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# Change Management in SMEs: Strategies for Overcoming Resource Constraints and Building Capacity

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### **Abstract**

The SMEs constitute more than 90% of enterprises worldwide and play a key role in economic growth, employment and innovation. However, the capacity to manage organizational change is often limited by limited resources, including lack of capital, employee competences and technological infrastructure. This study examines change management practices in SMEs, paying particular attention to identifying cost-effective strategies to overcome these constraints and develop sustainable organizational capabilities. Using a mixed-methods approach combining descriptive statistics and qualitative analysis, the study examines the challenges faced by SMEs, assesses adaptive strategies and measures the specific impact of change initiatives on growth, innovation and competitiveness. Data were collected from 200 small and medium-sized enterprises from different industries in Kosovo, Spain and the United Kingdom to ensure a representative sample in the context of the regional economic context. Quantitative surveys assessed variables such as resource allocation, strategy implementation effectiveness and post-change performance indicators, while semi-structured interviews with SME managers identified barriers and success factors. Statistical analysis was performed using SPSS (version 28) to generate descriptive statistics (means, standard deviations, frequencies) and regression models to determine correlations with variables such as leadership, employee engagement, and innovation performance. MATLAB (R2023a) complemented this analysis with a predictive model that can forecast long-term growth trajectories based on indicators of strategic adaptation. The main findings show that 68% of SMEs cite limited financing as the biggest challenge, followed by employee resistance (54%) and poor communication (49%): the Regression analysis demonstrated a strong positive correlation between effective communication strategies and employee engagement (R2 = 0.62, \*p\* < 0.01), underscoring the importance of transparent dialogue during transitions. Cost-effective strategies such as agile methodologies—implemented incrementally to minimize disruption—were reported by 72% of SMEs as critical to success. Additionally, AI-driven tools, including sentiment analysis chatbots, reduced employee resistance by 35% through personalized interventions. MATLAB predictive models further highlighted that SMEs adopting structured change frameworks experienced a 22% increase in revenue growth and an 18% rise in innovation rates over two years (\*p\* < 0.05). The study emphasizes the pivotal role of leadership in fostering a "change-agile" culture, with 45% of SMEs attributing improved readiness to targeted leadership training programs, A case study of companies adopting Industry 4.0 in the Spanish province of Gipuzkoa demonstrates how hybrid work models and digital tools can reduce operating costs while increasing productivity. However, the study acknowledges the limitations of its regional scope and recommends that future research include SMEs in emerging economies. In conclusion, this study provides useful insights for SMEs to manage change in resource-constrained environments. By focusing on agile frameworks, leveraging predictive analytics, and fostering an employee-centric approach, SMEs can increase their resilience, drive innovation, and ensure their long-term competitiveness in a dynamic market.

Keywords: SMEs, Change Management, strategies, Building, Capacity,

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### Introduction

Small and medium-sized enterprises are the backbone of the global economy. They represent approximately 90% of global enterprises and employ more than 50% of the workforce in both developed and developing countries (OECD, 2023). These companies are drivers of innovation, contribute to the economic stability of the region and serve as important incubators for entrepreneurial talent. However, in an era of rapid technological advancement, changing consumer demands and increasing geopolitical uncertainty, SMEs are under unprecedented pressure to adapt. Organizational change, whether digital transformation, regulatory compliance or business expansion, is no longer just a "nice-to-have" but a necessity for survival. However, unlike large companies, SMEs face specific challenges when implementing change, notably due to a lack of financial, human and technological resources. This study examines how SMEs can overcome these obstacles, identifies strategies for optimizing change management processes and assesses the concrete impact of these initiatives on growth, innovation and competitiveness.

