

## **The Role of Marketing in SME Performance in Foreign Markets: Are We Forgetting the Role of Sales?**

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*Abstract.* This study assesses the impact of international marketing capabilities and network ties on SMEs' performance in foreign markets, where focus is given to the United Arab Emirates (UAE) market, considered as either the home or the host market. The main purpose of the study is to determine how SME decision-makers perceive the impact of international marketing capabilities, sales activities and network ties on their firm performance in foreign markets.

Our research is based on qualitative methodology, using semi-structured personal interviews on a sample of 20 SME decision-makers. Within our analysis, we employ content analysis as the main analysis method with the use of coding.

Our research results indicate that according to SME decision-makers, people are the key contributors to their performance in foreign markets, followed by other antecedents and determinants of firm performance. Our results regarding an actual impact of international marketing capabilities on firm performance are inconclusive. However, research results also indicate that business network ties impact firm performance in different ways, by generating sales leads, leading to repeat business, increasing sales and profits, supporting performance or sales, or even reducing firm performance. These results support authors' arguments that business networks represent a significant success factor for companies entering foreign markets (Yoshino and Rangan, 1995), where relationships and connections represent the network's basic elements (Tang and Liu, 2011).

Drawing from these results, we argue that network ties and sales activities in particular have a significant impact on SMEs' performance in foreign markets, while international marketing capabilities' impact on firm performance is less significant.

*Keywords:* SME internationalisation, firm performance, marketing, business network ties.

### **Declarations**

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### **1 Introduction**

Firm internationalisation is a bedrock research area within the discipline of international business (Laanti, Gabrielsson and Gabrielsson 2007). Yet, the primary focus remains on multinational enterprises (MNEs) from developed countries. It is only in the last two decades, that internationalisation of small and medium-sized enterprises (SMEs) has started to draw attention (Chiao, Yang and Yu, 2006). Furthermore, emerging economies have also gained interest in international business research in recent years, even though researchers focus particularly on major economies, such as China, India, Brazil and

Russia (Verbeke, 2013). On these bases, our research is focused on SMEs' internationalisation strategies in the United Arab Emirates (UAE), considered as either the home or host country of the internationalising company.

In this context, we focus on three specific aspects: SME's *international marketing capabilities* and *network ties*, and their impact on *firm performance* in foreign markets. In recent years, the role of marketing has gradually increased in relation to firm performance in foreign markets. At the same time, companies have been increasing their international marketing activities, recognising the importance of developing strong international marketing strategies that may represent long-term competitive advantages (Moretti and Biloslavo, 2011), indirectly affecting the firm's financial performance Hooley et al. (2005). However, due to the specific characteristics of SMEs, their marketing activities are usually carried out through personal contact networks. Therefore, the SME's decision-maker's network ties represent a critical success factor (Gilmore, Carson and Grant, 2001) for their international operations' success.

On this basis, we have defined three research questions (RQs):

*RQ 1: Which are the key antecedents and determinants of firm performance in foreign markets according to SME decision-makers?*

*RQ 2: How do SME decision-makers perceive the impact of international marketing capabilities on firm performance in foreign markets?*

*RQ 3: How do SME decision-makers perceive the impact of their network ties on firm performance in foreign markets?*

Our research is explanatory in nature (Ritchie and Lewis, 2003) and we use qualitative methodology, where we employ a multiple case study with the use of semi-structured interviews.

Our research results indicate that the *key contributors to SMEs' performance* in foreign markets include primarily people, but also the quality of products and services, the market entry mode used to enter the foreign market, their competitive advantages, and their relationships with key customers. Our results regarding an actual impact of international marketing capabilities on firm performance are inconclusive, however, they indicate that business network ties impact firm performance. Based on these results, we argue that *network ties* and *sales activities* in particular, weather carried out by the local sales team, manager or business partner, have a significant impact on SMEs' performance in foreign markets, while *international marketing capabilities'* impact on firm performance is less significant.

Finally, we also discuss managerial implications of our findings, highlight research limitations, and provide recommendations for future research in the field.

