

Strategic Behaviour of SMEs Based on Miles and Snow's Typology and their Performance Implications: Evidence from the Manzini Region, Eswatini

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Abstract: This study investigated the influence of Miles and Snow's strategic behaviour typologies-Prospector, Analyser, Defender, and Reactor on small and medium-sized enterprises (SMEs) performance in Eswatini's Manzini region. Data were gathered from 206 respondents using a self-administered questionnaire. Sampling adequacy was confirmed (KMO = 0.723; Bartlett's Test $p < 0.001$), justifying factor analysis. Reliability analysis showed acceptable Cronbach's alpha values for Prospector and Analyser, but negative values for Defender and Reactor, indicating limited reliability for these dimensions. While the model fit indices did not meet ideal standards, the Prospector and Analyser dimensions met model assumptions overall. Regression analysis revealed a significant negative association between overall strategic orientation and organisational performance ($\beta = -0.168$, $p = 0.012$). Bivariate correlations indicated that the Analyser orientation had a moderate positive relationship with performance ($r = 0.273$, $p < 0.001$), whereas the Prospector orientation showed a weaker positive correlation ($r = 0.133$). These results highlight the complexity of the relationship between strategic orientation and SME performance, amplifying the importance of strategic alignment, particularly the Analyser orientation, in achieving performance. These findings are consistent with those of Chereau and Meschi (2019) and Gresov and Drazin (1997), who found in their study that misalignment between strategy and orientation impairs performance. The findings provide empirical evidence from a developing country context and offer practical guidance for SME managers seeking to enhance performance through strategic orientation.

Keywords: Behaviour; Analyser; Defender; Orientation; Prospector

JEL Classification: M10; L26

1. Introduction

An organisation's strategic orientation influences its strategic goals and guides its approach to strategy implementation (Orulmaz et al., 2022). According to David et al. (2019), for an organisation to

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compete effectively, it should be able to behave strategically within a global context. Strategic orientation has received attention among management practitioners/academics, as well as marketing and entrepreneurship scholars (Rizan, 2019; Zhou et al., 2005). To date, different streams of literature have led to the development of various concepts (Rizan, 2019). Rizan (2019) proposes that strategic orientation is the lasting direction of thought, inclination, or interest that affects an organisation's external adaptation. Thus, strategic orientation refers to principles that direct and influence a firm's activities, leading to behaviour intended to ensure the firm's viability and performance and to guide the enterprise's operations (Rizan, 2019). For nearly forty years, the Miles and Snow (1978) typology has been employed to generate new insights into the strategic management of SMEs. Miles and Snow's (1978) typology has been used to classify organisations based on their orientation, such as prospectors, defenders, analysers and defenders. The classification of organisations is based on the three main problems that organisations face: entrepreneurial, technological and administrative (Yanes-Estévez et al., 2018).

Aguilar et al. (2020) argue that it is impossible to assume that businesses can pursue one problem or strategic type. The most valid argument is to agree that companies combine and deal with at least two issues the organisation faces (entrepreneurial, technological and administrative) together with a set of strategic types. It is also essential to question whether the problems identified by Miles and Snow (1979) can be used to distinguish between the different strategic types and their resulting strategic behaviour. Moreover, research has demonstrated that a firm's strategic orientation is crucial in fostering innovation, enhancing competitiveness and overall performance (Chereau & Meschi, 2019). Despite this, most investigations concentrate on large organisations, leaving a gap in understanding how strategic orientation, innovation behaviours, and performance interconnect within SMEs operating in rapidly changing markets (Ha-Brookshire, 2009). Further, limited empirical research applies Miles and Snow's (1978) framework to SMEs, especially concerning how various strategic types influence performance (Kumar et al., 2012). This paper will delve into finding answers to the question: How does Miles and Snow's (1978) strategic behaviour affect the performance of SMEs? To unpack this question, four objectives were formulated:

1. To assess the influence of prospector orientation on SME performance
2. To identify the influence of defender orientation on SME performance
3. To examine the influence of analyser behaviour on SME performance
4. To determine the influence of reactor orientation on SME performance

While it has been recognised that each strategic type has a set of unique characteristics with a particular kind of orientation (Lumbantoruan et al., 2020), which underscores the strategic nature of organisations, Gnjidić (2014) argues that such typologies are merely conceptual with little empirical verification to anchor their classification. Despite this weakness, organisations that achieve tremendous success engage most effectively with their external environment. Therefore, strategy functions as a form of adaptation. Duchek (2018, p.1) states, "Entrepreneurs are frequently confronted with unexpected events that threaten business survival, such as financial crises, technological innovations, or new competitors in the field. As a consequence, failure and setbacks are daily business for entrepreneurs." This paper is structured into the following sections: introduction, literature review, research methodology, results, conclusion, implications, limitations and references. This study aims to fill this gap by exploring the effect of Miles and Snow's strategic typology on the performance of SMEs.