### The Imperative of Change Management in SMEs

Change management, defined as a structured approach to moving individuals, teams and organizations from their current state to a desired future state (Kotter, 1996), is a cornerstone of business resilience. For SMEs, the risks are particularly high. Smaller size often means smaller budgets, more limited access to expertise and a lower ability to bear the risks of failure. For example, a 2022 World Bank report noted that 60% of SMEs in developing economies cited "lack of financial reserves" as a barrier to adopting Industry 4.0 technologies, making them vulnerable to disruption. Similarly, 45% of SMEs in the EU reported stagnating or declining activity as they were unable to adapt to hybrid working models after the pandemic (Eurostat, 2023). The consequences of poor change management are severe: SMEs that fail to adapt risk losing market share, operating inefficiencies, or even closing down altogether. On the other hand, those that successfully implement change often open up new opportunities. For example, a case study of an SME in the Basque Country, Spain, showed that the use of flexible methods in the event of supply chain disruptions resulted in a 30% reduction in production time and a 15% increase in customer satisfaction (Kukkamala and Koporčić, 2024).

### Challenges in SME Change Management: A Multifaceted Problem

The challenges SMEs face in managing change are multifaceted and interrelated:

### **Resource Constraints**

**Financial Limitations**: SMEs often operate with narrow profit margins, leaving little room for investment in training, technology, or external consultants. A 2023 survey of 500 SMEs in Southeast Asia found that 70% allocated less than 5% of their annual budget to change initiatives.

**Human Capital Gaps**: Unlike large corporations, SMEs rarely have dedicated change management teams. Employees frequently juggle multiple roles, limiting their capacity to engage in strategic planning or up skilling.

### **Cultural and Behavioral Barriers**

**Resistance to Change**: Rooted in fear of job displacement, mistrust of leadership, or discomfort with new processes, resistance is a pervasive issue. For example, a study of UK SMEs found that 54% of employees resisted digital transformation efforts due to "lack of clarity" in communication (Mustafa et al., 2019).

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**Leadership Deficits**: SME leaders, often founders or family members, may lack formal training in change management. This can result in ad hoc decision-making or misalignment between strategic vision and operational execution.

#### **External Pressures**

**Market Volatility**: SMEs in sectors like retail and manufacturing face intense competition from multinational corporations and e-commerce giants, forcing reactive rather than proactive change.

**Regulatory Complexity**: Compliance with evolving regulations (e.g., GDPR, ESG standards) strains limited resources.

# Bridging the Gap: The Need for Tailored Strategies

Although change management in large organizations has been the subject of much research, SMEs remain underrepresented in academic discussions. Traditional approaches, such as Lewin's "thaw-change-freeze" model or Kotter's eight-step process, are often ineffective for SMEs due to their linearity, resource requirements, and hierarchical assumptions. For example, Kotler emphasized the importance of building a "management coalition," which is a challenge for small and medium-sized companies with flat hierarchies and fewer employees.

Recent research has highlighted the potential of agile and improvised approaches tailored to the SME context. These include:

**Lean Change Management**: Prioritizing incremental, low-cost adjustments over large-scale overhauls (Bolognese, 2021).

**Technology-Enabled Solutions**: Al-driven tools for sentiment analysis or predictive analytics to anticipate resistance (IBM, 2025).

**Employee-Centric Models**: Participatory decision-making to foster ownership and reduce resistance (GP Strategies, 2025).

However, empirical evidence on the efficacy of these strategies remains fragmented, particularly regarding their long-term impact on SME growth and innovation.

# **Research Aims and Contributions**

This study addresses these gaps through three main objectives:

- 1. Research Challenge: To systematically analyze the barriers SMEs face in change management, focusing on resource constraints and organizational culture.
- 2. Identify Cost-Effective Strategies: To evaluate low-budget approaches that fit the realities of SMEs, such as hybrid leadership models and open-source digital tools.
- 3. Examine Impact: To quantify the relationship between change management practices and key performance indicators (KPIs), including revenue growth, innovation output, and market share. By combining quantitative analysis (SPSS-based descriptive and regression models) with qualitative insights from SME managers, this study provides a comprehensive understanding of the dynamics of change in resource-constrained environments. For example, MATLAB predictive models are used to predict the return on investment of a specific strategy, such as investing in employee training or adopting automation tools.

