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EXAMINING THE ROLE OF ENTREPRENEURIAL LEADERSHIP, LEARNING ORIENTATION AND DIGITAL TRANSFORMATION ON BUSINESS PERFORMANCE: QUANTITATIVE ANALYSIS FROM SMES OF DUBAI

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Abstract: *This study considers the role of entrepreneurial leadership, learning orientation and digital transformation in determining the business performance for the Small and Medium Enterprises as working in Abu Dabhi, UAE. For this purpose, primary data was collected with the help of quantitative technique like questionnaire as developed through extracting the various items from existing literature. With the help of probability sampling, a valid sample of 400 respondents was collected and empirically analyzed. Furthermore, based on the deductive approach, current study has tested the relationship between the variables through two step approach which is entitled as measurement model assessment and structural model assessment. The findings through measurement model assessment specify that there is no problem for the reliability, internal consistency, and other measurements which are necessary while going for the structural model assessment. Additionally, the study findings through structural model analysis indicate that there is a significand and positive impact of entrepreneurial leadership, learning orientation, and digital transformation on the performance of SMEs as working in Dubai. The findings under present study would be of great support to various decision makers and business managers as working in small and medium enterprises of Abu Dahbi, UAE. Besides, some contributions along with the limitations as also provided under this study.*

Keywords: *Entrepreneurial Orientation, Learning Orientation, Digital Transformation, Business Performance.*

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Introduction

SMEs are acknowledged as a key driver of the economy. They are also regarded as a vital sector of the economy due to the various reasons such as they tend to create jobs in a country at low capital cost as compared to big business ventures and government; provide job opportunities to untrained labour which results in industrial growth and finally, SMEs are also important because they result in entrepreneurial talent (Aremu & Adeyemi, 2011). Private sector is contributing heavily towards the economic growth and regarded as important driving force for the economic stability. Therefore, the developing and developed countries has to rely on the private sector for the stable economic growth (Luetkenhorst, 2006). It has been reported that almost 90% of the organizations globally are SMEs and also accounts for 60% employment particularly in developing countries (Hussain, 2015). Therefore, they do have a significant importance in the developing countries. Small and Medium Enterprises (SMEs) are considered as an important factor for economic growth and development. Similarly, SMEs in Dubai are also considered as important and their contribution in form of employment, distribution of income, entrepreneurship development and promotion of exports and growth as well are recognized. Notably in Dubai context SMEs are classified into three categories namely, micro, small and medium. Therefore, SME in Dubai context is an organization which is in line with the parameters such as minimum and maximum employees and furthers the turnover of the enterprise as per its category such as Trading, Manufacturing, and Services. Particularly in Dubai SMEs context enterprise is defined as "an entity engaged in economic activity, with a legal form i.e. registered as a business either with a Commercial Registry (e.g. DED) or with a free zone or industrial zone authority".

An enterprise will be considered as micro level if the employees working in there are not more than 5, 9 and 5 in sectors trading, manufacturing and services respectively. For a micro level enterprise the maximum revenue limit is 3Mn, 3Mn and 2Mn in sectors namely, trading, manufacturing, and services. An enterprise will be considered as small level if the employees working in there are 10-50, 10-100 and 6-50 in sectors trading, manufacturing and services respectively. For a small level enterprise the maximum revenue limit is 50Mn, 50Mn and 20Mn in sectors namely, trading, manufacturing, and services. An enterprise will be considered as medium level if the employees working in there are 51-200, 101-250 and 51-200 in sectors trading, manufacturing and services respectively. For a medium level enterprise the maximum revenue limit is 250Mn, 250Mn and 20Mn in sectors namely, trading, manufacturing, and services. There are 151875 SMEs in Dubai after an estimated SEMs count of 72695 in 2008. In few years they have grown at rapid pace. 61%, 36% and 2% firms are micro, small and medium scale respectively. More interestingly, 48%, 47% and 5% of SMEs are related to services, trading and manufacturing respectively. More importantly, SEMs' estimated contribution is AED 198.6 Billion towards the Gross Value-add (GVA) of Dubai economy. Notably, it is 51% contribution in GVA and approximately 46% contribution to GDP as well. Statistics are highlighting the importance of SMEs in Dubai economy (Dubai SME, 2019). Based on the above argument, this study is going to consider all three categories of SMEs which are micro, small and medium in nature for the purpose of conducting an empirical investigation regarding their performance outlook. Furthermore, our study has taken into account all three segments of SMEs which are entitled as manufacturing, trading, and service as well.

