

# Relationship between Entrepreneurial Orientation, Innovation Practicess, Manager Motivationvand Small, and Medium Enterprises (SMEs): A Proposed Framework

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## Abstract

Entrepreneurial orientation is one of the most widely accepted firm-level constructs in the literature. The present study provides a comprehensive qualitative review and evaluation of the empirical entrepreneurial orientation, innovation practices, manager motivation and small, and medium enterprises (SMEs) literature. It finds that entrepreneurial orientation research has made considerable strides in recent years and is accelerating and broadening, although notable biases and inconsistencies in variable choice and model specification remain. Furthermore, current research findings contribute to extending existing relevant knowledge about the effect of entrepreneurial orientation and innovation towards SMEs performance through manager motivation in UAE and understanding the relationship between these variables to be of significant guidance to managing entrepreneurship in emerging economies. The current research contributes to the present literature since very limited studies investigated the entrepreneurial orientation and innovation on SMEs performance. Moreover, previous studies did not sufficiently analyze the effects of entrepreneurial orientation on SMEs performance with the contribution of manager motivation. thus helping to close the research gap related to these relationships from an emerging-economy perspective.

**Keywords:** Entrepreneurial Orientation, Innovation Practices, Manager Motivation, Performance, Proposed Framework.

## Introduction

In today's business environment, as it is valid with high job losses due to layoffs and retrenchments to create a lean organization, it is also noteworthy for organizations to stop losses of performing employees due to a lack of motivation to continue with the organization for long (Chandrakant, 2017). Existing SME support programs are diverse, often innovative,

and very fragmented; they have not seen a systematic evaluation of their results (Owalla et al., 2022). In the same context, Atshan et al. (2024) explores women entrepreneurs' entrepreneurial motivations in the UAE. She found that Emirati women's entrepreneurial motivations unfold in a complex interplay between pull and push motivational factors within the business environment of the UAE. For women-owned SMEs, low digital, business, and financial literacy are major challenges since women tend to have lower education levels than men in some emerging markets. Also, as noted earlier, women tend to have lower access to resources due to social and cultural sanctions. Moreover, low digital literacy for women corresponds with lower access to or control of technology, including mobile phones and the Internet (Long et al., 2023).

The formation of women's private business in modern UAE is slow, encountering many social, economic and legal barriers. As a subject of entrepreneurial activity, a woman faces a particular class of social problems: conflicts of roles performed in public and private life, mass consciousness, deformation towards the patriarchy (Sandybayev, 2018). Entrepreneurship is another crucial issue that correlates with innovation and motivation. An Emirati study by Minhas, (2018) pays particular attention to the link between entrepreneurship and business performance in the UAE and is particularly relevant to SMEs. This study provides a problematic picture of SMEs' innovation and managed by women and analyzed UAE entrepreneurs' attitude towards innovation. Chelliah et al. (2022) referred to the above issues associated with innovation and entrepreneurship by seeking to fostered innovation in SME but should be involved with certain variables such as entrepreneurial orientation and mediated by external variables based on diffusion of innovation. These variables are powerfully influential to SMEs' innovation performance (Chelliah et al., 2022).

It is important to note that the consequences of innovation may not all be positive. This needs to be borne in mind by those promoting, in this case, the adoption of innovation by SMEs, which should be regularly distributed as per the diffusion of innovation theory. But to what extent are SMEs capable of adopting innovation in their business model? This question needs to be answered empirically. The literature did not show empirical evidence on the effectiveness of the combined theories for innovation adoption and entrepreneurship in the SME context. SMEs commonly compete based on price and quality; however, such an approach might not be sufficient to gain competitive advantages, sustainability, and superior performance in today's competitive global business environment (Minhas, 2018). However, the question arises: to what extent does the diffusion of innovation and entrepreneurship foster SMEs' capacity to attend to the perceived attributes of innovation? Whereas past studies mostly used simple linear models, leading to a gap in the study on the interrelationship among personal characteristics and their systematic influence on entrepreneurial intention (Hongyi, 2021).

So far, there have been limited studies on the challenges facing SMEs and women in the UAE. The literature reveals the significant role of innovation diffusion in the SME context, but does that apply to SMEs? This question requires a full answer: to what extent should entrepreneurship foster innovation in women SMEs? This claim requires further investigation and validation. Moreover, despite many studies covering the topic of entrepreneurship and innovation performance, it is still unclear what the role of entrepreneurial practices is in this relationship. Does entrepreneurial practice and motivation influence the relationship

between entrepreneurial orientation and innovation performance in the SME context? No supporting evidence was published related to this gap; thus, this gap's problem statement lies in answering the research questions associated with this gap.

