



CHALLENGES IN MANAGING SMALL BUSINESS MANAGEMENT IN UAE: SUSTAINABILITY OF DEVELOPMENT AND SUCCESS

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ABSTRACT

Purpose: The aim of this exploratory research is to shed light on the characteristics of Small Business enterprises (SBes) in the United Arab Emirates (UAE) when selling their products in the local rather than foreign markets, also discusses challenges from the viewpoint of the family member who is the enterprise's manager or who is involved in management.

Design/methodology/approach: The data was collected by a questionnaire, the content of which reflects the research objectives (Appendix 1). The Chamber of Commerce regulation was used for the study incorporating any enterprise employing no more than 50 employees with 75 enterprises representing the sample of the study. Direct interviews were made to distribute the questionnaire that was collected later within a period of time accepted as convenient for the respondents. Only 61 firms

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returned their forms and these forms were used in the data analysis representing an 81% response rate that was sufficient for exploratory research and that was acceptable statistically.

Findings: It was concluded that Knowledge to Compete, Satisfying customers, Managing Finances Effectively, More stable markets were found to be important motivations factors in their activities in the domestic market. The researchers concluded that there were no negative effects as a result of cultural issues on a firm's intent to go global; but Time management, Lack of Motivation, Global standards, The right alliances, Lacking knowledge about foreign markets, Financial difficulties/Cost, Competition level abroad and Lack of logistics, are key influences negatively impacting on the ability to sell abroad. The researchers concluded that High quality products, Competitive prices, Managerial skills and experience, Management commitment and Financial resources adequacy, are the main reasons for seeking to sell in domestic markets.

What is original/value of the paper: The value of this exploratory research is to shed light on the characteristics of SBes in the UAE when selling their products in the local rather than foreign markets, also discusses challenges from the viewpoint of the family member who is the enterprise's manager or who is involved in management. It offers suggestions to manage these enterprises effectively and profitably.

Research limitations/implications (if applicable): Our research provides an insight into small enterprises venturing into domestic marketing in the UAE. Therefore, research in the Gulf States may provide additional information on the economic situation of enterprises in these countries. Additional research could focus on enterprises providing services for export activities.

Keywords: small businesses enterprises; management of small businesses; local markets; foreign markets; United Arab Emirates; UAE.

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INTRODUCTION

Despite a recent revival in research, comparatively little is known about Small Business enterprises (SBes) growth or its determinants in the Gulf States in general and the United Arab Emirates (UAE) in particular. Indeed, standard microeconomics textbooks say little or nothing about the topic. Understanding how SBes grow, however, especially small firms, is an important issue.

In today's highly competitive environment, many SBes are aiming to gain a share of the local market and to take advantage of higher production and sourcing efficiencies. A business is an ongoing activity that does not run itself. Good business management is the key to success and good management starts with setting goals. In this case the manager will have to set goals, determine how to reach those goals and make all the necessary decisions. The manager of a family-owned business faces the same challenges as the owner-manager of any small company. However, the job of family manager may be complicated by other specific or related variables such as relatives who must be reconciled to working

together in a business. Like any enterprise, it is essential that SBes should have a clear mission, a statement of purpose and goals, chain of command – lines of authority – for decision making, a plan to accomplish goals and provide for orderly succession, good communication among employees (Tock and Rohaizat, 2013). These factors are crucial and important in these enterprises due to wrong emotions that can arise and the confusion that can occur in their absence. Also, these variables are the basis to achieve goals accomplishment.

In this respect SBes are seen as the engine driving the economy and this has resulted in a growing interest in the development of the governmental programs that encourage entrepreneurship. In the UAE nowadays there has been widespread recognition that entrepreneurship is the engine that drives the economy of most nations. This has led to an increasing interest in the development of such enterprises to encourage entrepreneurs' contribution in the private sector and enhance the economy, and a recognition that much research needs to be carried out into what makes

an entrepreneur and how these characteristics may best be imparted. Perceptions and attitudes towards the small businesses and entrepreneurship are commonly associated with several personal characteristics that might be expected to be influenced by a formal governmental or society's support or actions (Rangamohan, 2010). These include values and attitudes, personal goals, creativity, risk-taking propensity and locus of control. As a business grows, the need to further develop management skills intensifies. In addition to such areas as managing people, the ability to plan is an essential skill that builds the future of a company.