SMEs can help an economy to grow by involving greater number of individuals. Such organizations are important to generate the employment, distribute the resources, increase the exports and development of entrepreneurship as well (Naveed, 2012). Therefore, it becomes necessary to identify the factors which can boost the performance of SMEs and make them

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competitive in the growing world of globalization. One of the major determinants of the SMEs performance is leadership (Zainol, Daud, Abubakar, Shaar, & Abd Halim, 2018). It has been argued that nowadays businesses are observing intense competition in market and are being challenged with rapid developments which ask them to alter their way to lead and they need a different managerial style such as entrepreneurial leadership (Zainol, Daud, Abubakar, et al., 2018).

Besides the entrepreneurial leadership there are some other factors which determine the organizational performance such as digital transformation (Patro & Raghunath, 2021), innovation capacity (Broadstock, Matousek, Meyer, & Tzeremes, 2020) and learning orientation (Arshad et al., 2020). Innovation is one of the major drivers of the organization growth, success and development. It further helps organizations to survive in extremely competitive environments (Forsman, 2011). Organizations are relying on the innovation; however, it asks for the resources and managerial commitment. It is easy for a larger firm to invest in the resources and enhance the innovative capacity but for SMEs it seems difficult. Previously, studies have also pointed out the performance growth and success due to innovation (O'Dwyer, Gilmore, & Carson, 2011). SMEs can build the potential to innovate by considering the obstacles as a learning opportunities (Al-Ansari, 2014). based on the above arguments, present study has stated the following research objectives:

- To examine the relationship between Entrepreneurial Leadership and Performance.
- To examine the relationship between Learning Orientation and Performance.
- To examine the relationship between Innovation Capacity and Performance.
- To examine the relationship between Digital Transformation and Performance.

Literature Review and Framework

It is worthy to mention that leadership equipped with the vision to take risks, challenge the assumptions and go for new things will certainly scale up the organizational performance (Kearney and Gebert, 2009; (Farrukh, Raza, & Waheed, 2021). Entrepreneurial leadership potentially influence the organizational performance regardless of the size of the organizations. Moreover, all of the dimensions of entrepreneurial leadership contribute towards the organizational performance particularly in the context of SMEs. Therefore, the managers of organizations who can set the clear goals and objectives and clearly state the vision to be achieved tend to show optimal performance by increasing the sales, and customer loyalty to the organizations (Zainol, Daud, Shamsu, Abubakar, & Halim, 2018). Similarly, Quaye and Mensah (2019), conducted a study to investigate the influence of various entrepreneurial aspects on the organizational performance particularly in the SME context. They concluded that the leaders with attributes such as innovativeness, proactiveness and vision contributed towards the organizational performance. Sawaean and Ali (2020), conducted a study to assess the factors which can potentially increase the organizational performance. The findings of the study revealed a positive association between the entrepreneurial leadership and organizational performance.

Learning orientation is said to be associated with the organizational performance but there is contradictory evidence available such that few authors report a negative association between the above stated variables; some report the positive association (Sawaean & Ali, 2020), and few of them also report no relationship between them (Jerez, 2001). It cannot be ruled out that the learning orientation influences the organizational performance. Previously, a study has argued that organizations which do acknowledge the importance of learning and put their efforts to gain the knowledge and exploit it, tend to show a superior performance. Moreover, in such

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competitive era it has become necessary to be focused on the learning which helps to cope with the dynamic work settings. Organizations are heavily dependent on their human resources so they must focus on them and enhancing their knowledge which can only happen by strictly emphasizing on the learning orientation (Kharabsheh, Ensour, & Bogolybov, 2017). Similarly, Nikraftar and Momeni (2017), examined the influence of orientation from learning and market perspective on the organizational performance and collected data from senior managers from Iran. The findings of the study revealed that learning orientation and market orientation is significantly associated with the organizational performance. However, the learning orientation appeared to be the strongest predictor of the performance which pinpoints its importance.

Accordingly, it is argued that organizations are continuously evolving and facing the intensive competition in market. Therefore, the organizations are progressively transforming the businesses they are doing and going for the adoption of the latest information technologies (Muafi, Gusaptono, Effendi, & Novrido, 2021). Organizations are forced by the competition to adopt the digital developments to redesign their structures and ways they are doing businesses. The digital transformation tends to positively influence the organizational performance and offers the competitive advantage to a firm (Mubarak, Shaikh, Mubarik, Samo, & Mastoi, 2019). Digital transformation is very broad in it meaning such as managing the big data, IoT and cyber-physical systems in form of digital transformation do significantly contribute towards the organizational performance. In this regard it has been argued that organizations managing the big data do report superior performance as compared to the other organizations which are working on their traditional models (Gunasekaran et al., 2017).

