THE IMPACT OF PROJECT MANAGEMENT ON BUSINESS PERFORMANCE OF SMALL AND MEDIUM ENTERPRISE IN UAE

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ABSTRACT

Today, Small and Medium Enterprises (SMEs) play an essential role in the economy of nations, in terms of employment, development, and growth. SMEs have achieved significant contributions to the economy of United Arab Emirates (UAE) in recent decades. However, SMEs increasingly face a lot of challenges and competition not only from their peers but also from large firms in the international and domestic market. Moreover, the majority of SMEs rely on traditional management styles, while it is still unclear to what extent project management practices enhance SME business performance. Hence, the aim of this study is examining the relationship between project management practices and business performance of SMEs in UAE from the perspective of Balanced Scorecard Theory (BSC). The analysis in this study is based on quantitative methods and survey process for selected firms under SME category in Dubai. The focus is on private limited companies, working in trading, services, and manufacturing. The respondents are the CEOs and general managers. The result indicates a significant relationship does exist between project management and SME business performance. Thus, SMEs should focus on the important aspects of project management from the perspective of BSC business model, such as project time management, project cost management, project quality management, project communications management to foster the performance of SMEs in the market. However, there is yet to be a further researching on other areas in SMEs and extend the study to investigate more variables in future studies.

Keywords: Project Management, Business Performance, Small and Medium Enterprises (SMEs)

INTRODUCTION

Today, Small and Medium Enterprises (SMEs) play an essential role in the economy of nations all over the world, in terms of both employment and economic growth. SMEs consistently contributed to the increment in the percentage of Gross Domestic Product (GDP), employment shared rose, and exports (Erry & Yahya, 2017). Hence, the performance of SMEs in the market has been debited a lot in the literature from various perspectives because of its importance to achieve sustainable business growth (Al-Tit et al., 2019).

The United Arab Emirates (UAE) market is unique, serving as a crossroads for the Middle East and Africa. The UAE's SME sector is heavily influenced by geopolitical and economic changes in the Middle East, Africa, and, to a considerable extent, Eastern Europe. In UAE, the vast majority of the country's businesses are SMEs. The backbone of UAE economy is the SMEs which play a vital and dynamic role in the economic growth (Gherghina, 2020; Al Rashdi, Akmal & Al-Shami, 2019). In addition to that, SMEs have contributed largely to economic output, import, and export in the manufacturing sector, creating more employment opportunities in in the country. SMEs engaged in almost all businesses, trading, and distribution in the UAE, whereas their performance is characterized by the fluctuations in the business performance and growth (Anand et al., 2020).

A small and medium business project is a single and comprehensive process, special and unique, goal-oriented, with a specified beginning which requires performance until the final set goal is achieved (Aničić & Aničić, 2019). The Project Management (PM) practices have been described in numerous forms in business environment. However, successful PM may not be enough to prevent project failure (Irimia-Dieguez et al., 2015), whereas failure could be a product not being used as initially intended; or could not be marketed; or did not get its return on investment to the stakeholders. Hence, many small and medium businesses at the present time may appear successful, but in fact they failed due to neglect dealing with potential project management skills that affect the performance of SMEs, which could lead to big losses (Koops et al., 2016).

In addition to that, measuring the performance of SMEs comes to the fore. The issue of the method of monitoring and managing performance is a subject of discussion among experts who seek a solution how to create a managerial tool supporting constant improvement and evaluation of the performance of corporate processes (Benkova et al., 2020). To improve company's performance, it is essential to monitor and respond correctly to current trends that affect its business (Zhang et al., 2019; Al Hammadi, Sidek & Al-Shami, 2019). Therefore, the adoption of effective management tools is essential such as the Balanced Scorecard (BSC) (Korenkova et al., 2019). While traditional methods of conducting business are no longer enough to respond to the diversity of client requirements and short product life cycles (Ulewicz et al., 2018), the adoption of well-known business model can make a profit and meet the expectations of SMEs owners (Kot et al., 2019).

It is evident that, while SMEs need to identify a successful business model (Sasse, 2014), the question arises, what is the business model that suite the capability of SMEs in UAE. In reviewing the gaps in the literature, this study will investigate the relationship between PM practices and business performance of SMEs in UAE from the perspective of BSC business model. The aims for empirical evaluation in this paper is based on this goal.