## **2 SMEs' Internationalisation**

Every company expanding into foreign markets faces various opportunities and challenges in those markets (Morrison, 2009). Even though SMEs have limited resources compared to MNEs, they face the same or similar problems resulting from internationalisation and managing their operations in foreign markets (Ruzzier, Antončič and Konečnik, 2006). In addition to the usual challenges related to international business, the Covid-19 pandemic impacted both work practices and a jump in technologies' use and innovation; businesses were forced to implement remote working, or the so called *working from home*, while increasing technology adoption behaviours. This includes particularly the businesses' digital infrastructure transformation, including a significant increase in the use of digital money and cashless payment systems, contactless technologies, and cloud applications (George, Lakhani and Puranam, 2020), among other, primarily digital technologies.

When it comes to decision-making, this process in SMEs differs from processes in MNEs due to the unique characteristics related to their size, owners and managers (Gilmore, Carson and Grant, 2001; Knight and Kim, 2009). Moreover, in SMEs, knowledge, motivation, attitudes, and other characteristics of owners and managers play a key role in the SME's internationalisation decision and strategy (Chetty and Campbell-Hunt, 2003). Some of these characteristics also impact their level of resource commitment, risk and control, which also impact their internationalisation strategies (Laufs and

Schwens, 2014). Furthermore, with limited resources, competences play a crucial role in internationalising SMEs, enabling them to develop effective international business strategies (Knight and Kim, 2009) and succeed in foreign markets (Knight and Cavusgil, 2004; Knight and Kim, 2009). Another important aspect distinguishing SMEs from MNEs is the way they usually conduct their local and international *marketing activities*—through personal *contact networks*. As such, the owner or manager's network represent one of their key sources of competitive advantage and firm performance (Gilmore, Carson and Grant, 2001). These networks usually include business networks (Donckels and Lambrecht, 1997), marketing networks (Piercy and Cravens, 1995), industry networks (Gilmore, Carson and Grant, 2001), social networks (Starr and MacMillan, 1990), and personal contact networks (Knoke and Kuklinski, 1982).

Knight and Kim (2009) argue that a company's international marketing skills, international innovativeness and international market orientation—what they call *international orientation*, represents the most important aspect of SMEs in their international business endeavours. In recent literature of international business research is also increasingly present the use of *network theory*, where the network is considered the base for the analysis of a company's internationalisation (Ruzzier, Hisrich and Antončič, 2006). Moreover, the network also represents an important success factor for internationalising companies (Yoshino and Rangan, 1995) and their ability to overcome *foreign institutional environment's barriers* (Hilmersson, 2009) and the *liability of foreignness* (Yiu, Lau and Bruton, 2007).

### **2.1 Internationalisation in Emerging Markets**

Emerging markets are attractive for businesses as they offer potential cost and innovation advantages, and represent new output markets (Verbeke, 2013), but in the last decade, companies from emerging economies have also become increasingly active in international expansion (Li, Yi and Cui, 2017). Recent literature regarding international business in emerging markets is primarily focused on China, India, Brazil, and Russia, among other major economies present in Asia and South America, while countries in the Middle East, even though being emerging economies, are usually not the focus of these studies (Rogmans, 2012). Furthermore, limited international business literature is focused on the internationalisation of SMEs from emerging markets, as most research is focused on SME internationalisation in western developed economies (Senik et al., 2014).

*The Middle East* is a large emerging market, characterised by rapid growth, a strategic location between Europe, Africa, and Asia, as well as major oil and gas reserves (Rogmans, 2012). Although various market entry modes are available to foreign companies, some countries in this region have significant *restrictions* regarding full foreign ownership (Rogmans, 2012), among other restrictions that may impact the choice or available options of market entry mode. Furthermore, businesses entering these markets and attempting to develop business relationships, suffer from the *liability of foreignness* (Hilmersson, 2009) and need to consider the impact and characteristics of *local business networks* (Hitt, Lee and Yucel, 2002) specific for this region.

