

# THE EFFECT OF INTELLIGENT BUSINESS PROCESS MANAGEMENT MODEL ON PERFORMANCE OF SMES MEDIATED BY INNOVATION



# DOCTOR OF PHILOSOPHY



# **Institute of Technology Management and Entrepreneurship**



**Doctor of Philosophy** 

### THE EFFECT OF INTELLIGENT BUSINESS PROCESS MANAGEMENT MODEL ON PERFORMANCE OF SMEs MEDIATED BY INNOVATION

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#### DECLARATION

I declare that this thesis entitled "The Effect of Intelligent Business Process Management Model on Performance of SMEs Mediated by Innovation" is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.



### APPROVAL

I hereby declare that I have read this thesis and in my opinion, this thesis is sufficient in terms of scope and quality for the award of Doctor of Philosophy.

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### DEDICATION

I dedicate this thesis to my family and to the inspiring my father Yousif Al-Ali for encouraging me to complete my higher education.



#### ABSTRACT

Small and Medium Enterprises (SMEs) in the UAE play a crucial role in driving the country's economic growth. However, their lack of innovation impedes their competitiveness in the business landscape. Although past research has explored methods to enhance SME performance, such as the use of artificial intelligence (AI) and business process automation, understanding the factors influencing the successful adoption of these technologies in the UAE's unique business environment remains a challenge. This study aims to fill these gaps by exploring the factors influencing the adoption of Intelligent Business Process Management (iBPM) among UAE SMEs. It examines the effect of iBPM adoption on SMEs' innovation and performance while evaluating the role of innovation as a mediating factor between iBPM adoption and performance. The study also proposes a comprehensive model capturing these relationships, framed by the Technology-Organization-Environment Framework. To achieve these objectives, a survey design was employed, and a questionnaire was distributed to SMEs via simple random sampling. The data collected from 377 respondents were analyzed using SPSS PLS-SEM Smart PLS software version 3.2.8. The findings of this study reveal that IT Infrastructure, Employees Competencies, Organizational Culture, and Strategic Alignment significantly influence iBPM adoption. However, factors such as Management Support, Government Support, and Market Condition do not have a significant impact, suggesting that organizational and environmental factors may not be strong drivers of iBPM adoption among SMEs in the UAE. Furthermore, iBPM adoption was found to have a positive influence on innovation and organizational performance. The positive relationship between iBPM adoption, innovation, and performance highlights the importance of adopting iBPM for enhancing competitiveness in the UAE. Importantly, innovation was found to partially mediate the relationship between iBPM and organizational performance, emphasizing the importance for SMEs to focus on nurturing innovation and integrating it into their iBPM initiatives to achieve greater benefits. These findings contribute to the development of SMEs by providing insights into how iBPM adoption and innovation can enhance their performance and competitiveness, ultimately aligning with the UAE's strategic goals. Additionally, they guide SMEs and policymakers in devising strategies to promote iBPM adoption and foster a more innovative and competitive SME sector.