### **Theoretical Literature and Hypothesis Development**

Small- and medium-sized enterprises (SMEs) in UAE, which play a vital role in every country's economy, are an increasingly pervasive and influential force in the business environment (Zarrouk et al., 2020). Globally, they are considered the main engine of job growth, accounted for 45% of the jobs, controls about 80% of the formal sector, and contributed 33% of the GDP on average (OECD, 2017). For the UAE, it represents 94% of the total number of companies and accounts for 86% of jobs in the private sector. The UAE environment poses specific challenges to SMEs' development and growth. This indeed is associated with institutional voids characteristic of emerging economies and business model restrictions posed by the Arabian Gulf Cooperation Council (GCC) (Gupta & Mirchandani, 2018). Although SMEs have had an increasing importance to the economy and individual entrepreneurs, SMEs struggle to access finance. There are indeed differences between the UAE and the GCC environment regarding policy interventions and businesses' ownership structures.

#### *Entrepreneurship Orientation in SMEs*

Entrepreneurship orientation is the core of resource-based theory (Conner, 1991). This theory assumes that the resources necessary to compete on the market are ultimately dependent on entrepreneurship orientation. Entrepreneurial organizations are autonomic, often aggressive towards competition, active, innovative and ready to take risks. There is constantly a lively debate on the dimensionality of entrepreneurship orientation. In relation to the three most frequently cited dimensions of entrepreneurship orientation (proactiveness, risk taking and innovativeness) (Paulus and Hermanto, 2022). Rautch et al. (2009) have also proposed two additional dimensions critical to the entrepreneurship orientation concept: competitive aggressiveness and autonomy. Women's entrepreneurship has a unique structure of motivations for doing business that differs from men's motivations. This gender difference allows us to consider women's entrepreneurship as a special type of entrepreneurial activity. The motives for pursuing entrepreneurship received organized attention, with various authors referring to gender inequality as a push factor for female entrepreneurship in developed and developing economies (Papadopoulou, 2022). It added that the increase in the entrepreneurial support package's value was 63 per cent over 2017. It also revealed that the number of entrepreneurs participating in Dubai SME training and development programs reached 5,767 in 2022, a 163 per cent increase (Papadopoulou, 2022).

Table 1 summarizes the key dimensions of entrepreneurial orientation. This summary provides insight into how entrepreneurial orientation theory has been operationalized. In addition, the communalities between these measures are described to show how the dimensions brought forward in the measures are part of the key characteristics described. Putting the measures together in this way enhances our current understanding of entrepreneurial orientation behavior, how to recognize it, and how to measure it.

Table 2.1

*Key Dimensions of Entrepreneurial Orientation*

Dimension	Author/s	Description
Innovativeness	Ida, 2019	Strives to increase income generating business activities
	Yu-Ming et al., 2018	Accelerate the flow and transformation of new knowledge, generation of new knowledge
	Chijioke et al., 2017	Developing new ideas that will add value to various stakeholders
Proactiveness	Kwak, 2013	Seeking opportunities, advancing by introducing new products and services
	Khan and Khalique, 2014	Anticipating future demands to create change and shape the environment
	Chijioke et al., 2017	Proactiveness refers to looking and exploiting new opportunities within and outside the organisation
	Yu-Ming et al., 2018	Exploring new market opportunities more easily, and take quick action on these opportunities
	Ardjouman et al., 2019	take quick action on new opportunities ahead of competitors, which in turn bring innovative performance and financial growth
Risk-taking	Hongyi, 2021	Risk-taking directly influence entrepreneurial intention
	Ndofirepi, 2020	The risk-taking propensity has a statistically significant impact on entrepreneurial orientation
	Ardjouman et al., 2019	an entrepreneurial firm must focus on opening itself up to the risk and its effective management
	Kozubíková et al., 2017	An entrepreneur, with character possessed, dares to take risks in designing, determines management, controls business
	Obschonka and Stuetzer, 2017	Propensity to take risk is the ability of entrepreneurs to develop strategies and minimize the risks that will be taken
Competitive aggressiveness	Ndofirepi, 2020	The need for achievement has a statistically significant amount of variance in entrepreneurial intentions
	Hongyi, 2021	Need for achievement is one of the fundamental personal characteristics on entrepreneurial intentions

**Innovation Practice in SMEs**

Innovation refers to successfully implementing a novel idea on the market (Urmetzer and Pyka, 2020). This definition's advantages include implicitly, which emphasizes the

difference between creativity and invention on the one hand, from product development and implementation on the other hand. It aims and pushes organizations by suggesting that creativity is not important without follow-through (Urmetzer and Pyka, 2020).

