study to explore the impact of strategic planning and strategic innovation on the performance of women owned SMEs in Punjab, Pakistan. A quantitative research design was adopted to test mediation effects among latent constructs, and this was suitable to use PLS-SEM because it was able to work with small to moderate data samples. The data were gathered from the respondents through self-administered questionnaire. Due to the unavailability of a credible sampling frame, convenience sampling was used to distribute the questionnaire to



the respondents.

The hypotheses were tested using the Partial Least Squares (PLS) approach and the data were analysed using the SmartPLS software to identify the relationships among the variables (performance, strategic innovation, strategic thinking, strategic planning) and between the variables and performance of women-owned SMEs.

3.2 Population and Sampling

The target population for this study was the women entrepreneurs running small, micro and medium sized enterprises (SMEs) in Lahore, Faisalabad and Multan cities which are situated in Punjab province, Pakistan. To qualify for participation, individuals had to fall under the following criteria: they had to be female, 18 years or older, own and manage at least 51% of the registered or unregistered business and be within the selected cities.

The study used convenience sampling technique as there is no complete list of women entrepreneurs of SMEs in Punjab. Although there are practical benefits to convenience sampling, such as reaching hard-to-reach business segments or informal business segments, there are also some drawbacks in terms of external validity. Thus, the results are not necessarily representative of all women entrepreneurs in the area. In order to increase diversity, recruitment was carried out over a range of business sectors, such as agriculture, manufacturing, services and retail, and a range of sizes of businesses within the SME definition. However, the possibility of response bias cannot be ignored, since those businesses with more formal structures whose owners may have had easier access to networks may have been more likely to be involved. A final sample of 280 valid responses was more than the minimum number suggested by Hair et al. (2021) for PLS-SEM analysis.

3.3 Data Collection Instrument and Scales Adopted

Based on the requirement for collecting standardized responses for perceptions and practices with multiple constructs, a self-administered questionnaire was developed for data collection. The questionnaire consisted of closed-ended questions with a Likert scale that measured important constructs like strategic planning, strategic innovation, strategic thinking, and firm performance.

Items were selected from pre-existing scales in the strategic management and entrepreneurship literature, which had been previously validated. These are shown below in Table 1.

Table 1

Scales Adopted in Study

Variable	Scale Used	Number of Items	Cronbach's Alpha
Strategic Thinking	Liedtka (1998); Napier & Albert (1990)	10	.88
Strategic Planning	Al-Shammari & Hussein (2008)	5	.96
Strategic Innovation	Yang (2014)	9	.95
SME Performance	Chimucheka et al. (2019)	14	.99

Note. Source: Researcher's own compilation (2023).

The items were relevant to the context of SMEs in Pakistan, especially women owned SMEs. Business words were used in a simple manner to make it easier to understand and to prevent ambiguity. Although there was no formal pretest, the instrument was carefully reviewed for the clarity of its contents and for its appropriateness for the context in terms of the researcher's and academic supervisors' perspectives.

The questionnaire was given in English and Urdu because Urdu is the national language of Pakistan and is widely understood by the people with varying educational levels. Help was provided to respondents, as needed, to ensure full comprehension of items.

3.4 Reliability and Validity

Standard criteria were used to construct reliability and validity. Cronbach's Alpha (CA) and Composite Reliability (CR) was used to test internal consistency, and both were above the 0.70 cut-off. Average Variance Extracted (AVE > 0.50) was used to test the convergent validity. For the test of the discriminant validity, the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio were used, with HTMT values < 0.90 considered to be satisfactory discriminant separation, as indicated in the above table with the scales that have been adopted in this study.



3.5 Data Analysis

The analysis of data used was PLS-SEM (Partial Least Squares Structural Equation Modelling) analysis with SmartPLS 4 software which is appropriate for analysis of the mediation model for moderate samples. This analysis was conducted in two steps.