Problem Statement

Despite the fact that the SME sector accounts for 95% of all firms in the UAE, variations in growth patterns provide a variety of problems that the owner/manager must sometimes overcome. The most essential dream of every SME owner/manager is to see their company expand and thrive for a long time. While the majority of SMEs in the country are run by their owners/CEOs, and rely on traditional management ways (Oudah, 2018). The company functions still follow the old and traditional management thinking (Anand et al., 2020), whereas marketing innovation are not included in business plans of almost all SMEs in UAE. The result is that ineffective management has forced SMEs to shut down operations abruptly, and the UAE has seen multiple cases of foreign business owners fleeing the country by spreading their losses through unpaid commitments to creditors and banks (Courrent, 2018).

The Challenges of SMEs

To gain and sustain the SMEs performance, one of the ways the organization should do is to be flexible and improvise in its business activities using effective project management (Darwina et al., 2018). Moreover, these companies increasingly face competition and probable extinction not only from their peers but also from large corporations participating in tough markets once regarded the preserve of smaller businesses. Reliance on domestic markets for business growth is proving to be unreliable for many SMEs. Consequently, SMEs need to identify, prioritize and effectively tackle these challenges in order to improve their performance and relevant in the business world (Kimunyi, 2015). As customers' reach expands from local to national to international, SMEs must embrace technology and offer their products and services *via* the Internet. The highest centrality indices as predictors of SME include the entrepreneur's profile, market, operational management, marketing and promotions, website and digital platform, and items (Barroso, 2019). Maintaining client satisfaction, implementing proper infrastructure at the lowest feasible cost, and having adequate awareness and understanding will all contribute to SMEs improvement. Creating sufficient infrastructure at a cheap cost is a significant challenge for SMEs, but it is one that will result in customer happiness. Building customer awareness and understanding is a significant undertaking that necessitates devoted human and financial resources (Choshin, 2017).

In reality, one of the greatest barriers to utilizing BSC for improving business performance is the lack of a strong link between organizational goals and project management (Hristov et al., 2019; Lin et al., 2016). Managers may just see the BSC method as a passing approach that will fade away with time, yet the failure to appropriately apply the BSC approach is another barrier to increasing organizational performance. Moreover, the literature on SMEs found many challenges linked to the adoption of BSC business model. One of the main challenges is that BSC is a tool used to improve the business performance of large companies, and this approach is too expensive for small and medium companies. This challenge is a serious to business expansion. The second issue is the difficulty of implementing BSC, despite the fact that most firms that have accepted this theory in business strategy are enormous (Ulewicz et al., 2018; Zhang et al., 2019). While each firm has its own unique environment and financial capabilities, not all organizations are able to apply BSC, especially those with low capital. As a result of their failure to properly apply BSC, most SMEs in the UAE are struggling to achieve commercial growth and profit (Bose & Bandyopadhyay, 2018; Ratnaningrum, 2020). For SMEs to successfully implement BSC into their company plan. For relatively high budget, it is necessary to contact expert advice and consulting firms with experience in this theory. Thereby, it's tough for SMEs to grasp the most important BSC viewpoints that may be customized to boost business performance (Benkova et al., 2020).

RESEARCH METHODOLOGY

Quantitative methods were used in this study to examine the relationships between project management practices and SME business performance (Tarsi & Tuff, 2012). The analysis is based on regression methods to validate the associations between project management and SME performance. The target population for this study is limited liability companies. Companies in other legal forms such as sole proprietor, partnership, public and listed companies were not considered in the survey. However, population for this research is the SME sectors businesses, which were registered as private limited companies, whereas the fields of business are trading, services, manufacturing. SPSS software is used to conduct the statistical analyses. The total number of SME establishments in Dubai is estimated at 151,875 (Dubai SME center, 2019). The respondents are the CEOs and general managers of SMEs in the city of Dubai. Simple random sampling has been adopted for the survey process. The number of distributed questionnaires=500, the number of valid questionnaire=422 which has been used for data analysis.

LITERATURE REVIEW

SMEs in UAE

The UAE has served as a crossroads for Middle Eastern and African countries. The UAE's strategic location on the globe has aided in its transformation into the regional hub for the Middle East and North Africa during the last two to three decades (Middle East Institute, 2013). The country has prospered as a result of this, particularly in the areas of trading and distribution, as well as logistics. The UAE government has built a world-class infrastructure that includes excellent airports, sea ports, roads, and telecommunications (Anand et al., 2020).