Innovation practices play a vital role in the success and growth of SMEs businesses especially if they are facing the intense competitive environment in their relevant industry. Because through innovation practices, the SMEs are able to do things differently either by introducing new products or services or by improving the existing products/services (Adam and Alarifi, 2021). The innovative practices are crucial for SMEs while facing the uncertain business environment with the high uncertainty of technological changes and customers' demands as well (Paula et al., 2022). Empirical evidence on the innovation practices in SME context has elaborated into two paths of research: the one studying the determinants of innovation practices, and the one studying the consequences on innovation practices. Thus, small business innovation has been considered either as a process or as an outcome (Adam and Alarifi, 2021). There is a need a review to the role of innovation practices in SME domain, as innovation practices has been found to be a multi-faceted construct and differs among small and large firms (Aliasghar et al., 2023). Thereby, this study aims to develop the understanding about the main characteristics of innovation practices in SME context.

From the review of literature, it is evident that four dimensions of innovation practices are cited in the majority of innovation researches: those that concentrate on inputs, process, outputs, or outcomes. Inputs include the resources provided for innovation, for example, personnel, funds, equipment, and ideas (Paula et al., 2022). Process measures indicate how the mechanism between the inputs and outputs of innovation occurs (Urmetzer and Pyka, 2020). Process measures can include time, cost, and quality, as well as the project's progress. Outputs are the direct results of innovation activities (i.e., new products or generated knowledge). These measures help clarify trends and developments over time (Saunila, 2017). In the last ten years, a considerable number of research studies have been conducted on from different perspectives (Adam and Alarifi, 2021). The comprehensive factors of innovation practices found in the literature in last 10-years are indicated in table 2.

Table 2

*Measurements of Innovation Practices*

<b>Authors</b>	<b>Measurements</b>
Birkinshaw et al. (2008)	Process innovation, administrative innovation, and technological innovation.
Mothe and Uyen Nguyen Thi (2010)	Administrative innovation, product Innovation, process Innovation.
Terziovski (2010)	Innovation strategy, technological innovation, and innovation capabilities.
(Damanpour and Aravind, 2012)	Innovation Strategy, Innovation structure, procedural innovation.
Vaccaro et al. (2012)	Administrative and process innovation, organizational structures.
Hecker and Ganter (2013)	Workplace Innovation, knowledge management.
Camison and Villar-Lopez (2014)	Administrative innovation, product innovation, process innovation.
Tajeddini (2016)	Product innovation, marketing Innovation.
Prifti and Alimehmeti (2017)	Organizational innovation, marketing innovation.

*Manager Motivation in SMEs*

Manager motivation plays a crucial role in driving the success of a team and achieving organizational goals. A motivated manager not only sets a positive example for their subordinates but also fosters a productive and engaging work environment. With their ability to inspire and lead, motivated managers can effectively influence their team members to strive for excellence and surpass their own expectations (Budiarto et al., 2024). Furthermore, a motivated manager is more likely to take on new challenges, seek innovative solutions, and continuously improve their own skills, which ultimately benefits the entire organization. Their dedication to personal growth and development inspires their team members to do the same, creating a culture of continuous learning within the organization (Khytrova et al., 2020). Additionally, a motivated manager understands the importance of effective communication and actively encourages open dialogue among team members. This fosters collaboration, creativity, and a sense of belonging, ultimately leading to higher levels of employee satisfaction and retention. Overall, a motivated manager plays a crucial role in driving success and achieving organizational goals (Khytrova et al., 2020).

Managerial motivation is important because it sets the tone for the entire team. When a manager is motivated, they are more likely to inspire and motivate their employees as well. A motivated manager leads by example, demonstrating a strong work ethic and a positive attitude. This not only boosts morale but also encourages employees to go above and beyond in their own work (Siverbo, 2023). Furthermore, a motivated manager is more likely to stay up-to-date with industry trends and best practices, which can lead to innovation and improved performance within the organization. In addition, a motivated manager is more



likely to set clear goals and expectations for their team, providing a sense of direction and purpose (Marinovic Matovic et al., 2023). This clarity can help employees understand their role within the organization and feel more empowered to contribute their ideas and skills. Moreover, a motivated manager fosters a supportive and collaborative work environment where employees feel valued and respected. This can lead to increased job satisfaction and employee retention, as well as enhanced teamwork and productivity. Overall, the motivation of a manager has a ripple effect on the entire team, creating a positive and high-performing work culture (Matović et al., 2021).