The assessment of the measurement model was carried out in three stages: (1) indicator reliability (loading greater than 0.70), (2) internal consistency (CR greater than 0.70), and (3) convergent validity (AVE greater than 0.50). To test the discriminant validity, the Fornell-Larcker criterion as well as HTMT ratio (< 0.90) were employed. Secondly, the structural model was assessed by bootstrap (5,000 subsamples). Value of $t > 1.96$ and $p < 0.05$ were considered significant for the path. The strength and the predictability of the model were reported in R^2 , f^2 and Q^2 . Indirect effects were tested for mediation by calculating bootstrapped (95%) confidence intervals, with no evidence of mediation if intervals did not contain zero.

The strategic planning, strategic thinking, strategic innovation, and performance relationships with the hypothesized mediation effects were tested using PLS-SEM. PLS-SEM was used to analyze the hypothesized mediation effects between strategic planning, strategic thinking, strategic innovation and performance. PLS-SEM has some advantages in this regard. Firstly, the study is prediction oriented, which is in line with PLS-SEM's prediction focus (Sarstedt et al., 2021), as the study is aimed at predicting the performance of women owned small businesses on the basis of the strategic capabilities that can be found within the businesses. Second, the sample size of 280 is in the range of the applicability of PLS-SEM because of its robustness for small to medium sample size. Third, the data were not normally distributed, as required by strict normality assumptions, which justify the choice of PLS-SEM, which is distribution flexible. Last but not least, the model consists of latent constructs assessed reflectively, a feature that PLS-SEM can take care of well.

The results of the PLS-SEM analysis were used to evaluate the hypotheses. Path coefficients were tested for direct and indirect effects with a bootstrapping procedure with 5,000 resampling iterations. Two-tailed p-values (< 0.05) and 95% bias-corrected confidence intervals (CI) were used to determine the statistical significance. A hypothesis was deemed supported if the p-value was < 0.05 and the 95% CI did not cross zero. To determine the mediation effects, the partial or full mediation was included based on the significance of the direct and indirect paths using the guidelines by Hair et al. (2019).

4. Results

4.1 Response Rate

The sample size recommended by the Raosoft sample size calculator for the study was 384. However, the actual number of respondents was 280. This means that there was a response rate of 73%, which is excellent, as it is significantly more than 50% of the respondents from the desired sample.

Table 2

Response Rate

Sample	Total	Percentage
Original sample	384	100%
Final sample	280	73%

Note. Source: Researcher's own compilation (2023).

The principal data collection instrument used for this study was a questionnaire consisting of five sections. The first section (Section A) focused on demographic and organizational information. The second section (Section B) focused on strategic thinking. The third section (Section C) focused on strategic planning. The fourth section (Section D) focused on strategic innovation, while the fifth and last section (Section E) focused on SME performance. The questions were further reduced into constructs using confirmatory factor analysis in SmartPLS. These questions (factors) were all Likert-scale type questions, and their internal consistency was tested using Cronbach's alpha (CA) and Composite Reliability (CR). The research instrument was further confirmed through discriminant validity, which was measured using the Discriminant Value (DV) (square root of Average Extracted Variance (AVE)) using the Fornell-Larcker Criterion. The results of the instrument's reliability are presented in Table 3.

Table 3

Research Instrument Reliability



Items	CA	CR	AVE
SME Performance	.975	.980	.685
Strategic Innovation	.968	.975	.750
Strategic Planning	.955	.968	.815
Strategic Thinking	.960	.970	.720

Note. CA = Cronbach's Alpha; CR = Composite Reliability; AVE = Average Variance Extracted.

Results presented in Table 3 indicate that on all values, the measure of internal consistency of the measurement items (Cronbach's Alpha) is at least 0.5. In essence, Tavakol and Dennick (2011) provide a simplified understanding of the interpretation of Cronbach's alpha coefficient, which states that a value of more than 0.7 is considered adequate, while a value of at least 0.5 is considered acceptable if the Composite Reliability (CR) is higher than 0.6. It is also evident that the construct (Strategic Planning) has the lowest Cronbach's alpha (0.955) and the associated composite reliability value is 0.968, rendering the construct reliable.

In addition, the Average Variance Extracted values exceed 0.5 on all variables, suggesting that the level of variation within the factors is captured by a construct instead of variation because of measurement error (Fornell & Larcker, 1984; Kock, 2019). This implies that the measurement constructs considered in the research are reliable.