The number of survived SMEs in the UAE have gone substantially lower in 2018 after banks became cautious in lending to risky small businesses over the last couple of years, according to a banking industry executive (Khaleej Times, 2018). According to the State of SMEs in Dubai, 2019, a report published by Dubai SME, a Dubai Economy agency, the SMEs in Dubai account for 99.00% of the total number of businesses in the emirate. The SME sector employs 43 percent of the total workforce in the country and generates 40% of the overall value added generated by Dubai's economy (Dubai SME, 2015). The trading segment generates 47% of the total value added in the SME sector (Dubai SME, 2015). As a result, this industry plays a critical part in the country's economic development (Hamdan, 2019). SME is the backbone of Dubai's economy, contributing 50% of the emirate's GDP and employing 52% of the workforce (Arabian Business, 2018).

SMEs in UAE are divided into three categories based on their industry of operation: trading, manufacturing, and services. For an organization to be classified as a SME, different criteria must be met. Manufacturing firms are typically greater in terms of annual sales and number of employees than the average trade or service firm. The classification of SMEs in UAE is based on the amount of turnover and number of employees. Firms that have a turnover of less than AED50 million and employs between 6-50 employees. A small production company has the same turnover rate as a large corporation but employs more people 10-100 employees, while a small service company employs less people 6-50, and has a lower turnover threshold of AED20 million (Abu Dhabi Chamber, 2019). Manufacturing's medium-sized sector employs up to 250 people and generates up to AED250 million in revenue. A medium-sized trading company meets the same criteria, while a medium-sized service company employs 51-200 employees and has a turnover of up to AED200 million. The smallest group, micro enterprises, encompasses all businesses with less than ten employees or where the owner is his own single employee.

The growth of the SME sector is a high priority for firms working in UAE. In 2019, the UAE Competitiveness and Statistics Authority reported that the SME sector accounted for 53% of the UAE economy, up from 49% in 2018. As shown in Figur-1, the federal government wants to increase that share to 60% by 2021. This seems like a fair goal for the UAE. The 60 percent goal for SME share in 2021 will seem optimistic, but it is still attainable if SMEs more focusing on innovation and creativity.

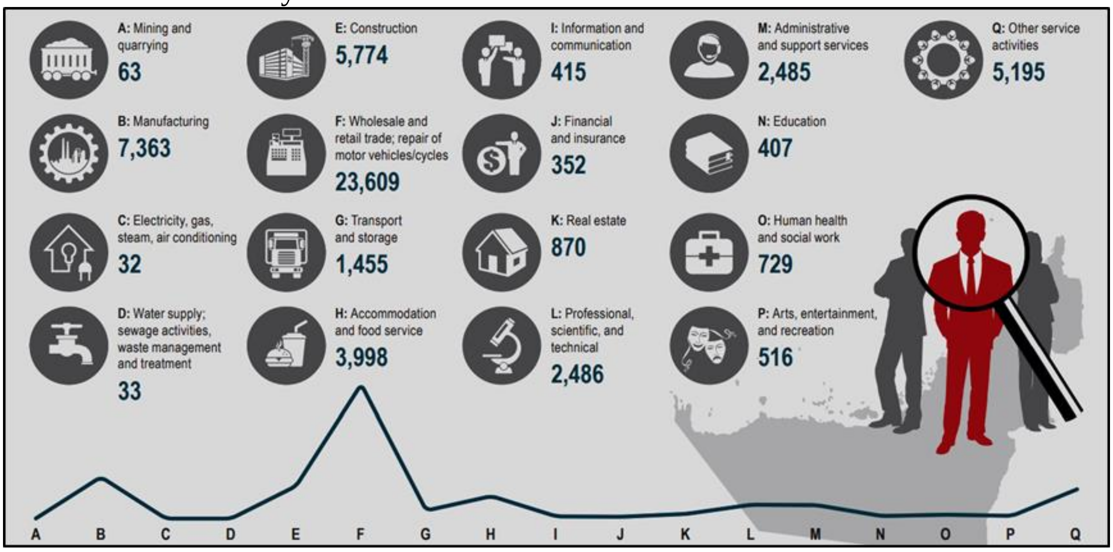

FIGURE 1
NUMBER OF SME ESTABLISHMENTS IN UAE

(Source: Abu Dhabi Chamber, 2019).