2. Literature Review: Theoretical and Development of Hypotheses

Organisations adopt strategies with specific characteristics aligned with their strategic orientation and behaviour (Lumbantoruan et al., 2020). Miles and Snow's (1978) typology, the foundational theory of this study, broadly focused on the influence of managers on the overall direction and vision. The typology was developed based on the perception that firms have certain views of their environment, which affect the strategies they select (Reynard, Setijadi, Lumbantoruan et al., 2020). Ogbari et al. (2018) define strategic orientation as "the company's strategic direction in creating the proper behaviour to achieve superior performance. Pett (2019) provides a holistic definition of strategic orientation, which it defines as "the act of orienting or the state of being oriented", where to "act" means the process of doing, while "state" is a condition concerning attributes. Miles and Snow identified four critical typologies: prospectors, analysers, defenders, and reactors, each with specific strategic behaviour (Anwar et al., 2025). The prospector orientation focuses on innovation, calculated risks, pursuing new possibilities, and the need to expand. The defense typology focuses on ensuring stability, thereby minimising the risks the Prospector face. Analyser typology innovates at the periphery while maintaining a stable business. The last typology is that reactors pursue no clear strategy. Instead, they are reactive (Alnoor et al., 2022). The Miles and Snow typology explains companies' perception of their environment. The model views an organisation as a dynamic, wholly integrated system that creates relationships among strategy, structure, and processes (Lumbantoruan et al., 2020).

Over time, the typology was expanded to include organisational strategies, structures, and process variables within a specific framework, thus resulting in a multifaceted typology. This new adjustment allows organisations to create a connection with their environment (Alani et al., 2019). The typology presents three viable business orientations: prospective, Analyser, and defender (Anwar et al., 2021). To explain the model, Miles and Snow present three key strategic issues of adaptive cycles in Figure 1. The aim was to present an analysis of the problems of a complex and dynamic process of strategic choice. Miles and Snow created a theoretical framework that includes an adaptive cycle, a model illustrating the adaptive process and emphasising entrepreneurial, engineering, and administrative challenges (Anwar et al., 2025).

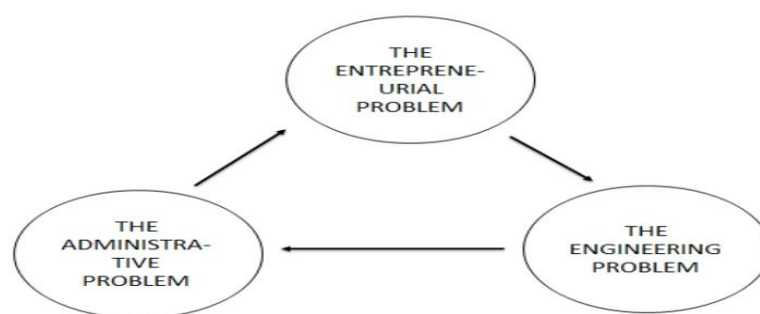


Figure 1. The adaptive cycle by R.E. Miles and C.C. Snow (1978)

Source: Fatima (2016, p. 26)

In Miles and Snow's (1978) strategic behaviour, three problems presented in Figure 1 coincide in developed organisations: management's solution to the entrepreneurial problem depends on accepting specific product-market domains. Regarding the engineering problem, the solution lies in creating a system that implements management solutions to the entrepreneurial problem. The administrative problem focuses on finding solutions to rationalise and stabilise the activities that successfully solve

the organisation's problems within the entrepreneurial and engineering phases (Gnjidić, 2014). Figure 2 provides more details on the adaptive cycle.

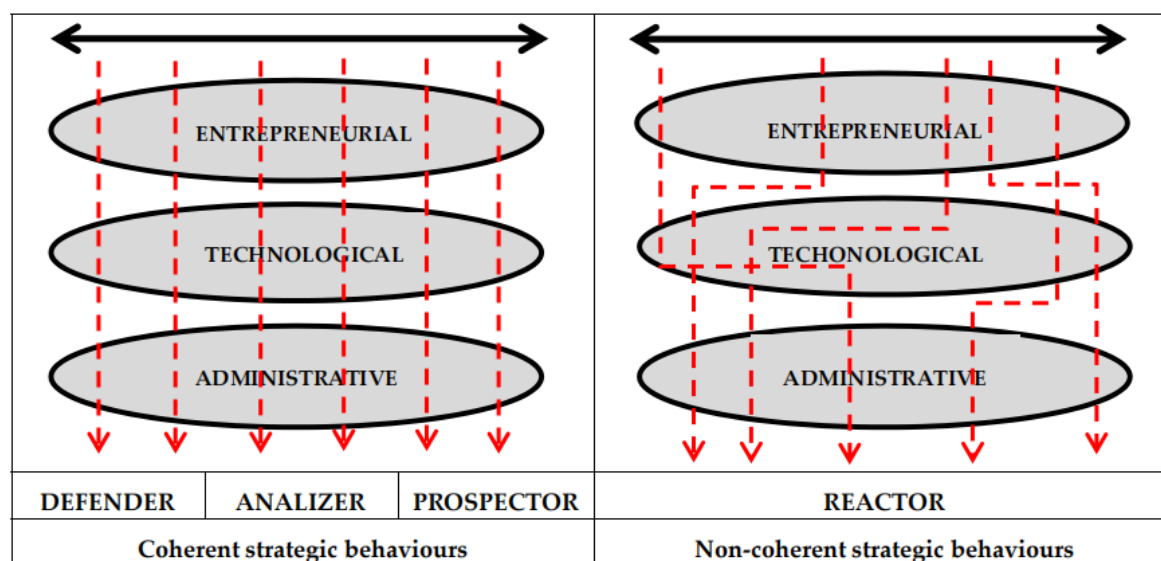


Figure 2. Adaptive Cycle of Miles and Snow(1978)

