

A STUDY OF RELATIONSHIP BETWEEN ENTREPRENEURIAL SKILLS AND BUSINESS SUCCESS OF EXPATRIATES IN ABU DHABI (U.A.E)

Dr. Jitendra Singh Rathore¹, Kallalathil Vengloth Nanditha Kumar ²

¹Assistant Professor, Faculty of Management Studies, WISDOM, Banasthali Vidyapith, Rajasthan, India,

²Research Scholar, Faculty of Management Studies, WISDOM, Banasthali Vidyapith Rajasthan, India.

Abstract

The concept of Entrepreneurship skills is constantly growing, more over in today's busy and competitive schedule, proper entrepreneurship skills can contribute hugely to overall prosperity of the individual as well as the economy of United Arab Emirates. Entrepreneurship skills are classified into technical skills, Entrepreneurial skills, Managerial skills, personal maturity skills and emotional skills. An expatriate entrepreneur should equally balance these five skills in order to become successful. The data is obtained from Quantitative collection method by direct interviews, which are structured, semi- structured or unstructured. This study collected information from primary data and secondary data also. Data collected will be checked using Cronbach's alpha. Data analysis incorporates descriptive statistics, inferential statistics (T-test, chi Square test, ANOVA and Pearson correlation).

Keywords: Entrepreneurship skills, Business Success, Entrepreneurship.

Introduction:

The entrepreneurial function is considered as an important component of the growth of economies of the world for a long time and the recent empirical studies evidences that historical theories of economic growth based on only capital and labor fails to explain productivity and production, *which implicitly points towards the role of entrepreneurship in gearing economic growth* (Baumol, 1968). The role of entrepreneurship in economic development was highlighted by the famous economist Joseph Schumpeter (1934) by introducing the concept of innovating entrepreneur. The entrepreneur is an individual who is capable of identifying opportunities of business, develop plans to exploit by canvassing resources and thereby exploits business opportunities in right time (Deakins & Freel, 2006). According to Schumpeter (1934), an entrepreneur is a person who innovates and generates chain of innovations in business ventures and thus creates a chain of innovative trend in the economy by bringing in new methods of production, new products, and novel ways of combining resources that creates creative destruction (Shane, 2003). The entrepreneurs create new business or business combinations that occur in the face of risk and uncertainty for the purpose of generating profit and continuous chain of growth (Zimmerer and Scarborough, 2005).

Entrepreneurial Process:

The entrepreneurial process explains the various stages through which a business venture passes by the involvement of the entrepreneur until it become successful in maintaining the rate of growth which is desirable from the point of view of the entrepreneur himself as well as the benchmarking standard in the market place. This process is a journey and not the destination. The popular entrepreneurs such Bill Gates, Warren Buffet, Gordon Moore, Steve Jobs etc are the examples in our century.

Economic Development

In the development of an economy, entrepreneurs play a major role in accelerating the momentum of economic growth. Economic growth is the increase in per capita domestic product or other measures of aggregate income which is generally termed as annual rate of growth in real GDP of a country. From this point of view, the sources of economic growth are productivity, factors of production, application of technology, improved social and political structure. (OECD, 2018). On the other hand, economic development is defined as an increase in the standard of living of population in a country with sustained growth trajectory from a simple, low income country to a modern, high income economy (OECD, 2018). According UNCTAD (2019), the major sources of economic development are the availability of efficient labor force, application of modern technology in various spheres of productive activities, availability of cheap capital, proper natural resources and improved skill and education.

Entrepreneurial Skills

The skill set of the entrepreneurs considered in the conceptual framework is derived from sources of various models such as Glancey Model (1198), Van Vuuren and Nieman Model (1999), Wickham Entrepreneurial Model (2001), Erikson's Model (2002), Man, Lau & Chan Model (2002), Ucbasaran, West Head and Wright Model (2002), Darroch and Clover Model (2005) and Perks and Struwig Model (2005). The details of these models are provided in the chapter on literature review. These models are selected because these models are quoted as practical models by experts and academicians as they are more relevant in the modern business world (Baron, 2008; Van Vuuren & Botha, 2010, 2013; Sánchez, 2013; Morris et al. 2013; Stuetzer, Obschonka & Schmitt-Rodermund, 2013;)

Business Success

The present study focuses on a detailed assessment of the impact of the skills of entrepreneurs on various parameters of business success as outlined by 'Dimensions of Business Viability Model' developed by Thompson (2005), which is a generic framework which helps the entrepreneurs in identifying individual skills in validating the business concept. The model is a benchmark framework for measuring the viability of a business concept. The business viability model outlines the following core dimensions which can be considered for measuring the success of a business venture (Thompson, 2003a).