Management in small businesses sometimes faces special problems in motivating their employees. In a large company, a good employee can see an opportunity to advance into management. Mainly in a small company, owners are the management (Ahmad et al., 2011). One thing may be to consider is how to motivate the employees and it is the decisions to be taken by management in this respect and transferring such decisions into actions, but still there are more concerned about helping to make a success of the business. Owner/Manager skills also include goal-setting and decision-making, and human resource development. These aspects are important, because it builds the future of a business (David, 2012). Not only must management find and retain good employees, also manager must continually train them to ensure that you have a qualified staff as the business grows.

As a business grows, the need to further develop management skills intensifies. In addition to such areas as managing people, the ability to plan is an essential skill that builds the future of a company.

To help with ongoing planning during the life of their businesses, It is difficult for many SBes' in the sample to develop a formal business plan before the starting stage or later. Planning, in SBes includes the idea of budgeting not only for the present conditions, but also planning for the future. Anticipating what the industry will be like several years ahead, where the competition is directing its efforts, what customers will want in the future, and where profits should be reinvested

are some aspects of what must be included in planning efforts (Srinivas, 2012). Business plans usually include projections of fixed and variable expenses, and analyses of the company's break-even point (the amount of sales necessary to cover expenses), competition, and projected sales. A business plan also includes strategies for marketing and growth as guidance when difficult decisions must be made.

Being a small business, owner/manager comes with challenges unique to the size and function of the business. The small business owner/manager has to handle all the challenges of selling, delivering, financing, managing and growing the business with little or no staff, while trying to make it a success. The most important of all is to retain the interest of all stakeholders like customers, vendors and team to build momentum in a short span of time (Ndubisi and Iftikhar, 2012). The researchers' belief based on their opinions and their experience in the Gulf States, that in the UAE running a small business can be hugely rewarding both personally and financially. Small business owner/manager may accept that the proper frame of mind, realistic expectations and strong personal commitment to the present venture are at least as important to a business' success as industry knowledge.

The integration of leadership owner/manager with other functional areas will help bring a company to realise the full potential of its value-added activities and, hence, to gain a significant competitive advantage. It will also lead to a reduction in operational costs and an improvement in customer services.

Studying SBes growth can provide insights into the dynamics of the competitive process, strategic behaviour, the evolution of market structure, and perhaps even the growth of the aggregate economy. The aim of this research is to shed light on the characteristics of SBes in the UAE when selling their products in the local markets, also discusses challenges from the viewpoint of the family member who is the enterprise's manager or who is involved in management. It offers suggestions to manage these enterprises effectively and profitably. Figure 1 shows the idea of this paper and a model for a firm to go domestic or refrain.

