

Unlocking SME Success in the UAE: An Empirical Analysis of the Role of Social Capital, Human Capital and Strategic Management.

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Abstract

This study examines the impact of human capital, social capital, and strategic management on SME performance in the United Arab Emirates (UAE). Grounded in the Resource-Based View (RBV) and Technology–Organization–Environment (TOE) frameworks, the research investigates how these critical internal resources influence firm success in a dynamic market. Data were collected from 408 SME owners, managers, and CEOs using a systematic stratified random sampling method. Descriptive analysis was conducted with SPSS 24, while Structural Equation Modeling (SEM) was employed to test hypothesized relationships. Results reveal that human capital, social capital, and strategic management each have a significant positive effect on SME performance. The findings underscore the importance of cultivating internal capabilities to enhance competitive advantage and business performance in the UAE’s SME sector. This research contributes empirical evidence supporting RBV and TOE theories in the context of SME development and provides practical implications for business leaders and policymakers.

Keywords: *SMEs performance, social capital, human capital, strategic management, UAE*

INTRODUCTION

Small and medium-sized enterprises (SMEs) are vital to the United Arab Emirates’ (UAE) economic diversification and innovation agenda, representing over 90% of registered businesses and employing approximately 86% of the private sector workforce (Ministry of Economy, UAE, 2023; WAM, 2023). By the end of 2022, approximately 557,000 SMEs were operational, accounting for 63.5% of the UAE’s non-oil GDP. These figures highlight the pivotal role SMEs play in driving sustainable economic growth. However, despite their importance, many SMEs continue to face persistent challenges in maintaining competitive performance due to internal resource constraints and the pressures of a volatile external environment (Aljifri & Alzarouni, 2022).

Recent research highlights the crucial role of internal capabilities—specifically, human capital, social capital, and strategic management in influencing SME performance (El Shoubaki et al., 2020; Fauzi et al., 2021; Amoah et al., 2023). The Resource-Based View (RBV) conceptualizes these intangible resources as strategic assets capable of delivering sustained competitive advantage when effectively developed and leveraged (Barney, 1991; Wernerfelt, 1984). Complementing this, the Technology–Organization–Environment (TOE) framework posits that firm performance emerges from the alignment of internal competencies with external technological and institutional conditions (Tornatzky & Fleischer, 1990; Baker, 2012).

Within this framework, human capital the knowledge, experience, and skills of employees and leadership—enhances organizational agility and innovation capacity (Elrehail et al., 2020; Samad et al., 2023). Social capital, grounded in trust-based networks and shared norms, facilitates collaboration, information exchange, and access to vital resources (Boohene et al., 2020; Shan & Tian, 2022). Strategic management, through formalized planning, goal setting, and adaptive execution, enables SMEs to align their internal strengths with external opportunities and challenges (Sinnaiah et al., 2023; Zsigmond et al., 2021).

Although these elements have been examined individually, empirical evidence exploring their combined impact on SME performance especially in the unique socio-economic, regulatory, and cultural context of the UAE remains scarce (Chatterjee et al., 2021; Qalati et al., 2021). This study addresses this gap by investigating how human capital, social capital, and strategic management collectively influence SME performance in the UAE. Grounded in RBV and TOE theoretical perspectives, this research provides a comprehensive understanding of the internal drivers of SME success and offers practical insights for managers, policymakers, and stakeholders seeking to enhance resilience, innovation, and competitiveness within the UAE's SME ecosystem.

2. LITERATURE REVIEW AND HYPOTHESES

2.1 SME Performance

SME performance is commonly understood as the measurable evaluation of key organizational outcomes, including efficiency, financial results, production levels, and customer retention (Cicea et al., 2019). It also broadly reflects the degree to which a firm achieves its strategic goals related to profitability, productivity, and customer satisfaction (Ibro Mohammed, 2020). This multifaceted understanding of performance aligns with the current study's focus on the role of social capital, human capital, and strategic management in enhancing SME outcomes in the UAE.