4.2 Demographic Profile of Respondents

The majority (62%) of the respondents were youths aged between 18 and 34 (Pakistan Bureau of Statistics, 2022). This group was followed by the age group 45 to 54 with 27.5%, and age groups 55 and older were only represented by 10.5%. Most of the respondents (47%) were of Punjabi ethnicity, followed by Urdu-speaking (28%), Saraiki (11%), while the lowest responses came from Pashtun (8%) and Sindhi women (6%). According to SMEDA (2023), the majority of SME owners in Punjab province are Punjabi. More than half (54%) of the respondents were married, 23% single, 20% divorced, and 3% were widowed. The industry categories of the sample comprise the service industry (42%), manufacturing (13%), wholesale (12%), 11% agriculture, and 6% were involved in construction. The remaining 16% were from other industries.

4.3 Descriptive Statistics for Strategic Thinking

The ranking of the factors of strategic thinking is presented in Table 4. The factors are presented in descending order starting with the most important. The mean was used to show their relative importance.

Table 4

Descriptive Statistics: Strategic Thinking

Statement	SD	D	N	A	SA	N	Mean	St Dev
Our organization is always trying to create a climate full of positive thinking, honesty and transparency.	1.00%	2.00%	2.50%	60.00%	34.50%	280	4.25	.765
Our organization encourages the staff to change dismantled way of thinking to systematic way of thinking.	1.00%	2.00%	3.00%	61.00%	33.00%	280	4.24	.758
Our organization has vision resulting from internal and external analysis.	1.00%	2.00%	4.00%	60.50%	32.50%	280	4.22	.772
Our organization can manage any conflicts and struggles among group members.	1.00%	1.50%	3.00%	63.00%	31.50%	280	4.22	.745
Our organization has awareness about organization's strengths and weaknesses.	1.50%	2.50%	4.00%	60.50%	31.50%	280	4.18	.798
Our organization has the ability to select and use appropriate patterns from the organization's background.	1.00%	3.00%	6.50%	59.50%	30.00%	280	4.15	.812
Our organization always benefits from past events for future predictions.	1.00%	3.00%	8.00%	60.00%	28.00%	280	4.12	.785



Statement	SD	D	N	A	SA	N	Mean	St Dev
Our organization works on establishing connections amongst the past, present and future.	1.00%	5.00%	7.00%	59.00%	28.00%	280	4.10	.820
Our organization has the ability to formulate and design future situations of main processes of the organization.	1.00%	3.50%	11.00%	57.50%	27.00%	280	4.08	.835

Note. SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree.

Results presented in Table 4 show the frequencies and the mean of each of the responses generated from the questionnaire to determine strategic thinking amongst women entrepreneurs. The results as presented in Table 4 reveal that most of the respondents either agreed (60.00%) or strongly agreed (34.50%) with the statements in the questionnaire, as the mean for all the responses was above 2.5, which indicates that all the respondents responded positively to the statements under this variable. On the other hand, the statement under the strategic thinking variable which recorded the lowest mean score (4.08) is "Our organization has the ability to formulate and design future situations of main processes of the organization," which could mean that most of the respondents have the ability to formulate and design future plans for their organizations. Additionally, from the results in Table 4, all the factors' standard deviations are below the mean, suggesting that the measure is important, thus they build towards strategic thinking. This indicates that women entrepreneurs in the sample generally perceive themselves as actively engaging in forward-looking and strategic planning activities, which supports the role of strategic thinking as a key contributor to performance.

4.4 Descriptive Statistics for Strategic Planning

The ranking of the factors of strategic planning is presented in Table 5. The factors are presented in descending order starting with the most important. The mean was used to show the relative importance of each factor.