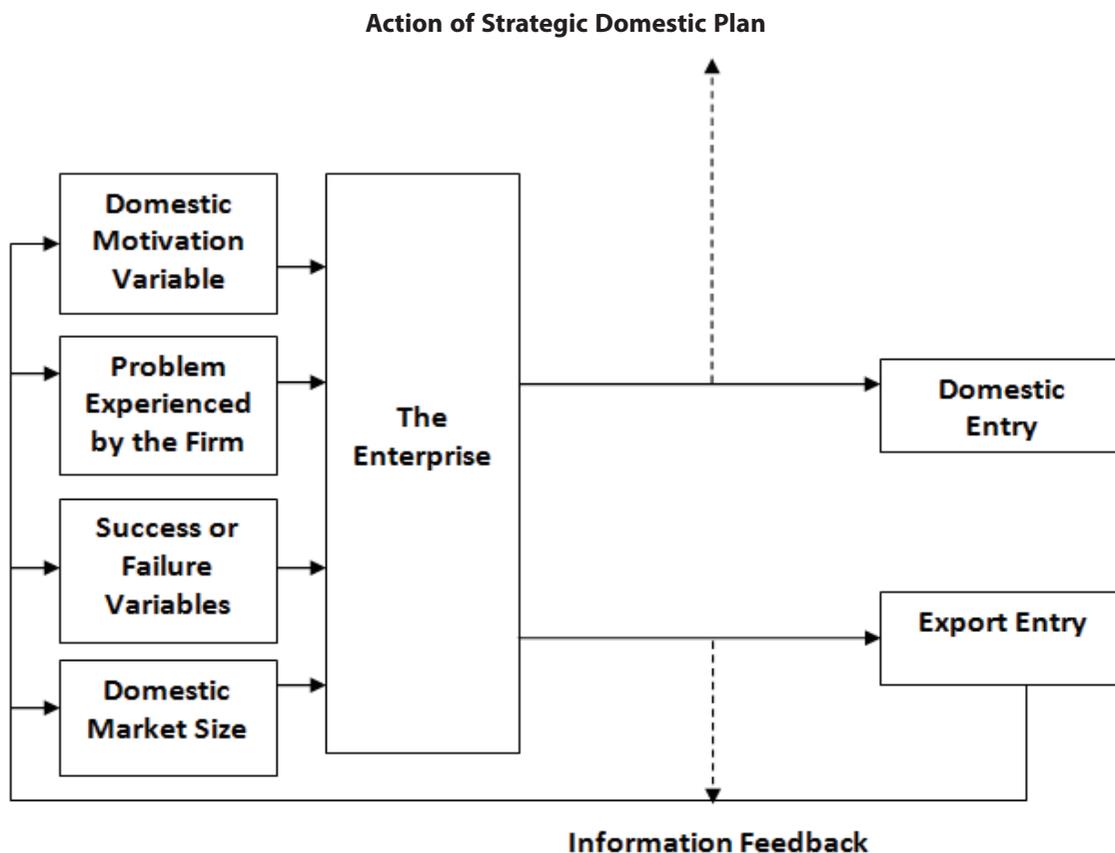


Figure 1 A model for a firm going domestic

LOCAL MARKETING MOTIVATION

A company needs to specify a schedule and the resources needed for reaching critical mass in each segment of the market. Thus, incentives contribute toward a firm's decision to improve their global activities. Zaini et al. (2009) argue that the primary motives for improving marketing activities were to avoid the saturated home market and the decline in domestic sales while specific consideration also needs to be given to work in an international environment. Changes in the internal environment, also affect the value of an overseas market for an enterprise.

These internal changes occur when a firm is searching for new customers in other markets/countries, and when a client requests a local firm to open facilities in new domestic/foreign markets where the client has established operations (exogenous factors). Therefore, a firm

may venturing domestic when it has a competitive advantage to distinguish it from other similar firms for example, appropriate levels of technology and the ability to exploit knowledge (endogenous factors).

Management perceptions toward local marketing can affect the way in which the enterprise attempts to venture domestically. Such perceptions are thought to be more effective when seeking new resources, knowledge and technology. A company venturing domestically must have objectives it wishes to achieve that will serve as criteria for assessment of progress. The basis of company goals will be comprised of identifying and measuring market opportunities. Such opportunities will be perceived by the management of the firm as a stimulus and as strong enough to go local (Santos-Vijande et al., 2012). For our enterprises it will be interesting to shed light on their motivation to venture into local marketing.

In terms of marketing, these stimuli are called proactive stimuli triggered to exploit these opportunities effectively and efficiently and enhance the potential for government agencies' support for these enterprises, in terms of informing them about regulation, annual import plan, and the type and quality of product in these local markets. Initiatives of this type are better than reactive stimuli (Massimo et al., 2012). Enterprises looking for opportunities in local markets may do so due to a surplus in their production capacity and intensive local competition, and even encouraging them to venturing globally. These efforts are attempts to reduce market risks, working in new outlets and increasing profit or increasing unsolicited domestic orders.

EXPORT BARRIERS

There are traditional criteria for assessing the opportunities of entrance into international markets. These criteria are costs of entry into various countries and markets and the risks involved in foreign business opportunities (Ahlstrom et al., 2008). Given the limitations of applying a specific entry model to these global markets there are some problems in applying an analysis to the needs of these enterprises. Such firms should focus simultaneously across a broad range of foreign markets to help balance capital to gain stronger long-term market positions (Haslindar and Fazilah, 2010). In general, one may expect that the external environment is the most significant problem associated with venturing into global markets. Also, some variables of the internal environment represent possible constraints hindering the enterprises from export expansion.

As industries become increasingly global, a firm must begin to coordinate an increasing number of functional activities to effectively compete across countries. The most frequently cited obstacles in the field of international marketing include foreign government restrictions, exchange rate difficulties, capital requirements, access to distribution marketing channels, cultural differences and tariff barriers. The most significant challenge for firms, therefore, is the ability to adjust to unfamiliar forces for the benefit of the firm's mission (Pearce and Robinson, 2007). With such macro-level factors involved, small enterprises need to invest

large financial resources in order to reduce the effects of entry barriers, particularly if the capital is required for unrecoverable expenditures; for example, Research and Development (R&D) and advertising campaigns. Issues such as changes in the currency exchange rate or even devaluation also fall under the umbrella of the external environment. Problems like these reduce a firm's ability to compete even in the local market. While major corporations have the financial resources to invade almost any industry, the huge capital required in certain fields for small firms, such as computer manufacturing industries, will limit the pool of likely entrants (Carole, 2009).