2.2 Social Capital and SME Performance

Social capital refers to the networks, relationships, and social interactions that facilitate access to resources, information, and opportunities within and beyond the organization (Boohene et al., 2020). From the Resource-Based View (RBV) perspective, social capital is considered an intangible resource that can generate sustained competitive advantage when effectively leveraged (Nahapiet & Ghoshal, 1998). However, some studies question the universal positive impact of social capital on firm performance. For instance, Stasa Ouzký and Machek (2023) differentiate between bridging and bonding social capital, finding that while bridging social capital positively influences family business performance, bonding social capital may have little to no effect, or even adverse effects, due to insularity and limited external connections.

Additionally, the Technology–Organization–Environment (TOE) framework suggests that the benefits of social capital may depend on external environmental factors such as industry competition and technological readiness (Tornatzky & Fleischer, 1990). This implies that the effect of social capital on SME performance may vary depending on the UAE's unique business environment, highlighting the need for context-specific investigation.

Both online and offline forms of social capital play a vital role in enhancing the performance of small and medium enterprises (SMEs). Online social capital enables SMEs to access broader markets, share information rapidly, and leverage digital platforms to support innovation and strategic decisions (Lee & Hallak, 2020; Zhao et al., 2023a). In contrast, offline social capital fosters trust-based relationships within local communities, providing SMEs with emotional support, local legitimacy, and access to informal resources that may not be available online (Boohene, Gyimah, & Osei, 2020; Muafi et al., 2025).

Existing research confirms the positive association between social capital and both social and business performance (Alghababsheh & Galliar, 2021; Nuryanto et al., 2020; Tran & Adomako, 2021). However, many studies have not clearly distinguished between the unique contributions of online and offline social capital to these performance outcomes (Lee & Hallak, 2020; Zhao et al., 2023a). Furthermore, some literature rarely treats social and business performance as separate dimensions, which limits understanding of how social capital influences each outcome independently.

By effectively utilizing both online and offline social capital, SMEs can gain access to valuable resources, foster collaboration, and enhance their responsiveness to external market demands. Online networks support growth by expanding outreach and facilitating digital innovation, while offline relationships strengthen trust and continuity within the local context (Muafi et al., 2025; Zhao et al., 2023b). This integrated approach

enables SMEs to improve both their internal social cohesion and external business competitiveness, ultimately contributing more meaningfully to their stakeholders.

In the context of UAE SMEs, social capital plays a crucial role in enhancing firm performance by enabling the exchange of valuable knowledge and support (Boateng et al., 2020). Beyond building and maintaining social networks, SME owners and managers should invest in developing their skills and those of their employees to maximize the benefits of social capital (Boohene et al., 2020; Shan & Tian, 2022). The UAE's multicultural and globalized business environment provides fertile ground for cultivating extensive social networks that can translate into economic value for SMEs (Gerhart & Feng, 2021; Shaw, 2021).

H1: Social capital has a positive effect on SME performance in the UAE.

2.3 Human Capital and SME Performance

Human capital encompasses the collective knowledge, skills, abilities, and experience of employees within an organization and is a key determinant of firm performance (Simić et al., 2020; Tirupathi, Banerjee, & Riaz, 2020). The Resource-Based View (RBV) emphasizes human capital as a valuable, rare, and inimitable resource that can underpin competitive advantage (Barney, 1991). SMEs particularly rely on the innovative and creative capabilities of their workforce to sustain competitive advantages. Factors such as entrepreneurial orientation, training, reward management, and innovation practices influence the effectiveness of human capital in improving SME outcomes (Pasamar et al., 2019).

Strategic management of human capital, including efforts to retain talented employees, is essential to organizational success (Dash, 2020; Alshammari, 2020). The findings by Skafi et al. (2020) show that prior IT experience among staff significantly contributes to cloud adoption in SMEs, reinforcing the role of human capital in facilitating technological adaptation and performance enhancement. While some research shows mixed results regarding moderating factors such as innovative leadership, the overall consensus supports human capital as a vital driver of SME performance (Aman-Ullah et al., 2022).

However, empirical findings on the influence of human capital are mixed. For example, El Shoubaki et al. (2020) found that human capital has a significant impact on SME growth. However, this effect is mediated by the entrepreneur's motivations to start the business, suggesting indirect rather than direct impacts. Moreover, some studies highlight that without effective strategic human resource practices, the mere presence of skilled employees does not necessarily translate into superior performance (Elrehail et al., 2020). The Technology-Organization-Environment (TOE) framework further posits that organizational readiness and technological factors may moderate the relationship between human capital and performance (Baker, 2012), underscoring the complexity of these relationships in dynamic markets such as the UAE.