Project Management

Project Management (PM) is a methodology for managing and maintaining a project (Marjan et al., 2011). The concept of PM included the tools, techniques, and knowledge-based practices applied to manage the creation of products and services, is becoming an increasingly accepted and applied discipline across industry sectors (Jugdev et al., 2007). Most of all, project managers in SMEs are in the front-line when it comes to assuring customer satisfaction (Kirsilä et al., 2007; Marjan et al., 2011). PM is “the manner of implementation, of expertise, equipment, knowledge to an extensive range of activities for the fulfillment of requirement of the specific project” (Qureshi et al., 2009). PM has become a distinctive way to manage business activities nowadays (Filippov & Mooi, 2010). It is becoming a key strategy for managing organizational change in SMEs, with corporations, government, academia and other organizations recognizing the value of common project approaches and of educated employees for SMEs (Rooij, 2009). PM is a complex process, with business environment complexity in mind. Therefore, the issues of selection, realization and evaluation of the project deserve significant attention (Aničić & Aničić, 2019).

PM practices have become a universal tool for optimal performance for any professional organizations (Ernest & Samuel, 2013). Ahadzie & Amoah (2010) Identified professional PM practices as the skills and science of planning, designing, and managing activities throughout the project lifecycle processes. Thus, the lack of professional PM practices particularly in developing countries like UAE has led to low productivity and poor business performance. Though professional PM is an evolving discipline, the application of effective construction PM techniques in many developing countries still constitute a serious challenge (Ernest & Samuel, 2013). One perspective of PM practices such as target-setting, training and performance management, such that SMEs should see positive returns from PM implementation. However, in reality, SMEs still not capable to react to the potential market risk so that their business performance still lacking large organization. Under this perspective, the lesser use of formal management practices among smaller firms might be attributed to a lack of knowledge about their benefits or greater difficulties in adopting new methods (Bloom et al., 2017).

PM is a multifaceted concept subject to several potential explanatory related variables (dimensions). Researches often are interested in studying theoretical dimensions of concepts that cannot be observed directly such as PM. Thus PS can be measured through several dimensions, such as, project time management which includes a number of planning and controlling processes that are recommended for complying with requirements related to project time (Solis et al., 2015). Project cost management is another important measurement of PM; costs are essential in any business project because firms demand fund allocation to establish and execute any project. While project quality management is the third dimension of PM. Quality is the degree to which the project fulfills requirements. It includes creating and following policies and procedures in order to ensure that a project meets the defined needs it was intended to meet. ISO 9001 is a well-known guide for the establishment of process-based quality management systems in general but does not address PM specifically. The fourth dimension of dimension of PM is project communications management. Communication management is this substantial area of PM, as it designates the heart of PM that has been emerging notably due to the significant effect on the projects, including construction projects. Communication is the heart of implemented projects of the construction industry, where project managers consume 90% of the time communicating with project participants (Al-Mayahi et al., 2017). The review of literature and the findings from previous studies reveals that PM is a two-dimensional variable, which is not measured directly, but *via* four dimension namely: (1) Project time management (Berssaneti & Carvalho, 2015; Villacampa & Montoyo, 2014), and (2) Project cost management (Yildiz et al., 2014; Kim et al., 2012; PMI, 2013; and (3) Project quality management (Wanberg et al., 2013; Laporte & Chevalier, 2016; Flyvbjerg, 2014; PMI, 2017) and (4) Project communications management (Senescu et al., 2013; PMI, 2013; Arriagada & Alarcon, 2014). The measurement model of PM is illustrated in Figure 2.

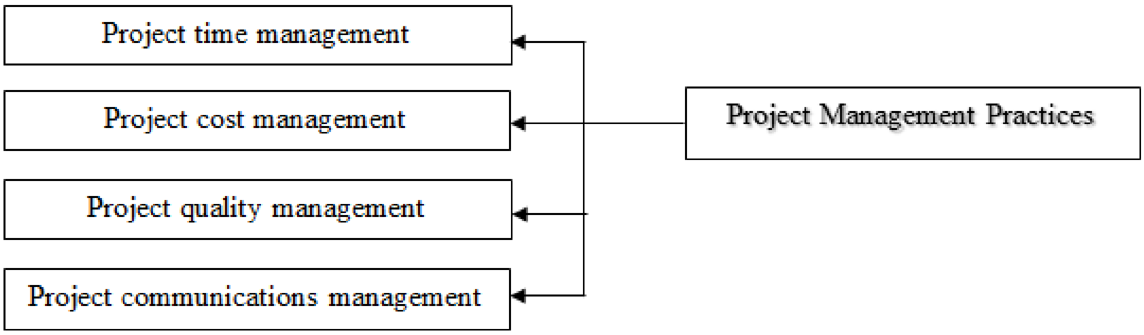

FIGURE 2
THE DIMENSIONS OF PROJECT MANAGEMENTS PRACTICES IN SMES

SME Business Performance

The term “performance” is used in the academic literature to describe outcome of companies’ business activities. The concept of performance has several meanings, all-encompassing nature, and its extreme popularity as an expression in regular speech. Performance in any activity is the measure of output from the company against the inputs in form of funds, resources, technology (Inta & Irina, 2017). SMEs vary in their characteristics and performance, including across sectors, regions and countries. These differences have implications for how performance is measured (OECD, 2016).