The seriousness of the threat of entry depends on the barriers present and on the reaction of existing or unexpected competitors that the entrant can expect. On the micro-level, operational problems such as supply chain, transportation services, delay of payment from buyers, and achieving distributors may be controlled by the enterprises' management and provides the groundwork for a strategic agenda of action (Muhammad, 2012). They highlight the crucial strengths and weaknesses of the firm and animate the positioning of the company in its industry. These internal issues may be controlled by the enterprise.

The R&D's ability to get information about the external markets is also an internal concern and related to management's ability to make a decision about such concerns. Poor organisation in terms of financial capabilities and human skill will exacerbate these internal problems. In general, an enterprise needs an efficient and effective management to encompass and reduce the effects of these micro-level problems and to make key decisions to work effectively in overseas markets (Broderick et al., 2007).

The researchers believe that if barriers to entry are high and a newcomer might expect an untoward relationship from entrenched competitors, then there is a strong likelihood that the newcomer is unlikely to enter and threaten the local market.

Small companies, at least the better ones, usually thrive because they serve market niches. This is usually called market focus; the extent to which a business concentrates on a narrowly defined market and it is a method for evaluating the firms' competitive advantage. Market focus

allows some businesses to compete on the basis of low cost and achieve rapid results against much larger businesses with greater resources. Therefore, the lack of foreign market information sources contributes to the information problem (Hashim and Hassan, 2008). A marketing information system helps the firm to analyse information for making marketing decisions and managing customer relationships. In order to produce superior value and satisfaction for customers, firms need a flow of information input. Firms also need an abundance of information on competitors, distributors, and other forces in the market place. Such effective information will improve the communication process with alliances and customers and avoid major difficulties for decision makers.

Reviewing the literature on export barriers shows that writers identify no fewer than 39 types of export barriers (Dane and Pratt, 2007). These barriers may be segmented to operational, functional, procedural, governmental and environmental tasks.

LOCAL MARKETS' CHARACTERISTICS AND SUCCESS FACTORS

Although cultural differences are assets in organisations, sometimes they can be seen as sources of conflict and therefore differences in values and ethics can be sources of disagreement. For example in the Gulf areas understanding these differences will help the firms to develop their local operations and guide enterprises in country selection decisions and select other markets in the continent with higher cultural commonalities (Sumaiyah and Rosli, 2011).

Domestic marketing involves the least change in a company's product lines, organisation, investments or mission. Before going local, the firm must weigh several risks and answer many questions about its ability to operate locally as well as the risks and difficulties of entering other markets. Most companies do not act until some situation or event thrust them into the local arena. Thus, it is likely that risk factors will limit their operations initiatives to fewer markets (Mohani and Yuzliani, 2009). Therefore, companies will achieve some success in bridging the barriers through investing in more resources

and expanding in more territories. Companies usually enter a market in a location and then expand their activities later in other geographical areas.

Both long-term and short-term demand drives the level of capacity required. For example, long-term decisions should revolve around issues such as the number of warehouses or distribution centers and their capacity; the number of transportation vehicles and the capacity of the material handling equipment, including the number of workers. These are, of course, driven by the demand for products along the logistics supply chain.

What is mentioned above is applied to small enterprises and newborn local firms (Shankar, 2010). The availability of information concerning barriers will encourage newcomers to venture nationally. Information on the chosen market sector also enables newcomers to realise rapid expansion in their new target locations.

A country's attractiveness for venturing locally depends on the product, geographical factors, cultural differences and other factors. Testing may provide useful data regarding the characteristics needed to help the firm to enter new markets. Product innovation is creating something new for the domestic market. Armstrong and Kotler (2003) argued that there are at least four political factors that should be considered when deciding whether to do business in a given country. These are attitudes toward international buying, government bureaucracy, political stability and monetary regulation. Here we may say that the utilisation of governmental agents' support may contribute to success.

Management perception and positive attitudes toward venturing locally can also have a bearing on success while determining whether or not a firm will take the initiative to other local markets. Firms' competitive advantages and management skills are variables that may contribute to the success of an enterprise in the local environment (Mohd et al., 2010). The researchers' believes is that the real competition is not company against company, but rather services against services.

In conclusion, management marketing policy, knowledge of the internal environment, and the firm's specific advantages will contribute to the success of enterprises in domestic marketing.