Market Viability

Market viability is considered as one of the factors that influence any business model as it is traditionally treated as more tangible and quantifiable and it is determined by measurable concepts such as market demand to a proposed product or service within the constraints of the target market (Hoagland & Williamson, 2000; Thompson, 2003; Baxter, 2003).

Technical Viability

Technical feasibility is considered because of the fact that a business venture operates with a vision that its product or service or project will resolve the problems of the customers and this vision consists of two important assumptions: the assumption around providing value and the assumption around growth in the market (Moogk, 2012). To achieve this vision, the product or service should be technically better in terms of quality, service, functions and performance and hence, the product or project should be technically superior and many successful entrepreneurs rely on technological edge to create new products, ventures and solve customer problems (Allarakhia & Walsh, 2011; Tierney, Hermina & Walsh, 2013). In a country like UAE, where technical development is very fast, the success of any entrepreneurial venture depends upon the capability of the organization to adapt to technological changes (Miniaoui & Schiliro, 2016).

The Management Model Viability

The management model viability is a very important factor as it involves application of knowledge, management of intellectual property, management of risk, suitable organizational structure and employee management (Thompson, 2005). In any growing economies of the world, these factors are crucial for the success of a business venture.

The Economic and Financial Viability

The economic and financial viability assumes importance as it involves consideration of various factors such as start up costs, working capital management, operating costs, profitability and breakeven point (Macedo, Albuquerque & Morales, 2017).

Exit Strategy Viability

An exit strategy is a plan of the entrepreneur to capture the value created through the entrepreneurial activity (Rogers, 2003). The entrepreneurs design the exit strategy based on a self assessment about the amount of value to be captured, the timing of exit, retaining the level of managerial or ownership control even after exit. In certain situations, the exit can be outcome of a contingency plan with little time for a planned exit (Cesar, Deenitchin and Pikul, 2005).

Method

Objectives of the study are:

- 1.The success of an expat entrepreneur depends primarily on the skills he/she possesses.
- 2.Skills possessed by the expat entrepreneur leads to entrepreneurial success, which is otherwise termed as the success of a business venture.
- 3.The success of expat entrepreneurs influence the UAE economy positively by growing industry, diversification of industrial activities, market growth, lowering the level of inflation, current account surplus and flow of foreign direct investment into the country.

Sample Size

The sample size is 66 entrepreneurs selected from a total population of 675 by using Raosoft sample size calculator by considering a margin of error of 5% and with a response distribution of 95%. Since Abu Dhabi is a small place, it is easier to get access to the samples as all offices are situation within a landscape of 375 sq. miles. The total sample of 66 entrepreneurs is classified based on the demographic balance and by considering the dominant size of the nationalities as furnished in table .

Nationality	Category1 (30 Years +)	Category2 (5Y- 30Y)	Category3 (5Y and Less)	Sample Size	Percentage of Total Sample
India	4	9	7	20	30
Pakistan	2	3	6	11	17
Bangladesh	0	3	4	7	11
Philippines	0	2	4	6	9
Iran	1	2	3	6	9
Egypt	1	1	4	6	9
Nepal	0	1	5	6	9

Others	1	1	2	4	6
TOTAL	9	22	35	66	100

SKILLS OF THE ENTREPRENEUR

TECHNICAL SKILL

Dimensions of Technical Skills	Mean	Standard Deviation	n
1. Specific Industry Skill	3.95	0.58	62
2. Communication skills	4.01	0.61	62
Total	7.96	1.19	
Average	3.98	0.60	

ENTREPRENEURIAL ORIENTATION SKILL

Dimensions of Entrepreneurial Skills	Mean	Standard Deviation	n
1. Risk Taking	3.73	0.80	62
2. Innovation	4.13	0.69	62
3. Persistence	3.87	0.73	62
4. Change Management	3.78	0.68	62
Total	15.51	2.90	
Average	3.88	0.73	

MANAGERIAL SKILLS

Dimensions of Managerial Skills	Mean	Standard Deviation	n
1. Planning and Decision Making	4.12	0.51	62
2. Motivation	4.18	0.38	62
3. Organizing	3.79	0.54	62
Total	12.09	1.43	
Average	4.03	0.48	