To describe the concept of performance, the related words are used, linking them with the noun “performance”: performance management, performance measurement and performance assessment (Inta & Irina, 2017). Analysis of the literature conducted by the authors has revealed the main trends in development of the academic thought on nature and significance of performance measurement (Bianchi, 2015; Shi & Yu, 2013). One of the company’s priorities is the achievement of the specific aim (Folan et al., 2007); furthermore, the company is assessed according to its future goals, referring to the targets the company intends to achieve. Hence, the performance as an ability of an entity to produce results in relation to a target. Thus, it is necessary to have, first, an entity whose performance is to be considered; second, a dimension in which one is interested; and, third, and a set target for the result.

In theory, the concept of performance forms the core of strategic management and empirically, most strategy studies make use of the construct of business performance in their attempt to examine various strategy content and process issues. In management, the significance of performance is clear through the many prescriptions provided for performance enhancement. Research dedicated to governance structures relationship with financial performance was highly dependent on accounting-based indicators (Al-Matari et al., 2014). Ahmed, et al., (2018) reported that business performance is a combined system of organizational effectiveness in light of interaction with the external and internal environment. Thus, organizational effectiveness includes three aspects, first the activities of individuals within their specialized organizational units, second the work of organizational units as part of the organization's comprehensive guidelines, and third the organizational activities in the context of the economic, cultural and social environment. Business performance is a complex concept subject to several potential explanatory components (dimensions). Researches often are interested in studying theoretical dimensions of concepts that cannot be observed directly such as business performance. It is found that SME performance was measured by business growth, profitability, marketing innovation, and process innovation. The insights from the literature as put forward in the preliminary model of variables led to variable dimensions.

Profitability

Profitability, in an organizational context, is the amount of profit or money a firm is able to generate within its limited resources. In majority of the cases, organizations exist to increase profitability (Azhar & Ahmad, 2019). All the efforts of management and planning are directed towards improving profitability (West, 2018). Theoretically, firms that are more profitable can expand their size of operation easily through internal financing.

Business Growth

Growth as a measure of firm performance has had mixed results in the literature. Firms grow in many ways and that a firm's growth pattern is related to age, size and industry. According to Bhayani (2010), growth in the size of the organizations is an aspect of economic growth, which makes it interesting to study that how growth and profitability can be related to the size of the firm. While growth has been considered the most important measure in small firms, it has also been argued that financial performance is multidimensional in nature and that measures such as financial performance and growth are different aspects of performance that need to be considered (Fitzsimmons et al., 2005).

Marketing Innovation

Marketing innovation is defined as implementing new marketing method that involve significant changes in the packaging, design, placement and product promotion and pricing strategy (OECD Oslo Manual, 2005). The objective of marketing innovation is to increase the sales, market share, and opening new markets (Polder et al., 2010). Marketing innovation potentially influences the performance of SMEs (Altuntas et al., 2018; Claudiu et al., 2019). Marketing innovation is developing new techniques, methods for marketing. Developing new techniques, methods and tools for marketing have significant role in success of the organizations.

As mentioned earlier, researches in SME business performance have been interested in studying theoretical dimensions of this concept. It is found that SME business performance is a latent variable, which is not measured directly but *via* three dimension namely: (1) Profitability (Azhar & Ahmad, 2019; West, 2018; Claudiu et al., 2019); and (2) business growth (Farah & Nina, 2016; Ullah, 2020; Cowling et al., 2018); and (3) marketing innovation (Altuntas et al., 2018; Claudiu et al., 2019; Polder et al., 2010). The dimensional model of business performance as shown in Figure 3.