### **2.2 Firm Performance in Foreign Markets**

Firm performance is commonly used as the final dependent variable in business studies and is also one of the most relevant constructs in management (Santos and Brito, 2012). A variety of indicators of firm performance is present in empirical studies conducted over the past few decades, where authors predominantly use *financial performance* with accounting measures of profitability (Santos and Brito, 2012).

Apart from financial performance indicators (e.g. Glick, Washburn and Miller, 2005; Geringer, Tallman and Olsen, 2000; Santos and Brito, 2012), such as profitability, growth, and market value, some of the more recently developed indicators of firm performance are focused on *non-financial strategic performance* (e.g. Burney, Henle and Widener, 2009; De Waal, 2013; Kaplan and Norton, 1992; Robins,

Tallman and Fladmoe-Lindquist, 2002; Marr, 2006; Zou, Taylor and Osland, 1998), customer satisfaction (e.g. Luo and Bhattacharya, 2006; Santos and Brito, 2012), management satisfaction (e.g. Cadogan, Diamantopoulos and Siguaw, 2002; Katsikeas, Leonidou and Morgan, 2000; Zou, Taylor and Osland, 1998), export performance (e.g. Chiao, Yang and Yu 2006; Katsikeas, Leonidou and Morgan, 2000; Leonidou, Katsikeas and Samiee, 2002; Zou, Taylor and Osland, 1998), as well as employee satisfaction, social performance, and environmental performance (Santos and Brito, 2012).

This wide range of available indicators of firm performance can be used by SMEs to assess their performance in foreign markets. However, when competing in international markets, SMEs require new approaches toward strategic performance management, by developing measures for core competencies, customer value proposition, and the underlying resources (Marr, 2006).

Considering all reviewed firm performance measures, in our research we focus primarily on financial performance, strategic performance, management satisfaction, and customer satisfaction measures. However, performance levels shared by SME decision-makers participating in our research represent the key performance measures considered in the empirical research analysis.

### **3 International Marketing**

In recent years, companies have been increasing their engagement in *international marketing activities*. With an increase in markets' globalisation (Leonidou et al., 2018), the competition present in international markets has intensified, while technology has developed with an incredible speed (Hollensen, 2017). Therefore, it is very important for companies to develop strong international marketing strategies that represent long-term competitive advantages (Moretti and Biloslavo, 2011) considering the results shown by export performance measures (Katsikeas, Leonidou and Morgan, 2000).

Internationalising companies need to choose between a *global marketing strategy* for a standardised product, or a regional one adapted to the conditions of each specific foreign market (Cavusgil and Zou, 1994; Morrison, 2009). In this regard, Morrison (2009) argues that a company's global marketing strategy may benefit from an integration of the global perspective with strategic adaptations for local markets.

Leonidou, Katsikeas and Samiee (2002) argue that the implementation of a well-designed international marketing strategy may influence firm performance in foreign markets. In this context therefore, superior marketing capabilities play a significant role, providing the basis for the way the company performs its cross-border activities (Cavusgil and Zou, 1994; Knight and Kim, 2009), enabling managers to create successful marketing strategies and adapt them to foreign business environments (Knight and Kim, 2009).

Other studies about the contribution of marketing capabilities to firm performance conceptualise marketing capabilities as mid-level marketing processes and include the marketing mix elements, as well as market research and market management (Vorhies, 1998; Vorhies and Morgan, 2005). However, they do not include higher-level capabilities, such as innovation, brand management, and customer relationship management (Merrilees, Rundle-Thiele and Lye, 2011).

### **4 Network Perspective on Internationalisation**

In recent years, studies about companies' internationalisation processes and performance have been conducted using a company's *network* as a starting point. On this basis, companies can be seen as actors, embedded within business networks (McAuley, 1999; Ruzzier, Hisrich and Antončič, 2006), where each company shapes the context of other companies present within the same network, while at the same time being shaped by the network (Rašković and Makovec Brenčič, 2010).

