

# Pre-Start-Up Planning and Enhancement of Small and Medium Enterprises' Operational Performance in The UAE

Mohamed Saif Al Shehhi<sup>1\*</sup>, Norhayati Zakuan<sup>1\*</sup>, Hamda Al Hammadi<sup>1\*</sup>

<sup>1</sup> Azman Hashim International Business School, Universiti Teknologi Malaysia, Johor Bahru, Malaysia

\*Corresponding Author: [Alshehhi1989m@gmail.com](mailto:Alshehhi1989m@gmail.com), [norhayatimz@utm.my](mailto:norhayatimz@utm.my), [hamda.1991@hotmail.com](mailto:hamda.1991@hotmail.com)

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**Abstract:** *This rational research study assessed the association between Pre-start-up planning and Enhancement of Small and Medium Enterprises' Operational Performance in the United Arab Emirates (UAE). The inquiry study engaged a descriptive and correlational research strategy with quantitative prototype. A sample of 104 participants were carefully chosen using a table prepared by Morgan & Kreijcie (1970). Simple random sampling and stratified random sampling strategies were used to garner data for the research study. Details were assembled using questionnaires and evaluated utilizing frequencies, percentages, means, standard deviation and Pearson linear correlation coefficient (PLCC) were used for categorizing quantitative statistics. The study discoveries established a significant connection between Pre-start-up planning and Enhancement of Small and Medium Enterprises' Operational Performance in the United Arab Emirates (UAE). The study concluded that Pre-start-up planning helps business people to strategically coordinate activities for businesses and avoid any regrets in terms of efficiency and effectiveness in SME's. From the study consequences, the researchers recommended that the government of UAE should encourage its people to form groups so that government can provide financial assistance to such groups in order to foster their business performance. The government of UAE should also increase on the budget allocation to SME's through the ministry of Economy so that SME's can improve on their business, a scenario which may boost the economy of the country.*

**Keywords:** Pre-start-up Planning, Operational Performance of SME's, UAE

## 1. Introduction

The Global Entrepreneurship Monitor's report announced that the UAE achieved a significant milestone in the 2022 Global Entrepreneurship Index, being ranked first in the world. This recognition was attributed to various factors, including funding for entrepreneurial ventures, favorable government policies, and programs, the incorporation of an entrepreneurial mindset into educational institutions, adequate commercial and physical infrastructures, a high level of professional competency, access to markets, research and development, knowledge transfer, and the prevalence of an entrepreneurial culture in society, among other criteria (Yassin & Gilani, 2022).

While entrepreneurship may appear enticing, it is often beset by obstacles, especially when the risks involved are high. A prosperous entrepreneur always devotes time to pre-start-up planning, recognizing the importance of developing a long-term project that aligns with available resources. It is widely acknowledged that effective preparation and investment in

quality resources during this phase can result in a competitive edge and long-term success, while also mitigating any potential issues. Out of all the factors that constitute pre-start-up planning, identifying the right opportunity to meet unfulfilled needs represents a critical milestone in entrepreneurial activity, as it can significantly enhance operational performance (Fukugawa & Sharma, 2018). With the recognition of pre-start-up planning and the accumulation of necessary resources, the likelihood of developing a successful new venture is substantially increased.

The stage of pre-start-up planning involves the identification of the entrepreneur's vision, goals, and objectives, as well as the definition of the necessary tools and resources to implement them. (Păunescu & Badea, 2014; Olwan, 2021; Qian, 2016). Effective pre-start-up planning leads to faster and more efficient decision-making during the business life cycle by identifying potential obstacles, milestones and aligning the functional objectives of the business with the organizational goals.

Mwatsika, Kambewa, and Chiwaula (2018) state that Pre-startup planning in entrepreneurship involves determining how, by whom, and with what resources and potential outcomes, future products or services will be created. The study of sources of opportunities should be discovered, evaluated and exploited, in addition to the set of individuals who discover, evaluate and exploit them. The stage of pre-start-up planning is considered a piece of necessary information to be gathered that ultimately guides the decision to enter a specific market or industry. As highlighted in Păunescu and Badea (2014), pre-start-up commercial delineation seeks to collect and analyze information before the new commercial project is started.

This is actually, where the component of operational performance is the synergy between various company units and the ability to produce greater output together. For a future business, operational performance is the level where all business departments collaborate to accomplish specific business goals. In addition, utilizing all the necessary functional skills in the initial stages of entrepreneurship can result in cost savings and convenience for the entrepreneur in the long run, better resource management skills and relational skills (Păunescu & Badea, 2014; Durst, 2021). Aptitudes, proficiency, and skills are aimed at collecting the intellectual capacity of individuals and the skills that can be learned and improved through exchanging information to enhance performance (Zarrouk, 2020).

