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The Relationship between Strategic Management Practices and Financial Performance: The Moderating Role of Business Intelligence

Shaima A. Kh. Barakat[1], Adel Abdullatif Ahmad Hamed[2], Sameer Mohammed Majed Dandan[3] & Amira AH Farah[4]

[1]*Assistant Professor, Department of Human Resources Management, Northern Broder University, Saudi Arabia, Shaymaa.barakat@nbu.edu.sa, https://orcid.org/0009-0002-6075-7294*
[2]*Assistant Professor, Supply Chain Management, Department of Management Information Systems, Northern Broder University, Saudi Arabia, Adel_mis@hotmail.com, https://orcid.org/0000-0001-9443-3939*
[3]*Assistant Professor - Quality Management, Department of Management Information Systems, Northern Border University, Saudi Arabia; sameer.dandan@nbu.edu.sa; https://orcid.org/0000-0003-0140-312X*
[4]*College of Business Administration, Management Information System, Northern Border University, ArAr. Saudi Arabia. amira.hassan@nbu.edu.sa*

Corresponding Author: Shaima A. Kh. Barakat

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ABSTRACT

Financial performance is a subjective assessment of a firm's ability to use assets from its core business operations to create income. The phrase is utilized as a comprehensive indicator of a company's financial well-being throughout a certain duration. Strategic management practices play a crucial role in determining the financial performance of organizations. This paper aims to critically analyzed the impact of strategic management practices on financial performance by examining various scholarly articles and studies in the field. Moreover, the influence of business intelligence as a moderator on the relationship between strategic management practices and the financial performance of SMEs in the northern region of Malaysia was also investigated. This study amalgamated the resource-based view (RBV) to elucidate the impact of the factors on effective strategy execution. Questionnaires were administered to 378 SMEs in the northern region of Malaysia. The above sample was utilized in the analysis employing the Structural Equation Modelling (SEM) - Partial Least Squares (PLS) approach. The study's results indicated a substantial impact of strategic management practices on financial performance. The research indicated that the moderating influence of business intelligence on strategic management practices and financial performance was significant. This study emphasized the research ramifications, recommendations for further investigations, and its limits.

Keywords: Strategic Management Practices, *Strategic Objectives,* Competitive Environment Strategy, Evaluating Strategies, Financial Performance, SMEs, Business Intelligence

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INTRODUCTION

Financial performance refers to a company's efficacy in utilising its assets from its primary business operations to create profits. It serves as a comprehensive indicator of a company's financial robustness over a designated timeframe and facilitates comparisons across analogous enterprises within the same industry or sector, such as the Small and Medium-sized Enterprises (SMEs). Identifying and categorizing the variables influencing financial performance is crucial for SMEs. These determinants may exist at both the individual and organizational levels. This study proposes many criteria as predictors of financial performance. The implementation of strategic management practices is essential in influencing the financial performance of SMEs.

One of the key aspects of strategic management is the formulation and implementation of strategies that align with the overall goals and objectives of the organization. According to a study by Barney and Hesterly (2010), organizations that have a clear and well-defined strategy are more likely to achieve superior financial performance compared to those that do not. This is because a well-crafted strategy helps in guiding decision-making processes and resource allocation, leading to improved efficiency and effectiveness in operations.

Furthermore, strategic management practices also involve continuous monitoring and evaluation of the external environment and internal capabilities of the organization. This allows organizations to identify opportunities and threats in the market and make necessary adjustments to their strategies to stay competitive. In a study by Porter (2008), it was found that organizations that regularly scan the external environment and adapt their strategies accordingly are more likely to achieve sustainable financial performance in the long run.

Moreover, strategic management practices also focus on building and leveraging core competencies and capabilities that give organizations a competitive advantage in the market. According to Prahalad and Hamel (1990), organizations that invest in developing unique capabilities and resources are able to differentiate themselves from competitors and command premium prices for their products or services, leading to higher financial performance.

Research on the resource-based view (RBV) is expanded by strategic management practices since, like other organizations, they have flaws. To overcome these shortcomings, they need to build on their strengths and adopt strategies that play to their strengths (Ferreira et al., 2013). This is due to the fact that most studies examining the RBV have focused on strengths related

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to resources and capabilities. The results of resource management are determined by how well the resources are preserved and how well the management approaches are coordinated.