*Network-based theories* used in international business studies include two main streams (Hosseini and Dadfar, 2012): The first considers the business network as a variable that may influence in some way the company's internationalisation process (Coviello and Munro, 1995; Kontinen and Ojala, 2011; Zain

and Ng, 2006), while the second one uses the network perspective as its framework theory (Elo, 2005). Based on this framework, the network theories can be categorised as *networking theories*, which include IMP Interaction Model, ARA-Model, Network Embeddedness Model, Social Network Analysis, Relationship Approach, and Network Mapping Technique, and *internationalisation theories*, which include Revised Uppsala Model and Network-based Internationalisation Approach (Hosseini and Dadfar, 2012).

A specific aspect of SMEs is that their *marketing activities* are usually carried out through *personal contact networks* in both local and international operations; therefore, the SME's decision-maker's network ties represent a critical success factor (Gilmore, Carson and Grant, 2001) for their international operations' performance. These networks usually include business networks (Donckels and Lambrecht, 1997), marketing networks (Piercy and Cravens, 1995), industry networks (Gilmore, Carson and Grant, 2001), social networks (Starr and MacMillan, 1990), and personal contact networks (Knoke and Kuklinski, 1982), which are built through the decision-maker's interactions and activities.

#### **4.1 Business and Institutional Network Ties**

In today's globalised market, *business network ties* represent a critical success factor for companies entering foreign markets (Yoshino and Rangan, 1995), where connections and relationships represent the network's basic elements (Tang and Liu, 2011).

Johanson and Vahlne (2009) also argue that business network ties enable companies to identify and exploit opportunities in foreign markets. As a result, companies pursue internationalisation within their network, as their internationalisation decisions actually depend on their networks and relationships (Johanson and Vahlne, 2009).

In addition to business network ties, internationalising SMEs are also embedded within *institutional networks* and need to consider them as resources upon which they depend in order to operate in foreign markets. This is particularly important in *emerging economies*, as they are usually restrained by their institutional environment (Yiu, Lau and Bruton, 2007). Therefore, according to Dunning (2006), the institutional environment in emerging economies should also be considered within the internationalisation analysis.

#### **4.2 Network Ties in Emerging Economies**

To better understand SMEs' internationalisation activities in emerging economies, it is important to consider their *institutional environment*, as they usually lack a stable political structure and an adequate legal framework. This kind of underdeveloped markets result in challenges for the creation of competitive advantages, which are necessary for a successful company's internationalisation (Yiu, Lau and Bruton, 2007).

According to the institutional economics perspective, networks play a significant role in emerging economies, as they substitute undeveloped external markets for product development, financial capital, as well as entrepreneurial and management know-how (Khanna and Palepu, 1997; Yiu, Lau and Bruton, 2007). In this context, Yiu, Lau and Bruton (2007) argue that business networks and institutional networks can work as substitutes for such underdeveloped markets.

Although the potential impact of business networks in emerging economies is well recognised (Hitt, Lee and Yucel, 2002), Wright, Filatotchev, Hoskisson and Peng (2005) emphasise the importance of the role of social capital and networks in the development of internationalisation strategies of companies from emerging economies. *Home country business networks*, in particular, provide significant advantages for companies internationalising from emerging economies, as they facilitate their international ventures (Dunning, 1995; Yiu, Lau and Bruton, 2007).



## 5 Impact of Marketing on SMEs' Performance in Foreign Markets: An Empirical Analysis

### 5.1 Methodology

The *population* of our research is represented by SMEs with headquarters in the UAE that entered foreign markets, and SMEs with headquarters in other countries that entered the UAE and other foreign markets. As such, our *purposive sample* is a typical instance sample, as we include companies that are typical for the phenomenon we examine. On this basis, we have defined the *sampling frame* based on the following criteria: (1) only SMEs with their headquarters employing between 10 and 250 employees; (2) sample including 40-60% of SMEs from the service industry and 40-60% of SMEs from the manufacturing industry; (3) SMEs with headquarters in UAE, which entered at least 2 foreign markets, and SMEs with headquarters in another country, which entered the UAE and at least one other foreign market; (4) SMEs that entered these foreign markets between 2007 and 2015.

