

**CORPORATE FORESIGHT, ORGANIZATIONAL
LEARNING, AND PERFORMANCE OF SMES IN
UAE: MODERATING ROLE OF DIGITAL
TRANSFORMATION AND MEDIATING ROLE
OF INNOVATIVENESS**

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by

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Appendix A Questionnaire

**RAMALAN KORPORAT, PEMBELAJARAN DALAM ORGANISASI DAN
PRESTASI PKS DI UAE: PERANAN TRANSFORMASI DIGITAL
SEBAGAI PENYEDERHANA DAN INOVASI SEBAGAI PERANTARA**

ABSTRAK

Ramalan korporat dianggap sebagai satu kebolehan yang merangkumi apa-apa unsur struktur atau budaya yang membolehkan sesuatu syarikat mengesan dengan awal perubahan yang tidak berterusan. Tujuan kajian ini adalah untuk mengkaji impak langsung ramalan korporat dan pembelajaran dalam organisasi kepada dinamika prestasi perusahaan kecil dan sederhana (SME) di United Arab Emirates (UAE). Selain itu, kajian ini cuba menganalisis kesan moderator dan juga kesan pengantaraan transformasi digital dan sifat inovasi atas hubungan antara konstruk eksogen dan endogen. Satu sampel yang merangkumi 576 borang soal selidik telah diagihkan kepada pemilik/pengurus SME berlainan yang bekerja di rantau UAE. Data tersebut dianalisis menggunakan kaedah dua langkah dan deskriptif di mana pemodelan persamaan struktural (SEM) di bawah Smart PLS dilihat sangat berguna dalam kajian hubungan langsung dan tidak langsung antara pemboleh ubah kajian tersebut. Hasil kajian ini menunjukkan bahawa ramalan korporat mempunyai satu impak yang tidak signifikan tetapi positif terhadap prestasi organisasi manakala pembelajaran dalam organisasi mempunyai impak yang signifikan terhadap prestasi organisasi. Lebih-lebih lagi, kajian ini telah menemui bukti untuk kesan moderator transformasi digital antara pembelajaran dalam organisasi dan inovasi. Seterusnya, adalah diperhatikan bahawa sifat inovasi merupakan pengantara untuk hubungan ramalan korporat dengan dinamika prestasi. Hasil kajian ini menunjukkan bahawa peranan inovasi dan transformasi digital adalah signifikan untuk memahami hubungan antara ramalan

korporat, transformasi digital dan pembelajaran dalam organisasi. Hasil kajian ini juga menunjukkan bahawa kedua-dua pemilik dan pengurus SME di UAE patut menekankan keupayaan inovatif dan transformasi digital dalam mencapai prestasi organisasi yang lebih tinggi. Pembuat polisi harus mempertimbangkan dengan sewajarnya kesan langsung dan tidak langsung pemboleh ubah kajian sambil mempertimbangkan juga prestasi tinggi di tempat kerja. Sepanjang pengetahuan penyelidik, kajian ini menyediakan bukti empirikal yang pertama dalam bidang penyelidikan yang sedia ada tentang hubungan antara ramalan korporat, transformasi digital dan dinamika prestasi organisasi.

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ABSTRACT

The title of corporate foresight is assumed as a capability that includes any structural or cultural element that enables the company to detect discontinuous change early. The purpose of present study is to examine the direct impact of corporate foresight, and organizational learning on the performance dynamic of SMEs as working in United Arab Emirates (UAE). In addition, this study tries to analyze the moderating as well as mediating effect of digital transformation and innovativeness on the relationship between exogenous and endogenous constructs. A sample of 576 questionnaires were distributed among the owners/managers of different SMEs as working in the region of UAE. The data was analyzed through descriptive and two step approaches where structural equation modelling (SEM) under Smart PLS was found to be very much help to examine the direct and indirect relationship between the study variables. The study findings show that there is a insignificant but positive impact of corporate foresight on organizational performance whereas significant impact of organizational learning on organizational performance. Furthermore, the study found an evidence for the moderating effect of digital transformation between organizational learning and innovation. Additionally, it is observed that innovativeness mediates the relationship corporate foresight and performance dynamics. The study findings suggest that for exploring the relationship between corporate foresight, digital transformation and organizational the role of innovation and digital transformation is quite significant. The study findings suggest that both owners and managers at SMEs

of UAE should attach more importance to innovative capabilities and digital transformation for achieving higher level of organizational performance. Policy makers should reasonable consider the direct and indirect effect of study variables while considering high performance at workplace. To the best of researcher's attention, this research provides a very first empirical evidence in the existing literature on the relationship between corporate foresight, digital transformation, and organizational performance dynamics.