### **Significance and Practical Implications**

The findings hold critical implications for multiple stakeholders:

**SME Leaders**: Evidence-based strategies to prioritize initiatives with the highest ROI.

**Policymakers**: Insights to design targeted support programs (e.g., grants for digital transformation).

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**Academics**: A framework for studying change management in SME contexts, challenging one-size-fits-all theories.

# **Structure of the Article**

Following this introduction, Section 2 reviews the literature on change management challenges and strategies in SMEs. Section 3 details the mixed methodology, which involves collecting data from 200 SMEs in Kosovo, Spain, and the United Kingdom. Sections 4 and 5 present the results and discuss their implications, and Section 6 concludes with recommendations for practitioners and researchers.

#### Literature Review

As SMEs operate in dynamic economic, technological and regulatory environments, increasing attention is being paid to the challenges and strategies associated with change management. This chapter summarizes existing research on the barriers SMEs face, assesses cost-effective strategies to overcome these barriers, and examines the impact of successful change initiatives on organizational performance. By combining theoretical frameworks with empirical data, this review reveals gaps in the literature and highlights the need for a context-sensitive approach to change management in SMEs.

### **Challenges in SME Change Management**

### **Resource Constraints**

SMEs operate under severe resource constraints, so their change management processes differ from those employed by larger companies. The most frequently cited barrier was financial constraints. Research shows that 60-70% of SMEs spend less than 5% of their annual budget on change initiatives (World Bank, 2022). This limits investment in important areas such as technology implementation, employee training and external consulting. For example, Mustafa et al. (2019) found that Malaysian SMEs struggling to adopt Industry 4.0 technologies identified "lack of capital" as the main barrier, leading to the use of outdated systems and reactive decision-making. These challenges are further exacerbated by human resource constraints. SMEs often lack specialist positions such as change managers or data analysts, requiring employees to juggle multiple tasks between operational and strategic responsibilities (OECD, 2023). This 'role overload' limits their ability to participate in planning or development; a study of European SMEs found that 48% of employees reported experiencing burnout during digital transformation activities (Eurostat, 2023). Furthermore, SMEs in developing countries face a severe skills shortage: only 30% of SMEs in sub-Saharan Africa have access to a workforce with digital skills (ITU, 2023).

### **Cultural and Behavioral Barriers**

Resistance to change is a common problem, often rooted in organizational culture and communication gaps. Kotter (1996) posits that resistance arises from fear of the unknown, distrust of management, or threats to workplace stability. In SMEs, this dynamic is reinforced by flatter hierarchies and closer interpersonal relationships. This leads to improvisational strategies, gaps between vision and execution, and an overreliance on intuition. For example, a 2023 study of Indian SMEs found that 67% of managers had no formal training in change management, which correlated with higher project failure rates (NASSCOM, 2023).

### **External Pressures**

External factors such as market volatility and regulatory complexity strain SMEs' adaptive capacities. Global supply chain disruptions, intensified by geopolitical conflicts and climate

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events, force SMEs to adopt reactive rather than proactive strategies. A 2024 study of German manufacturing SMEs found that 40% delayed innovation projects due to supply chain uncertainties (IfM Bonn, 2024). Additionally, compliance with evolving regulations (e.g., GDPR, ESG standards) diverts scarce resources. For example, SMEs in the EU spend an average of €10,000 annually on GDPR compliance, a significant burden for businesses with revenues under €2 million (Eurochambres, 2023).

# **Cost-Effective Change Management Strategies**

### **Agile and Incremental Approaches**

Traditional change management frameworks like Lewin's *Unfreeze-Change-Refreeze* or Kotter's 8-Step Process are often impractical for SMEs due to their linearity and resource intensity. In response, scholars advocate for agile methodologies, which emphasize iterative, low-cost adjustments. Bolognese (2021) introduced the *Lean Change Management* model, where SMEs implement small-scale pilots, gather feedback, and refine strategies incrementally. For example, a Portuguese SME reduced ERP implementation costs by 30% using this approach, achieving full adoption within six months (Bolognese, 2021). Similarly, improvisational change management—adapting to emergent opportunities without rigid plans—has proven effective in volatile markets. A Kenyan agribusiness SME pivoted to e-commerce during COVID-19 lockdowns by repurposing existing social media tools, increasing sales by 25% (UNDP, 2022).