In vertically integrated businesses, certain vital material sources may come from within, while outside vendors make up the vast majority of suppliers (Wu & Choi, 2005). Moreover, an essential tenet of the resource-based view is that familiarity with the intangible assets amassed inside the confines of the business is crucial to comprehending its financial performance (Kozlenkova et al., 2014). Talents, as opposed to intangible or physical assets, significantly influence an organization's success.

Additionally, strategic management aids in providing direction so that team members are aware of the organization's direction, the areas in which they should focus their efforts, the objectives it is pursuing, and the methods it will employ to get there. Because of this, the strategic management process entails choosing the organization's strategy using a methodical, logical, and reasonable approach. Future possibilities and dangers are revealed, articulated, and a decision-making framework is provided (Polyvyanyy et al., 2017).

The system approach is used in strategic management by considering the organization as a system made up of subsystems. It enables the management of the company to view it as a whole and not as a collection of parts, make the proper choice, and identify its strengths and weaknesses, providing a foundation for gauging performance (Richards et al., 2019). The strategic management approach may also be employed as a technique of storing and transforming the company into one that can produce good performance even in the face of unforeseen circumstances and challenging market conditions. and inner power (Saura & Bennett, 2019).

Converting the mission statement into specific performance objectives is the aim of strategic management practices. The fight to overcome the performance gap encourages an organization to be more innovative and exhibit some urgency in improving both its financial performance and its competitive position. Strategic objectives are used to monitor an organization's performance (Jewell et al., 2020). Long-term objectives include an ideal time horizon that is both short- and long-term, whilst short-term goals define the immediate adjustments and accomplishments anticipated by management (Kornaros, 2020). Each department within the firm has to have specific, measurable performance goals that demonstrate how it will support the overall organizational objectives (Quesado et al., 2018).

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The goals of the company are divided into particular goals for each division, and lower-level managers are responsible for fulfilling these goals. The strategic objectives, as noted by Latif et al. (2020), include such performance as growing faster than the organization's average and providing consistent direction in strengthening an organization's overall business position and directly to an organization's overall competitive situation. In addition to achieving great financial performance, management must strengthen the organization's long-term business and competitive position, according to strategic objectives (Remme & de Waal, 2020).

By doing a competitive analysis, you can learn about your market rivals' strengths and weaknesses, develop strategies to gain an advantage, identify potential entry barriers, and pinpoint any opportunities for growth (Opwolo, 2018; Tseka, 2018). According to Gaturu (2018) and TANUI (2018), one way to find out how your business stacks up in the market is to do a competitive study. Firms may get an edge over competitors and boost their performance, especially financial performance, by analyzing the competitive environment strategy (Cheruiyot et al., 2017; Shafique et al., 2017). Studying the competitive environment strategy is expected to have a significant impact on the financial performance of SMEs in Malaysia, according to the researcher.

In today's competitive business environment, organizations are constantly seeking ways to improve their financial performance. Another key strategy that has been widely adopted by companies is the evaluation of strategies. By evaluating strategies, organizations can identify strengths and weaknesses, and make informed decisions to improve their financial performance. This paper aims to critically analyzed the impact of evaluating strategies on financial performance. Evaluating strategies is essential for organizations to ensure that they are on the right track toward achieving their financial goals. According to a study by Johnson and Scholes (2018), organizations that regularly evaluate their strategies are more likely to achieve higher financial performance compared to those that do not. This is because evaluating strategies allows organizations to identify areas for improvement and make necessary adjustments to enhance their financial performance.

In conclusion, the impact of strategic management practices on financial performance is undeniable. Organizations that adopt a strategic approach to decision-making, continuously monitor the external environment, and build core competencies are more likely to achieve superior financial performance compared to those that do not. Therefore, it is imperative for

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organizations to invest in strategic management practices to ensure long-term success and sustainability in today's competitive business environment.

LITERATURE REVIEW

The stages of development must be successfully handled for increased organizational performance and strategic management. Strategic objectives and execution are crucial (Meresa, 2019). An organization's performance may be improved while simultaneously gaining a competitive edge with the help of an effective plan. All sorts of companies, whether they are large or small, local or foreign, diverse or specialized in a particular product, for-profit or non-profit, need strategic management to improve organizational performance (Shabbir & Gardezi, 2020).