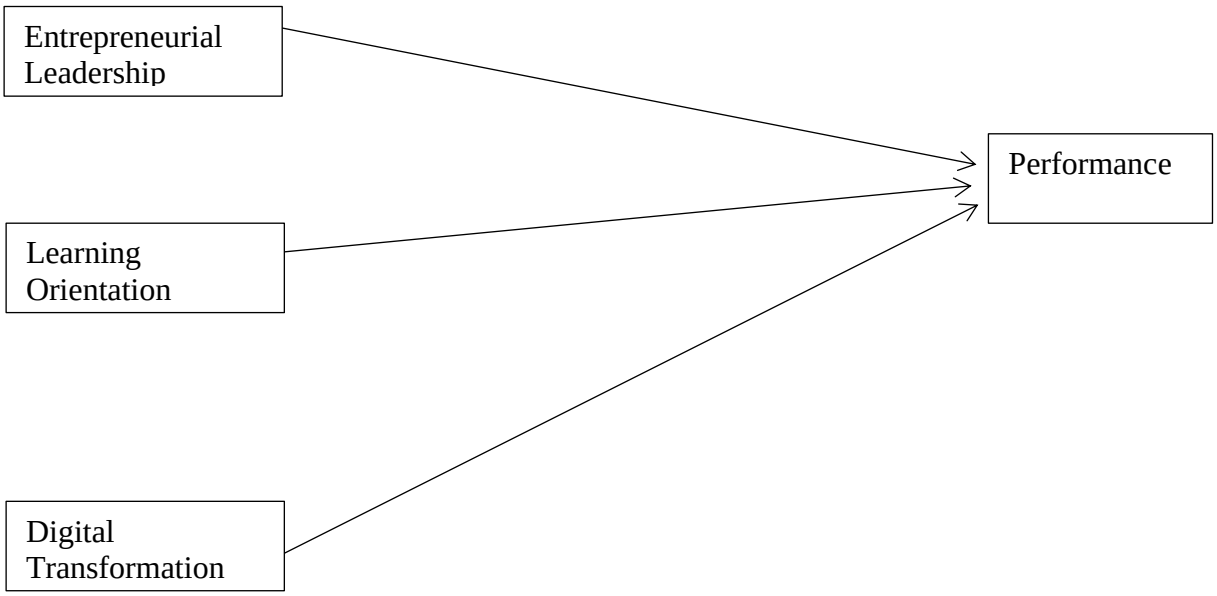

Figure 1: Research Framework

Research Methods

This study is primarily considering the quantitative approach for which questionnaire was developed with the help of existing literature. After development of the questionnaire, data was collected from different SMEs as working in Dubai for which their executive members were considered as targeted respondents. In addition, for the purpose of sample size, Krejcie and Morgan (1970) table is used. As per the table, sample size is 384 executives of SMEs. The

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reason to select the executives of SMEs as proposed respondent is that this job title is observed in all the SMEs as working in the Dubai, UAE, which means that these respondents are quite fit while visiting any of sub-segment of SMEs entitled as manufacturing, trading, or service concerns. Furthermore, in some SMEs these executives are also entitled as executives/owners due to the fact that their owners are primarily running the whole business unit, hence it would be quite comfortable and meaningful.

Previously, Tan (2010) stated that the sample size should be larger than the variables in multivariate analyses. Moreover, previously a study has also multiplied its sample size by 2 and also inflated it by 10% for the adjustment of non-responses (United Nations Office on Drugs and Crime, 2010). There are other studies also available which has distributed more questionnaires in comparison to minimum sample size (Cooper & Brown, 2017; Shamim, Zeng, Shariq, & Khan, 2019). The sample size is inflated to gain the maximum responses from the respondents. In this regard Corner and Lemonde (2019) contended that the 70% response rate can be attained in data collection, so the sample size is inflated by 100%. Hence 384 is the original sample size required and after 100% inflation it became 768 executives of the SMEs. A total of 1000 questionnaires were distributed among the SMEs in UAE. Out of the total questionnaires distributed, 463 questionnaires were returned, yielding an overall response rate of 45%. Later on screening revealed that 50 of the questionnaires are not completely filled up by the respondents and were dropped as they were not suitable to use. Following Table 1 shows the distribution of the response rate from the organizations. For the purpose of data analysis, this study has applied two step approach which is based on the measurement model and structural model assessment.