#### KESAN MODEL PROSES PENGURUSAN PERNIAGAAN PINTAR TERHADAP PRESTASI PKS DIMEDIASI OLEH INOVASI

#### ABSTRAK

Perniagaan Kecil dan Sederhana (PKS) di UAE memainkan peranan penting dalam mendorong pertumbuhan ekonomi negara. Walau bagaimanapun, kurangnya inovasi menghalang daya saing mereka dalam landskap perniagaan. Walaupun kajian terdahulu telah meneroka kaedah untuk meningkatkan prestasi PKS, seperti penggunaan kecerdasan buatan (AI) dan automatik proses perniagaan, pemahaman faktor-faktor yang mempengaruhi penerimaan berjaya teknologi-teknologi ini dalam persekitaran perniagaan unik UAE masih merupakan satu cabaran. Kajian ini bertujuan untuk mengisi kesenjangan tersebut dengan meneroka faktor-faktor yang mempengaruhi penerimaan Pengurusan Proses Perniagaan Cekap (iBPM) di kalangan PKS UAE. Ia mengkaji kesan penerimaan iBPM terhadap inovasi dan prestasi PKS sambil menilai peranan inovasi sebagai faktor penengah antara penerimaan iBPM dan prestasi. Kajian ini juga mencadangkan satu model komprehensif yang menggambarkan hubungan-hubungan ini, berdasarkan Kerangka Teknologi-Organisasi-Alam Sekitar. Bagi mencapai objektif ini, satu reka bentuk kaji selidik digunakan, dan soal selidik diedarkan kepada PKS melalui sampel rawak mudah. Data yang dikumpulkan daripada 377 responden dianalisis menggunakan perisian SPSS PLS-SEM Smart PLS versi 3.2.8. Hasil kajian ini mengungkapkan bahawa Infrastruktur IT, Kemahiran Kakitangan, Budaya Organisasi, dan Keserasian Strategik mempengaruhi penerimaan iBPM dengan signifikan. Walau bagaimanapun, faktor-faktor seperti Sokongan Pengurusan, Sokongan Kerajaan, dan Keadaan Pasaran tidak mempunyai impak yang signifikan, menunjukkan bahawa faktor-faktor organisasi dan alam sekitar mungkin bukan pendorong utama penerimaan iBPM di kalangan PKS di UAE. Selain itu, penerimaan iBPM didapati mempunyai pengaruh positif terhadap inovasi dan prestasi organisasi. Hubungan positif antara penerimaan iBPM, inovasi, dan prestasi menunjukkan kepentingan mengadopsi iBPM untuk meningkatkan daya saing di UAE. Secara penting, inovasi didapati mengantara secara separa hubungan antara iBPM dan prestasi organisasi, menekankan kepentingan bagi PKS untuk memberi tumpuan kepada perkembangan inovasi dan mengintegrasikannya ke dalam inisiatif iBPM mereka untuk mencapai manfaat yang lebih besar. Penemuan ini menyumbang kepada perkembangan PKS dengan memberikan wawasan mengenai bagaimana penerimaan iBPM dan inovasi dapat meningkatkan prestasi dan daya saing mereka, akhirnya sejajar dengan matlamat strategik UAE. Selain itu, mereka memandu PKS dan pembuat dasar dalam merancang strategi untuk mempromosikan penerimaan iBPM dan memupuk sektor PKS yang lebih inovatif dan berdaya saing.

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In the Name of Allah, the Most Gracious, the Most Merciful

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# LIST OF SYMBOLS

- $\delta R^2$ -
- Voltage angle Coefficient of Determination \_



# LIST OF ABBREVIATIONS

iBPM	-	Intelligent Business Process Management		
BPM		Business Process Management		
AI	-	Artificial Intelligence		
SMEs	-	Small and Medium Enterprises		
KFED	-	Khalifa Fund for Enterprise Development		
CRM	-	Customer Relationship Management		
TOE	-	The Technology-Organization-Environment		
ITS	-	IT Infrastructure		
EC	-	Employee Competencies		
0C	-	Organizational Culture		
SA	-	Strategic Alignment		
GS	-	Government Support		
MC	-	Market Conditions		
INV	- 10	Innovation		
TAM	St	Technology Acceptance Model		
UAE	<b>S</b> -	United Arab Emirates		
OG	- E	Organizational Performance		
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### LIST OF PUBLICATIONS

The followings are the list of publications related to the work on this thesis:

- S. Al-Ali, S. Sidek, S.A. Al-Shami, 2022. The Growth and Challenges of SMEs in Abu Dhabi, *International Journal of Human and Technology Interaction*, 6 (1), ISSN. 2590 3551.
- S. Al-Ali, S. Sidek, 2023. The Impact of BPM Approach for the Success Performance of SMEs, *Seybold Report Journal of business and Management*, 18(3), 123-129. https://seyboldreport.net/abstract-2023/3-123.html



#### **CHAPTER 1**

#### **INTRODUCTION**

#### 1.1 Background

#### 1.1.1 The importance of Small Medium Enterprises (SMEs)

Small and Medium-sized Enterprises (SMEs) are organizations with a limited number of employees and a relatively low annual turnover (Agostini and Nosella, 2020). The World Bank (2021) defines SMEs as businesses with fewer than 250 employees, an annual turnover of less than \$50 million, or total assets of less than \$43 million. In developing countries, SMEs account for up to 90% of businesses, while in developed countries, they contribute to over 50% of the GDP and provide up to 80% of new job opportunities (Zafar and Mustafa, 2017). Thus, the significance of SMEs in the economy is undeniable.