CHAPTER 1

INTRODUCTION

1.1 Overview

The present study is carried out to examine the relationship between corporate foresight, organizational learning, digital transformation, innovativeness, and the innovation policy on the performance of small and medium organizations in the United Arab Emirates. This chapter presents an overview of the issues related to the corporate foresight, organizational learning, digital transformation, innovativeness, and the innovation policy on the performance of small and medium organizations in the United Arab Emirates. This chapter is organized into the following sections. Section 1.1 discusses the background of the study. In section 1.2. We have discussed certain issues and challenges, which constitute the problem statement of the study. This problem statement is followed by research questions and research objectives in section 1.3 and 1.4, respectively. Next, the significance and contribution of the study is discussed in section 1.5. Finally, section 1.6 presents the scope of the study.

1.2 Background

Globally, small-and medium-sized enterprises (SMEs) are acknowledged as the drivers of national growth since they make up 90% of all businesses (Chatterjee et al.,2016). SMEs make up 99.7% of all business enterprises in the United States, 99% in China, 99% in Europe, 95% in Holland, 95% in the Philippines, 97.8% in Taiwan, and 97.3% in Malaysia (Almujani et. all, 2021). As per the latest findings of Global Naps (2021), there are more than 400 million SMES which are working in the world economy and responsible for the creation of hundred of thousands of jobs, covering 95 percent of the firms, and 60-70 employment share in the world (Global Naps, 2021).

The numbers above are testimony of the significance of SMES in the business sector and in the recent time, a significant contribution of SMEs in the world economy is also observed (Asgary, Ozdemir, & Özyürek, 2020). It is also acknowledged SMEs as the support to larger enterprises, providing the foundation for business expansion activities and continuance of economic growth (Lim, Morse, & Yu, 2020). SMEs offer even more employment opportunities compared to big corporations and hold a crucial economic role that expands as the economy becomes more globalized (Amoah & Amoah, 2018).

As per the latest findings of the world Bank (2021) , SMEs are playing major role in various economies specifically in the developing ones and account for the business activities at world glance as well (World Bank, 2021). Furthermore, they also contributing towards the creation of job with more than 50 percent employment opportunity at world economy. However, it is believed that formal SMEs units in the emerging economies were contributing towards 40 percent of the national income in terms of GDP. As per the further estimation conducted by world bank, 600 million jobs will be needed by the end of 2030 in order to absorb the increasing global workforce which makes the significant development for the SMEs at higher level for various government around the globe (World Bank, 2021).

Meanwhile, among the various issues, access to finance is very crucial for the success of SMEs in different economies (Bongomin, Ntayi, Munene, & Malinga, 2017; Motta & Sharma, 2020). The findings for the World Bank (2021) state that access to finance is the most cited obstacle as faced by the SEMs for the growing business activities in both developing and emerging economies. The reason is that SMEs are less likely to gain the bank loans comparatively to other large firm as they are mainly focusing on internal funds, funds from family and friends in order to launch

their initial business activity. Furthermore, International Finance Corporation or IFC states that 65 million firms or 40% of the formal micro and SMEs in the developing economies are facing unmet financing needs of approximately 5.2 trillion dollars in every single year (World Bank, 2021).

In the UAE specifically, SMEs have long been recognised as a major contributor to the nation's economy, employment sector and social growth. SMEs provide crucial economic support for Dubai, constructing 95% of all the businesses in the Emirates (Elasrag, 2011). One of the recent findings as shared by Khaleej Times (2021) specify that 88 percent of SMEs as working in UAE are optimistic for the future growth. In addition, they make up 42% of the labour force and channel approximately 40% to the overall value addition created in the country's economy. In contemporary business environment, approximately 151,875 SMEs have been registered in UAE since 2008 to date (SME File, 2019).

The Government of Dubai emphasizes the development of the nation's SMEs to be at par with those in developed and high-income countries. As such, there is a need to formulate SME development initiatives by studying their prevailing condition and developmental needs. In comparison to developed nations, the SMEs' contribution to the GDP is relatively low in developing nations such as Japan (53%), Germany (53%), the United Kingdom (51%), Korea (49%), Singapore (49%), Vietnam (45), Thailand (38%), Indonesia (58) and the Philippines (36%). Under the SME Master Plan 2012 – 2020, SMEs have been targeted to contribute 41 percent to the GDP and the further observation conducted by SME File (2019), various factors are directly linked with the SMES of UAE which include access to finance, orientation towards sustainable practices, international orientation, degree of innovation, level of

digital readiness, orientation to human capital development, and degree of corporate governance, respectively.