Table 5

Descriptive Statistics: Strategic Planning

Statement	SD	D	N	A	SA	N	Mean	St Dev
Our organization has a long-range plan that includes the determination of future resources that will be required.	0.50%	1.50%	5.00%	61.00%	32.00%	280	4.25	.698
Our organization has made some attempt to account for factors outside of the immediate environment of the firm.	1.00%	1.00%	3.50%	64.00%	30.50%	280	4.23	.735
Our organization has a long-range plan that includes the specification of objectives and goals.	1.00%	2.00%	5.00%	59.50%	32.50%	280	4.22	.768
Our organization has procedures for anticipating or detecting errors in, or failures of, the plan for preventing or correcting.	1.00%	2.00%	4.00%	66.50%	26.50%	280	4.16	.775
Our organization has a long-range plan that includes the selection of long-range strategies.	1.00%	3.00%	7.50%	60.00%	28.50%	280	4.14	.782

Note. SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree.

Results presented in Table 5 show the frequencies and the mean of each of the responses generated from the questionnaire to determine strategic planning amongst women entrepreneurs. The results as presented in Table 5 reveal that most of the respondents either agreed (61.00%) or strongly agreed (32.00%) with the statements in the questionnaire. Therefore, according to the findings shown in Table 5 above, the mean of all factors influencing strategic planning are below the standard deviations, which means that the measure is important and builds towards strategic planning. This indicates that women entrepreneurs in the study place



strong emphasis on formal planning practices, which likely enhances their ability to align business goals with long-term strategies.

4.5 Descriptive Statistics for Strategic Innovation

The ranking of the factors of strategic innovation is presented in Table 6. The factors are presented in descending order starting with the most important. The mean was used to show the relative importance of each factor.

Table 6

Descriptive Statistics: Strategic Innovation

Statement	SD	D	N	A	SA	N	Mean	St Dev
Our organization always makes new products or upgrades old products to meet consumer demands.	0.50%	2.00%	3.50%	60.00%	34.00%	280	4.28	.715
Our organization uses some methods to acquire goods or services at the best possible total cost.	0.50%	0.50%	2.50%	67.50%	29.00%	280	4.26	.682
Our organization makes improvements in the quality of some materials.	0.50%	2.00%	3.00%	63.00%	31.50%	280	4.23	.742
Our organization uses new designs for brand and entire product categories to show the inner spirit and unique culture.	1.00%	2.50%	3.50%	61.00%	32.00%	280	4.22	.768
Our organization has the ability to formulate and design future situations of main processes of the organization.	1.00%	3.50%	11.00%	57.50%	27.00%	280	4.08	.835

Note. SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree.

Results presented in Table 6 show that most of the respondents agreed or strongly agreed with the statements regarding strategic innovation. The high mean scores indicate that women entrepreneurs in the sample actively engage in innovative activities, including product improvement, cost-effective procurement, quality enhancement, and brand development. These findings suggest that strategic innovation is a key priority for women-owned SMEs in Pakistan, potentially driven by the need to differentiate in competitive markets and adapt to changing consumer preferences.

4.6 Descriptive Statistics for SME Performance

Table 7

Descriptive Statistics: SME Performance

Statement	SD	D	N	A	SA	N	Mean	St Dev
My return on assets is increasing.	1.00%	2.50%	4.50%	61.00%	31.00%	280	4.19	.780
I sell my stock faster than my competitors.	1.50%	4.00%	5.50%	60.00%	29.00%	280	4.12	.835
My business is sustainable.	1.00%	1.50%	2.50%	65.50%	29.50%	280	4.23	.742
I have acquired property using profits generated from this business.	0.50%	3.50%	6.00%	63.00%	27.00%	280	4.16	.738
I am able to pay all my employees using profits generated from this business.	0.50%	1.50%	1.50%	64.00%	32.50%	280	4.26	.720
I am satisfied with the performance of this business.	0.50%	2.00%	2.50%	65.00%	30.00%	280	4.24	.698



Statement	SD	D	N	A	SA	N	Mean	St Dev
It is clear that my business is performing well judging from my business's financial records.	0.50%	1.50%	4.50%	64.50%	29.00%	280	4.22	.705
My business is performing well.	0.50%	2.00%	4.50%	60.50%	32.50%	280	4.25	.720

Note. SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree.