Source: Yanes-Estévez et al.(2018, p.4)

According to Yanes-Estévez et al. (2018), prospector SMEs demonstrate higher technological development, greater innovation, and more extensive use of information technology than analyser and defender SMEs. Prospector firms embrace more flexible practices, prioritise human resource management, and exhibit more advanced organisational development. Yanes-Estévez et al. (2018) further argue that in the industrial sector, prospector SMEs emphasise creativity, external market orientation, and interdepartmental cooperation more than defender SMEs, with a focus on internal capabilities and strategic control focus. From a Chinese context, Tang and Tang's (2012) study revealed that prospector and analyser strategies help moderate the relationship between entrepreneurial orientation and firm performance, while the defender strategy had no significant effect.

Kumar et al. (2012) advance the view that in a changing environment, some small firms change due to influences from other firms that are strategically similar to them, while others may adopt a more informed, independent approach to adapting to environmental changes. This paper advances the view that an SME's strategic orientation influences its strategic behaviour and actions, ultimately affecting its performance.

This article adopted the resource-based (RBV) theory. Maclean et al. (2023) state that "strategic orientation in firms entails a coordinated interaction between internal capabilities and the external competitive environment." This view extends the foundational ideas proposed by Penrose in 1959. In 1984, Wernerfelt proposed that a company consists of a wide range of resources, including tangible and intangible assets, inherent to the organisation (Raymond & Agus, 2020). The authors argue that strategic orientation is an organisation's key intangible asset, that can enhance company performance. The central thesis of the RBV is that acquiring and managing valuable, rare, unique, and irreplaceable (VRIN) resources enhances a firm's ability to achieve sustainable competitive advantage (Barney as cited in Maclean et al., 2023).

2.1. Strategic Behaviour and the Performance of SMEs

Over the past few years, research has been interested in understanding the relationship between an organisation's strategy and performance (Akingbade, 2020). In a complex environment, organisations assess their objectives to align with the changing business environment (De Jesus Silva et al., 2022). Although organisations are expected to adjust to the changing environment, the dynamic process of adjustment is ambiguous and complex. As such, understanding the strategic behaviour of organisations to survive in this complex environment requires understanding Miles and Snow's (1978) strategic behaviour (De Jesus Silva et al., 2022). A study by Hambrick (as cited in Akingbade, 2020) established that organisations with a prospector orientation perform better in market share than defenders, who perform better in profitable cash flow.

On the other hand, Panell and Wright (1983) established that analysts can post higher returns on assets, with reactors being less profitable. Strategic orientation is a central concept to organisational functioning since it ensures that an organisation maintains clear direction and control over its resources to achieve its purpose. Recognising its importance, different layers of the organisation develop strategic behaviour aligned with the strategic orientation to achieve organisational performance (Omar & Yousif, 2023). Slater (as cited in Omar & Yousif, 2023) aptly argues that leaders' strategic behaviour plays a significant role in influencing performance and, therefore, must be considered when developing an organisation's strategy. According to Maclean et al. (2023), the effects of strategic orientation and performance have been inconsistent. While strategic orientation focuses on an organisation's business behaviour, it also helps explain how a company responds to competitors and technological changes. According to Omar and Yousif (2023, p. 32), strategic behaviour is "the integration of cognitive and social psychology combined with strategic management and practice to improve the practical value of strategy theory by constructing strategic management. This paper adopts the definition of Maclean et al. (2023, p. 4), which describes strategic orientation as "a process of creating strategic choice, strategic disposition, strategic direction, and strategic adaptation". From the above literature, the conceptual framework below was derived.