METHODOLOGY AND ANALYSIS

Discussion and conclusions our exploratory research may shed light on some of the characteristics of the SBes in the UAE selling their products in the global markets. The paper is an attempt to investigate the level and the extent of these firms' involvement in export activities in the manufacturing sector of the economy. Therefore, our research may be useful in providing an outline for SBes that supply manufacturing products in the economy.

The analysis provides government agencies as well as management in these enterprises a basis for encouraging their firms to enter into new markets or maintain their existence in foreign ones.

The study includes management perceptions as to why these firms are venturing in the local markets a factor contributing to both successes and failures, in addition to their performance at the main locations of their activities.

The research adopted in this paper is exploratory in nature, aiming to shed light on the behaviour of the SBes in the domestic markets in Abu Dhabi in particular and the UAE in general. The data was collected by a questionnaire, the content of which reflects the research objectives (Appendix 1). The enterprises in the sample were chosen from the Industrial Directory in Abu Dhabi Emirate Chamber of Commerce, which were either marketing their products in the local market, attempting to or were already exporting their products. A pre-test was undertaken with 12 representatives of the enterprises venturing locally. Their insights proved useful in adjusting the sequence or the content of some questions that were adapted accordingly.

The Chamber of Commerce regulation was used for the study incorporating any enterprise employing no more than 50 employees with 75 enterprises representing the sample of the study. Confidentiality was guaranteed for all respondents. Direct interviews were made to distribute the questionnaire that was collected later within a period of time accepted as convenient for the respondents. Only 61 firms returned their forms and these forms were used in the data analysis representing an 81% response rate that was sufficient for exploratory research and that was acceptable statistically.

Information is a critical ingredient in formulating and implementing a successful marketing strategy. In scanning their mode in going national and the extent of locally involvement associated with enterprises in the sample, a cluster analysis (for classifying objects) was undertaken based on the enterprises' market size (i.e. number of territories that each enterprise marketing to and the ratio of marketing turnover to total sales). Three clusters were identified: (45) enterprises were classified as 'Venturing locally'. (12) As being 'Not familiar with foreign markets' and (4) were regarded as 'worldwide market exporters'.

The venturing locally are those with demonstrated commitments who are already venturing into domestic markets and operating in different places/Emiratis. Therefore, domestic sales represent an accredited percentage of revenues. The second cluster groups are those enterprises 'Not familiar with foreign markets' and thus are not familiar with markets or regions. This is due to the low knowledge about these markets, avoiding risks in international markets and, probably, the higher costs associated with these markets. Therefore, the percentages of sales are relatively very low. The third cluster groups are those enterprises that are worldwide market exporters. To some extent they are more aware of and familiar with their markets and tend to operate in a number of regions and, therefore, have export activities and revenues that are higher than the former groups (Not familiar with foreign markets limited market exporters).

The above statistics show that the majority of these enterprises in the sample benefit from activities in the domestic/international markets at different levels. Thus, the research findings are based on the above three groups of the sample.

FINDINGS AND ANALYSIS

Domestic marketing literature identified many variables motivating firms to venture domestically. Light is shed on the motivation for venturing in the domestic markets of these enterprises. As an enterprise becomes local, managers of these companies within an industry must increase the coordination and concentration

Table 1 Domestic marketing motivations: similarities/differences

| Domestic Marketing motives | Venturing locally group I | | Not Familiar with foreign exporters group II | | Worldwide markets exporters group III | | One-way ANOVA and Scheffe's test | | |
|-------------------------------|---------------------------|------|--|------|---------------------------------------|------|----------------------------------|---------|----------------------|
| | Mean | SD | Mean | SD | Mean | SD | F | P-value | Scheffe's test |
| Knowledge to Compete | 2.40 | 0.95 | 2.99 | 0.62 | 2.60 | 0.71 | 1.34 | 0.14 | |
| Satisfying Customers | 2.80 | 0.75 | 2.74 | 0.75 | 2.50 | 0.75 | 0.28 | 0.67 | |
| Managing People | 1.40 | 0.94 | 1.45 | 0.64 | 1.70 | 0.69 | 0.69 | 0.32 | |
| Managing Time Efficiently | 2.68 | 0.64 | 3.04 | 0.69 | 2.72 | 0.58 | 2.10 | 0.07 | |
| Managing Finances Effectively | 2.60 | 0.93 | 2.08 | 1.01 | 2.31 | 0.58 | 1.14 | 0.19 | |
| Having Adequate Capital | 1.99 | 0.85 | 2.24 | 1.10 | 2.22 | 0.62 | 7.16 | 0.00* | |
| Having the Proper Attitude | 1.12 | 0.72 | 1.70 | 0.79 | 3.07 | 0.79 | 4.69 | 0.00* | III > II, III > I |
| Managing Efficiently | 1.99 | 0.75 | 1.91 | 0.95 | 2.01 | 0.69 | 0.09 | 0.80 | III > I |
| More stable markets | 2.33 | 0.81 | 2.83 | 0.62 | 2.63 | 0.66 | 1.30 | 0.20 | |

* $P < 0.01$.

of functional activities. Table 1 presents motivation variables according to their importance to the enterprises in the sample.