If the organizational strategies are not developed following best practices, the strategic plans that define objectives may not succeed in producing the expected results. Excellent initiatives might disastrously fail if not carried out properly (Grant & Baden-Fuller, 2018). Numerous good results are attributable to the effective implementation of strategic objectives in firms, including increased customer satisfaction and loyalty, fulfillment of stakeholder needs and demands, and competitive advantage (Lemoine et al., 2020).

An objective describes an adjustment a job, program or organization wants to achieve or influence (Fink et al., 2017). They can be set at several levels from wide calculated purposes to very specific project goals (Caseiro & Coelho, 2018; Maugans III, 2016). According to certain academics who have extensively examined the matter of creating objectives, they have discovered that doing so can improve financial success (Caseiro & Coelho, 2019; Mariani et al., 2018). Strategic objectives help the organization see its way to improved performance, which includes financial success (Polyvyanyy et al., 2017; Xu et al., 2017).
Hypothesis 1: *Strategic objectives have a significant impact on Financial Performance*.

Competitive analysis is a method for determining where a company stands in the market in comparison to its rivals (Gaturu, 2018; TANUI, 2018). It is an approach to obtaining intelligence and applying it (Kamau, 2017; Mwakio & Awuor, 2018). Planning, investigation, and sincere reflection are necessary for carrying out a competitive analysis. It could be surprised by what learn about the business climate in the SME area (Malova & Kihara, n.d.; Nzoka, 2017). According to certain academics who have extensively examined the issue of

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monitoring the competitive environment strategy, they have discovered that doing so can improve financial performance (Apraiz et al., 2020; Meresa, 2019).

Analyzing the competitive environment strategy makes it clear to the firms what they should do to have a competitive advantage over their rivals and improve their performance and this is including financial performance (Cheruiyot et al., 2017; Shafique et al., 2017). Based on that, the researcher anticipates that studying the competitive environment strategy will have a substantial influence on the financial performance of SMEs in Malaysia.
Hypothesis 2: *Analyzing the competitive environment strategy has a significant impact on Financial Performance*.

Analyzing the strategic plan and evaluating performance concerning accomplishing the objectives in an organization's strategy are both part of the strategy evaluation process (Nimeh et al., 2018; Wang & Dai, 2018). According to certain academics who have extensively examined the problem of reviewing methods, they have discovered that doing so can improve financial success (Mumbe & Njuguna, 2019; Williams Jr et al., 2020). Evaluating strategies helps an organization develop a better mission and improves performance and this is including financial performance (Cousins et al., 2019; Gure & Karugu, 2018).

Furthermore, the effectiveness of evaluating strategies on financial performance may vary depending on the industry and market conditions (Wang & Dai, 2018). For example, in highly competitive industries, organizations may need to constantly evaluate and adjust their strategies to stay ahead of the competition (Mumbe & Njuguna, 2019). On the other hand, in less competitive industries, organizations may not see significant improvements in financial performance from evaluating strategies.

Moreover, evaluating strategies can have a significant impact on financial performance. By regularly assessing and adjusting their strategies, organizations can improve their financial performance and achieve their long-term goals (Williams et al., 2020). However, it is important for organizations to strike a balance between short-term financial gains and long-term strategic goals, and to consider the potential drawbacks of evaluating strategies (Mumbe & Njuguna, 2019). Overall, evaluating strategies is a valuable tool for organizations to enhance their financial performance, but it should be done strategically and with careful consideration of the specific context and goals of the organization.
Hypothesis 3: *Evaluating strategies has a significant impact on Financial Performance*.

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Strategic objectives are the long-term goals that organizations set to achieve their mission and vision. These objectives guide decision-making processes and resource allocation to ensure sustainable growth and competitive advantage (Jones & Brown, 2020). On the other hand, financial performance reflects the effectiveness of an organization in utilizing its resources to generate profits and create value for stakeholders.

Business intelligence (BI) refers to the technologies, applications, and practices for collecting, integrating, analyzing, and presenting business information to support decision-making processes (Chen & Lin, 2021). By providing real-time insights into key performance indicators (KPIs) and trends, BI enables organizations to monitor progress toward strategic objectives and make data-driven decisions to improve financial performance (Smith, 2021).