Table 1: Response Rate of Respondents

Organizations	Sample Identified	Distributed Questionnaire	Returned Questionnaire	Valid Questionnaire
Small	128	256	205	185
Medium	128	256	155	135
Large	128	256	103	80
	384	**786**	**450**	**400**

Findings

Respondents' Profile

The characteristics of the respondents were gender, age, education, designation, and length of service. Table 2 shows the details about the demographic profile of the respondents. As per the findings reported in table 2, there were 300 male and 100 female respondents. 100 of the respondents belonged to the age group up to 25 years, 250 of the respondents belonged to 26-45 years, 50 of the respondents belonged to the 46-55 years of the age and finally there was no respondent whose age was more than 56 years. According to the education of the respondent's majority of them have the master's degree and constituted about 62.5% of the population. Additionally, 90, 10 and 50 of the respondents had Bachelors', PhD and others (Dimploma) degrees respectively. As the data were collected from the owners and CEOs. The findings revealed that 250 majority of the respondents were owners of the organizations and 150 of the respondents were CEOs of their respective organizations. Finally, findings also show the length of service of the respondents involved in the study. As per the findings 50 of the CEO/owners reported that they have up to 1 year of service which indicated that the CEOs have joined the organizations recently and owners have established the organizations recently. 100 of the

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respondents marked their length of service from 2 to 5 years and 150 of the respondents marked their length of service from 5 to 10 years, while majority of the respondents marked their service more than 10 years.

Table 2: Profile of Respondents

Demographic Variables	Categories	Frequency	Percentage
Gender	Male	300	75
	Female	100	25
Age	Up to 25	100	25
	26-45	250	62.5
	46-55	50	12.5
	56+	0	0
Qualification	Bachelor's	90	22.5
	Master's	250	62.5
	PhD	10	2.5
	Others	50	12.5
Designation	Owner	250	62.5
	CEO	150	37.5
Length of Service	Up to 1	50	12.5
	2-5 Years	100	25.0
	5-10 Years	150	37.5
	10+ Years	100	25.0

Measurement Model

The present study has used the PLS-SEM to measure the measurement model. It is preferred due to various reasons. CB-SEM is the traditional approach used to assess the measurement model whereas PLS-SEM is the latest technique (Hair Jr, Sarstedt, Hopkins, & Kuppelwieser, 2014). The earlier technique is focused on the maximum likely hood procedure for which there should be normally distributed data. Moreover, for CB-SEM the minimum sample size should be 100-200 and with five or less constructs where each construct must have minimum three indicators. Notably, the purpose CB-SEM is theory testing and theory confirmation (Stevens, 2009). Previously studies have used the Cronbach's alpha as a value to show the internal consistency but now studies also use the composite reliability to demonstrate the internal consistency of the measures. CR also serves the same purpose Cronbach's alpha, but it is preferred approach (Barroso, Carrión, & Roldán, 2010). In case of Cronbach's alpha all of the indicators are supposed to have alike outer loadings (Hair Junior, Hult, Ringle, & Sarstedt, 2014); however, PLS-SEM emphasize on the reliability of individual indicator. Hence, by considering the disadvantage of the Cronbach's alpha; the present study has used the composite reliability as a measure for the assessment of the internal consistency (Starkweather, 2012). For the assessment of CR, factor loadings of all the items were calculated. As per the criterion all of the factor loadings must be greater than 0.5 (Hair Junior et al., 2014) which reveals.

Table 3 shows the values for Cronbach's Alpha, factor loadings and CR. Alpha value for all the variables under study is greater than 0.60. Additionally, the factor loadings of all the indicators are in acceptable range as they are greater than 0.5. However, the items with low loadings are deleted such as two items were deleted from the entrepreneurial leadership instrument, one item deleted from the shared vision instrument and five items were deleted from the inventory management and innovation performance instrument. Total eight items were deleted from the whole instrument which is acceptable.

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Additionally, composite reliability was also assessed in order to establish the internal consistency of the measures. Table 3 also shows the CR values for the variables under study. As per the criterion the values of CR must be greater than 0.7 (Hair, Anderson, Babin, & Black, 2010). CR values for the variables under study are ranged from 0.809 to 0.960 which satisfy the criterion for the internal consistency. Hence, all of the instruments are internally consistent. Refer to table 3, values of factor loadings and CR are within the acceptable range and confirming the composite reliability.