From Table 1, it is evident that satisfying customers is the primary motivator for the venturing locally group. One conclusion that can be drawn from this is that these enterprises have knowledge of how to work in markets with limited risks. The size of the domestic market may encourage them to venture locally. Having the proper attitude and managing people appears to be the least motivating factors.

For the enterprises within the group of 'Not Familiar with Foreign markets, the large market size may contribute to their development and to the reasonable stability associated with these markets, and these were the most important motivators for the firms to go global. The potential profits may be encouraging motivators for the firms venturing abroad. On the other hand, the utilisation of markets to minimise excess capacity appears to be the driving motivator. For the third

group, 'Worldwide markets exporters', the rate of doing business and the commitment to meet foreign orders are the two obvious motivators for sustaining global market activities and exploiting existing opportunities. The relatively lower risks, lower costs in international activities, easy commitment for executing foreign request and orders, and prospect of finding similar markets abroad are factors motivating them to venture abroad. Knowledge to compete, managing time efficiently, and more stable markets constitute the motivators for these companies to go global. Managements' opinion is similar to that for the 'venturing locally', the managing people and having the proper attitude was among the least motivating factors for these companies. One may conclude from the above discussion that increasing the growth rate is the motivation for venturing locally. Therefore, Satisfying Customers, Knowledge to compete and the more stable markets were considered influential motivators for going local. Whereas, managing people and having the proper appeared to be least important

for the companies' managements. Thus, we may conclude that the most important and the least important motivators are similar in these three clusters. Such similarities in venturing locally were confirmed through a one-way ANOVA analysis for these three groups in the sample. Only two motivators were found that showed significant differences between the groups in the sample. First is managing efficiently their commitment to meet the local markets' obligations or requests. This is more significant for worldwide market export groups than with the not familiar market exporter groups. The second motivator is having the proper attitude of management to domestic marketing (more significant for groups' worldwide markets exporters than the not familiar market exporter groups). No significant differences were found between these groups in the sample concerning the other seven motivators from the nine measures.

The seriousness of the threat of entry depends on the barriers present and on the reaction from existing competitors that the entrant can expect.

New entrants to markets bring new capacity, a desire to gain market share and often increased competition.

For Venturing locally group, the right alliances, Global standards, Lack of Motivation were perceived as barriers to venturing in international markets. Finding the right alliance is not an easy task – a problem faced by many companies venturing internationally.

Financial difficulties, transportation problems associated with international marketing activities, knowledge of global standards, lack of motivation and lack of experience are regarded as obstacles to these companies (Table 2).

Entrenched companies may have cost advantages and attained economies of scale that are not available to potential rivals. Start-up costs associated with exports incurred by differentiating their products abroad creates a barrier by forcing these enterprises to spend heavily to overcome existing customer loyalty to other companies. Such additional costs may make the competition with other local companies more difficult.

Table 2 Exporting barriers: similarities/differences

| Exporting barriers | Venturing locally group I | | Not Familiar with foreign exporters group II | | Worldwide markets exporters group III | | One-way ANOVA and Scheffe's test | | |
|---|---------------------------|------|--|------|---------------------------------------|------|----------------------------------|---------|----------------|
| | Mean | SD | Mean | SD | Mean | SD | F | P-value | Scheffe's test |
| Competition level abroad | 2.84 | 0.90 | 3.74 | 0.62 | 2.87 | 0.93 | 1.30 | 0.20 | |
| Financial difficulties/Cost | 2.90 | 0.91 | 2.91 | 0.79 | 2.60 | 0.96 | 1.20 | 0.19 | |
| Lacking Knowledge about foreign markets | 3.00 | 0.99 | 2.21 | 1.02 | 2.30 | 1.00 | 3.95 | 0.00** | I > III |
| Depot Procedures | 1.99 | 0.87 | 2.20 | 0.80 | 2.20 | 0.86 | 0.03 | 0.89 | |
| The right alliances | 3.50 | 0.96 | 3.75 | 0.91 | 3.65 | 0.72 | 0.09 | 0.84 | |
| Transportation problems | 2.70 | 0.80 | 2.60 | 0.79 | 2.50 | 0.69 | 1.01 | 0.21 | |
| Unsuitable markets conditions | 2.10 | 0.79 | 2.00 | 0.70 | 1.99 | 0.81 | 0.79 | 0.39 | |
| Cultural variable | 2.40 | 0.81 | 3.01 | 0.96 | 2.10 | 0.81 | 2.01 | 0.08 | |
| Overseas markets costs | 2.90 | 0.89 | 2.93 | 0.76 | 2.88 | 0.69 | 0.30 | 0.62 | |