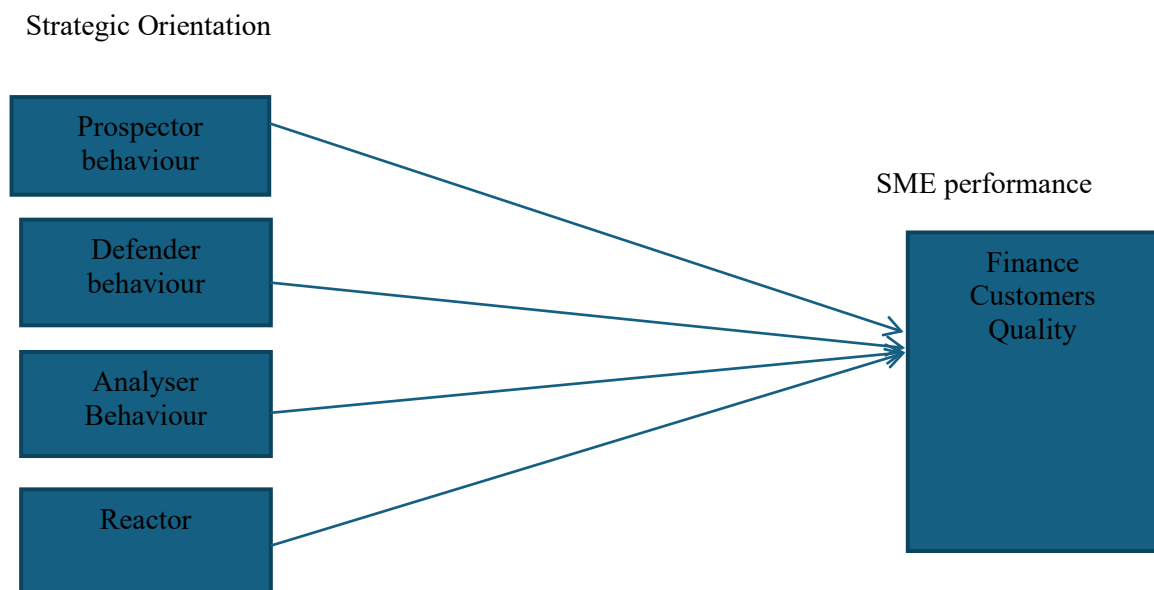


Figure 3. Conceptual framework

Source: Researchers' own drawing

The literature review has revealed the different dimensions/strategic behaviour of the strategic typologies of Miles and Snow (1978). From the above literature, the following four hypotheses were formulated:

- a) Ho₁: A prospector orientation does not significantly affect the performance of SMEs.
- b) Ho₂: There is no significant relationship between defender orientation and the performance of SMEs.
- c) Ho₃: Analyser behaviour doesn't have a significant relationship with SME performance.
- d) Ho₄: There is no significant relationship between reactor behaviour and SME performance.

3. Research Methodology

3.1. Population and Sampling Procedure

This study targeted all owner-managers of SMEs in Manzini, Eswatini, supported by the Small Enterprises Development Company (SEDCO) and the Youth Enterprise Revolving Fund (YERP), focusing on businesses operating for at least three years. SMEs, often more vulnerable to disasters than larger firms, require this timeframe to assess the effects of adversity and recovery, including the influence of resilience strategies and external support. Inclusion criteria followed SEDCO and YERP's three-year SME survival and progression benchmark. SMEs are independently owned enterprises employing up to 60 people (Eswatini SME Policy, 2018). The study's total population was 294. The researchers opted for census sampling since the study population comprised 294 individuals. Mann et al. (2010) and Sutanapong and Louangrath (2023) define a census as the collection of data from every member of the population. This approach enhances accuracy, ensuring that all units are examined before any research conclusions are made. This view is amplified by Gilmore et al. (2022), who argue that census sampling eliminates errors and provides the necessary data on the phenomenon. Skinner (2018) justifies using census sampling due to reduced costs in the design of a data collection tool.

3.2. Design

A survey approach was employed, using questionnaires to collect information from many participants to gain a comprehensive overview of the population or subject under investigation. Additionally, the study focused on gathering quantitative data and used quantitative methods for analysis. The research did not aim to compare outcomes between different cases or generalise the results. The study adopted a positivistic paradigm, which upholds the view that objective reality exists. The quantitative research with correlational features adopted realism as its ontological stance in examining the implications of the Miles and Snow (1978) strategy orientation framework on the performance of small and medium enterprises (SMEs) in the Manzini region. KMO and Bartlett's Sampling adequacy, Confirmatory factor analysis (CFA), and Fit Indices were computed to determine the validity of the data for the selected model.

3.3. Constructs, Measures, and Data Collection

A questionnaire was designed to collect the data. Miles and Snow's (1978) framework was adopted to measure strategic orientation. Four constructs were identified, and 28 items were used to operationalise these constructs. Performance was measured by five constructs: Customers, innovation, Efficiency, Productivity, and Finance, all measured by 35 items. Measures of the variables are presented in Table 1 below.

Table 1. Measurement of the variables

Construct	Number of items	Type of scale	Source
Strategic orientation / behaviour (Prospector, defender, analyser and reactor)	7	5-point Likert scale	Miles and Snow(1979)
Performance (Customers, innovation, Efficiency, Productivity, Finance)	7	5-point Likert scale	Georgopoulos and Tannenbaum, (1957); Das and Suman, (2015); Ngwangwama (2023); Nur et al. (2011)

Source: Compilation from multiple sources by the authors

3.4. Methods of Data Analysis

It was essential to compute sampling adequacy before testing the model. The Kaiser-Meyer-Olkin (KMO) Test evaluates the data's suitability for factor analysis. The test evaluates the model's overall sampling appropriateness and the sampling suitability for each variable.