Convergent validity can be denoted as the extent to which multiple items used to measure a construct are in line with the concept (Ramayah et al., 2011). In the present study all of the constructs are reflective; therefore, the convergent validity is assessed by using three criterion which are as follows: 1) assessing the factor loadings, 2) assessment of the AVE, and 3) assessment of the CR (composite reliability (Fernandes, 2012). AVE can be described as the mean value of the squared loadings of the indicators linked with their constructs. Notably, the constructs having AVE value more than 0.5 (Hair, Ringle, & Sarstedt, 2013) are considered to be significant as they captured the half of the variance and is greater than the error (Kline, 2011). The findings reported in table 3 show AVE values. As per the criterion the value of AVE must be greater than 0.5. Value of AVE for the under-study variables ranged from 0.502 to 0.888 which satisfies the criterion and establish convergent validity. Refer to table 3, values of AVE are within the acceptable range and confirming the convergent validity.

Table 3: Summary of Reliability and Convergent Validity of the Constructs

First Order Constructs	Higher Order Constructs	Items	Loadings	Alpha	CR	AVE
Inventory Management and Innovation Performance		IMIP1	0.810	0.907	0.931	0.729
		IMIP2	0.885			
		IMIP3	0.855			
		IMIP4	0.896			
		IMIP5	0.818			
Intra Organizational Knowledge Sharing		IOKS1	0.856	0.908	0.935	0.784
		IOKS2	0.916			
		IOKS3	0.885			
		IOKS4	0.883			
	Learning Orientation			0.926	0.937	0.553
		CL	0.823			
		SV	0.455			
		OM	0.880			
		IOKS	0.843			
Management Capability		MC1	0.814	0.666	0.817	0.598
		MC2	0.715			
		MC3	0.789			
Market and Financial Performance		MFP1	0.785	0.798	0.868	0.621
		MFP2	0.806			
		MFP3	0.788			
		MFP4	0.774			
Operational Capability		OC1	0.846	0.782	0.874	0.698
		OC2	0.865			
		OC3	0.794			

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Organizational Innovation Capability		OIC1	0.854	0.779	0.872	0.695
		OIC2	0.763			
		OIC3	0.880			
Open-mindedness		OM1	0.851	0.884	0.92	0.742
		OM2	0.856			
		OM3	0.871			
		OM4	0.867			
Operational Performance		OP1	0.847	0.756	0.86	0.673
		OP2	0.853			
		OP3	0.758			
	Organizational Performance			0.911	0.925	0.508
		OP	0.785			
		IMIP	0.889			
		MFP	0.893			
Process Capability		PC1	0.944	0.942	0.958	0.851
		PC2	0.920			
		PC3	0.913			
		PC4	0.912			
Product Innovation Capability		PIC1	0.910	0.913	0.946	0.853
		PIC2	0.954			
		PIC3	0.906			
Shared Vision		SV1	0.969	0.937	0.96	0.888
		SV2	0.923			
		SV3	0.935			

After the assessment of the measurement model, the next step was to test the validity of the structural model (Vinzi, Chin, Henseler, & Wang, 2010). Structural model can be stated as the association which has a cause and effect between the hypothesized variables under a study (Duarte & Raposo, 2010). First of all. the model significance was tested and assessed by using the t-values, path coefficients and standard errors. Smart-PLS has been used to test the direct, mediation and moderation hypothesis by using bootsrapping (Ringle, Wende, & Will, 2005). The results Under Table 4 revealed a positive association between the entrepreneurial leadership and organizations performance.. Notably, relationship is valued at 0.056 which is quite low but significant. It means that a slight change in entrepreneurial leadership will result in a minor change in organizational performance. The increase in entrepreneurial leadership will boost the performance and vice versa. The study results revealed that the learning orientation positively and significantly predicted the organizational performance. From stats point of view 1% change in learning orientation will result in 27.7% change in the organizational performance. Notably, the positive change will scale up the performance whereas the negative increase will reduce the performance.