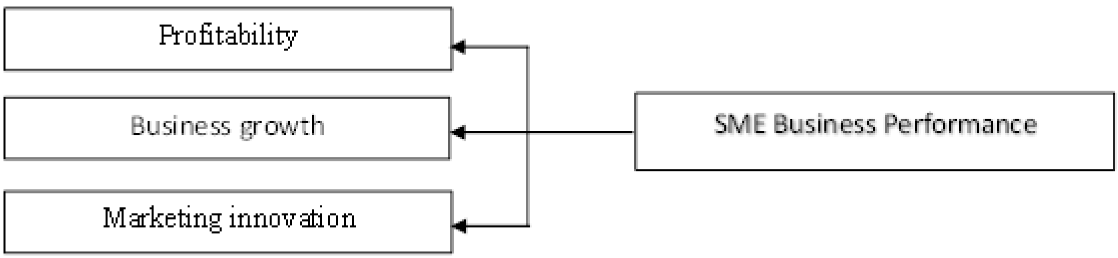

FIGURE 3
THE DIMENSIONS OF SME BUSINESS PERFORMANCE

THEORETICAL BACKGROUND

To explain the performance of SMES from financial and innovation perspectives, this study is based on the Balanced Scorecard Theory (BSC). This theory will explain how the business performance of SME are influenced by project management and risk management by utilizing financial and non-financial dimensions. The BSC is a multi-perspective framework based on a collection of measures (financial and nonfinancial, long and short term, and internal and external) (Kaplan & Norton, 1996). BSC is one of today's most prominent management concepts. According to a Bain & Company analysis from 2019, BSC technique is adopted by roughly 38% of firms globally, while a Gartner report from 2018 shows that it is employed by more than 44% of medium and large businesses. The BSC theory was first proposed by Kaplan and Norton in 1992, and it proposes that business managers can use it to measure organizational performance based on four specific dimensions: (1) financial perspective; (2) customer perspective; (3) learning and growth perspective; and (4) internal process perspective (Kaplan & Norton, 1996). According to Sasse (2014), BSC viewpoints include the customer perspective, internal process perspective, innovation and education perspective, and financial perspective. BSC combines financial and non-financial metrics into a single system. As shown in Figure 4, BSC's objectives and standards are derived from the organization's vision and strategy.

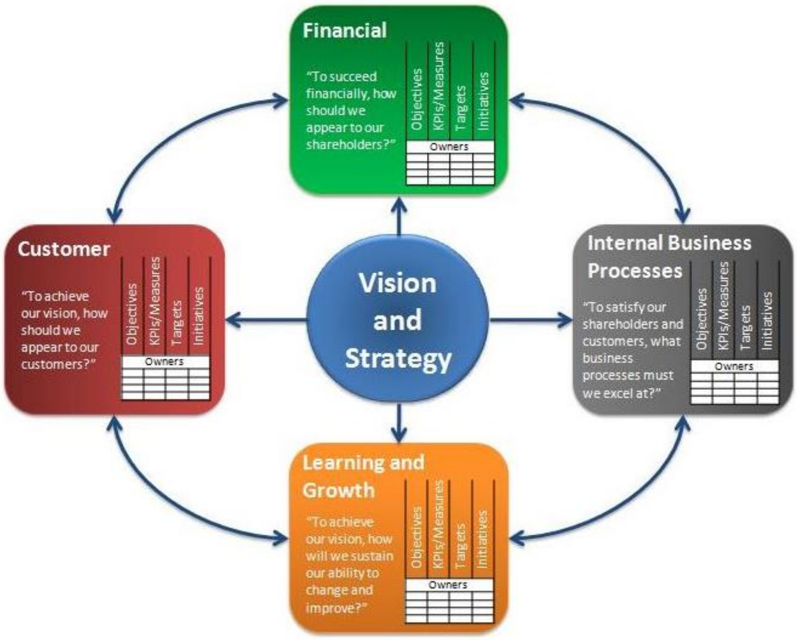

FIGURE 4
THE STAGES OF BSC THEORY

Source: (Kaplan & Norton, 1992)

According to several recent literature studies, there is currently a sizable amount of research on using the BSC to assess SME performance (Madsen, 2015). In today's market, there is a growing trend toward improving SME performance over time by applying innovations based on BSC approach (Benkova et al., 2020). The primary implication of the BSC concept is that strategic priorities and their expression come first (Farkas, 2016). Strategic objectives are developed from a vision and plan, and so become strategically relevant goals that define an organization's entire performance (Malagueno et al., 2018).