### **Technology-Enabled Solutions**

Affordable digital tools are democratizing access to advanced change management capabilities. AI-driven platforms like ChatGPT and sentiment analysis bots enable SMEs to identify resistance patterns and personalize communication at scale. IBM (2025) reported that SMEs using AI chatbots reduced employee resistance by 35% through real-time feedback loops. Open-source project management tools (e.g., Trello, Asana) also streamline collaboration, with 68% of Southeast Asian SMEs citing improved transparency in hybrid work models (Google for Startups, 2023). Cloud-based analytics platforms offer predictive insights without heavy upfront costs. For instance, a Colombian retail SME used Google Analytics to forecast demand shifts during economic downturns, optimizing inventory and reducing waste by 20% (IDB, 2023).

### **Employee-Centric Engagement**

Participatory approaches that involve employees in decision-making foster ownership and reduce resistance. GP Strategies (2025) highlighted the success of "change champions"—employees trained to advocate for initiatives within their teams. In a Canadian SME, this model increased process adoption rates by 40%. Similarly, cross-functional teams enhance problem-solving agility. A Finnish tech SME reported a 50% reduction in product development cycles after integrating marketing and engineering teams during a digital transformation (ETLA, 2023).

# Impact of Change Management on SME Performance Growth and Competitiveness

Effective change management correlates strongly with financial resilience. A longitudinal study of 500 European SMEs found that those with structured change frameworks achieved 22% higher revenue growth over five years compared to peers (Eurostat, 2023). SMEs adopting Industry 4.0 technologies (e.g., IoT, automation) reported 18% gains in market share due to improved operational efficiency (IfM Bonn, 2024).

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### **Innovation and Adaptability**

Change agility drives innovation by fostering a culture of experimentation. SMEs in South Korea's "smart manufacturing" initiative saw a 30% increase in patent filings after implementing agile R&D processes (KISTEP, 2023). Similarly, green transitions—such as adopting circular economy practices—enhance both sustainability and competitiveness. A Spanish textile SME reduced carbon emissions by 40% while cutting material costs by 15% through waste upcycling (EC, 2023).

### **Employee Retention and Satisfaction**

Inclusive change processes improve morale and retention. A 2024 meta-analysis revealed that SMEs prioritizing transparent communication during transitions experienced 25% lower turnover rates (SHRM, 2024). Training programs also yield long-term benefits: Malaysian SMEs investing in upskilling reported a 35% rise in employee productivity (World Bank, 2023).

### **Gaps in Existing Research**

Despite progress, critical gaps remain:

**Regional Bias**: Most studies focus on European and North American SMEs, neglecting contexts in Africa, Asia, and Latin America.

**Longitudinal Data**: Few studies track the long-term impact of change strategies beyond 3–5 years.

**Sector-Specific Insights**: Research rarely differentiates between manufacturing, service, and tech-driven SMEs.

# Methodology

This study employs a mixed-methods research design to investigate change management practices in SMEs, combining quantitative surveys and qualitative interviews. The methodology was structured to address the research aims of identifying challenges, evaluating strategies, and assessing outcomes, while accommodating the resource constraints typical of SMEs. Below, we elaborate on the research design, data collection processes, analytical tools, and ethical considerations.

### **Research Design**

A **convergent parallel mixed-methods approach** was adopted, allowing quantitative and qualitative data to be collected simultaneously, analyzed separately, and integrated during interpretation. This design ensures triangulation, enhancing validity by cross-verifying insights from statistical patterns and stakeholder perspectives. The study is cross-sectional, capturing data at a single time point to assess current practices and outcomes.

### **Data Collection**

# **Quantitative Surveys**

### **Sample Selection**

A stratified random sampling method was used to select 200 SMEs from Kosovo (n=70), Spain (n=70), and the UK (n=60). Strata were defined by sector (manufacturing, services, retail) and size (10–50 employees for small; 51–250 for medium). These regions were chosen to reflect diverse economic contexts: Kosovo (emerging economy), Spain (EU member with strong SME policies), and the UK (post-Brexit regulatory environment).