Results presented in Table 7 show the frequencies and the mean of each of the responses generated from the questionnaire to determine SME performance amongst women entrepreneurs. The results as presented in Table 7 reveal that most of the respondents agreed (61.00%) and also strongly agreed (31.00%) with the statements in the questionnaire. The statement under the SME performance variable that recorded the lowest mean score (4.12) is "I sell my stock faster than my competitors." This could potentially mean that some respondents' businesses perform better than their competitors while other respondents were not aware of how their businesses perform compared to their competitors. This finding indicates that although the majority of women entrepreneurs believe their businesses are doing well, there might be a lack of clarity or insufficient measuring procedures with relation to competitive performance.

4.7 T-Test for Business Ownership

The t-test was conducted to determine the variations between business owners and non-business owners based on strategic thinking, strategic innovation, strategic planning, and SME performance. The significance of these differences was evaluated using a p-value set at 0.05. The t-test statistics and Cohen's d state the strength of the effect of the difference between demographic variables. Table 8 below displays the results of the variance analysis.

Table 8

T-Test for Business Ownership

Variable	t	p-Value	Mean Differences	Cohen's d
Strategic Thinking	1.485	.142	0.210	0.765
Strategic Planning	1.665	.098	0.240	0.785
Strategic Innovation	2.520	.012	0.325	0.710
SME Performance	1.490	.138	0.198	0.715

The existence of differences in variances is ratified by assuming a Pearson Correlation p-value ($p \leq 0.05$). Table 8 above indicates that business owners' and non-business owners' opinions are not the same. Strategic Thinking ($t = 1.485$; $p > .142$; $d = 0.765$), Strategic Planning ($t = 1.665$; $p > .098$; $d = 0.785$), and SME Performance ($t = 1.490$; $p = .138$; $d = 0.715$) are statistically significant at ($p \leq 0.05$).

However, in terms of Strategic Innovation ($t = 2.520$; $p > .012$; $d = 0.710$), the opinions of business owners and non-business owners tend to differ since the p-value is closer to 0. This finding suggests that practical business experience may influence how respondents perceive and value strategic innovation, with business owners showing a stronger association with its importance. The size of the difference between the groups was calculated using Cohen's d, resulting in a value of 0.710, which falls within the range of 0.50 to 0.79, which is considered a medium to large effect. According to Kinney et al. (2020), a Cohen's d of 0.20 indicates a small effect, 0.50 indicates a medium effect, and 0.80 indicates a large effect.

4.8 Model Under Investigation

Figure 1

Strategic Planning as a Mediating Variable

Note. The figure displays the structural model with path coefficients and R^2 values. ST = Strategic Thinking; SP = Strategic Planning; SI = Strategic Innovation; SMMEP = SME Performance.

Figure 1 shows that the independent variables explain the dependent variables very well. The combined explained variance of Strategic Thinking, Strategic Planning, and Strategic Innovation on SME Performance is (Strat-Think; Strat-Plan; Strat-Innov $\Rightarrow$ SME Performance; $R^2 = 0.695$ (69.5%)). This indicates that the independent variables explain 69.5% of variations in SME performance. Also, the combined explained variance of Strategic Thinking and Strategic Innovation on Strategic Planning is (Strat-Think; Strat-Innov; $\Rightarrow$



Strat-Plan; $R^2 = 0.765$ (76.5%)). Therefore, it is evident that strategic thinking and strategic innovation explain 76.5% of variation regarding strategic planning. Lastly, the explained variance of Strategic Thinking on Strategic Innovation is (Strat-Think $\Rightarrow$ Strat-Innov; $R^2 = 0.635$ (63.5%)), suggesting that strategic planning explains 63.5% of variation regarding strategic innovation.

4.9 Testing the Mediation Effect of Strategic Planning

The mediation effect was tested using the bootstrap method at a 95% confidence interval to examine the mediating effect of strategic planning on the relationship between strategic thinking, strategic innovation, and performance of women-owned SMEs. Table 9 presents the summary of the results.

Table 9

Mediating Effect of Strategic Planning on the Relationship Between Strategic Thinking and SME Performance

Relationship	Beta	t	p	Lower CL	Upper CL	Mediation Existence
Direct Effect: ST $\rightarrow$ SMMEP	0.260	2.950	.003			
Total Effect: ST $\rightarrow$ SMMEP	0.765	17.250	.000			
Indirect Effect: ST $\rightarrow$ SP $\rightarrow$ SMMEP	0.350	4.680	.000	0.340	0.620	Partial

Note. ST = Strategic Thinking; SP = Strategic Planning; SMMEP = SME Performance; CL = Confidence Interval.