The development of the BSC model in recent years has aided in the identification of values and elements that have been relevant from the perspective of organizational procedure beneficiaries (Kim & Lee, 2018; Aalst et al., 2016). It is clear that the BSC approach is a management tool that allows all employees to identify their strategic goals and achieve them *via* the use of the appropriate strategic activities and steps. These steps are based on the combined efforts of employees and corporate management (Dalla et al., 2019).

Despite the fact that there are alternative theories that could explain SME performance, such as the Pecking Order Theory, which is more closely related to SMEs financial performance, it is a finance theory that suggests management prefers to finance first with retained earnings, then with debt, then with hybrid forms of finance like convertible loans, and finally with externally issued equity; with bankruptcy costs, agency costs, and information asymmetries having little impact on capital structure policy (Nabintu, 2013). Despite these benefits, many researchers question whether the pecking order theory is an accurate way to describe organizations' incremental financing methods. For example, according to a study conducted by Bas (2015), the pecking order theory has little to no support in any country in the European Union. Similarly, Frank & Goyal (2003) investigated the pecking order theory in the US market, justifying their criticism by pointing out that the pecking order theory appears to perform particularly poorly among small firms, for whom the adverse selection problem of raising external equity might have been most relevant. Another criticism came from Shyam-Sunder & Myers (1999), as well as those that test the pecking order hypothesis (e.g. Nuri & Archer, 2001; Frank & Goyal, 2003), is that it predicts that enterprises respond differently to financial surplus and deficit (Ziad, 2009). Based on these claims, it is clear that the Pecking Order Theory does not give clear proof of profit surpluses and deficits in SMEs' performance. While the BSC theory identifies optimum business values for SMEs that are used as critical elements in achieving market success, it also explains how SMEs maintain good communication with their customers through flexibility in responding quickly to sophisticated and changing market demands and building a strong relationship with customers.

Elaborating Research Hypothesis

In this section the author derives the relationships between the PM and SME business performance. The hypotheses developed in this study are based on the findings from previous studies in SME contexts and PM. Several studies in the past showed that PM practices have strong correlation with business performance. For example, the results of a study conducted by Crecencia, et al., (2017) suggested that PM tools affect project success. This in turn affects implications of project delivery and the general health of an organization, for example size and growth, revenue, sustainability and competitiveness. SMEs undertake smaller projects than larger organizations and so need more people that are informal focused PM practices. Several studies indicate the direct impact of PM on business performance. For example, Rodney & Ann (2016) interviewed 19 companies and conducted a web-based survey in SMEs adopt PM practices to fit the size of the firm and the nature of projects undertaken. They found that, SMEs who adopted PM have improved business performance.

Okpara (2011) emphasized the necessity to understand the problems facing small business development in Africa, because these problems are significantly different and unique from those being faced in developed countries. Problems were categorized into four broad categories; (1) administrative; (2) operating; (3) strategic; and (4) exogenous problems. The author found that lack of financial support, poor management, corruption, lack of training and experience, poor infrastructure, insufficient profits, and low demand for products and services lead to poor business performance. In addition to that, many scholars contended in their research articles that failed businesses is mainly due to failur in PM. Therefore, they contended that not seeking professional advice could be a factor for business failure. When testing this matter with successful firms, (Lussier & Halabi, 2010) found that successful firms had made greater use of outside professional advisors. Especially small businesses, that do not possess adequate resources, have a greater requirement to seek professional advice. According to the research "a Canadian small business research survey" SMEs who have constantly utilized experienced project managers enjoyed a relatively larger percentage of increased (76%) turnover compared to those who did not (Petrus, 2009).

It is found that, the smaller the firm, the higher the usage of external professional advice would increase the survival factor; professional advice assists the growth of the business. Ahmad and Seet (2009) have also recognized a lack or improper professional advice in business management would affect the business performance. Thereby, selection of poor advisers, listening to the wrong people for advice and failure to pick appropriate professionals to support in decision- making were emphasized by them in this context. They also claimed that behavioral aspects of business owners/managers have an impact on business performance; due to this reason, businesses suffer from lost opportunities and failure to respond. A qualitative research on the same aspects were conducted by Khan, et al., (2010) found mainly a lack of business skills, the structure of the local economy and weaknesses in local conditions had contributed to business failures. While, John & Alex (2018) examine the impact of PM practices on firm performance among SMEs in Britain over the period 2011-2014, using a unique dataset, which links survey data on management practices with firm performance data from the UK,'s official business register.