Table 2 Exporting barriers: similarities/differences (continued)

| | | | | | | | | | |
|--------------------|------|------|------|------|------|------|------|--------|------------------------------------|
| Global standards | 3.00 | 1.02 | 3.01 | 0.89 | 2.98 | 0.96 | 0.77 | 0.39 | |
| Exchange rate | 2.65 | 0.96 | 2.40 | 0.66 | 2.30 | 0.82 | 0.62 | 0.48 | |
| Taxes on imports | 2.99 | 1.02 | 3.03 | 0.89 | 2.89 | 1.01 | 0.05 | 0.80 | |
| Lack of Motivation | 3.00 | 0.89 | 3.01 | 0.96 | 2.50 | 0.90 | 1.52 | 0.13 | |
| Lack of experience | 2.97 | 0.89 | 2.50 | 1.99 | 2.01 | 0.73 | 8.02 | 0.00* | |
| Time management | 3.00 | 1.02 | 2.01 | 0.79 | 2.02 | 0.60 | 6.02 | 0.00* | I > II, I > III I > II, I > III |
| Lack of logistics | 2.98 | 0.91 | 2.92 | 1.02 | 1.99 | 0.81 | 2.99 | 0.02** | I > III |

* $p < 0.01$, ** $p < 0.05$, *** $p < 0.1$.

Lacking knowledge about markets overseas is putting aspiring enterprises in economic difficulty concerning access to distribution channels. The more limited the wholesale or retail channels are, the tougher will be the entry into the foreign markets. For those familiar with market exporter groups, they face the same barriers.

The levels of competition, finding access to distribution channels, and the associated costs for venturing abroad all represent barriers. Also, this group considers the lack of incentives for going global a barrier and should be given more attention.

For the limited market exporters group, finding the right alliance (distribution agents), high costs in overseas markets, and completion levels with other producers represent the key barriers for venturing globally.

In general it appears that finding the right alliance/distributor in the foreign markets is the main barrier for their international marketing activities and no significant differences were found when the three groups were analysed concerning the exporting motives or stimuli. However, lack of knowledge about the foreign markets was perceived as the most significant barrier for managements of these enterprises. The lack of experience accompanied by the need for time and experience are the most significant barriers for the venturing locally group in contrast to the other two groups (i.e. not familiar market exporters and worldwide market exporters group).

The worldwide market exporters group in the sample is exporting their products to the neighbouring countries with over 70% of this

group having successfully ventured abroad and experienced business in between 9 and 12 geographic locations including Kuwait, Oman, Bahrain, Saudi Arabia and Pakistan. This group has achieved orders in 8 out of the 12 market territories listed. Those familiar with market exports tended to have knowledge about Saudi Arabia and Kuwait, with over 68% venturing there. This is interesting from a cultural perspective, since the government of the UAE encourages these small enterprises to export their products to neighbouring countries. Such activities are characterised with fewer risks, knowledge and experience about these markets. This group has obtained orders from between three and nine different geographic locations within six countries.

We asked respondents in these enterprises to mention the reasons behind their success in the international markets and their views are given in (Table 3).

Respondents attribute their success in the foreign markets to the high quality of their products. The limited market exporters group perceived that new products and their pricing policy were reasons behind their success. These two factors increased their competitive advantage and competitiveness. Whereas, those familiar with market exporters group attributed their success and expansion in the foreign markets to management commitment and management's skills and knowledge. However, knowledge was the least important factor for the success of the limited market exporters group. Similarly, these two successes factors may explain the success of the worldwide markets exporters group in the foreign markets.