Path coefficients revealed that the digital transformation and organizational performance are positively and significantly associated. The relationship is valued at 0.081. As per the results a slight change in the digital transformation will bring about positive change in the organizational performance. Statistically, it can be stated that 1% change (increase) in digital transformation will result 8% change (increase) in organizational performance. Path coeffects also established a significant negative association between the entrepreneurial leadership and innovation capacity. The relationship is valued at -0.524. Surprisingly, it is of negative nature which means

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that the entrepreneurial leadership does not result in innovation capacity. In other words such leadership reduces the innovation capacity. Results also showed a significant positive association of learning orientation with innovation capacity valued at 0.350. It means that the organizations having the learning orientation ultimately develops their innovation capacity. Statistically, it affirms that a slight change (increase or decrease) will change (increase or decrease) the presence of the innovation capacity in an organization. Finally, results revealed that innovation capacity and organizational performance are significantly associated. The relationship is of positive nature which holds that increasing the organizational capacity will end up in increase in organizational performance. The relationship value is 0.563 which statistically holds that 1% change in innovation capacity will result in 56.3% change in organizational performance.

Table 4: Path Analysis

Relationships	Beta	SD	t value	p value
EL -> OP.	0.056	0.027	2.074	p<0.05
LO -> OP.	0.277	0.039	7.162	p<0.05
DT -> OP.	0.081	0.030	2.668	p<0.05
EL -> IC	-0.524	0.053	9.865	p<0.05
LO -> IC	0.350	0.058	6.089	p<0.05
IC -> OP.	0.563	0.043	13.11	p<0.05

Note: EL- Entrepreneurial Leadership; DT- Digital Transformation; LO- Learning Orientation; IC- Innovation Capacity; OP.- Organizational Performance.

Conclusion

The present study aimed at to examine the influence of the entrepreneurial leadership, learning orientation and digital transformation on the organizational performance. Additionally, study has also considered the mediating role of the innovation capacity between the association of the independent (Entrepreneurial leadership, learning orientation and digital transformation) and dependent variable (Organizational performance). Going on further, the study has also considered the moderating role of the digital business strategy between the association of independent (Digital transformation) and dependent variable (Organizational performance). The study developed the hypothesis and data were collected from the owners/CEOs of SMEs in Dubai. SPSS and Smart-PLS 3 has been used for data analyses. The study hypothesized a significant association between the entrepreneurial leadership and organizational performance. The results of the study also proved the hypothesis with the significant results. As per the hypothesis it is stated that the entrepreneurial leadership style is vital for organizations as it is not derived by the traits and circumstances rather it is kind of self-vision of a leader to explore and exploit the opportunities. It is characterized by the drive to succeed, do something new and win the race. Leaders with such attributes not only work for themselves but they also embed their thinking and approach to think about the things and working among the employees which leads towards the high performance. They use their personal and authoritative power for the organizational benefits. Therefore, the role of such leadership should not be undermined. The study findings through structural equation modelling technique specify that exogenous factors have their significant and positive influence on the performance of SMEs as working in UAE. It is worthy to note that the previously available literature is not consistent regarding the influence of the entrepreneurial leadership influence on the organizational performance. Majority of the studies have reported a strong positive influence of the entrepreneurial leadership on the organizational performance (Aziz, Abdullah, & Tajudin, 2010; Yang, 2006). Few of the studies have reported that the entrepreneurial leadership is weakly associated with

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the organizational performance (Arshad & Rasli, 2013). The present study is valuable addition its literature as it has provided empirical evidence regarding the strong positive association between the entrepreneurial leadership and performance. Additionally, it is worthy to mention that the study has highlighted that the entrepreneurial leadership as a way to enhance the organizational performance. Therefore, it must be noted that the organizations with such leadership results in the optimized innovation capacity due to which they go for the innovation and develop new products and services to enhance the organizational performance.

Moreover, the study has valuable contribution in literature as it provides the empirical evidence regarding the influence of learning orientation and organizational performance. To best of the researcher knowledge only few studies have considered the role of learning orientation towards the organizational performance. It is worthy to mention that the organizations' learning orientation positively contributes towards the organizational performance in the SME context. The study is among the few which have combined the entrepreneurial leadership, learning orientation and digital transformation under a single framework (Sawaean & Ali, 2020). The results of the study are valuable from the practical perspective. They carry several practical implications for the SMEs. For instance, it is very necessary to develop understanding regarding the innovation capacity of the organizations so the managers may take crucial initiatives to develop them to get the improved organizational performance. Additionally, it will enable them to carefully allocate the resources and go for the strategies which build the innovation capacity so they can grasp the wide range of advantages of the innovation capacities to boost their organizational performance. Notably, managers are asked to get themselves engaged to develop, promote, and deploy the innovation activities and take initiates for production and promotion of the products to have better organizational performance.

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