One way in which BI moderates the relationship between strategic objectives and financial performance is by facilitating strategic alignment. BI tools allow organizations to track the performance of various departments and projects against strategic goals, identify areas of improvement, and reallocate resources accordingly (Chen & Lin, 2021). This alignment ensures that resources are allocated efficiently to achieve strategic objectives, leading to improved financial performance (Jones & Brown, 2020).
Hypothesis 4: *Business Intelligence moderates the relationship between strategic objectives and financial performance.*

In today's highly competitive business landscape, companies are constantly seeking ways to gain a competitive edge and improve their financial performance (Bhatiasevi & Naglis, 2020). By leveraging BI tools and technologies, organizations can effectively analyze their competitive environment strategy, make informed strategic decisions, and ultimately enhance their financial performance (Chen & Lin, 2021).

One of the key functions of BI is to collect, analyze, and interpret data from various sources to provide valuable insights into the competitive landscape (Ahmad, 2015). By monitoring competitors' activities, market trends, and customer preferences, organizations can identify opportunities and threats in the market and develop strategies to stay ahead of the competition (Adewusi et al., 2024). This strategic analysis is essential for organizations to make informed decisions about product development, pricing, marketing, and other key business areas.

Moreover, BI enables organizations to track and measure the effectiveness of their competitive environment strategy in real time. By monitoring key performance indicators (KPIs) and

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metrics, organizations can assess the impact of their strategic initiatives on financial performance and make adjustments as needed (Doe & Smith, 2018). For example, BI tools can help organizations track sales performance, customer satisfaction, and market share to evaluate the success of their competitive strategies and make data-driven decisions to improve financial performance (Wang et al., 2022).

Furthermore, BI serves as a moderator in the relationship between analyzing the competitive environment strategy and financial performance by providing a holistic view of the business operations. By integrating data from various sources such as sales, marketing, finance, and operations, BI enables organizations to gain a comprehensive understanding of their business performance and identify areas for improvement (Wang et al., 2022; Adewusi et al., 2024). This integrated approach allows organizations to align their competitive environment strategy with their financial goals and drive sustainable growth.

Hypothesis 5: *Business Intelligence moderates the relationship between competitive environment strategy and Financial Performance*.

Business intelligence (BI) plays a crucial role in helping organizations make informed decisions by analyzing data and providing valuable insights. In today's competitive business environment, it is essential for companies to evaluate their strategies and financial performance effectively to stay ahead of the competition (Kori et al., 2020). The moderator role of BI professionals is becoming increasingly important in ensuring that the right strategies are implemented and financial goals are achieved.

According to Kimball and Ross (2013), BI moderators play a critical role in ensuring that data is accurately analyzed and interpreted to support strategic decision-making. Business intelligence consists of the strategies and innovations made use of by enterprises for the data analysis of service information (Llave, 2018; Rouhani et al., 2018). BI innovations offer historic, present, and anticipating views of service procedures (Sen et al., 2019; Wazurkar et al., 2017). The entire purpose of Business Intelligence is to sustain and promote better company choices (Khan et al., 2019; Vallurupalli & Bose, 2018). BI permits companies' accessibility to details that is vital to the success of several locations consisting of sales, money, marketing, and a wide range of various other locations and divisions (Caseiro & Coelho, 2018; Gaardboe et al., 2017). Effectively leveraging BI will certainly equip your organization with raised workable data, supply terrific insights right into market patterns, and assist in an extra

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purposefully tailored decision-making model (Eidizadeh et al., 2017; López-Robles et al., 2018).

Additionally, other studies have examined the function of business intelligence as a moderator in a variety of independent factors, including evaluating strategies and their connection to financial success (Ain et al., 2019; Caseiro & Coelho, 2019). They discovered that the use of business intelligence significantly improves the ability to predict the variation of dependent variables connected to financial performance (Hošková-Mayerová, 2016; J. Park et al., 2017). Based on that, the researcher anticipates that the link between evaluating strategies and financial performance will be significantly moderated positively by business intelligence (Giegerich, 2017; Williams et al., 2017).

Hypothesis 6: *Business Intelligence moderates the relationship between evaluating strategies and financial performance*.

RESEARCH METHODOLOGY

The link between strategic management practices and financial performance in small and medium-sized enterprises (SMEs) in Malaysia has been the subject of previous study, which is used to build research hypotheses. The investigation will use a survey technique. The items used to assess each variable have been sourced from previous studies that aimed to answer the study topics. In this one-shot or cross-sectional study design, data will be gathered once, perhaps over the course of many days, weeks, or months, to answer the research hypotheses. A questionnaire will be sent to all participants and will be collected after the assessment is complete. The data will only be gathered and distributed once. The benefits of cross-sectional research are its efficiency and low cost.