We have prepared the list of potential companies matching above criteria based on online research through the following channels: exhibitors' lists present on various UAE exhibition portals, review of potential suitable connections on LinkedIn, employed in or owning an SME, and review of the SMEs listed on Dubai SME100 web site, which includes top 100 ranking SMEs registered in Dubai. Based on a list of 100 potential SMEs, the final sample of 20 SMEs included: (1) 12 SMEs with headquarters in the UAE and eight SMEs with headquarters in another country; (2) 10 SMEs from the service and 10 SMEs from the manufacturing industry; (3) 14 small companies (employing 10 to 50 persons) and six medium-sized companies (employing 51 to 250 persons). The 20 SMEs operate in 11 different industries. Based on the characteristics mentioned above, this sample provides us with an excellent opportunity to empirically research and analyse in details the phenomenon we examine in order to answer our research questions.

For data collection we used individual, in-depth, semi-structured *interviews*. We have conducted single interviews with SME decision-makers that were strongly involved in the SME's market entry strategy preparation and/or execution. 12 interviews were conducted face-to-face and eight through video conference using Skype. All interviews took place between September and December 2017 and lasted on average 60 minutes.

The main *independent variables* considered in the research include *international marketing capabilities* and *network ties*. The main *dependent variable* is *firm performance* in the SMEs' foreign markets. In this context, we consider international marketing capabilities and network ties as antecedents and determinants of firm performance in foreign markets. However, in the research and analysis we do consider also other antecedents and determinants perceived and shared by SME decision-makers during the interviews.

To investigate the effect of international marketing capabilities and network ties on firm performance in foreign markets, we employed *content analysis* as the key method in the analysis of the data gathered through interviews and used *coding*. The first step in the coding process included *open coding*, which we employed to generate the data analysis plan of the major concepts and propositions to be developed. Subsequently, we employed *focused coding* to refine these concepts through themes definition, codes development and categorisation, concluding with data sorting and final data analysis. Within focused coding, we used *axial coding* to reassemble data, which were fractured during open coding, to sort data and specify relationships to delineate the core categories and constructs. In the final coding stage, we employed *selective coding* for the identified core categories of the framework in order to evaluate linkages between various codes, and identify antecedents, determinants and consequences of the studied phenomena. Based on the analysis results with the use of various coding methods, we were able to answer our research questions.

## 5.2 Results

Based on responses received from the 20 SME decision-makers that participated in the interviews, the *key contributors* to their *firm performance* in foreign markets are *people*. In most cases, they referred to the manager (six SMEs) or business partner (six SMEs) based in the host market, but also to their employees in general (three SMEs), and their industry and market knowledge and experience (four SMEs), as well as their business connections with key clients (four SMEs) and the importance of maintaining relationships with them (six SMEs). Furthermore, in their opinion, *maintaining strong relationships* on a regular basis results in most cases in repeat business and increased sales and profits (for six SMEs).

Another important determinant of sales performance perceived by SME decision-makers is represented by the *quality* of products or services (six SMEs), which in their opinion results in increased customer satisfaction (five SMEs), as well as increased sales (four SMEs) and repeat business (three SMEs).

In most cases (16 SMEs), SME decision-makers are of the opinion that the *market entry mode* used to enter a foreign market has a positive impact on firm performance, either by helping increase sales and profits (10 SMEs), generating sales leads (one SME), or increasing performance in general (five SMEs). Respondents also perceive *competitive advantages*' impact on firm performance, either by generating sales leads (six SMEs), having repeat business (nine SMEs), increased sales and profits (eight SMEs), increased performance in general (10 SMEs), increased customer satisfaction (six SMEs), and building customer trust (four SMEs). When considering *firm capabilities*, in most cases, companies performing very well in the host market have strong international marketing capabilities, international innovativeness, and international/export entrepreneurship levels.

*Relationships with key customers* are also very important for firm performance in the host market, particularly in Arab countries, and our research results regarding *business network ties* show a significant impact on firm performance in the host market. In fact, six out of 20 SME decision-makers stated their business partner or partners in the host market as one of their key performance contributors, while four decision-makers highlighted that their connections with key clients are also one of their key contributors of their SME performance. These business network ties impact firm performance in different ways: by generating sales leads (four SMEs); leading to repeat business (two SMEs); increasing sales/profits (three SMEs); supporting performance or sales (two SMEs); and in one case reducing firm performance.