Small and Medium Enterprises (SMEs) play a crucial role in economic growth and

development worldwide (Gherghina et al., 2020). These enterprises play a crucial role in economic growth, job creation, poverty reduction, income generation, and wealth creation (Chatterjee et al., 2021;OECD, 2022; Lutfi et al., 2022). Their flexibility and adaptability allow them to create new job opportunities, particularly in developing countries, helping to lift individuals out of poverty and improve their overall quality of life (Ibidunni et al., 2020). Moreover, the agility and responsiveness of SMEs to market changes enable them to foster innovation and drive technological advancements, ultimately contributing to the economic growth and development of nations (Hanifah et al., 2019). SMEs exhibit diverse characteristics that contribute to their overall innovation performance, with certain internal attributes enabling them to excel in this area (Pullen et al., 2009). One of the critical attributes of SMEs is their ability to adopt and implement new technologies, such as ERP systems (Khadrouf et al., 2020). However, certain characteristics of SMEs, including limited resources and a lack of technological expertise, can impede the successful implementation of such systems (Supyuenyong et al., 2009; Khadrouf et al., 2020). Furthermore, SMEs tend to have different innovation patterns compared to larger enterprises, driven by a combination of internal and external factors (Pullen et al., 2009).

Even though large corporations are frequently linked with innovation, SMEs are integral in driving innovation within the global market (Hanifah et al., 2019; Gherghina et al., 2020). SMEs have demonstrated their ability to make unique and significant contributions to innovation by fostering a culture of creativity, collaboration, and flexibility (Hanifah et al., 2019; Abisuga-Oyekunle et al., 2019). Their smaller size allows them to adapt and respond to market changes more rapidly than their larger counterparts, enabling them to seize new opportunities and implement novel ideas more swiftly (Ibidunni et al., 2020). Moreover, SMEs often exhibit a higher degree of specialization in niche markets, which can lead to breakthrough innovations that disrupt industries and create new markets (Abisuga-Oyekunle et al., 2020; Ibidunni et al., 2020). As a result, the ongoing evolution of SMEs' role in the global market highlights their importance in promoting innovation and driving economic growth.

Recent trends suggest that the comparative advantages of small businesses have shifted towards knowledge-based activities, leading to a change in their roles within the economy. SMEs are increasingly recognized for their agility, adaptability, and ability to pursue targeted innovation strategies (Chatterjee et al., 2021; Lutfi et al., 2022). As a result, they have become key drivers of innovation across various sectors, from technology to manufacturing and services.

SMEs hold a prominent position in the economy as engines of growth, job creation, and innovation. They contribute significantly to both developed and developing countries by embracing knowledge-based activities and implementing focused innovation strategies. By understanding and harnessing the innovative potential of SMEs, policymakers and business leaders can foster a more vibrant, resilient, and competitive economy.

#### 1.1.2 Challenges for SMEs in embracing technology

SMEs face numerous challenges that can hinder their growth and survival. One of the most significant challenges is the adoption of new technologies, such as big data and cloud ERP systems (Razzaq et al., 2020; Ghaleb et al., 2021). However, the implementation of new technologies can be expensive and requires technical expertise, which many SMEs lack. Moreover, SMEs face difficulties in identifying the right technology that aligns with their specific needs and business strategies (Gašperlin et al., 2021).

The COVID-19 pandemic has also brought about unprecedented challenges for SMEs worldwide, including those in the UAE region. The pandemic has resulted in the closure of many businesses, layoffs, and decreased revenue for SMEs in the region, as well as the need to address new health and safety protocols, disrupted supply chains, and changes in customer behavior and demand (Ajmal et al., 2021; Alhajeri, 2022; Zahoor et al., 2023).

Furthermore, the lack of knowledge and skills in areas such as business process management (BPM) can pose a challenge for SMEs. While BPM can enhance the efficiency and effectiveness of SMEs' business processes, many SMEs lack the technical skills and knowledge required for its implementation (Kolar, 2014). In addition, embedding time management into database management systems can also pose a challenge to SMEs due to