PERSONAL MATURITY SKILL

Dimensions of Personal Maturity Skills	Mean	Standard Deviation	n
1. Self Awareness	3.96	0.43	62
2. Locus of Control	3.91	0.50	62
3. Accountability	3.46	0.53	62
Total	11.33	1.46	
Average	3.77	0.49	

EMOTIONAL SKILLS

Dimensions of Emotional Skills	Mean	Standard Deviation	n
1. Emotional Intelligence	3.97	0.54	62
2. Social Intelligence	4.08	0.56	62
3. Creativity	3.89	0.63	62
Total	11.94	1.73	
Average	3.98	0.58	

SUMMARY OF SKILLS

Entrepreneurs' Skills	Mean	Standard Deviation	Number of Questions	n
1. Technica Skills	3.98	0.60	12	62
2. Entrepreneurial Skills	3.88	0.73	16	62
3. Managerial Skills	4.03	0.48	12	62
4. Personal Maturity Skills	3.96	0.49	12	62
5. Emotional Skills	3.98	0.58	12	62
TOTAL	19.83	2.88	64	
AVERAGE	3.97	0.58		

SUMMARY OF DIMENSIONS OF BUSINESS SUCCESS

Dimensions of Business Success	Mean	Standard Deviation	No of Questions	n
1. Market Viability	4.09	0.59	4	62
2. Technical Capability	3.73	0.53	4	62
3. Management Model Viability	3.93	0.62	4	62

4.Economic and Financial Viability	3.83	0.59	4	62
5.Exit Strategy	3.64	0.54	4	
TOTAL	19.22	2.87	20	
Average	3.84	0.57		

RELATIONSHIP BETWEEN ENTREPRENEURIAL SKILLS AND BUSINESS SUCCESS

A Pearson Correlation (Bivariate) test was done to verify the relationship that exists between the skills of the entrepreneurs and the degree of success of business. The results are furnished in table .

Pearson's Correlation (r) between Entrepreneurial Skills and Business Success

Business Success	Market Viability	Technical Viability	Management Model Viability	Economic&Financial Viability	Exit Strategy
Technical Skills	0.613	0.913	0.512	0.542	0.341
Entrepreneurial Skills	0.724	0.611	0.542	0.533	0.744
Managerial Skills	0.531	0.416	0.681	0.456	0.217
Personal Maturity Skills	0.502	0.281	0.576	0.213	0.563
Emotional Skills	0.091	0.120	0.512	0.133	0.101

Correlation between entrepreneurial skills and business success

FINDINGS & INTERPRETATION

1. The technical skill shows high degree of positive correlated with market viability, technical viability, management model viability and economic and financial viability. Technical skill and technical viability is found to have high level of correlation, which implies that the success of technical aspect of business depends upon the technical knowledge of the entrepreneur. This implies that the entrepreneurs who have got technical knowledge about a business has got high degree of probability of success.

2. Entrepreneurial skills are found to be highly correlated to market viability as well as exit strategy. The success of a venture depends upon the market viability of a project or venture and the market viability assessment depends upon the entrepreneurial skill of the entrepreneur. The correlation is found to be 0.724. Entrepreneurial skill is also highly correlated to exit strategy as it shows a high value ($r=0.744$). This reveals the fact that either to continue in business or leave the business, an entrepreneur's skill of understanding the viability of the market is important. If the exit or entry is in time, a company can either avoid further wasteful investment or can earn better returns that others due to first mover advantage.

3. The managerial skill shows positive correlation with all the factors of business success, but the degree of correlation is less and negligible. Managerial skill is highly correlated with market viability and management model, but less correlated with technical viability, exit strategy.
4. There exists high degree of positive correlation with personal maturity skill with market viability, management model viability and exit strategy.
5. Emotional skills show high degree of correlation with management model viability as application of a good management system needs high degree of emotional intelligence and social intelligence.

CONCLUSION

The study is an integrative analysis of the development of entrepreneurs in Abu Dhabi. The study analyses the skills of the entrepreneurs, its impact on business success and the performance of the economy. The study has given sufficient insights into the areas of the skills of the entrepreneurs, the various dimensions of the success of the business and the interaction between business success factors and the growth of an economy. The overall study reveals the fact that the business ventures have got comparatively better opportunity for success in the UAE mainly because of the fact that the Govt., has been supportive in developing business in this country. Apart from this, since the level of income is quite high, many of the business ventures can achieve success, provided that the entrepreneur is skilled enough to manage the complex dimensions of the business.

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