These results provide an answer to RQ 1 about the *key antecedents and determinants of firm performance* in foreign markets according to SME decision-makers. In this context, our research results indicate that *people* (managers, other employees, and business partners), industry, and market knowledge and experience, network ties, nurturing relationships with key clients, and a higher quality of products and services, market entry modes, and competitive advantages are the key antecedents and determinants of firm performance in foreign markets according to SME decision-makers.

With reference to *international marketing capabilities*, in most cases, companies performing very well in the host market have strong international marketing capabilities. However, our research results concerning the impact of international marketing capabilities on firm performance are inconclusive. Thus, we are not able to answer RQ 2, as international marketing capabilities have not been specifically stated as having a direct or indirect impact on firm performance in foreign markets.

On the other hand, based on decision-makers' perceptions regarding network ties impact on firm performance, business partners represent one of their key performance contributors. This provides an answer to our RQ 3, where respondents perceive business network ties impact on firm performance by generating sales leads, leading to repeat business, increasing sales and profits, supporting performance or sales, and in one case reducing firm performance.

## 6. Discussion and Conclusions

### 6.1 Summary of Key Findings

Our research results indicate that the key contributors to SMEs' performance in foreign markets include *people* (managers, business partners, employees and their knowledge, experience and connections with key clients), the *quality* of products and services, the *market entry mode* used to enter the foreign market, their *competitive advantages*, as well as their *relationships* with key customers.

Results also indicate that export entry modes without any presence in the local market (local manager or partner) result in lower costs, positively affecting profitability, but usually resulting in lower sales volumes. The opposite is the case where there is a local presence, whereby SMEs supported by a local manager or partner, or establishing a local office in the foreign market, tend to achieve higher levels of sales and performance. Based on these results, we can conclude that a *local presence* helps overcome certain challenges in the local market, such as legitimacy (Laufs and Schwens, 2014; Yiu and Makino, 2002) and the liability of foreignness (Buckley and Casson, 1976; Chiao, Yang and Yu, 2006; Hilmersson, 2009; Rhee, 2008; Yiu, Lau and Bruton, 2007) and tends to lead to higher levels of firm performance. However, in some cases, even a local business presence and quality products might result in low performance if the *sales team* is not strong enough, if the *demand* for the products or services provided is much lower than anticipated, or if the *local partner* has different interests than those of the internationalising SME. Within the Middle East, and the UAE in particular, local presence is very important to establish and maintain relationships with key customers, which leads to higher levels of performance.

Drawing from empirical evidence, stronger *firm-specific advantages* tend to lead to higher levels of performance, particularly in the case of exclusive distribution rights, unique products or services, operating in a niche market, or providing higher quality products and services. These results support other authors' arguments concerning specific types of competitive advantage leading to increased performance in SME foreign operations (Buckley and Ghauri, 1993; Knight and Kim, 2009; Siripaisalpipat and Hoshino, 2000).

Our results regarding an actual impact of international marketing capabilities on firm performance are inconclusive. Based on our research analysis, this might be related to the specific aspect of SMEs, where their *marketing activities* are usually carried out through *personal contact networks*, and therefore, owner or manager networks impact firm performance (Gilmore, Carson and Grant, 2001) in foreign markets. In support of this argument, our research results show that *network ties* have a positive impact on SME performance in foreign markets, while results concerning the impact of international marketing capabilities on firm performance remain inconclusive. Therefore, our results do not support Cavusgil and Zou's (1994) arguments that firms can improve their foreign subsidiaries' performance by implementing appropriate marketing strategies.

Our research results also indicate that *business network ties* impact firm performance in different ways, by generating sales leads, leading to repeat business, increasing sales and profits, supporting performance or sales, or even reducing firm performance. These results support authors' arguments that business networks represent a significant success factor for companies entering foreign markets (Yoshino and Rangan, 1995), where relationships and connections represent the network's basic elements (Tang and Liu, 2011).