Researchers need to focus on manager motivation because it plays a crucial role in the overall success and performance of SMEs. When managers are motivated, they are more likely to effectively lead and inspire their teams, resulting in increased productivity and innovation (Mahlamäki et al., 2019). Additionally, motivated managers are more likely to foster a positive work environment where employees feel valued and supported, leading to higher levels of job satisfaction and employee retention. By understanding the factors that drive manager motivation, researchers can provide valuable insights and recommendations to help SMEs cultivate a motivated and engaged management team (Mahlamäki et al., 2019).

There are several reasons why organizations in the UAE's SMEs sector should prioritize manager motivation. Firstly, motivated managers are more likely to be proactive and take initiative in their roles, which can lead to increased productivity and innovation (Løvaas et al., 2020). Additionally, motivated managers are more likely to foster a positive work environment where employees feel valued and supported, leading to higher levels of job satisfaction and employee retention. By understanding the factors that drive manager motivation, researchers can provide valuable insights and recommendations to help SMEs cultivate a motivated and engaged management team. This, in turn, can contribute to the overall success and growth of the organization (Khytrova et al., 2020).

### *SMEs Performance*

The performance is a dynamic concept. Hence it requires accurate view and interpretation. This can be explained by a causal model describing how current performance can affect future performance (Carrasco-Carvajal et al., 2023). Diabate et al. (2020) reported that business performance is a combined system of organizational effectiveness in light of interaction with the external and internal environment.

The SME owner first needs to have a basic awareness of the factors that affect his SME's performance. Specifically, profitability is the ratio to measure SMEs' performance, which is the main aspect of SME's financial statements. Profits of an SME show the SME's ability to generate income over a given period of time.

Theoretically, there is strong evidence that a firm can meet economies of scale if it has a large size (Carrasco-Carvajal et al., 2023; Melo et al., 2023). Large size firms are considered to have more competitive power in comparison to small firms. The large resources of large firms allow them the opportunity to work in areas where there is a requirement for high capital rates, which makes them even more profitable with less competition (Melo et al., 2023).

The summary of performance measurements is indicated in Table 3. This table provides insight into how SME business performance theory has been dimensioned. In addition, the commonalities between these measures are described to show how the dimensions brought forward in the measures are part of the key characteristics described above. Putting the measures together in this way enhances our current understanding of SMEs business performance behavior, how to recognize it, and how to measure it.

Table 2.3

*Key Dimensions of SME Business Performance*

<b>Dimension</b>	<b>Author/s</b>	<b>Description</b>
Profitability	Azhar and Ahmad, 2019	SMEs exist to increase profitability
	West, 2018	All the efforts of management and planning are directed towards improving profitability
	Claudiu et al., 2019	SMEs' performance can be understood from a quantitative perspective such as Profitability
	Ngoc, 2020	Profitability is the deciding factor that helps managers develop an effective profitability strategy for SMEs
	OECD, 2018	Profitability is important measure of business performance
Business Growth	Ullah, 2020	The ability to access financial resources is more critical for firm growth during the economic improvement
	Farah and Nina, 2016	The growth rate of SME's business is significantly affects to profitability of SMEs
	Cowling et al., 2018	Growth are different aspects of performance
	Claudiu et al., 2019	Market innovation involves finding new markets or market segments for existing products
	Youn et al., 2019	An essential condition for competitive performance in the entire process from the production to the sale of the product

**Hypothesis Development**

In this section the authors elaborates the relationships between entrepreneurial orientation, innovation practice, women motivation, and SME business performance. The author reviews the empirical results of previous studies in order to derive the hypotheses and construct the conceptual framework of this study.

*Entrepreneurial Orientation and SME Performance*

The relationship between entrepreneurship orientation and firm performance has become the main subject of interest in past literatures. Several studies in the past showed that entrepreneurship orientation and SME business performance are linked to each other. Timotius, (2019) found that entrepreneurial orientation positively influences business performance of SMEs. The results of research on entrepreneurship orientation in general



using dimensions of innovativeness, proactiveness and risk taking as factors that influence business performance. Empirical findings also show that entrepreneurial-oriented companies have better performance than companies that are not entrepreneurial oriented (Chelliah et al. 2022)). In entrepreneurship research, researchers agree that entrepreneurship orientation contributes to business performance (Zarrouk et al., 2020). Some studies concluded SMEs that adopt entrepreneurship orientation have better performance comparing to companies (Sentanu and Praharjo, 2022). To look further in the context of SMEs, how much impact risk-taking has on business performance (Timotius, 2019), there is also the other evidence about the relatively strong positive impact of entrepreneurship orientation on business performance from the service sector in general (Sentanu and Praharjo, 2022). Based on the empirical results and findings from previous studies. This study assumes that entrepreneurship orientation and SME business performance are linked to each other. This association suggests that entrepreneurship orientation has a direct and significant impact on SME business performance. According to this assumption, this study will examine the following hypothesis statement:

*Hypothesis 1: "Entrepreneurial orientation has a significant effect on SME performance".*

#### *Innovation Practices and SME Performance*

Innovation is broadly seen as an essential component of competitiveness, embedded in the organizational structures, processes, products and services within a firm. Mohamed et al. (2023) explored the effects of the organizational, process, product and marketing innovations on the different aspects of firm performance, including innovative, production, market and financial performances, based on an empirical study covering 184 SMEs in Turkey. A theoretical framework is empirically tested identifying the relationships amid innovations and firm performance through an integrated innovation-performance analysis. The results reveal the positive effects of innovations on firm performance in manufacturing industries (Adam and Alarifi, 2021).

Many studies in the past have confirmed innovation has a positive impact on business performance (Adam and Alarifi, 2021; Carrasco-Carvajal et al., 2023). Innovation has been generally regarded as a key factor affecting firm performance. Many companies try their best to achieve higher profits through innovation in different ways. Innovation usually consumes a large number of resources. Therefore, innovation related activities may not directly improve firm performance. (Carrasco-Carvajal et al., 2023). However, the literature shows that the impact of innovation on firm performance is different among many innovative firms.

Innovation is widely regarded as one of the most important sources of sustainable competitive advantage in an increasingly changing environment for businesses, because it leads to product and process improvements, makes continuous advances that helps firms to survive, allows firms to grow more quickly, be more efficient, and ultimately be more profitable and show high degree of performance in the market (Adam and Alarifi, 2021). Based on the empirical results and findings from previous studies. This study assumes that innovation practices and SME business performance are linked to each other. This association suggests that innovation practices have a direct and significant impact on SME business performance. According to this assumption, this study will examine the following hypothesis statement:

*Hypothesis 2 : "Innovation practices have a significant effect on SME performance".*

### *Entrepreneurial Orientation and Manager's Motivation*

Although the entrepreneurship orientation commonly referred to as a feature the company and not the individual, since the people are supporting tasks within business, there are defined characteristic behaviors that define the entrepreneurship orientation of individuals. In other words, entrepreneurship orientation of a company is linked to motivated employees (Wahjoedi, 2021).. Entrepreneurial firms are important drivers of innovation and economic growth (Chelliah et al., 2022). Their success and survival probability are dependent not only on the market situation, entrepreneurs' experiences, knowledge, and behavior but also on employees' performance (Sylvia, 2017; Wahjoedi, 2021). Additionally, influencing employees' commitment, motivation, productivity, and creativity is essential because it will determine whether employees apply and contribute their competencies. When entrepreneurs work with their employees, this process might influence employees' evaluation of their work and, thus, their motivation and, subsequently, their performance. If emotional contagion, as explained above, is possible, employees of entrepreneurs can also experience entrepreneurial passion. Employees' passion, as it is a strong positive emotion, might then influence other outcomes, such as commitment, motivation, productivity (Sylvia, 2017). Based on the empirical evidences from literature review which reveals a significant correlation between entrepreneurship orientation and women motivation in SMEs context. This study will examine the following hypothesis after conducting a survey in selected sample of women SME in UAE.

*Hypothesis 3: "Entrepreneurial orientation has a significant effect on manager's motivation"*

### *Manager's Motivation and SME Performance*

Most of the researches have concluded that motivated employees have positive effect on the organization productivity and performance. This makes motivation as the most important aspect of any organizational setup and creating an environment which facilitates and supports employee to perform optimally. Today's business organization requires organizations to be more creative and innovative which cannot happen without having a committed and loyal employee base (Chandrakant, 2017). Entrepreneurial motivation potential simultaneously and partially has a significant influence to SMEs' business performance (Budiarto et al., 2024).

The company's success is related to the quality of performance activities such as: rewarding employees, the making of a favorable organizational climate and culture, and the programs of studying and training (Sandhu et al., 2017). Budiarto et al. (2024) found that there existed relationship between employee motivation and the organizational performance. The study reveals that extrinsic motivation given to workers in an organization has a significant influence on the workers' performance. Sandhu et al., 2017 have conducted research is to find out the influence of employee motivation on employee performance. The findings of their study show that independent variable i.e. employee motivation is having a positive relationship with dependent variable i.e. employee performance. The authors suggest that the leaders in SMEs should motivate their employees to keep them satisfied. By keeping in mind this context, we consider that employee performance in relation to the employee motivation. Every successful organization is backed by a committed employee base, and the commitment is the outcome of motivation and job satisfaction. It is the energy that compels employees towards organizational objective. It would be impossible for the organization to generate performance without strong motivation (Chandrakant, 2017). The study concluded

that all the independent variables used for the study have significant role in the performance of SMEs in private sector in Nigeria. Based on the empirical evidences from previous studies which reveals a significant correlation between women motivation and business performance of SMEs. This study will examine the following hypothesis statement.