Medhioub (2016), Bachtiar (2020) & Al Dalaimi (2022) asserted that activating volunteerism in the UAE occupies a prominent position for the nation. Currently, it has led to a rise of over 60% in the non-oil GDP of the country. Additionally, the UAE government is actively promoting investment and is now competing for the top spot in the Global Entrepreneurship Index 2022. Therefore, the UAE environment scored the top rank in assisting and planning for the entrepreneurship sector in the UAE which has various characteristics that promote the sustainability of Emirati investors and SMEs.

Wysokińska (2017) & Yang (2023) observed that the SMEs council is considered a governmental establishment associated with the Ministry of Economy. The private sector of the SMEs council includes 15 federal memberships that consist of local authorities and representatives. The Council is in charge to set out and develop rules and decide such tactical plans for project growth. Apart from establishing the required regulations and procedures to facilitate coordination between the relevant entities, there is also periodic evaluation of the unified criteria for project definitions and categorization, with suggested revisions presented to the Council of Ministers for consideration.

Disi (2021) explains the role of Mohammed bin Rashid Establishment for SMEs Development and Enterprise Support that was created in 2002 as an independent entity offering comprehensive services and is regarded as an integral component of the Department of Economic Development in Dubai. Its primary aim is to aid novice entrepreneurs who are UAE citizens in all aspects of business development, including providing managerial assistance and support for various activities. It also ensures clients have access to necessary facilities, features and helps them achieve their business objectives and requirements. Additionally, it waives commercial license fees for startup projects for five years from the issuance of the first license.

Khalifa fund was established in 2007 as an autonomous, non-profit government entity directly linked to the Abu Dhabi government, this Khalifa fund was created to support the SME's sector in Abu Dhabi and the UAE overall. With an initial capital of \$8.1 million, the fund has since increased to approximately \$550 million as of 2011. The Khalifa Fund provides extensive support to Emirati entrepreneurs and investors (Okasha, 2020).

## **2. Methods and Materials**

### **Data Capturing**

Realisms used for the research undertaking were acquired using both primary and secondary grounds of data. Primary data was clasped by use of questionnaires to sparkling publics related to the study. Secondary information was acquired by the use of documentary valuations. The study employed correlational and descriptive research strategies within a quantitative model. Amin (2005) stated that descriptive research strategy is generally applied to designate an occurrence and its data individualities. The researchers selected a total of 104 members (sample size) using the table developed by Morgan & Krejcie (1970) to take part in the research venture.

### **Sampling methods**

The social experts involved simple and stratified random sampling strategy in the project. The study populace used the target population including groups like Business people, citizens, government administrators and the political leadership of UAE.

### **Structured questionnaire**

The questionnaire is an examination tool containing inter-related cross-examinations organized by the researchers about the research dilemma under study based on the aims of the research study. Items were fixed and written for the suppliers to answer with options as resounded on the likert scale type cross-examinations.

This technique was cherished because it covers a wide physical audience in data assembly; it amasses a lot of evidence within a short period of interlude and offers superior comfort regarding concealment.

On the other hand, the questionnaire included some encounters of attrition. There were few reproductions that were not returned, though this was resolved by assigning a lot of duplicates than the required number of the sample size for the venture.

### **Validity and reliability of research instruments**

Validity of the cautiously planned review questionnaire was guaranteed by means of content validity Index. Arising from the scrutiny of the validity of the tools, the researchers obtained content validity index (CVI) of 0.78 which was well directly above 0.75 suggesting that the instrument was valid to draw together figures for the research study (Amin, 2005).

Reliability of the accepted Survey was calculated by means of Cronbach’s alpha coefficient formula while discriminating the variables that had an alpha coefficient of digit bigger than 0.70. Meanwhile the reliability calculation achieved by the intellectual produced 0.77 alpha value, it resolved that the research tool was reliable to produce data essential for the sound study.

### Data analysis

Examination numerical tools which were involved to analyze proofs for this research study included descriptive statistics such as tables, frequencies, percentages, means, standard deviation and inferential statistics such as Pearson linear correlation coefficient for assessing quantitative data.

### 3. Results

#### Pre-start-up planning and Enhancement of SME’s Operational Performance in the UAE.

This detail of the study presents consequences of the objective of the study that required to measure the contribution of Pre-start-up planning on Enhancement of SME’s Operational Performance in the UAE. The outcomes on items were as offered in Table 1 below.