H2: Human capital has a positive effect on SME performance in the UAE.

2.4 Strategic Management and SME Performance

Strategic management involves the formulation and implementation of organizational goals through the effective allocation of resources and continuous assessment of internal and external environments (Schühly, 2022; Sinnaiah et al., 2023). Grounded in the Resource-Based View (RBV), strategic management enables firms to deploy their internal resources efficiently, thereby gaining a competitive advantage (Wernerfelt, 1984). However, some studies report that many SMEs lack formal strategic planning, which can limit the effectiveness of these practices (Mandal, 2020). This uneven strategic awareness may weaken the expected positive impact of strategic management on firm performance.

Furthermore, the Technology-Organization-Environment (TOE) framework emphasizes that external environmental factors, such as market volatility and regulatory changes, significantly influence the success of strategic initiatives (Tornatzky & Fleischer, 1990). This suggests that while strategic management is crucial, its effectiveness depends on SMEs' ability to adapt both internal capabilities and respond to external environmental pressures, particularly in rapidly changing contexts like the UAE. However, Certain scholars argue that traditional strategic planning may be ineffective or unnecessary for SMEs, particularly in situations characterized by high uncertainty or rapid change, where adaptability and improvisation are prioritized over structured planning (Honig & Samuelsson, 2021).

For SMEs in the UAE, adaptability and flexibility in strategic planning are particularly crucial due to the dynamic market conditions and geopolitical landscape (Mandal, 2020). Although strategic awareness varies among SMEs, effective communication of company values and strategic goals to employees has been linked to improved service quality and organizational success ((Tirupathi, Banerjee, & Riaz, 2020; Zsigmond et al., 2021). By embracing strategic management, SMEs can better position themselves to capitalize on emerging opportunities and sustain long-term growth.

H3: Strategic management has a positive effect on SME performance in the UAE.

This study aims to investigate the factors influencing SME business performance, focusing on three key independent variables: social capital, human capital, and strategic management. These variables are grounded in existing literature as critical drivers of performance in small and medium-sized enterprises. The conceptual model illustrates the proposed relationships between the independent variables and the dependent variable, SME business performance, as shown in Figure 1.

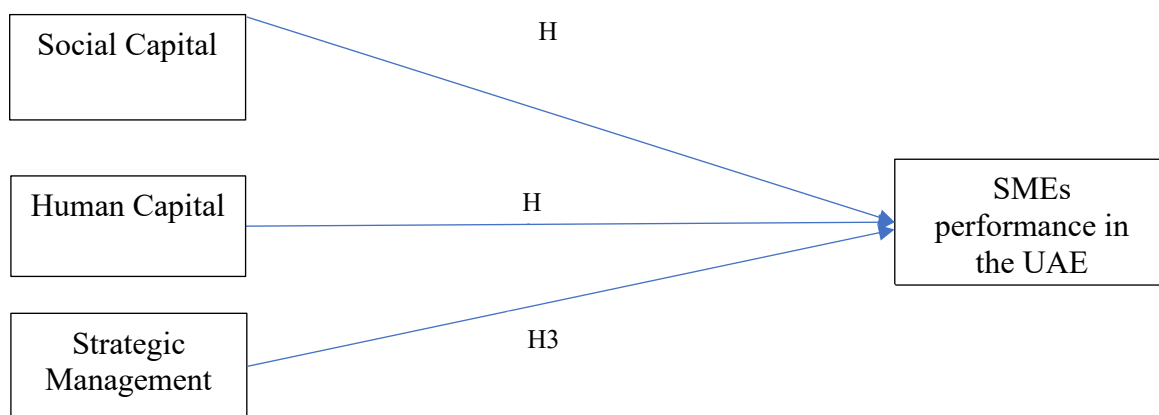


Figure 1 Research Framework

3. METHODOLOGY

To address the research questions and test hypotheses, this study employed a quantitative approach using an online survey via Google Forms. Quantitative methods were selected for their ability to analyze relationships between variables using large samples statistically. The survey included 408 SME owners, managers, and CEOs who hold key strategic and operational roles.