Table 2. KMO and Bartlett's Test of Sampling Adequacy

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.723
	Approx. Chi-Square	2324.865
Bartlett's Test of Sphericity	Df	595
	Sig.	.000

From Table 1, the Kaier-Meyer-Olkin (KMO) measure of sampling adequacy value of 0.723 indicates a moderate level of sampling adequacy. The KMO value of 0.723 suggests that approximately 72.3% of the variance in the variables can be attributed to underlying factors. In comparison, the remaining 27.3% may be attributed to measurement error or other factors not captured by the analysis. A KMO of 72.3% suggests sampling adequacy, allowing the analysis to proceed with factor analysis. On the other hand, Bartlett's statistic is 0.000, indicating that correlation patterns are relatively compact, so factor analysis should yield distinct and reliable factors. For these data, Bartlett's test is highly significant ($p < 0.0001$).

Secondly, Cronbach's alpha was computed to determine the dimensions that met the criteria for inclusion. Cronbach's alpha for strategic orientation was 0.576, while that for performance was 0.58. Prospector and analyser orientations had Cronbach's alpha values of 0.531 and 0.463, respectively. Sijtsma (2009) argues against suggesting a strict lowest alpha cut-off. Sijtsma (2009) argues that defining a lower cut-off for alpha is misguided because alpha is a lower-bound reliability estimate and

is often misinterpreted. Alpha's usefulness is limited and should not be used as a definitive internal consistency or reliability measure without considering the test's dimensionality and other psychometric properties. Taber (2018) offers a classification of alpha values within acceptable ranges but notes no consensus on the exact terminology to describe an acceptable alpha. Conversely, Plummer and Tanis (2015) dispute the idea that alpha has a definitive threshold of acceptability. For instance, in their cross-national study, Van Griethuijsen et al. (2015, p. 1278) reported Cronbach's alpha values below the commonly accepted cut-offs of 0.7 or 0.6. They explain that "Cronbach's alpha was calculated using items with factor loadings above 0.4, and several alpha values were below the usual acceptable thresholds of 0.7 or 0.6" (Van Griethuijsen et al., 2015, p. 9). Therefore, the reported Cronbach's alphas of 0.576 (strategic orientation) and 0.858 (performance) for two variables are consistent with Taber's (2018) argument that, although many researchers commonly adopt a rule of thumb of 0.70, there is limited justification for rigidly adhering to this guideline. Moreover, a very high alpha value should not automatically be considered positive. The defender (0.068) and reactor (0.202) orientations had low Cronbach's alpha, way below what is commonly acceptable as the lowest bound. The observed variables, defender and reactor orientations, had the most significant negative Cronbach's alpha if the item was deleted.

Defender and Reactor orientations had a negative average covariance among items. This violates reliability model assumptions. Because of this, defender and reactor orientations were not included for further analysis. Indeed, this is shown in the overall examination of the variable strategic orientation that produced a T-size (CFI) value of 0.0029 in SEM, suggesting an inferior fit between the proposed model and the observed data. Values ranging from zero to one indicate that the model fits the data. The model is plausible if values ranging from zero to one indicate model fit. Further, Bollen's Relative Fit index (RFI) value of 1.000 in SEM indicates a perfect fit between the proposed model and the observed data. Fit indices determine how well a priori model fits the sample data (McDonald & Ho, 2002). Fit indices provide the goodness of fit of a particular model for a specific set of data. Results in Table 2 show that most of the values are ≤ 0.498 . Since the fit index for SO (poor < 0.90 < fair < 0.95 < close) is **poor** < NaN < **fair** < NaN < **close** for the model, it can be concluded that the selected model for Strategic Orientation is not appropriate for the data. However, when computed separately, the fit indices for Prospector and Analyser generated acceptable CFI as presented in Table 3. Lastly, the study had to determine the fit indices for strategic orientation.

Table 3. Fit indices for strategic orientation (Prospector and Analyser orientations)

Index	Value
Comparative Fit Index (CFI)	1.000
T-size CFI	0.970
Tucker-Lewis Index (TLI)	1.000
Bentler-Bonett Non-normed Fit Index (NNFI)	1.000
Bentler-Bonett Normed Fit Index (NFI)	1.000
Parsimony Normed Fit Index (PNFI)	0.000
Bollen's Relative Fit Index (RFI)	1.000
Bollen's Incremental Fit Index (IFI)	1.000
Relative Noncentrality Index (RNI)	1.000

Note. T-size CFI is computed for $\alpha = 0.05$

Note. The T-size equivalents of the conventional CFI cut-off values (poor < 0.90 < fair < 0.95 < close) are poor < NaN < fair < NaN < close for model: Model 1

The fit indices in Table 3 indicate an excellent overall model fit, with values of 1.000 for CFI, TLI, NNFI, NFI, RFI, IFI, and RNI, reflecting that the model very closely reproduces the observed data covariance structure. The T-size CFI of 0.970 further supports a close fit when adjusting for sample size and significance level.

To further confirm the previous analysis regarding the exclusion of the defender and reactor orientations, a study of individual fit indices for individual dimensions of strategic orientation (Prospector, defender, Analyser, and Reactor) was conducted, further revealing that Prospector and Analyser orientations met the model conditions, thereby enabling the extraction of factor loadings as reflected in Table 4.