### Instrumentation

A 35-item structured questionnaire was developed, informed by prior studies (e.g., Kotter, 1996; Mustafa et al., 2019). Sections included:

**Demographics**: Sector, size, annual revenue.

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Challenges: Resource constraints, resistance, communication (5-point Likert scales).

**Strategies**: Use of agile methods, AI tools, employee engagement (binary yes/no and frequency scales).

**Outcomes**: Revenue growth, innovation (patents/new products), competitiveness (market share changes).

#### **Procedure**

Surveys were distributed electronically via email and LinkedIn, with a response rate of 62% (320 invitations). Participants received a summary report as an incentive. Data were cleaned to remove incomplete responses, yielding 200 valid datasets.

### **Qualitative Interviews**

# **Participant Selection**

Purposive sampling identified 20 SME leaders (7 Kosovo, 7 Spain, 6 UK) with direct involvement in change initiatives. Participants represented diverse industries, including manufacturing (8), tech (6), and retail (6).

#### **Protocol**

Semi-structured interviews were conducted via Zoom, guided by open-ended questions:

"What barriers hindered your most recent change initiative?"

"Which low-cost strategies proved most effective?"

"How did change impact innovation and growth?"

### **Data Handling:**

Interviews averaged 45 minutes, were audio-recorded with consent, transcribed verbatim, and anonymized. NVivo 12 facilitated thematic analysis to identify recurring patterns (e.g., leadership styles, communication gaps).

### **Analytical Tools**

### Quantitative Analysis (SPSS v28)

**Descriptive Statistics**: Calculated means, standard deviations, and frequencies for challenges and strategy adoption.

### **Regression Models**

**Linear Regression**: Tested the relationship between communication quality (independent variable) and employee engagement (dependent variable).

**Logistic Regression**: Assessed how financial constraints (predictor) influenced the likelihood of adopting AI tools (outcome).

**Reliability**: Cronbach's alpha for Likert scales ranged from 0.78 to 0.85, indicating strong internal consistency.

### Predictive Modeling (MATLAB R2023a)

**Time-Series Analysis**: Forecasted revenue growth over 24 months for SMEs adopting agile vs. traditional methods.

**Machine Learning**: A decision tree algorithm classified SMEs into high/low innovation clusters based on strategy combinations (e.g., AI + cross-functional teams).

**Validation**: Models were tested via 10-fold cross-validation, achieving an average accuracy of 82%.

### **Ethical Considerations**

**Informed Consent**: Participants received written details on the study's purpose, confidentiality, and voluntary participation.

**Anonymization**: Data were anonymized; company names and identifiers were replaced with codes (e.g., SME-ES-o1).

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**Storage**: Encrypted cloud storage restricted access to the research team.

**Approval**: The study protocol was approved by the Institutional Review Board of [University Name] (Ref: IRB-2023-045).

Limitations

Geographic Bias: Focus on three countries limits global generalizability.

**Self-Report Bias**: Survey responses may reflect perceived rather than actual performance. **Cross-Sectional Design**: Causality cannot be inferred; longitudinal data are needed for long-term impact assessment.

Table 1: Key Challenges in SME Change Management

Challenge	Frequency (%)	Mean Score (1-5)	Regional Variation	Qualitative Insight
Limited Financial Resources	68%	4.2	Kosovo: 75% UK: 60%	"Banks demanded collateral we couldn't provide."
Employee Resistance	54%	3.8	Manufacturing: 48% Retail: 35%	"Older employees feared alienating loyal customers."
Poor Communication	49%	3.5	SMEs with scores ≤2.5: 63% resistance	N/A
Leadership Training Deficits	67%	3.9	Family-owned SMEs: 41% clashes	"We involved older staff in pilot projects."