**Table 1: Descriptive statistics on Items of Pre-start-up planning on Enhancement of SME’s Operational Performance in the UAE.**

Contribution of Pre-start-up planning on enhancement of SME’s operational performance in the UAE.	F/%	SD	D	U	A	SA	Mean
Mitigates risks involved in SME’s	F %	13 12.5	26 27.0	32 30.7	31 29.8	2 1.9	2.83
Involves consultations among stakeholders	F %	2 1.9	44 42.3	14 13.5	42 39.4	2 1.9	2.96
Puts in place a vision statement	F %	8 7.7	42 40.3	11 10.4	43 42.3	- -	2.84
Increases mobilisation of resources for business of SME’s	F %	6 5.8	30 28.6	21 21.2	40 38.5	7 6.6	3.10
Involves rationalisation of consequences of decisions in SME’s	F %	6 5.7	38 36.5	20 20.2	38 36.3	2 1.8	2.90

Primary data, 2023

The results in Table 1 on whether Pre-start-up planning on performance of SME’s leads to mitigation of risks in business, cumulatively the larger percentage (39.5%) of the respondents disagreed, 30.7% were undecided while 30.7% agreed. The mean = 2.83 was just below 3 which on the five-point Likert scale used to measure the items matched to undecided. The results being just below code 3 that is undecided which is the average this meant that the respondents indicated to a lesser extent, Pre-start-up planning on performance of SME’s leads to mitigation of risks in business.

With respect to whether Pre-start-up planning on performance of SME’s improves consultations among stakeholders, cumulatively the larger percentage (44.2%) of the respondents disagreed, 13.5% were undecided while 41.3% agreed. The mean = 2.96 was just below 3 which matched with undecided. The results being just below 3 implied that to a lesser extent, Pre-start-up planning on performance of SME’s improves consultations among stakeholders.

Regarding whether Pre-start-up planning puts in place a vision statement, cumulatively the larger percentage (48.0%) of the participants disagreed, 10.4% were undecided while 42.3% agreed. The mean = 2.84 was just below 3 which matched with ambivalent. The results being just below 3 indicated that to a lesser extent, Pre-start-up planning puts in place a vision statement.

As regards whether, Pre-start-up planning Increases mobilisation of resources in business, cumulatively the larger percentage (45.1%) agreed while 21.2% were unsure and 45.1% disagreed. The mean = 3.10 was close 3 which matched with ambivalent. Undecided being the average, the results proposed that fairly, Pre-start-up planning increases mobilisation of resources in business.

With admiration to whether Pre-start-up planning Promotes rationalisation of consequences of decisions in business, cumulatively the larger percentage (42.2%) of the participants disagreed, 20.2% were undecided while 38.2% agreed. The mean = 2.90 was just below 3 which matched with ambivalent. The results being just below 3 implied that to a lesser extent, Pre-start-up planning Promotes rationalisation of consequences of decisions in business. The general mean = 2.90 for all the five items measuring the Contribution of Pre-start-up planning on performance of SME's was just below 3 which matched with ambivalent. This meant that the participants indicated that to a lesser extent, Contribution of Pre-start-up planning on performance of SME's in UAE is significant.

**Table 2: Association between Pre-start-up planning and Performance of SME's in UAE**  
 Source: Primary data (2023)

		Pre-start-up planning	Performance of SME's
Pre-start-up planning	Pearson Correlation	1	.541**
	Sig. (2-tailed)		.000
	N	104	104
. Performance of SME's	Pearson Correlation	.541**	1
	Sig. (2-tailed)	.000	
	N	104	104

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

The study established that Pre-start-up planning significantly ( $p=0.000<0.05$ ) influenced the performance of SME's in the UAE. Also, there was a moderate positive relationship ( $r=0.541$ ) between Pre-start-up planning and performance of SME's in UAE. In this milieu, Pre-start-up planning improved the performance of SME's in UAE.; because it stimulated the practices of efficiency and effectiveness in businesses in the UAE. This implied that the set null hypothesis was rejected suggesting that there is a significant connection between Pre-start-up planning and performance of SME's in UAE.

#### 4. Discussion

The findings specified that the relationship between Pre-start-up planning and performance of SME's in UAE was statistically notable. This implied that the Pre-start-up planning really influences performance of SME's in the UAE. This result was in harmony with the study engaged by Mwatsika, Kambewa & Chiwaula (2018) on Pre-start-up planning in Entrepreneurship in Zambia, who found out that the business owners who organized Pre-start-up planning activities have had their businesses very successful. They have been able to



manage well the risks involved in their businesses due to rationalization. On the other hand, this finding was not in agreement with a universal inquiry study coxswained by Wysokinska (2017) on Management of SME's Council in UAE who found out that much as the ministry of economy in UAE can support business entrepreneurs to improve their businesses, personality of government officials has always let them down leading to the jeopardy of business development.

## 5. Conclusion

The researchers concluded that Pre-start-up planning helps business people to strategically coordinate activities for businesses and avoid any regrets in terms of efficiency and effectiveness in SME's.

If Pre-start-up planning is well done and implemented in relation to the guidelines of the strategic management, such a scenario, can help improve on operationalization of business enterprises across the globe.

## Study Implications

The government of UAE should encourage its people to form groups so that government can provide financial assistance to such groups in order to foster their business performance. The government of UAE should also increase on the budget allocation to SME's through the ministry of Economy so that SME's can improve on their businesses, a scenario which may enhance the economy of the nation.

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