Table 4. Factor loadings for Strategic Orientation

Item	Component with Strong Loading	Loading
SOP1	Component 4	0.9
SOP2	Component 4	0.749
SOP4	Component 1	0.774
SOP5	Component 1	0.694
SOA4	Component 1	0.734
SOA3	Component 5	0.693
SOA5	Component 6	0.639
SOA6	Component 6	0.673
SOD6	Component 2	-0.731
SOR3	Component 7	0.817
SOR6	Component 3	0.783
SOR7	Component 3	0.69

An analysis of the results in Table 4 reveals that the Prospector (SOP) items demonstrate the highest loadings, with SOP1 and SOP2 loading strongly on Component 4 (0.900 and 0.749, respectively), and SOP4 and SOP5 loading strongly on Component 1 (0.774 and 0.694). Similarly, the Analyser (SOA) items also show substantial loadings, with SOA4 on Component 1 (0.734), SOA3 on Component 5 (0.693), and SOA5 and SOA6 on Component 6 (0.639 and 0.673). In comparison, the Defender (SOD) and Reactor (SOR) items, while still displaying strong loadings, are more dispersed: SOD6 loads on Component 2 (-0.731), SOR3 on Component 7 (0.817), and SOR6 and SOR7 on Component 3 (0.783 and 0.690). This pattern indicates that the SOP and SOA dimensions are more cohesive and have consistently high loadings clustered on specific components. In contrast, SOD and SOR items, despite some high values, are less concentrated and thus less clearly defined within the factor structure. This comparison underscores the robustness and clarity of the Prospector and Analyser constructs in the dataset.

Table 5. Fit indices for performance

Index	Value
Comparative Fit Index (CFI)	1.000
T-size CFI	0.941
Tucker-Lewis Index (TLI)	1.000
Bentler-Bonett Non-normed Fit Index (NNFI)	1.000
Bentler-Bonett Normed Fit Index (NFI)	1.000
Parsimony Normed Fit Index (PNFI)	0.000

Bollen's Relative Fit Index (RFI)	1.000
Bollen's Incremental Fit Index (IFI)	1.000
Relative Noncentrality Index (RNI)	1.000

Note. T-size CFI is computed for $\alpha = 0.05$

Note. The T-size equivalents of the conventional CFI cut-off values (poor < 0.90 < fair < 0.95 < close) are poor < NaN < fair < NaN < close for model: Model 1

The fit indices for the variable performance in Table 5 indicate an excellent model fit, with perfect values of 1.000 for CFI, TLI, NNFI, NFI, RFI, IFI, and RNI, demonstrating that the model accurately reproduces the observed data covariance matrix. The T-size CFI of 0.941 suggests a fair to close fit when accounting for sample size and significance level, slightly lower than for strategic orientation, but still indicating a good fit.

4. Results and Findings

4.1. Age of the SME

Table 6 presents results on the age of SMEs participating in the study.

Table 6. Age of the Business Unit

Business Age	Frequency	Per cent	Cumulative Percent
Less than 5 years	123	59.709	59.709
6-10 years	51	24.757	84.466
11-5 years	21	10.194	94.660
Above 16 years	11	5.340	100.000
Total	206	100.000	

Results in Table 6 reveal that the majority of businesses in the sample are relatively young. Nearly 60% of the 206 business units have operated for less than 5 years, indicating a large presence of new or recently established businesses. About 25% fall within the 6 to 10 years range, showing a significant portion of moderately aged businesses. The proportion of older businesses gradually declines, with just over 10% having been around for 11 to 15 years, and only about 5% operating for more than 16 years. This distribution suggests that younger businesses dominate the market segment, while fewer businesses survive or remain active beyond a decade and a half. The data points to a dynamic business environment with many newcomers and relatively few long-established firms.

Table 7. Age category of respondents by gender

Gender	Age Category	Frequency	Percent	Cumulative Percent
Male	Below 20 years	2	1.695	1.709
	21-25	15	12.712	14.530
	26-30	34	28.814	43.590
	31-35	34	28.814	72.650
	36-40	23	19.492	92.308
	Above 40	9	7.627	100.000
	Missing	1	0.847	
	Total	118	100.000	
Female	Below 20 years	2	2.273	2.273

21-25	15	17.045	19.318
26-30	33	37.500	56.818
31-35	13	14.773	71.591
36-40	13	14.773	86.364
Above 40	12	13.636	100.000
Missing	0	0.000	
Total	88	100.000	

Table 7 on the age categories of SME respondents by gender shows that most male respondents (about 58%) are aged between 26 and 35 years, with a fairly even spread across this range, and fewer males under 25 or over 40. Female respondents differ slightly, with the largest group (37.5%) concentrated in the 26-30 age range, followed by notable proportions in the 21-25 and 31-40 groups, and a higher share of females above 40 years compared to males. Overall, both genders mostly fall below 40 years old, indicating that SME owners or managers tend to be young to middle-aged adults, but females tend to cluster more in their late 20s and represent a slightly larger share of older respondents than males. This highlights some gender-specific differences in the age distribution among SME respondents.