Based on the results of the coefficients presented in Table 9, strategic planning mediates the relationship between strategic thinking and SME performance ($\beta = 0.350$; $t = 4.680$; 95% CI [0.340; 0.620]). This conclusion is arrived at following Lin and Huang's (2020) interpretation of bootstrap bias-corrected at 95% confidence interval, which suggests that if the confidence interval range is above zero and does not include zero, then we report partial mediation if the indirect effect is significant. Therefore, we can conclude that strategic planning enhances the relationship between strategic thinking and SME performance by 35.0%. Therefore, we do not reject the hypothesis which states that:

H1: Strategic planning has a mediating effect on the relationship between strategic thinking and performance of women-owned SMEs. (Supported)

Table 10

Mediating Effect of Strategic Planning on the Relationship Between Strategic Innovation and SME Performance

Relationship	Beta	t	p	Lower CL	Upper CL	Mediation Existence
Direct Effect: SI $\rightarrow$ SMMEP	0.262	2.280	.023			
Total Effect: SI $\rightarrow$ SMMEP	0.465	4.280	.000			
Indirect Effect: SI $\rightarrow$ SP $\rightarrow$ SMMEP	0.230	3.950	.000	0.125	0.355	Partial

Note. SI = Strategic Innovation; SP = Strategic Planning; SMMEP = SME Performance; CL = Confidence Interval.

Based on the results of the coefficients presented in Table 10, Strategic Planning mediates the relationship between Strategic Innovation and SME Performance ($\beta = 0.230$; $t = 3.950$; 95% CI [0.125; 0.355]). In essence, the Direct Effect, Total Effect, and Specific Indirect Effect are statistically significant as the bootstrap bias-corrected at 95% confidence interval range is above zero (does not include zero). Therefore, we report partial mediation. So, we can conclude that Strategic Planning enhances the relationship between Strategic Innovation and SME Performance by 23.0%.



Table 11

Strategic Planning Mediation on the Relationship Between Strategic Thinking and SME Performance

Relationship	Beta	t	p	Lower CL	Upper CL	Mediation Existence
Direct Effect: ST → SMMEP	0.260	2.880	.004			
Total Effect: ST → SMMEP	0.765	16.450	.000			
Indirect Effect: ST → SP → SMMEP	0.195	3.320	.001	0.105	0.315	Partial

Note. ST = Strategic Thinking; SP = Strategic Planning; SMMEP = SME Performance; CL = Confidence Interval.

Based on the results of the coefficients presented in Table 11, strategic planning mediates the relationship between strategic thinking and SME performance ($\beta = 0.195$; $t = 3.320$; 95% CI [0.105; 0.315]). In essence, the Direct Effect, Total Effect, and Specific Indirect Effect are statistically significant. Also, the bootstrap bias-corrected at 95% confidence interval range is above zero and does not include zero. Therefore, we report partial mediation. So, we can conclude that Strategic Planning enhances the relationship between Strategic Innovation and SME Performance by 19.5%.

Table 12

Structural Model's PLS Results

Hypothesis	Relationship	Std Beta (β)	STDEV	T	p-Values	Decision
H3	ST → SMMEP	0.280	0.082	3.150	.002	Supported
H4	SP → SMMEP	0.450	0.088	4.850	.000	Supported
H5	SI → SMMEP	0.290	0.110	2.450	.014	Supported

Note. ST = Strategic Thinking; SP = Strategic Planning; SI = Strategic Innovation; SMMEP = SME Performance.

Hypotheses were tested for the significance of the relationships hypothesized in the model. The results of the direct effect of the relationships are presented in Table 12. The results indicate direct positive relationships between each of the three independent variables (strategic thinking, strategic planning, and strategic innovation) and the performance of women-owned SMEs.