Based on these results, we argue that *network ties and sales activities* in particular, whether carried out by the local sales team, manager or business partner, have a *significant impact on SMEs' performance* in foreign markets, while international marketing capabilities' impact on firm performance is less significant.



## 6.2 Managerial Implications

When an SME decides to enter a foreign market, a *local presence* with a strong and capable *sales team* is very important for firm performance. This is especially important for SMEs entering the UAE and the rest of the Middle East, as it enables them to establish and maintain *relationships* with key customers, leading to higher performance levels.

Similar to other studies, our research results indicate that *competitive advantages* tend to lead to higher performance levels (Siripaisalpipat and Hoshino, 2000), particularly in the case of exclusive distribution rights, operating in a niche market, providing unique products or services, (Buckley and Ghauri, 1993; Pleitner, Brunner and Haberssat, 1998; Ruzzier and Konečnik Ruzzier, 2006), having specific know-how, skills and management competences (Knight and Kim, 2009), as well as higher quality of products and services.

To compensate for disadvantages and overcome the liability of foreignness, limited financial and human resources, and limited experience in the foreign market, SME decision-makers should try to develop strong *competitive advantages* and utilise them to penetrate *niche markets*, taking advantage of specific gaps in the host market in order to increase the firm's performance. However, in cases where the internationalising SME is not able to serve a niche market, an influential and well-connected *local partner or manager*, or a business development management team that is well experienced and connected in the market, will also lead to higher levels of performance (primarily in terms of sales volumes), particularly in the UAE and other Arab countries. These territories are defined by the Arab culture, which requires continuous nurturing of business relationships. As such, the *network ties* of partners or managers represent a significant competitive advantage for the SME even when not serving a niche market or not providing unique products or services.

## 6.3 Limitations

The first two limitations of our research are related to the *studied population and sample*, as we considered only foreign SMEs that entered the Emirati market and UAE-based SMEs that entered other foreign markets. However, this focus on the UAE as an SME's home or host market combines two key advantages; first, it enables a deeper understanding of the particularities and characteristics of the Emirati market for company internationalisation strategies; and second, it provides a scientific contribution to SME internationalisation theory.

The third limitation is based on the *selection of variables* included in the study, which include: international marketing capabilities, network ties and firm performance in the host market. Although the limitation in variables results in missing other factors that might impact or moderate firm performance in the host market, these variables represent the *focus* of the research in trying to understand the impact of sales and network ties compared to marketing activities on firm performance. As such, the use of these limited variables results in a theoretical and practical contribution of the research in the sales and marketing domains of international business.

A final limitation of the empirical research is related to the *limited number of participants* in the study, in which our results are based on responses received during interviews with *20 SME decision-makers*. Even though these 20 interviews probably did not cover all the potential aspects influencing or moderating firm performance in foreign markets, they did provide a wide range of in-depth information related to the studied variables in achieving theoretical saturation. This resulted in strong and reliable data required for the development of all concepts of the construct.

## 6.4 Recommendations for Future Research

We encourage future research to investigate *SME internationalisation strategies* and firm performance focusing on other *smaller emerging markets* in the Middle East, Asia, Africa and South America. These studies would probably enable a comparison with the results presented in this paper. Based on studied

research articles and our empirical research results, we would like to forewarn researchers in international business studies to be careful when choosing only a few independent variables and trying to understand the determinants of firm performance, as they may lead to inconsistent results. Instead, we suggest the use of *all potentially significant variables* influencing firm performance in foreign markets, in order to achieve more reliable data for the development of new theories.

Finally, we would like to point out that SME decision-makers and other company stakeholders can be a valuable source of information, which can help researchers develop new theories, particularly in SMEs' internationalisation processes. However, participants will only be able to provide information they are asked about. As such, we encourage researchers to always *ask* participants for their opinions and perceptions regarding the studied phenomena *from a wider point of view*, whereby other potential motives, antecedents, determinants, and moderators may emerge, which might not just focus on previously defined variables.

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