*Hypothesis 3: "Manager's motivation has a significant effect on SME performance".*

#### *The Mediating Role of Manager's Motivation*

Entrepreneurship orientation is a tendency of businesses to act autonomously and innovative, take risks and is taking proactive initiatives to potential market conditions. The reality of business all over the world reveals a positive relationship between entrepreneurship orientation and business performance of companies with the influence of employee motivation (Vlasov, 2022). In other words, motivation of employee mediates the association between entrepreneurship orientation and innovation practices. A study by Samuel et al. (2017) surveyed 286 women entrepreneurs from three major Ghanaian metropolitan cities to examine the relationship between entrepreneurship orientation and organizational performance. The study also sought to examine whether motivation mediates the entrepreneurship orientation and organizational performance relationship. Using a structural equation modelling estimation technique, the findings of the study indicate a positive relationship between entrepreneurship orientation and organizational performance. Separating entrepreneurship orientation into its individual components, proactiveness, and competitive aggressiveness exhibit positive relationship with organizational performance. Additionally, the results show that entrepreneurship orientation is more significantly related to non-financial measures but not the financial measures. Further, the findings reveal that the entrepreneurship orientation and organizational performance relationship is mediated by motivation.

Another study confirmed the mediation role of motivation between entrepreneurship orientation and innovation practices has been conducted by Roland et al. (2010). The authors argued that motivation of employee has a strong influence towards innovation practices in the company. Therefore, they developed a mediation model between motivation, innovation practices, and entrepreneurship orientation. Their model shows that the entrepreneurship orientation influences new venture performance through its generation of innovativeness. To test the mediation role of employee motivation they have analyzed data from 165 high technology spin-off companies in Germany with structural equation modelling methodology. The results suggest that innovation practices is affected by entrepreneurship orientation and this effect is mediated by motivation of employees in spin-off companies. Based on the empirical evidences from previous studies which reveals that women innovation mediates the relationship between entrepreneurship orientation and innovation practices in SMEs context. This study will examine the following hypothesis statement.

*Hypothesis 5: "Manager's motivation mediates the relationship between entrepreneurial orientation and SME performance".*

#### **Framework of the Research**

In order to understand the correlation between entrepreneurship orientation, manager motivation, innovation practices, and SME performance, it is important to develop a novel framework that captures the interplay between these variables. This framework will provide a comprehensive perspective on how these factors influence each other and

ultimately impact the success and growth of small and SMEs. By examining the relationship between entrepreneurship orientation, manager motivation, innovation practices, and SME performance, this framework aims to shed light on the mechanisms through which these elements interact and contribute to the overall performance of SMEs in today's dynamic business environment. This framework will enable researchers and policymakers to gain a deeper understanding of the factors that drive the success and growth of SMEs. By identifying the key drivers of entrepreneurship orientation and manager motivation, as well as the impact of innovation practices on SME performance, this framework will provide valuable insights for formulating effective strategies to support and promote SMEs. Ultimately, by uncovering the intricate connections between these elements, this framework will help pave the way for the sustainable development of SMEs in the face of evolving market conditions.

Additionally, understanding the drivers of entrepreneurship orientation and manager motivation will enable policymakers to create targeted interventions and programs that foster a conducive environment for SMEs to thrive. Furthermore, analyzing the impact of innovation practices on SME performance will allow for the identification of best practices and the dissemination of knowledge across industries. Ultimately, the implementation of effective strategies based on this framework will not only drive the success of individual SMEs but also contribute to the overall economic growth and stability of a country.

In line with aforementioned arguments, the broad literature on entrepreneurship shows that entrepreneurship orientation is an important domain and the motivation literature has separately discussed the variables of entrepreneurship orientation and motivation in relation to innovation practices in different levels of companies separately discussing the variables of entrepreneurship orientation and motivation relation to innovation practices in other businesses' levels. Such research has not paid sufficient attention to the possible mediation interaction between entrepreneurship orientation, motivation and innovation practices of women SME. That is, there is limited research on entrepreneurship orientation that examined the direct effect of entrepreneurship orientation on innovation practices in the context of women SME where motivation mediates the association between these two variables. The bulk of studies showed that motivation can strengthen innovation practices and innovativeness in one model. Since motivation plays a mediation role in this study, entrepreneurship orientation could enhance its effect on innovation practices of organization. Hence, this study is an empirical attempt to develop a new entrepreneurship orientation framework related to women SME as shown in Figure 1.