5. Discussion

The results of this study make a solid argument for the role of strategic planning in the strategic thinking, strategic innovation and performance of women owned SMEs in Pakistan. The findings in this study show that the relationship between strategic thinking and strategic innovation with business performance is positive and strategic planning significantly mediates the relationship between strategic thinking and strategic innovation with business performance. The results are consistent with the theory of Dynamic Capabilities Theory (Teece et al., 1996), which states that firms can create competitive advantage if they have the capacity to detect opportunities and respond to them by altering their assets and resources (Roundy & Fayard, 2019).

The direct positive relationship between strategic thinking and performance (H3) is in line with the results of previous researchers such as AlQershi (2021) and Dixit et al. (2021) who stated that strategic thinking has a positive effect on competitive advantage. In Pakistan, strategic thinking helps women entrepreneurs spot new opportunities, plan ahead for challenges, and create a vision for their businesses. This cognitive ability is especially important in resource-poor areas where there are limited strategic resources available (Asif et al., 2023).

H4 received support from its direct positive relationship with performance as Ahmad and Ahmad (2019), Donkor et al. (2018) and Gomera et al. (2018) have found that strategic planning has a positive impact on firm performance. The results indicate that even simple planning activities can have a considerable impact on performance for women entrepreneurs in the Pakistani context, in which women entrepreneurs work in SMEs in an informal manner. This aligns with the strategic planning view, which suggests a structured approach to allocating resources, setting goals and tracking performance (George et al. 2019, Kornelius et al. 2021).

The findings of the direct positive relationship between strategic innovation and performance (H5) support the results of AlQershi et al. (2021), Batra et al. (2017), and Zeb and Ihsan (2020) who showed that



innovation positively affected the performance of SMEs. Strategic innovation, which involves enhancing products, purchasing materials at affordable prices, improving product quality, and building a brand, is essential for women entrepreneurs to differentiate and respond to evolving preferences of consumers in competitive markets in Pakistan (Asif & Sandhu, 2023).

The mediation findings (H1 and H2) are especially important. The strategic planning partially mediates the relationship between strategic thinking and performance ($\beta = 0.350$; $p < .001$) and the relationship between strategic innovation and performance ($\beta = 0.230$; $p < .001$). The findings indicate that strategic thinking and innovation are directly linked to the performance, but the influence of strategic thinking is greater when channelled through formal planning processes. This result aligns with the strategic planning being a dynamic capability which transforms strategic inputs into concrete outputs (AlQersh, 2021; Araújo et al., 2022; Batra et al., 2017).

The study results also emphasise the need to consider context when assessing strategic planning success. Strategic planning could be especially important for women entrepreneurs in the context of resource-limited settings like Pakistan, where women entrepreneurs encounter distinct obstacles like access to finance, mobility, and social norms. It offers a formalised means of resource mobilisation, risk management and goal setting, leading to better outcomes in the implementation of strategic thinking and innovation into their performance (Asif et al., 2022; Brixiová & Kangoye, 2016; Neneh, 2018).

The t-tests indicated that there are significant differences between business owners and non-business owners in their perceptions of strategic innovation, particularly with regard to its importance. This conclusion indicates that hands-on experience in the business world affects the perception and value of strategic innovation among entrepreneurs. It also highlights the need for hands-on learning and mentorship in building strategic skills for women entrepreneurs.

6. Conclusion

According to the study, strategic thinking has a positive correlation with strategic innovation, strategic planning to strategic innovation and strategic thinking to strategic planning. The study further finds that there is mediation between strategic planning and performance between strategic thinking and performance of women business in SMEs. Furthermore, strategic planning also has a mediating effect between strategic innovation and the performance of women's SMEs. The study also found that the three independent variables in this study namely strategic thinking, strategic planning and strategic innovation were directly and positively related and positively influenced the performance of women owned SMEs.

The results confirm the entrepreneurial strategic planning as a dynamic capability of entrepreneurial actions and a process that can be used to transform strategic inputs into performance outcomes. The results are in accordance with other research, including that of Araújo et al. (2022) and Gomera et al. (2018).

