

## **The Role of Network Ties in SME Internationalisation in the United Arab Emirates**

**Nataša Kobal**

University of Primorska, Faculty of Management Koper, Slovenia  
*natasak.msc@gmail.com*

**Maciej Czaplewski**

University of Szczecin, Institute of Spatial Management and Socio-Economic Geography, Poland  
*maciej.czaplewski@usz.edu.pl*

This study assesses the influence of business and institutional network ties in SME internationalisation strategies related to the United Arab Emirates (UAE) market. We focus on their effect on SMEs' host market entry mode (MEM) choice and firm performance in the host market, with the UAE considered as either home or host market. The main purpose of the study is to determine how SME decision-makers perceive the influence of network ties on their choice of MEM and firm performance.

Our analysis is based on qualitative methodology, using semi-structured personal interviews and secondary data analysis (SMEs' internal and external documents) on a sample of 20 SME managers operating in the UAE. Within our content analysis, we have employed coding for interviews transcripts analysis and comparative analysis to compare the results of the documents' content analysis with the results of the interviews' content analysis.

Our research results indicate that in some cases network ties represent antecedents and determinants of SME decision-makers MEM choice, primarily by increasing their confidence in entering the foreign market. In case of business network ties, these might lead to partnership entry modes. Furthermore, our results indicate that relationships with key customers are very important for firm performance in the host market, particularly in Arab countries.

Our results support Ruzzier, Hisrich and Antončič (2006) arguments that the network can be the starting point of a firm's internationalisation process, as well as Yoshino and Rangan (1995) conclusion that network ties represent one of the factors for an SME's success in entering foreign markets. Our results also indicate that the network of a firm helps overcoming foreign institutional environment barriers (Hilmersson 2009), overcome the Liability of Foreignness (Yiu, Lau and Bruton 2007), as well as overcome distance barriers (Ojala 2015).

*Keywords:* business network ties, institutional network ties, network theory, market entry mode, firm performance

### *References:*

- Hilmersson, Mikael. 2009. Perceived institutional distance and performance in the internationalization process. Paper presented at the 11th Annual SNEE European Integration conference, Mölle, 29. 5. 2009.
- Ojala, Arto. 2015. Geographic, cultural, and psychic distance to foreign markets in the context of small and new ventures. *International Business Review* 24 (5): 825–835.
- Ruzzier, Mitja, Robert D. Hisrich and Boštjan Antončič. 2006. SME internationalization research: past, present and future. *Journal of Small Business and Enterprise Development* 13 (4): 476–497.

- Yiu, Daphne W., ChungMing Lau and Garry D. Bruton. 2007. International venturing by emerging economy firms: the effects of firm capabilities, home country networks, and corporate entrepreneurship. *Journal of International Business Studies* 38 (4): 519–540.
- Yoshino, Michael Y. and Srinivasa U. Rangan. 1995. Strategic Alliances: An Entrepreneurial Approach to Globalization. *Journal of International Business Studies* 26 (2): 436–439.