Organizational performance is a very important concept that can be defined as the actual output of the results of the organization, as what is measured against the intended aims, goals and objectives of the organization in question (Steiss,2019). However, organizational performance is measured through productivity, efficiency, and effectiveness (Dastane, 2020; Gift & Obindah, 2020). Academics like Worley et al. (2014) define organizational performance as consisting of three main areas pertaining to organizational outcomes and these include financial performance, product-market performance, and shareholder return. Essentially speaking, financial performance is said to refer to the profits, return on investments (ROI), and return on assets (ROA) of the organization (Chandra, Wijaya, & Hayati, 2020; Kangovi, Mitra, Grande, Long, & Asch, 2020). On the other hand, product-market performance refers to market share and sales of the organization (Singh et al.,2016). Besides that, the concept of shareholder return refers to the total value of the shareholder return, and also the economic value added. A number of organizations in the past have made attempts to manage organizational performance successfully and effectively via the use of various methodologies such as the balanced scorecard, whereby performance is tracked and measured according to number of dimensions such as financial performance, customer service, social responsibility, employee stewardship, organizational performance, performance improvement, and organizational engineering (Shen et al.,2016; Lee & Lee, 2020).

A well-performing organization is one that is known to utilize its resources in the most efficient way possible, and which has the ability to align itself with its strategic business objectives (Tukker & Tischner,2017). It is very important for an

organization's managerial and executive staff to understand the importance of the high performing organizations and to create a strategy that is able to capitalize on various business concepts and initiatives which are helpful in helping the organization achieve positive business growth (Wu et al.,2015). An organization that is badly managed would typically exhibit low-performance levels. Such an organization would likely have excessively high overhead costs. Without proper strategic foresight and innovation, it is likely for an organization to have redundant products and services. Besides that, a badly planned strategic initiative in an organization would result in high overhead costs due to utilities that are not being maximized. Such an organization is also likely to experience low-profit margins due to bad performance. A badly performing organization is one that is unable to achieve positive sales progress and would typically be unable to maintain and monitor the implementation of their strategic initiatives (Parmenter,2015) Such an organization is also likely to experience low and sluggish growth. An organization like this would usually be unable to plan and monitor its growth properly and as such, it will be unable to sustain positive and growth (Omar et al.,2014; Kallmuenzer et al., 2021).

The competitiveness of a corporation determines its competitive advantage and therefore its existence in the long term. An increasingly dynamic and competitive environment makes it crucially important to achieve competitive advantage. Furthermore, innovations have been identified as an important enabler for competitive advantage by a variety of scholars (Pisano et al.,2015 and Chahal & Bakshi,2015). It can be achieved through external and internal sources whereupon innovations are addressing both. In order to continuously innovate and stay ahead of the competition, it is necessary to constantly monitor the corporate environment to react to changes (Dereli,2015). Thereby, the intention behind the monitoring of the company's

environment is to identify possible discontinuities early, specifically disruptions or disruptive innovations and empower the company to react before they occur or at least before they turn into a threat for the company. The concept of disruptive innovation was introduced by Christensen et al. (2006). He defined disruptive innovations as innovations which are underperforming when they are introduced but which have the potential to outpace existing solutions over time and even define new markets as well as attract new customers (Christensen et al.,2006). Mainly nascent firms or entrepreneurs create and introduce these disruptive innovations (Coccia, 2020). Such entrepreneurs, also called startups, are considered as more innovative regarding radical innovations while organizations perform better with incremental innovation (Teece et al.,2016). Moreover, historical examples show that organizations struggle with disruptive innovations and subsequently lose economic ground or even exit the market. Companies that struggled with the adoption of disruptive innovation are for example Kodak, Nokia or as a more recent example the multinational energy utilities such as EON, RWE, ENBW, and Vattenfall.

The current study will be able to provide very important empirical findings that will help highlight the relationships between corporate foresight, organizational learning, perceived organizational support, digital transformation, innovativeness, innovation policy and the performance of organizations in the United Arab Emirates. After reviewing the SME's Report (2021), It is observed that there is a much more potential for the SMEs as working in the region of UAE to expand their performance outlook while working more on the innovation and various other dimensions. This would justify the argument that more and better share can be achieved in terms of higher performance outlook for the SMEs, however, some strategic planning and further attention towards different areas like information technology, competitive

market dealing, and equipping the employees with more skills are much needed (SME Report, 2021).

Corporate foresight is a part of an organization's strategic management (Calof, Meissner, & Vishnevskiy, 2020). The main purpose of corporate foresight is to develop a long-term outlook based on the forthcoming vision, since corporate foresight and planning allow strategic planners to adjust themselves to upcoming challenges, as well as to determine future development prospects and all possible opportunities and uncertainties (Rohrbeck et al., 2015). Buehring and Liedtka (2018) stated that industrial perspective of corporate foresight allows competitors to compete for most relevant and feasible assumptions, and thus facilitates in the growth of entire industry. Various publications (Sacio-Szymańska et al., 2015; Baškarada et al., 2016; Ruff, 2015) over the years have been emphasizing that corporate foresight plays an important role in effective strategic management, however, it is still unclear whether future studies will manifest and implement today's management reality.