Before testing hypotheses, the study had to compute coefficients for the strategic orientation performance relationship. This is important before fully interpreting or relying on regression coefficients because it provides detailed statistical evidence about the relationship between strategic orientation dimensions (Prospector and Analyser) and SME performance, which is crucial for valid conclusions and further modelling. Table 8 presents the coefficients of the prospector and analyser orientations of strategic orientation and performance of SMEs.

Table 8. Coefficients of strategic orientation dimensions and performance of SMEs

Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	-.243	.482		-.505	.614	-1.193	.707
Prospector	-.159	.081	-.128	-1.959	.052	-.320	.001
Analyser	.154	.075	.133	2.055	.041	.006	.302

The regression analysis indicates that the Analyser dimension of strategic orientation has a positive and statistically significant effect on SME performance ($\beta = 0.133$, $p = 0.041$). In contrast, the Prospector dimension shows a marginally negative and borderline significant effect ($\beta = -0.128$, $p = 0.052$). These findings align with the bivariate correlations (Table 8), where Analyser is positively and significantly correlated with performance ($r = 0.273$, $p < 0.001$), suggesting a meaningful relationship. In contrast, Prospector's correlation with performance is weaker and not statistically significant at the 5% level ($r = 0.133$, $p = 0.056$), reflecting the marginal negative effect observed in the regression. Additionally, the moderate positive correlation between Prospector and Analyser ($r = 0.405$, $p < 0.001$) suggests these dimensions are related but influence performance outcomes differently.

Table 9. Bi-variate analysis

		Prospector	Analyser	Performance
Prospector	Pearson Correlation	1	.405**	.133
	Sig. (2-tailed)		.000	.056
	N	206	205	206

Analyser	Pearson Correlation	.405**	1	.273**
	Sig. (2-tailed)	.000		.000
	N	205	205	205
Performance	Pearson Correlation	.133	.273**	1
	Sig. (2-tailed)	.056	.000	
	N	206	205	206

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

From Table 9, the correlation results show the bivariate relationships between the two strategic orientations (Prospector and Analyser) and performance. Notably, the Analyser orientation has a moderate positive correlation with performance ($r = 0.273$, $p < 0.001$), consistent with the regression finding of a significant positive effect. Prospector shows a weak positive correlation ($r = 0.133$) with performance, contrasting with its borderline negative coefficient in the regression.

The correlations revealed significant positive associations between Prospector and Analyser ($r = 0.405$, $p < 0.001$). These intercorrelations among predictors may affect the regression results due to multicollinearity, potentially explaining differences between correlation and regression coefficients.

4.2. Strategic Orientation and Performance of SMEs

Table 10. Regression coefficients

Predictor	Outcome	Estimate	Std. Error	z-value	P	95% Confidence Interval	
						Lower	Upper
SO	OP	-0.168	0.067	-2.515	0.012	-0.300	-0.037

The regression coefficient for the predictor Strategic Orientation (SO) on the outcome, Organisational Performance (OP), is -0.168, with a standard error of 0.067. The z-value of -2.515 and the p-value of 0.012 indicate that this adverse effect is statistically significant at the 5% level. The 95% confidence interval ranges from -0.300 to -0.037, which does not include zero, reinforcing the conclusion that strategic orientation has a significant negative association with organisational performance in this model. This means that, while other factors are constant, an increase in strategic orientation is associated with a decrease in organisational performance of approximately 0.168 units on the outcome scale. This result contrasts with studies that typically find a positive relationship between strategic orientation and firm performance, as reported in the literature, where strategic orientation often enhances performance outcomes. The negative coefficient here suggests that in this particular context or sample, a stronger strategic orientation might be linked to lower organisational performance, which could be due to specific industry, managerial, or measurement factors.

5. Discussion of the Results

The correlation, regression, and hypothesis testing tables reveal both agreement and divergence in the influence of strategic orientation dimensions on SME performance. The analysis consistently shows

that the Analyser orientation has a statistically significant positive relationship with performance ($r = 0.273$, $p < 0.001$) and a positive, significant effect in the regression results ($\text{Beta} = 0.133$, $p = 0.041$). In contrast, the Prospector orientation exhibits a weakly positive but marginally non-significant correlation with performance ($r = 0.133$, $p = 0.056$), while its regression coefficient is negative and borderline significant ($\text{Beta} = -0.128$, $p = 0.052$). Additionally, hypothesis testing reveals a significant negative overall effect of strategic orientation on performance ($\text{Estimate} = -0.168$, $p = 0.012$). A moderate correlation between Prospector and Analyser orientations is also observed ($r = 0.405$, $p < 0.001$), suggesting some interrelation between these dimensions.

These results highlight the distinctive context-sensitive nature of strategic orientation and its effect on SME performance. What happens then? This emphasises the importance of examining individual dimensions separately and considering their interplay. It is consistent with emerging research that advocates for a multifaceted view of strategic orientations and their complementary impacts on firm outcomes.