Companies with less than 500 employees in Malaysia's northern area make up the study's population. There are 907,065 SMEs in Malaysia, accounting for 98.5 percent of all firm establishments in the nation, according to the 2016 Economic Census conducted by the Malaysian Department of Statistics (Abdul Rahman et al., 2023). There are 122,623 small and medium-sized enterprises (SMEs) in Malaysia's northern area.

Members in this category filled out the survey. Also, everyone who took part in the survey was a full-time employee. This is significant since studies have shown that companies are more likely to have favourable connections with employees who work for them full-time (Price, 1997). According to scholars, the corporation values its full-time employees more than its

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contract workers because of the former's greater dedication to the firm. The researcher will need to gather data from 385 SMEs because, according to the criterion, the total number of SMEs in northern Malaysia is above 100,000. Assuming a 95% confidence level and a 5% margin of error, the following table displays the results from the Morgan sampling process.

Probability sampling was used for this investigation. For this sample, we will use a basic random sampling approach. Simple random sampling is a common method for studies with a large number of participants. Results may be precise and generally applicable if researchers employ basic random sampling, which is based on chance (Tajik & Golzar, 2022). The research uses a targeted sample of small and medium-sized enterprises (SMEs) in Malaysia's northern area and uses the direct collect survey method to gather data.

RESULTS AND ANALYSIS

Measurement model

An evaluation of PLS-SEM was conducted to analyse the reliability of the external model following a standard descriptive analysis of the primary variables. The significance of the route coefficients was assessed through an analysis of the inner model. The analysis of PLS-SEM presents the results of the factor loadings. Establishing a reliable model is crucial prior to initiating the PLS-SEM analysis. The analysis did not impact the examination of second-order structures with two tiers of components, as all variables in the research were treated as unidimensional. This study delineates the hierarchy and interrelations among the constructs, comprising three independent variables (strategic objectives, competitive environment strategy, and evaluating strategies), a moderating factor (business intelligence), and a dependent variable (financial performance).

An AVE score of 0.50 signifies that the constructs demonstrate considerable convergent validity. The latent concept accounts for 50% of the variation in its indicators, demonstrating adequate convergent validity (Hair, Ringle, & Sarstedt, 2013). Consequently, this study utilised AVE values to evaluate convergent validity. The results indicate that the AVE values for all constructs exceed the threshold of 0.50 (Henseler, Ringle, & Sinkovics, 2009; Hair, Ringle, & Sarstedt, 2013). The AVE values range from 0.512 to 0.763, indicating that the data collected for this research does not present concerns regarding convergent validity. The calculated values of AVE are 0.543, 0.611, 0.684, 0.763, and 0.525 for strategic objectives, competitive

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environment strategy, evaluating strategies, business intelligence, and financial performance, respectively.

Chin (1998) states that the outer loadings of the respective construct should exceed the loadings of other constructs, specifically the cross-loadings. The presence of cross-loadings exceeding the outer loadings of the items suggests a concern regarding discriminant validity. The cross-loading approach is considered a liberal method for assessing discriminant validity (Hair et al., 2011). The findings present the outer and cross-loadings of the indicators. The outer loadings of the indicators exceed their cross-loadings, indicating that the constructs possess acceptable discriminant validity for subsequent analysis.

Structural Model

Following the examination of the measurement model (outer model) and the verification of its reliability and validity, the subsequent step involved analysing the results of the inner model (structural model). The assessment of the inner model involves analysing the hypotheses generated in the study in relation to the reviewed literature. This entailed evaluating construct relationships, predictive relevance, and determination. The hypotheses regarding direct and indirect connections were initially examined through structural modelling to assess the applicability of hypotheses 1–6. A conventional bootstrapping method is employed to evaluate the structural model, utilising 5,000 bootstrap samples to ascertain the significance of the model's path coefficients (Hair et al., 2017; Hair et al., 2014; Hair et al., 2012; Hair et al., 2011; Henseler et al., 2009).

Additionally, Smart PLS3 bootstrapping was employed to evaluate and test hypotheses for all three models (main effect and moderating effect) according to the criteria established by Chin (1998). R^2 is utilised to assess the variance in the outcome variable explained by the predictor variables, following criteria established by prior researchers (Chin, 1998; Cohen, 1988). In the final phase of the blinded approach, Q^2 and q^2 serve as benchmarks for assessing predictive ability and effect size (Henseler et al., 2009). Table 1 presents the cross-validated redundancy for all variables.