Corporate foresight gives insights about the continuously fluctuating business situation and it may affect their distinctive position and cause reduction in their competitive advantage (Sacio-Szymańska et al., 2015; Baškarada et al., 2016). It enhances the identification, observation and interpretation of corporate environmental changes and potential opportunities by determining possible implications as well as responses. Innovations as an important source of competitive advantage could be one implication or response (Wan et al., 2015). Scholars have researched the observation, scanning and monitoring of a company's environment, the adaption to external changes and the concept of disruptive innovation extensively (Johnson, 2019).

Learning orientation can also lead to the achievement of competitive advantage in markets (Mahmoud et al., 2016; Puspaningrum, 2020). Learning

orientation allows a firm to exploit opportunities and neutralize threats in the competitive business environment and enables a firm to recognize the needs and wants of the customer compared to its rivals which ensures profitability and growth (Liu & Atuahene-Gima,2018). There have been many instances where a lack of knowledge of changing environmental circumstances and the implication of those changes have caused many firms to be less effective than their competitors (Banerjee,2017). It is argued that learning orientation has a positive impact on innovation which consequently influences 5 firm performances. Finally, Vargas, (2015) affirms that there is significant relationship between learning orientation, innovation and business performance.

1.3 Problem Statement

The UAE Department of Economic Development indicated that the SMEs in Dubai has a marginally lower contribution to gross value-added than to employment signifying that the SMEs' labour productivity at AED 149,641 per unit is lower than the productivity of large corporations at AED 164,233 per unit (Dubai SME, 2021). Medium-sized firms has a relatively higher productivity level at AED 244,785 per unit compared to that of small firms at an estimated AED 138,058 per unit and micro-firms at AED 91,080 per unit. Internationally, Dubai's SME sector revealed lower productivity based on PPP (AED 112,253 per unit) in comparison to other Trading and Service-oriented economies including Singapore (AED 391,816 per unit) and South Korea (AED 214,787 per unit) as expressed by Dubai SME Authority (Dubai SME, 2021).

(Dubai SME, 2021)The survey carried out by DUBAI SME, an agency under the UAE Department of Economic Development, indicated the high export orientation of SMEs in Dubai whereby 51% of them generate revenues attributed to regional and

international markets (in comparison to 44% in EU-27 and 18% in New Zealand). Meanwhile, 60% out of all the SME exporters attribute 20% of their sales revenue to international markets . Segmentally, the survey shows that 68% of Trading SMEs generate revenues attributable to international customers/markets as opposed to 53% of Manufacturing SMEs and 37% of Services SMEs. In terms of firm size, export-orientation is highly prominent in medium-sized firms i.e. 66% followed by small firms i.e. 55% and micro-sized firms i.e. 39%. The SMEs in Dubai are more concentrated on the international markets in GCC, Asia-Pacific and Africa. About three-fourths of the exporting SMEs in Dubai are running their operations in other countries without being physically present in those markets. Meanwhile, another 18% of the firms have overseas offices or strategic alliances compared to only 5% of their European counterparts. As many as 41% of the export-oriented SMEs in Dubai had devoted employees for international businesses whilst another 56% have set up clear strategies for entering international markets.

Many SMEs are involved in the international business and are experiencing varying degrees of success in terms of growth and economic return (Tolstoy, Nordman, Hånell, & Özbek, 2021). Numerous theories have been put forward by scholars about the influencing factors to firm performance including interactions and dynamic adjustments between environments, strategies, structures, and resources. Porter (1985) in his research detailed that firm performances are different and varying in degree with different types of gained competitive advantages. In present-day highly competitive industries, organizations are faced with the challenge of being able to maintain consistently high-performance levels. In the United Arab Emirates, organizational performance is said to be a very important factor that has the effect of determining the success of an organization (Soudani,2012; Alnuaimi & Yaakub,

2020). Generally speaking, in this nation, organizations that perform well and display high organizational performance levels are the type to achieve better success than those who exhibit substandard or low-performance levels. They can be many reasons for the lack of organizational performance in these organizations ranging from poor corporate foresight, ineffective learning, slow innovativeness, and weak digital transformation (Meyerowitz et al.,2018).

In addition, various studies have provided their valuable opinion to justify the title of organizational performance from the context of SMEs under different work settings. For example, Yadav, Jain, Mittal, Panwar, and Lyons (2019) have expressed the fact that organizational performance specifically in the SMEs is under little attention of the research which expresses the wider range of organizational success. Eikelenboom and de Jong (2019) have justified the argument that performance in SMEs specifically in sustainable perspective is neglected in terms of constant efforts which means that this sector is under little attention of the researchers. Donbesuur, Ampong, Owusu-Yirenkyi, and Chu (2020) have explained the fact that performance of SMES under international work setting is not a simple phenomenon but described by technological innovation, and organizational innovation as well. Peter et al. (2018) indicate that performance is an organizational phenomenon based on the stated objectives and goals.