The agreement between the correlation and regression results reinforces the robustness of the Analyser orientation as a beneficial strategic stance for SMEs, supporting existing literature highlighting adaptive and balanced strategies that enhance firm performance. However, the divergence in Prospector results suggests that when controlling for Analyser orientation, the direct effect of the Prospector on performance may be detrimental or context-dependent, reflecting mixed evidence reported in prior studies concerning the risks and costs associated with aggressive innovation strategies in SMEs (Meschi, 2019; Chereau & Meschi, 2019). The hypothesis testing's negative overall effect may indicate the multidimensionality and heterogeneity within the strategic orientation construct or challenges related to model specification. Furthermore, the moderate correlation between Prospector and Analyser orientations signals potential multicollinearity, which could affect the stability and interpretability of regression coefficients. These results underscore the distinctive and context-sensitive nature of strategic orientation and its influence on SME performance, emphasising the importance of examining individual dimensions separately while considering their interplay. This approach aligns with research advocating for a multifaceted view of strategic orientations and their complementary effects on firm outcomes. Supporting these findings, Kumar et al. (2012) observed that large organisations tend to adopt a Prospector orientation. In contrast, SMEs predominantly favour Defender and Analyser orientations, which may explain the negative effect of the Prospector orientation on SME performance.

Additionally, Kumar et al. (2012) noted that companies with an Analyser orientation offer a variety of products, potentially contributing to superior SME performance. Chereau and Meschi (2019) further confirm a negative relationship between strategic orientation and performance resulting from misalignment between a firm's ideal strategic orientation and its actual implementation. Gresov and Drazin (2019) argue that deviation from an organisation's inherent orientation adversely affects strategy implementation and performance, while Miles and Snow (1978) contend that Prospectors' continuous pursuit of innovation influences market flexibility; misalignment in this context can lead to negative performance outcomes for SMEs.

6. Conclusions, Implications, and Limitations

6.1. Conclusions

The conclusion from the discussion of the results is that the influence of strategic orientation on SME performance is complex and multidimensional. The Analyser orientation consistently demonstrates a positive and significant relationship with performance, indicating its importance as an effective strategic posture for SMEs. While the Prospector orientation involves aggressive innovation and entrepreneurial risk-taking, its direct effect on SME performance is ambiguous and may be detrimental if not aligned with resources and context. SMEs should assess their capabilities cautiously before pursuing Prospector strategies, because misalignment can lead to negative outcomes. Strategic decisions involving innovation should be context-sensitive and resource-aware. The study recommends that SMEs examine individual strategic orientation dimensions separately, understanding their unique impacts and interplay. The findings affirm the Resource-Based View (RBV) by highlighting the vital role of internal resources and capabilities in SME performance. SMEs perform better when they leverage valuable, unique, and hard-to-copy assets like skilled personnel and technology. The positive effect of the Analyser orientation aligns with RBV's emphasis on balanced, resource-aligned strategies.

In contrast, the mixed outcomes of the Prospector orientation reflect the resource challenges SMEs face with high-risk innovation. A multifaceted and integrated approach to strategic orientation can enhance decision-making and firm performance by considering factors like learning, market, and entrepreneurial orientation. For optimal strategy implementation, SMEs must align their strategic orientation with their resources, environment, and long-term goals. These findings amplify the necessity for refined measurement and modelling approaches that capture the unique interplay between strategic orientation deviation and its influence on SME performance.

6.2. Implications

SME managers should align their strategic orientation with their firm's capabilities and market environment, particularly emphasising the analyser orientation, which positively influences performance. Managers must critically assess whether their current strategic behaviours fit their organisational strengths and external conditions to avoid misalignment that can negatively affect performance. This calls for ongoing strategic evaluation and flexibility to adapt or refine strategic orientations to improve outcomes. Regarding support to SMEs, policymakers supporting SME development in Eswatini and similar contexts should encourage strategic capacity building, focusing on enhancing SMEs' ability to adopt and implement practical strategic orientations such as the Analyser type. Training, advisory services, and resources that help SMEs understand and align their strategic behaviours with market demands can improve overall sector performance. Future research should explore the contextual factors influencing the relationship between different strategic orientations and SME performance, including industry characteristics, firm size, and environmental dynamism. Given the limited reliability of some dimensions (Defender and Reactor) in this study, further psychometric refinement and validation of strategic orientation measures in developing Eswatini contexts are desired.

6.3. Limitations

The study treats strategic orientation dimensions as direct SME performance predictors, potentially oversimplifying complex relationships. As noted in prior research, strategic orientations such as entrepreneurial, market, and learning orientations often interact or have mediating/moderating effects that were not modelled here, which may limit the explanatory power and nuance of the findings. Secondly, the findings are based on SMEs within a specific geographic or economic context, which may limit generalisability. Many SMEs, especially in developing countries, face constraints such as technological backwardness, limited human resources, and weak management systems that can influence strategic orientation and performance differently than in other settings. Thirdly, the study's cross-sectional design restricts the ability to infer causal relationships between strategic orientations and performance. Longitudinal data would better capture how strategic orientations evolve and impact performance over time. Lastly, moderate correlations among strategic orientation dimensions (e.g., Prospector and Analyser) suggest potential multicollinearity, which may affect the stability and interpretability of regression and SEM estimates. Additionally, the weak overall model fit indices indicate that the measurement model may require refinement to capture the constructs better.

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