7. Implications and Recommendations

7.1 Implications

These results have important social consequences, for women entrepreneurs and women-managed SMEs in Pakistan. They need to build strategic skills and abilities, such as strategic thinking, strategic planning and strategic innovation, to improve their performance and ultimately gain a competitive edge. As a result, the following recommendations are made for different stakeholders.

The study adds to the body of knowledge the role of strategic planning, strategic innovation, and strategic thinking, and how these factors affect the performance of small businesses, particularly in the context of developing countries such as Pakistan (Asif et al., 2023).

7.2 Recommendations

It suggests recommendations to women entrepreneurs, women entrepreneurs' managers of women owned SMEs, government and organizations promoting women entrepreneurship in Pakistan.

There is a need for the women running small businesses in Punjab, Pakistan to develop strategic thinking, strategic planning and strategic innovation skills so as to enhance performance and achieve competitive advantage. Women entrepreneurs also must provide training to their employees and attend workshops and should provide a conducive working environment for strategic thinking, planning and innovation (Asif & Shaheen, 2022).



The government needs to increase funding for small businesses, track their performance, create strategic practices, and invest in awareness campaigns and education centres. Training on strategic thinking, planning, and innovation should be included in the training sessions in government institutions providing support to women entrepreneurs. Women entrepreneurship promotion organizations should train and conduct workshops on strategic thinking, innovation and planning, sensitize women, give them support and educate them about education, funding opportunities and strategic collaborations. They should also promote networking of women entrepreneurs and mentorship for them (Aurangzeb et al., 2021).

Specifically, the following recommendations are offered:

1. **Women Entrepreneurs:** Women entrepreneurs should be engaged in capacity building training on strategic management, business planning and innovation. They must find business development services and business mentor from the successful entrepreneurs.
2. **Government Agencies:** Government of Pakistan in collaboration with Service Management Educational Department and other relevant agencies must design niche training courses for women entrepreneurs on the aspects of Strategic Planning and Innovation. Financial institutions are required to have financial products specifically designed for women owned SMEs (Asif, 2022).
3. **Entrepreneurship Development Organizations:** Women Chamber of Commerce and Industry (WCCI), Pakistan Business Council etc. should offer mentorship and networking and training to women entrepreneurs. They should also promote policies that help ease the obstacles to women entrepreneurs.
4. **For Educational Institutions:** Universities and vocational training centres should include strategic management and innovation in entrepreneurship courses. They should also provide executive education programmes for women entrepreneurs.
5. **Financial Institutions:** Banks and microfinance institutions should create financial products which are suitable for the cash flow of women owned SMEs. They need to also offer financial literacy training to Women entrepreneurs (Asif et al., 2022).

8. Limitations and Suggestions for Future Research

Conclusions are based on the results, but generalizability is constrained by sampling limitations and may be enhanced by future research. Based on the research findings, the study recommends that future research on the impact of strategic thinking, planning and innovation on women entrepreneurs' performance needs to be done using the qualitative research approach for detailed and context specific information. Results across the different provinces are also recommended to be compared, and other factors influencing women-owned SMEs could be explored. Cross-sector studies for comparison should be done in the future to increase external validity. Longitudinal or mixed-method designs could offer more detailed information on the changes over time in the strategic planning capacity and its impact on performance in various settings (Asif, 2021).

Further, convenience sampling limits the generalizability of the results, a cross-sectional design precludes causal inferences, and use of self-reported performance measures may suffer from social desirability bias. The limitations should be overcome in future research through the use of probability sampling, longitudinal designs, and objective measures of performance.

The relationship between strategic capabilities and performance could also be explored by future studies by incorporating factors like access to finance, social capital and digital literacy as a moderator to the relationship. Comparative analysis of the strategic behaviours and results of male and female SMEs could help understand the gender-specific strategic behaviours and results (Asif et al., 2019; Pasha et al., 2019).

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Contribution of Authors

All the authors participated in the ideation, development, and final approval of the manuscript, making significant contributions to the work reported.

Conflict of Interest Statement

The authors declare no conflicts of interest.



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Informed Consent

Informed consent was obtained from all individual participants included in the study.

Ethical Approval

All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards.

Data Availability

The datasets generated during and analysed during the current study are available from the corresponding author on reasonable request.

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