In the United Arab Emirates, it is observed that several problems are identified as the leading factors contributing to low-performance levels within the organization. Many organizations in this country seem to exhibit low-performance levels because they are lacking in proper corporate foresight . In essence, these organizations seem to lack a set of practices, capabilities, and abilities that allow them to see various changes that are capable of affecting the organization adversely (Stephan et al.,2016).

As a result, they are unable to take measures to prevent such adverse consequences or to implement a plan to capitalize on positive opportunities in the industry. Within several organizations in the SMEs of the United Arab Emirates, inefficiencies and problems are quite apparent. These inefficiencies in problems are contributing to a lack of organizational performance in these organizations. An analysis of past studies (from www.sme.ae, 2019 & 2020) carried out on the various problems faced by organizations in the United Arab Emirates shows certain trends within organizations in various industries that are quite problematic. One of these is the absence of proper direction in many of these organizations. The fact of the matter is that many organizations in the United Arab Emirates lack of proper direction, and this is due to lack foresight of leadership (Warner & Moonesar,2019). Consequently, they are also likely to engage in poor communications about the organizational strategy with the rest of the organizational members.

Secondly, it is common for organizations in this country face the problems of having to execute numerous organizational activities, but the problem is that most of them seem to be lacking the alignment required to gain the traction necessary to ensure that such organizations are capable of transforming, and also in shaping the future (O'Leary & Hunt, 2016). In essence, the presence of numerous functions and individuals that do not have proper understanding about how they fit together would result in poor organizational performance. Due to this, organizational member starts becoming complacent and would be typically laid into the direction that adds no value to the organization (Lewis,2019). This very important problem facing organizations in the United Arab Emirates is the inability to develop important competencies among the organizational members. Such organizations are known to engage in ineffective learning and typically suffer from a lack of support from the upper management. As a

result, hard-working organizational members that have good intentions are unable to nurture and grow their talents and abilities, and they are incapable of assisting the organization to achieve high-performance levels. The problem stems from the organizational leadership, whereby the leaders unable to lead and manage the organization in a way that is capable of ensuring the completion of complex tasks that require high levels of skills (Jaques, 2017). Many leaders in these organizations are known to be unable to utilize their natural strengths and are incapable of closing performance gaps and improving their behaviours for the betterment of the organization. When this is the case, the abilities of the organization to achieve superior performance would become impaired (Clayton,2019). Low organizational learning is said to contribute to low-performance levels within organizations in the United Arab Emirates. Such organizations tend to face problems in their quest to create, retain and transfer knowledge effectively within the organization (Morgan & Ibrahim,2019). As such, the organization would deteriorate over time as it starts to lose experience from a lack of proper organizational learning. This stems from the inability of the organization to create proper knowledge for itself. Thus, the poor organizational learning is an important issue in the UAE corporate sector.

Besides the above, another significant problem facing several organizations in the United Arab Emirates is the problem of lack of awareness of the importance of innovation (World Health Organization,2015). It is a fact that creating a solid organization takes a lot of work and innovation. It is apparent that businesses that do not innovate are doomed to failure, especially in these highly competitive business environments (Tidd & Bessant,2018). In the UAE, innovation is still not given enough importance to by many organizations, and as such, these organizations find it difficult to adapt to changes in consumer trends and are thus unable to provide a set of dynamic

products and services for the ever-changing tastes and preferences of consumers in this country (Ind et al.,2012). Many organizational leaders and managers are always busy focusing on various operational processes and they are predisposed to ignoring the importance of innovation. As a result, organizational progress dwindles, and organizational managers are unable to come up with new and creative ways to grow the organization. More specifically, as per the findings of SME Report (2019), SMEs in UAE are showing their innovative activities. For instance, the innovation as shown by manufacturing SMEs has been increased 2-3 times, comparatively to the previous years which covers mostly the product-based innovation.

Apart from that, organizations that are slow to embrace new possibilities and digital transformation are also known to lag behind when it comes to achieving superior organizational performance (Katzenbach & Smith,2015; Saarikko, Westergren, & Blomquist, 2020). It is a fact that in these highly competitive business environments, organizations that stand out are typically those that have embraced a strong and solid digital strategy that is capable of helping them face the greatest challenges within the modern-day business workplace. However, in the United Arab Emirates, there continues to be a number of organizations that are slow in embracing digital transformation and as such, they are losing out and unable to capitalize on the benefits that digital technology is capable of offering the organization (Bryson,2018). The study of the view that the digital transformation does not affect the performance directly rather in our framework it is an antecedent to innovativeness and also moderator of the relationship between corporate foresight and innovativeness and between organizational learning and the innovativeness.