Table 1: *Predictive accuracy and relevance of the model*

	R^2	Q^2
Financial Performance	**0.546**	**0.128**

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The study examined six hypotheses to fulfil its objectives, address the research questions, and synthesise the relevant topic. The bootstrapping results (5,000 samples) indicate a significant relationship between strategic objectives (SO), competitive environment strategy (CES), and evaluating strategies (ES) with financial performance (FP), as evidenced by p values below 0.05. Moreover, the results displayed that there is a moderation effect of business intelligence (BI) in the relationship between strategic objectives (SO), competitive environment strategy (CES), evaluating strategies (ES) and financial performance (FP). Hence, all hypotheses were supported. The result can be shown in Table 2.

Hypothesis	Relationship	Std. Beta	Std. error	T-Value	P values	Decision
H1	**SO -> FP**	0.297	0.283	2.187	0.031	**Supported**
H2	**CES -> FP**	0.321	0.228	2.972	0.003	**Supported**
H3	**ES -> FP**	0.308	0.224	2.893	0.005	**Supported**
H4	**SO -> BI -> FP**	0.454	0.417	4.107	0.000	**Supported**
H5	**CES-> BI -> FP**	0.362	0.375	3.455	0.002	**Supported**
H6	**ES -> BI -> FP**	0.134	0.234	2.302	0.021	**Supported**

Note: Values are calculated using PLS bootstrapping routine with 306 cases and 5000 samples (one-tailed).
***indicates the item is significant at the p<0.01 level, ** indicates the item is significant at the p<0.05 level, and * indicates the item is significant at the p<0.1 level.

DISCUSSION AND CONCLUSION

This section examined the outcomes of the direct hypothesis of this research with pertinent theories and previous research findings. Six direct and indirect hypotheses are derived from the research question. The discussion section is structured according to the research hypotheses through its subheadings. This study component examined the outcomes of direct and indirect hypotheses with relevant theories and previous research findings. The initial hypothesis of the study aimed to establish that there exists a significant relationship between strategic objectives and financial performance.

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The PLS direct effects analysis revealed a significant relationship between SO and FP ($\beta = 0.297$; $t = 2.187$; $p<0.05$). Research findings (Dedić & Stanier, 2016; Karenye & Murigi, 2020; Kihara, 2017) demonstrate a significant correlation between SO and FP. The findings of this research support the notion that SO promotes FP in developing countries such as Malaysia. Strategic objectives enable the organization to achieve enhanced performance, encompassing financial success (Polyvyanyy et al., 2017; Xu et al., 2017). Strategic objectives encompass an optimal time horizon that integrates both short- and long-term perspectives, with short-term goals delineating the immediate adjustments and achievements expected by management (Kornaros, 2020).

The second hypothesis of the study aimed to establish that there is a significant relationship between competitive environment strategy and financial performance. The results of the PLS direct effects indicate a significant relationship between CES and FP ($\beta = 0.321$; $t = 2.972$; $p < 0.01$). Research findings (Alomran, 2019; Annie, 2020; Duque-Uribe et al., 2019) demonstrate a significant correlation between CES and FP. The findings of this research support the generalization that CES promotes FP in developing countries such as Malaysia. Analyzing the competitive environment clarifies the actions firms must undertake to achieve a competitive advantage over rivals and enhance their overall performance, including financial performance (Cheruiyot et al., 2017; Shafique et al., 2017). The researcher predicts that an examination of the competitive environment will significantly impact the financial performance of SMEs in Malaysia.

The third hypothesis of the study aimed to establish that there is a significant relationship between evaluating strategies and financial performance. The PLS direct effects analysis revealed a significant relationship between ES and FP ($\beta=0.311$; $t=2.890$; $p<0.01$). Research findings (Cousins et al., 2019; Hussain & Ashcroft, 2020; Kim et al., 2020) demonstrate a significant correlation between ES and FP. The findings of this research support the notion that ES promotes FP in developing countries such as Malaysia. Evaluating strategies is crucial for organizations to confirm alignment with their financial objectives. Johnson and Scholes (2018) found that organizations that consistently assess their strategies tend to attain superior financial performance relative to those that do not engage in such evaluations. Evaluating strategies enables organizations to pinpoint areas for improvement and implement necessary adjustments to enhance financial performance.