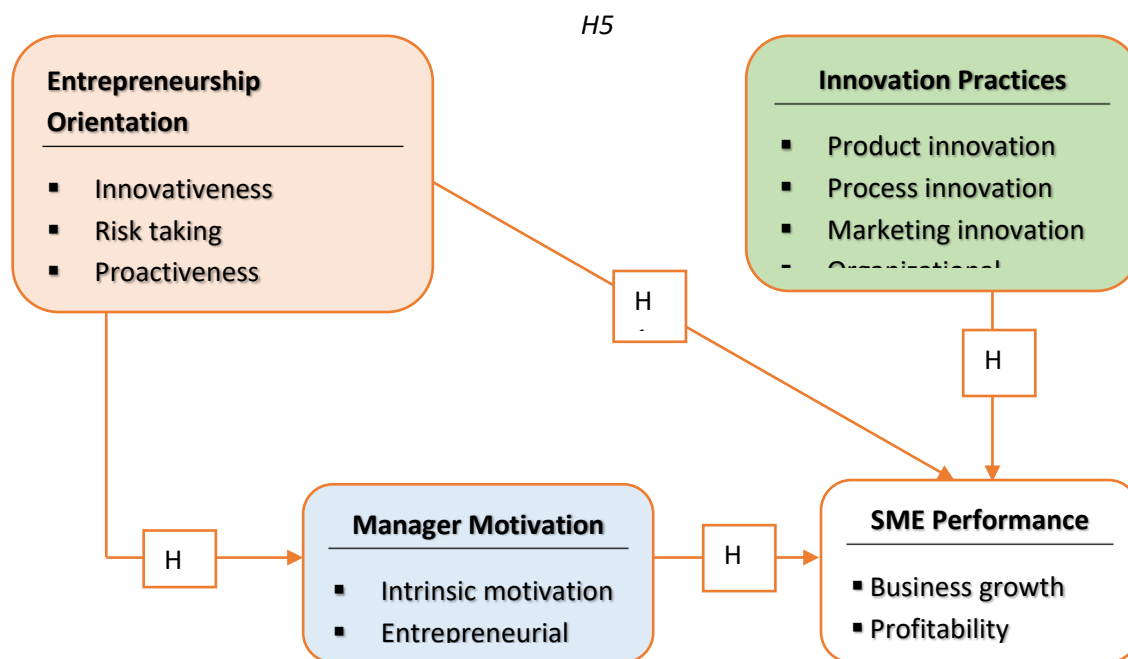


Figure 1. A novel framework for SMEs own by women

Finally, based on the literature review above, this study will examine the following hypotheses in SMEs run by women in in UAE.

Hypothesis (H1): Entrepreneurial orientation has a significant effect on SME performance.

Hypothesis (H2): Innovation practices has a significant effect on SME performance.

Hypothesis (H3): Entrepreneurial orientation has a significant effect on manager motivation.

Hypothesis (H4): Manager motivation has a significant effect on SME performance.

Hypothesis (H5): Manager motivation mediates the relationship between entrepreneurial orientation and SME performance.

### Research Gap

Even though the literature reveals lots of studies on entrepreneurship however little work has been done concerning entrepreneurship in SMEs owned by women. The influence of entrepreneurship on women SMEs needs in-depth investigation and more analysis. In contrast, other factors that can influence this relationship, such as motivation and innovation, should be examined to provide robust empirical evidence on the role of entrepreneurship on SMEs' performance, especially in UAE. Some scholars suggest the existence of a theoretical gap in entrepreneurial motivation between psychological and external environment approach. This study examined entrepreneurial motivation, which defines both psychological and external environments by measuring business performance (Senen and Iwan, 2016). Moreover, there is a lack of empirical evidence in the literature on the role of entrepreneurial passion for founding and entrepreneurial interest in driving SME (Kiani et al., 2022).

The literature review shows that scholars in the field of entrepreneurship and innovation did not widely examine the mediation influence of women motivation between these two variables. Two studies examined the mediation effect of motivation, the first study by Adams et al. (2017), and another one by Helm et al. (2010) who argued that employee

motivation has a strong influence towards innovation practices in the company. Their findings of their study reveal that entrepreneurship orientation and organizational performance relationship is mediated by motivation. But these two studies are not related to UAE business environment and not concerned with women motivation. Thus, this quantitative analysis in this research project will attempt to approve that entrepreneurship is not enough to foster the performance of SMEs owned by women, the outcome of this study will fill the theoretical gap concerning women motivation roll, as well as innovation practices, especially in SME context by developing a conceptual framework explains the relationships between these variables.