As apparent from the above analysis, organizational performance is a very important factor that plays a significant role in ensuring the profitability and longevity

of business organizations (Ghasabeh et al.,2015; Babatunde, 2020). Typically, organizations that display high-performance levels would tend to do better than organizations displaying low-performance levels. As such, it is very important for organizational leaders and managers to ensure that their organization consistently displays high-performance levels (Katzenbach & Smith,2015). Business organizations in the United Arab Emirates have great potential, but this potential is not fully being exploited and as such, the performance levels of these organizations are not as good as they should be. As such, steps need to be taken by these organizations to enhance the performance levels and to be capable of achieving better success. Actually, it is also evident from the literature (Abdalla Alfaki & Ahmed,2013) that a very significant problem facing many organizations in the United Arab Emirates is that many of these organizations are slow to embrace innovation. Vishnevskiy et al. (2015) also highlights the corporate foresight, digital transformation and organisational learning as significant determinants of the innovativeness. There continue to be many organizations in this nation that do not attach significant importance to innovation. In many organizations within the United Arab Emirates, organizational leaders and managers seem to attach great importance to implementing strategies and initiatives that are meant to enhance the profitability of the organization. In this quest, many of them seem to overlook the role played by innovation in the organization. Organizational managers and leaders tend to ignore the importance of innovation in helping their business to achieve superior organizational performance levels (Boumgarden et al.,2012; Chandra, Wijaya, & Hayati, 2020). As a result, the levels of innovation within these organizations are low and this means that such organizations will perform badly. The presence of a well-designed innovation strategy or even an effective innovation policy within the organization can play a significant role in

helping the organization to display the kind of superior performance required to achieve organizational excellence (Ferrell & Hartline,2012; Kangovi, Mitra, Grande, Long, & Asch, 2020). However, this is not the case, and many organizations are unable to achieve superior performance levels due to low innovative capabilities.

Organizations within the United Arab Emirates have great potential to become top-performing organizations. The country attracts various multinational companies from all around the world to do business within its borders. More importantly, local companies play a central role in generating better economic performance of the country (Darling-Hammond et al.,2017). However, The SMEs of United Arab Emirates (UAE) is undergoing through the stage of the profound adjustment and the organizational performance has emerged as a biggest challenge (Albakeri,2014). Many authors with different theocratical models have tried to explore the factors which affect the organizational performance (Flink & Chen, 2021), however, still the organizational performance seems a puzzle whose parts does not seem to be fixed. The current study has broached an interesting unique argument by explaining the corporate foresights, learning, and innovativeness as an antecedent to the organizational performance of the firms operating in UAE. The consequences of low organizational performance can be very detrimental to an organization (Erkutlu & Chafra,2013; Neifar, Salhi, & Jarboui, 2020). Generally speaking, organizations that exhibit low-performance levels tend to have leaders or strategic decisions makers exhibit poor corporate foresight. This can be a significant problem for the organization because the poor corporate foresight effects the firm risk-taking ability, and innovativeness which ultimately affect its performance.

Finally, it is observed that although existing literature has widely examined the trends in the performance of various business firms including small and medium

enterprises (SMEs) in different economies. However, various literature gaps have been identified in this regard. For example, corporate foresight is to be considered as among the significant determinants in defining the success or failure of the firms, however, the association between CF and organizational performance is observed as a missing part both in theoretical and empirical perspective while taking into account the SME sector. This would indicate a very first literature gap as identified after exploring extensive studies both in developed and developing economies. Similarly, the impact of organizational learning on organizational performance is widely supported in a positive context in the earlier studies (Ali, Peters, Khan, Ali, & Saif, 2020). However, whether the role of organizational learning is effective for the SMEs in terms of higher performance in UAE is still a missing part in the existing body of literature. Same case is observed for the digital transformation whose role is also not highlighted in the literature of performance of SMES. Finally, Resource-Based View (RBV) states that higher organizational performance can be achieved through innovativeness. Additionally, the theoretical foundation for mediating role of innovativeness on the relationship between corporate foresight, digital transformation, organizational learning and firm performance in SMES is also observed as a missing part in the literature till date. Based on the above discussion, following research questions and objectives are defined under this study.

1.4 Research Question

Basing on the key issues discussed in the section 1.2. the study has raised the following research questions.

RQ1: Does Corporate Foresight Influence Innovativeness?

RQ2: Does Organizational Learning Influence Innovativeness?

RQ3: Does Innovativeness influence business Performance?

RQ4: Does innovativeness mediate in the relationship between corporate foresight and business performance.

RQ5: Does innovativeness mediate in the relationship between organizational learning and business performance.

RQ7: Does digital transformation moderate the relationship between corporate foresight and innovativeness?

RQ8: Does digital transformation moderate the relationship between organizational learning and innovativeness?

1.5 Research Objectives

In line with the research question raised the study has envisaged the following research objectives

RO1: To examine the relationship between corporate foresight and Innovativeness.

RO2: To examine the relationship between organizational learning and innovativeness.

RO3: To examine the relationship between innovativeness and business performance.

RO4: To examine the mediating role of innovativeness in the relationship between corporate foresight and business performance.

RO5: To examine the mediating role of innovativeness in the relationship between organizational learning and performance.