Table 2: Effectiveness of Change Management Strategies

Strategy	Adoption Rate	Key Outcome	Sectoral Variation
Agile Methodologies	72%	25–30% cost savings in ERP adoption	Tech: 85% Manufacturing: 50%
AI Tools (Chatbots)	35%	35% reduction in resistance	UK: 45% Kosovo: 15%
Predictive Analytics	40%	22% improvement in demand forecasting	Retail: 50% Services: 30%
Cross-Functional Teams	45%	30% faster product development	Tech: 55% Manufacturing: 25%

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Table 3:	Impact of (	Change Init	iatives on	Performance	

Metric	Outcome	Statistical Significance	Sectoral Breakdown
Revenue Growth (24 months)	+22%	*p* < 0.05 (MATLAB model)	Manufacturing: +18% Retail: +12%
Innovation (Patents/Products)	+18%	F = 4.56, *p* = 0.01 (ANOVA)	Tech: +25% Services: +10%
Employee Retention	+25%	Correlated with communication quality	SMEs with training: +35% productivity

Table 4: Regional Comparisons

Region	Top Challenge	AI Adoption Rate	Agile Adoption Rate	Revenue Growth (Projected)
Kosovo	Financial Resources (75%)	15%	60%	+12%
Spain	Cultural Misalignment (41%)	30%	70%	+18%
UK	Employee Resistance (48%)	45%	80%	+25%

 Table 5:
 Statistical Analysis Summary

Analysis		Key Finding	Value	Significance
Linear (SPSS)	Regression	Communication 2 Employee Engagement	$\beta = 0.62$	*p* < 0.01
Logistic (SPSS)	Regression	Budget >€50k ② AI Adoption Likelihood	OR = 1.7	*p* = 0.03
MATLAB Model	Predictive	Agile vs. Traditional Growth (Year 2)	+25% Difference	*p* < 0.05

**Table 6: Unexpected Findings** 

Finding		Impact		Example
Resourcefulness Resources	vs.	10% creativity	higher	Repurposed tools for e-commerce pivots
Hybrid Work Pitfalls		22% pro	oductivity	Inadequate remote policies

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### **Table 7: Study Limitations**

Limitation	Implication
Self-Report Bias	Potential overestimation of revenue growth
Geographic Focus (EU-centric)	Limited applicability to Asian/African SMEs
Short-Term Data (2-year window)	Long-term outcomes unmeasured

#### Discussion

The findings of this study underscore the complex interplay between resource constraints, adaptive strategies, and organizational outcomes in SME change management. By synthesizing quantitative and qualitative insights, this research advances understanding of how SMEs can navigate change despite systemic limitations while offering actionable pathways for resilience and growth. Below, we contextualize the results within existing literature, address implications for theory and practice, and acknowledge the study's limitations.

### **Interpreting Key Findings**

### **Resource Constraints and Agile Adaptation**

The prominence of financial limitations (68% of SMEs) aligns with prior studies highlighting SMEs' vulnerability to undercapitalization in change initiatives (World Bank, 2022). However, this research reveals **SMEs** through resourcefulness rather than resources. For instance, the 10% higher creativity observed in budget-constrained SMEs mirrors the "lean innovation" concept (Bolognese, 2021), where incremental, low-cost adjustments replace large-scale investments. The success of agile methodologies (72% adoption rate) further supports this, demonstrating that iterative approaches mitigate financial risks while fostering adaptability—a critical advantage in volatile markets. Contrary to traditional frameworks like Kotter's 8-Step Process, which assume resource abundance, SMEs thrive through improvisation. A Spanish SME's pivot to repurpose social media tools for e-commerce exemplifies this, resonating with Mustafa et al.'s (2019) assertion that SMEs' informal structures enable rapid pivots. However, regional disparities persist: UK SMEs reported higher agility (80%) than Kosovo (60%), likely due to better access to digital infrastructure and training programs.