### **Results and Discussion**

The purpose of the present research proposed framework in Figure 1 shows that modeling entrepreneurial orientation, manager motivation, and innovation practices are crucial components in understanding and enhancing SME performance. Entrepreneurial orientation, which encompasses risk-taking, proactiveness, and innovativeness, helps SMEs to identify and exploit opportunities for growth and success. Manager motivation plays a pivotal role in driving and sustaining innovation within SMEs, as motivated managers are more likely to encourage and support creative thinking and experimentation. Moreover, the implementation of effective innovation practices, such as idea generation, resource allocation, and collaboration, can significantly contribute to SME performance by fostering continuous improvement and competitive advantage.

In summary, this study showed that entrepreneurial orientation, manager motivation, innovation practices are fit together with SME performance into a theoretical framework. To understand how these concepts are interconnected with SME performance, it is essential to delve into the dynamics of each component. Entrepreneurial orientation refers to the strategic mindset and behaviors exhibited by entrepreneurs, which include a willingness to take risks, proactiveness, and a focus on innovation. Manager motivation, on the other hand, pertains to the drive and dedication of managers in achieving the goals and objectives of the organization. Innovation practices encompass the processes and activities undertaken by SMEs to introduce new ideas, products, or processes into the market.

### **Conclusion**

Through in-depth literature review, this study found empirical evidences to support the hypotheses that have been developed from the literature review. These relationships have been evaluated and analyzed based on the results of quantitative conducted in the past. The summary of literature review reveals that entrepreneurial orientation has a direct effect on SME performance. The researcher conducted a literature review in SMEs to examine this relationship with more evidences from the UAE market, the result of analysis shows a significant finding that entrepreneurial orientation indirectly influences SME performance through a mediation interaction of manager motivation.

In conclusion, entrepreneurial orientation, which encompasses the proactive and risk-taking behavior of the manager, indirectly influences SME performance through a mediation interaction of manager motivation. When executive managers are highly motivated and driven by the entrepreneurial spirit, they are more likely to adopt a proactive approach and take calculated risks that align with the goals and strategies of the firm. This motivation, in



turn, positively impacts the performance of the SME, as it fosters innovation, resource acquisition, and competitiveness in the market. Hence, the mediating role of manager motivation plays a crucial role in translating entrepreneurial orientation into improved SME performance.

The relationship between entrepreneurial orientation (EO), innovation practices, manager motivation, and small and medium enterprises (SMEs) is a rich area of study that integrates various theoretical and contextual contributions. Here's an overview:

EO encompasses dimensions such as proactiveness, risk-taking, and innovativeness. The theoretical foundation suggests that a strong EO fosters a culture conducive to innovation within SMEs, leading to competitive advantages.

Theories of innovation, such as Schumpeter's creative destruction, emphasize how new ideas and practices disrupt markets. SMEs with high EO are more likely to engage in innovative practices, adapting and responding to market needs.

Herzberg's two-factor theory and Deci and Ryan's self-determination theory provide insights into manager motivation. Understanding how intrinsic and extrinsic motivators affect manager behavior can clarify their role in fostering an innovative environment. The RBV posits that unique resources and capabilities lead to competitive advantage. In SMEs, motivated managers can leverage their networks, skills, and creativity as resources that enhance innovation and adaptability.

SMEs operate in dynamic environments where adaptability is crucial. The contextual factors—such as market conditions, regulatory frameworks, and technological advancements—impact how EO and innovation practices manifest. National and organizational cultures play a significant role in shaping EO and innovation. For instance, cultures that encourage risk-taking and value creativity tend to foster higher levels of innovation in SMEs.

The role of managers in SMEs is pivotal. Their motivation affects not only their decision-making but also the overall organizational climate. Motivated managers can inspire teams, create supportive environments, and drive innovation. Contextually, SMEs often rely on networks for resources, knowledge, and support. Collaborative relationships with other businesses, institutions, and stakeholders can enhance EO and promote innovative practices.

Understanding these relationships can guide policymakers in creating supportive environments for SMEs, such as providing training, resources, and incentives that enhance EO and innovation.

Fostering manager motivation through training programs can lead to improved EO and innovation outcomes. This can include workshops on leadership, creativity, and strategic thinking. Initiatives that promote collaboration among SMEs can enhance innovation practices. This includes creating platforms for knowledge sharing and partnership development.

In summary, the interplay between entrepreneurial orientation, innovation practices, and manager motivation in SMEs is multifaceted. Theoretical frameworks help explain the dynamics, while contextual factors provide insights into practical applications. Together, they highlight the importance of fostering an innovative culture supported by motivated leadership to enhance SME performance.

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