RO6: To examine the mediating role of innovativeness in the relationship between digital transformation and performance.

RO7: To examine the moderating role of digital transformation on the relationship between corporate foresight and innovativeness.

RO8: To examine the moderating role of digital transformation on the relationship between Organizational Learning and Innovativeness.

1.6 The Significance of The Research

This study pioneers the investigation on the phenomenon of organizational performance in the SMEs, specifically in the UAE. This study is expected to be beneficial in facilitating the organisational management specifically the strategic planning in managing corporate foresights, organizational learning, and innovativeness and the digital transformation as antecedent to the organizational performance of the firms operating in UAE. The theoretical, practical and practical significance is discussed below

1.6.1 Theoretical Significance

Theoretically the study provides more empirical studies on these strategic orientation variables in relation to performance. Previous studies have established the importance of these variables in influencing performance, especially within the business environment. However, none of the studies combined these important variables, as much of them focus on one or few in relation to performance. Prominence of this study at the core comes from the extension of literature pertaining to Resource-Based View of the Firm (RBV) Theory. Resource Based-View of the firm (RBV) provides a comprehensive explanation on the theory of competitive advantage and how firms can attain competitive advantage through its ability to utilize its resources and capabilities (Hunt, S & Davis,2012; Lin & Wu,2014; Collins, 2021). In line with the above discussion, several other researchers such as, Muger (2012), Hinterhuber (2013), and Collins (2021) revealed that the RBV suggests that a firm can maintain its competitive edge if it follows: (a) create sustainable economic growth; (b) utilizes its ability to recognize, grow, and deploy its resources in a meaningful way and (c)

distinguishes these from its competitors. In comparison to tangible resources, intangible resources such as knowledge, know-how, skills, perceptions, culture, reputation and network are immobile and heterogeneous in nature and all tangible and intangible resources have a strong impact on firm's performance.

By employing the resource-based theory, this study attempts to determine the effect of corporate foresights, organizational learning, and innovativeness and the digital transformation as antecedent to the organizational performance of the firms operating in UAE. Additionally, this study also examines the moderating effect of digital transformation in the relation between corporate foresights, organizational learning. The study is among the pioneering studies on the issues related to corporate foresights, organizational learning, and innovativeness, the digital transformation, and the organizational performance in UAE.

1.6.2 Methodological Significance

The study has contributed to the literature by examining the direct and indirect impact (moderation) between and among the variables namely corporate foresights, organizational learning, innovativeness, digital transformation and the organizational performance in UAE. Prior studies on these issues have used the multiple regression. However, this study utilizes a survey methodology i.e. questionnaire. It also employs the structural equation modelling i.e. the most advanced and robust technique for solving research problems in social science studies.

1.6.3 Practical Significance

The aim of carrying out this project would be to show the relationship between the independent variables and the dependent variable of the study. The outcome of this study would provide precise insights about the relationship between these variables and can be used to help answer important research questions. The study which is being

carried out on the employees working in the SMEs of the UAE. This study is expected to facilitate policymakers and scholars in determining the effect of corporate foresights, organizational learning, and innovativeness, digital transformation on the organizational performance among the employees in SMEs of UAE.

1.7 Scope of Study

The scope of study entails the parameter under which the study will be carried out. As such, this study seeks to find solutions to the problem being studied which fit certain parameters. Therefore, this study attempts to find the problem that arises among the originations in UAE. This study is being carried out with the intention of investigating the relationship between corporate foresight, organizational learning, digital transformation, innovativeness, and the performance of SMEs in the United Arab Emirates. The research is being carried out specifically in the United Arab Emirates and would focus on SMEs involved in the international operations and operating within this country. The first independent variable of this study is corporate foresight, and this would typically involve a number of related factors such as information use, method or technique sophistication, people and networks, and also culture. The second independent variable of this study is organizational learning, and these consist of subcategories such as experimental learning and also adaptive learning. The third independent variable of the study consists of innovativeness. The study has examined the moderating role of the digital transformation.

1.8 Definitions of Key Terms

1.8.1 Corporate Foresight Vs. Strategic Foresight

Corporate foresight is a discipline which seeks to develop an organizational understanding of possible future events affecting it, the factors contributing to those events and what steps the organization can take to best position itself (Rasheed &

Rasheed, 2014). On the other side, Strategic Foresight is known as futures studies, is discipline organizations use to gather and process information about their future operating environment. This information can include, for example, trends and developments in their political, economic, social, technological, and legal environments (Holland, 2021).

1.8.2 Organizational Learning

The organization-wide continuous process that enhances its collective ability to accept, make sense of, and respond to internal and external change (Kasemsap, 2018).

1.8.3 Organizational Performance

Measure of efficiency and effectiveness, with which administrators take advantage of resources to satisfy customers and achieve the goals of the organization (Arredondo, Realyvásquez, & Hernández-Escobedo, 2019).