### Leadership and Cultural Alignment

Leadership training deficits (67%) emerged as a critical barrier, corroborating NASSCOM's (2023) findings in Indian SMEs. Yet, qualitative data revealed that SME leaders often bridge this gap through participatory leadership. For example, involving employees in pilot projects reduced resistance by 40%, aligning with GP Strategies' (2025) emphasis on "change champions." This suggests that SME leaders, while lacking formal training, leverage relational capital to drive change—a deviation from hierarchical models suited to larger firms. Cultural misalignment, particularly in family-owned SMEs (41%), highlights the tension between tradition and innovation. The Spanish retail case study, where older employees resisted e-commerce, echoes Kotter's (1996) argument that cultural inertia derails change. However, SMEs successfully navigated this by integrating tradition into innovation (e.g., framing digital tools as enhancing, not replacing, customer relationships).

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### Technology as a Double-Edged Sword

While AI tools reduced resistance by 35%, their adoption was heavily influenced by financial capacity. Logistic regression results (OR = 1.7 for budgets >€50k) suggest that technology-driven strategies risk exacerbating inequalities between well-resourced and marginalized SMEs. Open-source tools (e.g., Trello, Google Analytics) emerged as equitable alternatives, enabling 40% of SMEs to improve forecasting without significant costs. This aligns with IDB's (2023) advocacy for frugal innovation in developing economies.

# **Implications for Theory and Practice**

### **Theoretical Contributions**

This study challenges the universality of established change management frameworks. For instance, Lewin's *Unfreeze-Change-Refreeze* model assumes stability, which contrasts with SMEs' need for perpetual adaptability. Instead, the findings validate *dynamic capability theory* (Teece, 2007), where SMEs' ability to "sense, seize, and transform" opportunities drives success. Additionally, the strong correlation between communication and engagement ( $\beta = 0.62$ ) reinforces the centrality of *stakeholder theory* in change management, emphasizing transparency and inclusivity.

# **Practical Recommendations**

#### For SME Leaders

Prioritize agile, iterative strategies to conserve resources.

Invest in communication tools (e.g., AI chatbots) to preempt resistance.

Leverage cross-functional teams to enhance problem-solving.

### For Policymakers

Design grants for digital tool adoption in underserved regions (e.g., Kosovo).

Fund leadership training programs tailored to SME contexts.

### For Consultants

Develop low-cost, open-source toolkits for change management.

### Limitations

While this study provides valuable insights, several limitations warrant caution:

**Geographic Bias**: Focus on Kosovo, Spain, and the UK limits generalizability to Asian, African, or Latin American SMEs, where informal economies and cultural dynamics differ.

**Self-Report Bias**: Revenue growth and innovation metrics may reflect optimism rather than objective performance.

**Cross-Sectional Design**: The inability to track long-term outcomes (e.g., sustainability of growth beyond 2 years) restricts causal inferences.

**Sectoral Generalization**: Aggregating manufacturing, retail, and tech SMEs may obscure sector-specific nuances.

**Technology Access**: The study underrepresents SMEs with minimal digital literacy, potentially overstating Al's feasibility.

### **Conclusion**

This research demonstrates that SMEs can transcend resource constraints through agile methodologies, strategic technology adoption, and inclusive leadership. Key takeaways include:

**Agility Over Resources**: Incremental, iterative approaches mitigate financial risks while fostering adaptability.

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**Employee-Centricity**: Transparent communication and participatory decision-making reduce resistance.

**Leadership as a Catalyst**: Even without formal training, SME leaders drive change through relational engagement.

The study reaffirms that effective change management is not a luxury but a necessity for SMEs navigating 21st-century disruptions. By adopting the strategies outlined, SMEs can enhance resilience, spur innovation, and secure competitive advantages.

### **Future Directions**

To address the study's limitations and expand knowledge, future research should:

**Conduct Longitudinal Studies**: Track SMEs over 5–10 years to assess the durability of change outcomes.

**Explore Regional Diversity**: Investigate SMEs in emerging economies (e.g., Nigeria, Vietnam) to identify context-specific barriers.

**Sector-Specific Analyses**: Compare change management in manufacturing (e.g., automation) vs. services (e.g., customer experience).

**Integrate Emerging Technologies**: Examine the role of GenAI and blockchain in democratizing change management tools.

**Assess External Ecosystems**: Evaluate how government policies, industry partnerships, and NGO support amplify SME capacity.

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