Some SMEs are less likely to use formal management practices than larger firms, but that such practices have demonstrable benefits for those who use them, helping firms to grow and increasing their productivity. The returns are most apparent for those SMEs that invest in human resource management practices, such as training and performance-related pay, and those that set formal performance targets. Another researches has focused primarily on operations management practices and performance incentives. The work of Bloom et al. (2012, 2014, 2016a, 2016b) is prominent in this field. Building on discussions with management consultants and prior academic research, their work focuses on the performance effects of 18 practices under three broad headings: (a) performance monitoring (*i.e.,* information collection and analysis); (b) target setting; and (c) people management (*i.e.,* selection, development and performance-focused reward). The proposition is that those organizations, which continuously monitor their processes, set comprehensive targets and pay close attention to the performance of their workforce will perform better than those, which do not monitor their operations, have few targets and do little to address employee under-performance. Such management practices are thus viewed as being akin to a 'technology', in that they serve as an output-increasing factor of production (Bloom et al., 2016a). In gaining and sustaining the best company performance and competitive advantage, firms under SMEs need to be flexible, require moving creatively and quickly to adapt to changing conditions (Darwina et al., 2018). Development on the most appropriate plan and taking into strategic decisions and actions in the new challenging environment are not an easy process in organizations.

The previousarguments reveal that effective PM may lead to better business performance (Arshad & Hughes, 2009; Hughes et al., 2017). This appears that PM is significant to produce distinct business performance. However, further empirical evidence on this association is still lacking more research (Dunford, 2013). Therefore, this study assumes that PM has a direct effect on SME business performance. The following hypothesis statement has been examined in the empirical part of this study.

"Project management has a significant effect on business performance of SMEs"

RESULTS AND DISCUSSIONS

In this section, a simple linear regression is used to examined the direct relationships between the PM and SME business performance. The evaluation of direct relationships is made through regression analysis. The resulting data indicated in Table 1 indicates the strength of direct relationships between PM and SME business performance.

Table 1
SUMMARY OF SIMPLE LINEAR REGRESSIONS BETWEEN THE VARIABLES

Relationship	ANOVA (F)	R-Square	Unstandardized Coefficients	Standardized Coefficients Beta	p-value (Sig.)
Project Management Practices >> SME Business Performance	125.771	0.293	0.632	0.541	0.000

The initial assessment to the output in the summary table explain the degree of which as regression model predicts the variability between each independent variables and efficient management. It is found the magnitude of R2=0.293. These values show the percentage of total variation in SME business performance which can be explained by PM. In other words, the change in PM explains (29.30%) of the change in SME business performance. To examine the significance of relationship between SME business performance and PM, unstandardized coefficients is used to report that direct relationships between them is statistically significant (p-value $\leq$ 0.05). Moreover, the magnitudes of standardized coefficients are moderate. This result shows the important role of PM on fostering SME business performance. Finally, the outcome from ANOVA analysis reports the degree of regression model fit between each pair of variables. Interpretation the output data in ANOVA data specifies that the degree of association between SME business performance and PM. Examining the magnitude of (F) in Table-1 which is equal to the ratio of two mean square values related to each relationship. This ration must be greater than (1.00) in order to consider the variation between the independent variables and efficient management is statistical. The result reveals that the values of F=125.771 $\geq$ 1.00. Therefore, the causal relationships exist between PM and SME business performance, this hypothesis is validated and significant.

CONCLUSIONS

The existing literature on SME's is diverse and covers a wide range of topics such as resources, survival, restrictions, and sustainability. However, there is yet to be a research that is solely focused on the SME in the UAE, with a focus on its performance and long-term growth through developing profitability, business growth, and marketing innovation. The current literature is scattered on many aspects that could lead to sustained business growth for SMEs, and it is unclear about the factors that contribute to sustained company success in the UAE. In this study, the empirical result shows that SME business performance influenced by the degree of project management. This relationship is significant. It is also found that SME business performance is measured through profitability, business growth, and marketing innovation, while project management is measured through project time management, project cost management, project quality management, project communications management. Moreover, the discussions in this study reveals that SMEs in UAE attempt to practice PM but these firms do not have much business experience and knowledge in all management skills as well as to deal with potential risk in the market. Thus, SMEs have minimal exposure into accessing PM processes available in the market. This is one of the reasons they are always having challenges in deciding any PM decisions and shrinking themselves in the opportunity of capital raising for further growth and prosper. Therefore, the relationship between PM and SME business performance in UAE should addressed in future through other variables such as risk management in order to extend our understanding on the factors that enhance business performance of SMEs.

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