1.8.4 Organizational Innovativeness

Innovativeness is capacity, competence and readiness of the organizations and their employees to develop virtue or introduce the novelties or inventions in business or other practice (Nedelko & Potocan, 2018).

1.8.5 Digital Transformation

Process in which human and corporate society is shifted to new ways of working and thinking with digital and social technologies (Janssens, 2021). It is believed that for the SMES, Digitalization reduces transaction costs by providing better and quicker access to information, and communication between staff, suppliers and networks. It can help SMEs integrate into global markets, through reductions in costs associated with transport and border operations (OECD, 2021).

1.8.6 Small and Medium Enterprise (SMEs)

First, lets define SMEs in UAE, a small enterprise in trading has a turnover of less than AED50 million and employs between 6 to 50 people. A small enterprise in

manufacturing has the same turnover threshold but a higher number of jobs—10 to 100—while a small services enterprise again has the lowest headcount—6 to 50 employees—and a lower turnover threshold of AED20 million. The medium-size sector in manufacturing has up to 250 jobs and has a turnover of up to AED250 million. A medium-sized trading enterprise has the same threshold levels, while in services a medium-sized enterprise employs between 51 to 200 people and generates turnover of up to AED200 million. Micro enterprises, the smallest category, capture all companies that have fewer employees than small enterprises or where the company owner is his own single employee.

SMEs account for 95% of the enterprise population in Dubai and are responsible for 43% of the total workforce and 40% of the total value added in the emirate. This is based on the official definition of SMEs unveiled by Dubai SME in 2009, which serves as a reliable metric to estimate and ascertain the size and state of the Dubai SME sector and compare it with other economies.

1.9 Summary of the Chapter

This chapter is dealing with the overview and background of the study while focusing on the study topic, industry, and variables of interest. It also covers the core issues in the SMEs of UAE while adding some latest facts and figures. Furthermore, problem statement is equipped with the gap in the literature, followed by research questions and research objectives. In addition, significance of the study is also added while considering the subtitles like theoretical, practical, and methodological perspectives. Lastly, study scope is provided to the horizon of this research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter covers the material regarding the theoretical background of the study variables based on the past and recent findings. More specifically, it covers the discussion over organizational performance, corporate foresight, innovativeness, organizational learning, and digital transformation as well. Besides, it covers the theoretical and empirical literature about the relationship between the study variables. Additionally, discussion over resource-based view of the firm is also provided whereas conceptual framework is also discussed and presented under this chapter.

2.2 Organizational performance (OP)

Organizational performance refers to an organization's assembly of prolific human, physical and capital resources aimed at achieving a shared objective (Shahzad et al.,2012). It also denotes the degree to which the organization is able to accomplish its objectives (Wolf,2014). Its efficiency and effectiveness in doing so is the measurement used in assessing such capability (Wilden et al.,2013). As so, 'organizational performance' can be used interchangeably with the term 'effectiveness'. Flink and Chen (2021) have also argued that organizational resources are playing their significant role in defining the performance outlook. However, organizational performance is measured through productivity, efficiency and effectiveness (Dastane, 2020; Gift & Obindah, 2020).

According to (Owolabi & Alu 2012), the definition and measurement of effectiveness entail a certain ratio made up of two entities, and that effectiveness denotes the extent of the organization's achievement in terms of profitability. The indicators for measuring organizational performance include profit growth rate, net

asset growth, sales return, shareholders return, market share expansion, new product increase, net asset return and others (Malgwi & Dahiru 2014; Bravo & Hernández, 2021; Farrukh, Meng, Sajid, & Shahzad, 2020). Meanwhile, the means for measuring organizational performance can be either financially, operationally or behaviorally. Firstly, financial performance is an indication of an organization's profitability and growth. Similar argument is shared by Muthuraman, Nairi, and Sarhan (2021) who claim that financial performance and factors like growth are interlinked with each other.

Secondly, operational performance which is denoted by the organization's level of productivity, efficiency, resource acquisition, and employee reaction can facilitate in measuring the organization's effectiveness (Neifar, Salhi, Jarboui, & Systems, 2020). Thirdly, behavioral or individual performance is denoted by traits like employee stress, work satisfaction, adaptability, development and open communication. Different studies indicated different internal measures when measuring organizational performance in terms of objective achievement and in determining the organization's health (Yang et al., 2014; Neifar, Salhi, & Jarboui, 2020). However, other studies focused on external measures when measuring organizational performance i.e. by investigating the organization's relationship with its environment. According to Schermerhorn, Yeh and Hong (2012), performance is indicated by both the quality and quantity of individual or group achievement. Meanwhile, Makkonen et al. (2014) highlighted organizational survivability as an indication of performance i.e. "the ability of the organization to utilize its environment by acquiring limited and beneficial resources in maintaining its operations".

Organizational performance can be measured by both financial and non-financial aspects. Financial aspects entail return on investment (ROI), profit, growth