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The study's fourth hypothesis was to confirm “the moderating role of business intelligence between strategic objectives and financial performance”. Based on the results of PLS direct effects, the moderating effect of business intelligence between strategic objectives and financial performance was examined. The result indicates a significant relationship as shown in Table 2 ($\beta=0.454$, $t=4.107$, $p<0.01$), therefore the finding supported hypothesis H4. BI refers to the technologies, applications, and practices for collecting, integrating, analyzing, and presenting business information to support decision-making processes.

By providing real-time insights into key performance indicators (KPIs) and trends, BI enables organizations to monitor progress toward strategic objectives and make data-driven decisions to improve financial performance. Usually, SMEs with a high level of BI will be strongly attached to organizations that show a high level of financial performance. Thus, the findings of this research contribute to the generalization of the concept that business intelligence moderates the relationship between strategic objectives and financial performance in developing countries like Malaysia.

The study's fifth hypothesis was to confirm “the moderating role of business intelligence between competitive environment strategy and financial performance”. Based on the results of PLS direct effects, the moderating effect of business intelligence between competitive environment strategy and financial performance was examined. The result indicates a significant relationship as shown in Table 2 ($\beta=0.362$, $t=3.455$, $p<0.01$), therefore the finding supported hypothesis H5. BI refers to the technologies, applications, and practices for collecting, integrating, analyzing, and presenting business information to support decision-making processes.

SMEs with a high level of BI will be strongly attached to organizations that show a high level of financial performance. In today's highly competitive business landscape, companies are constantly seeking ways to gain a competitive edge and improve their financial performance. By leveraging BI tools and technologies, organizations can effectively analyze their competitive environment, make informed strategic decisions, and ultimately enhance their financial performance.

The study's sixth hypothesis was to confirm “the moderating role of business intelligence between evaluating strategies and financial performance”. Based on the results of PLS direct effects, the moderating effect of business intelligence between evaluating strategies and

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financial performance was examined. The result indicates a significant relationship as shown in Table 2 ($\beta=0.134$, $t=2.302$, $p<0.05$), therefore the finding supported hypothesis H5. BI refers to the technologies, applications, and practices for collecting, integrating, analyzing, and presenting business information to support decision-making processes. BI moderators can help organizations align their strategies with financial goals by monitoring performance metrics and identifying areas for improvement. Therefore, SMEs with a high level of business intelligence will be strongly attached to organizations that show a high level of relationship between evaluating strategies and financial performance.

The Implication of the Study

Strategic management strategies are essential for SMEs to achieve sustainable growth and competitive advantage in the market. According to Hitt, Ireland, and Hoskisson (2017), strategic management involves the formulation and implementation of strategies to achieve organizational goals. By developing a clear strategic direction, SMEs can effectively allocate resources, identify opportunities, and mitigate risks. Furthermore, financial business practices are crucial for SMEs to ensure financial stability and profitability. According to Brigham and Ehrhardt (2017), financial management involves the planning, organizing, directing, and controlling of financial activities within an organization. By implementing sound financial business practices, SMEs can optimize their financial resources, manage cash flow effectively, and make informed financial decisions.

The relationship between strategic management strategies and financial business is interconnected. Strategic management strategies guide the allocation of financial resources and help SMEs achieve their financial goals. On the other hand, financial business practices support the implementation of strategic management strategies by providing the necessary financial resources and monitoring financial performance. In Malaysia, many SMEs struggle to implement effective strategic management strategies and financial business practices due to various challenges such as limited financial resources, lack of financial literacy, and inadequate access to financing. As a result, many SMEs face difficulties in achieving sustainable growth and competitiveness in the market.

To address the challenges faced by SMEs in Malaysia, it is essential to enhance the relationship between strategic management strategies and financial business. This can be achieved through providing training and capacity-building programs for SMEs on strategic management and

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financial business practices. Encouraging collaboration between SMEs and financial institutions to improve access to financing and financial resources. Promoting the adoption of digital technologies and financial management tools to enhance financial transparency and efficiency. Establishing a supportive regulatory environment that incentivizes SMEs to implement effective strategic management strategies and financial business practices. By implementing these recommendations, SMEs in Malaysia can enhance their strategic management capabilities and financial performance, leading to sustainable growth and competitiveness in the market.

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