Table 3 Success factors in domestic markets

| Variable of exporting success | Venturing locally group | | Not Familiar with Foreign markets group | | Worldwide market exporters group | |
|----------------------------------|-------------------------|------|---|------|----------------------------------|------|
| | % | Rank | % | Rank | % | Rank |
| High quality products | 71.0 | 1 | 78.0 | 1 | 94.0 | 1 |
| Competitive prices | 46.0 | 2 | 77.0 | 2 | 88.0 | 2 |
| Inventions new ideas | 11.0 | 7 | 43.0 | 6 | 83.0 | 5 |
| Managerial skills and experience | 38.0 | 3 | 65.0 | 3 | 74.0 | 9 |
| Management commitment | 19.0 | 5 | 38.0 | 7 | 88.0 | 3 |
| Reliable alliances/ agents | 13.0 | 6 | 28.0 | 9 | 75.0 | 8 |
| Financial resources adequacy | 22.0 | 4 | 58.0 | 4 | 76.0 | 7 |
| Reliable overseas information | 5.0 | 8 | 49.0 | 5 | 87.0 | 4 |
| Updating marketing strategies | 2.0 | 9 | 33.0 | 8 | 78.0 | 6 |
| Employees teamwork relationships | 0.3 | 11 | 0.4 | 4 | 5.0 | 11 |
| Technological skills | 1.0 | 10 | 13.0 | 10 | 7.0 | 10 |

Through discussion with respondents in the sample, it is concluded that the common perception of management was the high quality of their product that contributed significantly to their continued export demand in foreign markets.

None of the respondents in the enterprises investigated mentioned the points of entrance. We believe that the low educational level and a failure to recognise available techniques as a way to enter foreign markets may be reasons for the inability to venture abroad. Government support may also open doors for these enterprises to use available techniques enabling global access.

Finding a reliable distributor is not an easy task, but one is faced with many companies when venturing abroad. Cost disadvantages associated with international marketing activities, powerful suppliers, currency exchange fluctuation and lack of knowledge represent examples of obstacles facing these companies. Despite the uncertainty

and dynamic nature of business environments, access to information and distributors is crucial to achieving better performance.

Government support is often vital for small enterprises in the UAE to bridge export barriers. Such agencies may provide financial support, provide information about the foreign markets, and encourage them to participate in local or international trade fairs, and provide or advise on specific marketing strategy.

Building cooperative relationships and alliances abroad is important to those companies familiar with market exports and the worldwide market exporter groups. Such relationships need to be nurtured when the global external and economic environments change. Achieving mutual benefits between partners as well as raising customer/producer awareness will be better achieved through building cooperation between alliances.

Appendix 1 The questionnaire design

| No. | The question |
|-----|---|
| 1 | What is the real problem? |
| 2 | How long has this problem existed? |
| 3 | Is the problem related to some 'unfinished businesses'? |
| 4 | Where is the most energy for change? |
| 5 | Does the problem serve a function? If so, what is it? |
| 6 | Do owner/managers of small firms believe personal or impersonal sources of information to be more important? |
| 7 | What are the most prevalent impersonal sources of information, and are written or oral impersonal sources used more frequently? |

CONCLUSION

Our exploratory research may shed light on some of the characteristics of the SBes in the UAE selling their products in the local markets. The paper is an attempt to investigate the level and the extent of these firms' involvement in domestic activities in the manufacturing sector of the economy. The analysis provides government agencies as well as management in these enterprises a basis for encouraging their firms to enter into new markets or even maintain their existence in foreign ones.

Knowledge to compete, satisfying customers, managing time efficiently, managing finances effectively, more stable markets, represent examples of motivations for these enterprises.

None of the respondents in the enterprises investigated mentioned the points of entrance. We believe that the low educational level and a failure to recognise available techniques as a way to enter local markets may be reasons for the inability to venture domestically. Government support may also open doors for these enterprises to use available techniques enabling global access in the UAE and even to bridge export barriers. Such agencies may provide financial support, provide information about the foreign markets, and encourage them to participate in local or international trade fairs, and provide or advise on specific marketing strategy. Despite the uncertainty and dynamic nature of business environments, access to information and distributors is crucial to achieving better performance.

We concluded that all businesses are working towards further growth and that a primary management concern is growth strategy. So, to manage a business successfully, one must manage growth successfully.

FUTURE RESEARCH

Our research provides an insight into small enterprises venturing into domestic marketing in the UAE. Therefore, research in the Gulf States may provide additional information on the economic situation of enterprises in these countries. Additional research could focus on enterprises providing services for export activities.

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BIOGRAPHICAL NOTES

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