A systematic stratified random sampling method ensured the representation of representative subgroups within the UAE SME population, thereby enhancing generalizability and reliability. The instrument had four sections: demographics (e.g., gender, age, education, position, industry, employees, sales, location); five human capital items (e.g., skills, competencies); five social capital items (e.g., collaboration, networking); and strategic management items (e.g., goal clarity, planning, adaptability). All constructs used a five-point Likert scale (1 = strongly disagree to 5 = strongly agree) for ease of analysis (Bryman & Bell, 2015).

Data were analyzed using SPSS 24.0 and SmartPLS 3.0 for descriptive (means, frequencies, SDs) and inferential (t-tests, Pearson correlations) statistics. Structural Equation Modeling (SEM) via SmartPLS modeled complex relationships between latent variables, offering advantages over regression by handling multiple dependencies (Hair et al., 2019). Convergent validity was confirmed with AVE values above 0.50 (Cheah et al., 2018; Hair et al., 2019), and discriminant validity was assessed using SmartPLS procedures to ensure constructs were distinct (Sarstedt et al., 2021).

4. RESULTS

Cronbach's alpha (α), Composite Reliability (CR), and Average Variance Extracted (AVE) were used to assess the reliability and convergent validity of the constructs. According to Carrión et al. (2017), an AVE above 0.5 or a CR above 0.7 indicates a reliable measurement of the latent variable. As shown in Table 1, human capital, social capital, strategic management, and SME performance all have AVE values exceeding 0.5, confirming their reliability. Additionally, standardized item loadings extracted from Confirmatory Factor Analysis (CFA) (Table 2) were all above 0.7, indicating strong relationships between the observed variables and their corresponding constructs, and supporting convergent validity (Hair et al., 2019, 2021).

Table 1. Reliability and validity analysis

Variable	α	CR	(AVE)
HC	0.830	0.880	0.770
SC	0.847	0.891	0.775
SM	0.776	0.855	0.749
BP	0.900	0.938	0.926

Note: HC = Human capital; SC = Social capital; SM = Strategic management; BP= Business Performance

Table 2. Measurement items

Variable	Code	Item	Loading	Source
HC	HC1	Our employees possess specialised skills in their specific areas of expertise	0.72	(Dar&Mishr,2019).
	HC2	Our employees excel in their designated roles and responsibilities.	0.763	
	HC3	Our employees interpret problems and situations from multiple perspectives	0.823	
	HC4	Our employees are adaptable, ready to learn and utilise new knowledge as needed.	0.778	
	HC5	Our employees' high level of education contributes significantly to their deep understanding of our business operations.	0.766	
SC	SC1	In our organization, all teams have a common goal.	0.71	(Khan et al., 2020).
		In our organization, members from different teams see themselves as partners.		
	SC2	In our organization, members have clear and defined goals.		
		In our organization, members willingly share information with each other.		
	SC3	In our organization, members have strong confidence in each other's capabilities.		
		In our organization, we invest in relationships to strengthen our internal collaboration.		
SC5		0.781		
		0.818		
		0.821		
		0.741		
SC6				

SM1	Our strategic management includes a clearly defined long-term strateg Our strategic management involves regularly establishing and evaluating the organization’s goals. Technology is a key component in our strategic management. Effective communication is crucial in our strategic management. Our strategic management adapts to market changes.	0.73	(Belas,2020).
SM2		0.74	
SM3		0.79	
SM4		0.702	
SM5		0.783	
BP1	Our performance in market share has improved due to our use of digital technologies, including social media.	0.812	AlSharji et al., (2018)
BP2	Our sales process efficiency has been enhanced by adopting advanced technology solutions.	0.901	
BP3	Our sales volume has increased due to the adoption of innovative technologies.	0.949	
BP4	Our customer engagement, as measured by inquiries, has improved with our use of digital channels.	0.962	
BP5		0.961	
BP6	Our customer base growth is attributed to integrating various digital tools.	0.94	
BP7	Achieving our organizational goals has been supported by the implementation of modern technology solutions. Our total revenue has been positively impacted by our comprehensive digital strategy.	0.954	

Note: A Likert scale was used (1 = strongly disagree to 5 strongly agree). HC = Human capital; SC = Social capital; SM = Strategic management; BP= Business Performance

Discriminant validity was confirmed using the Fornell-Larcker criterion, where the square roots of the AVE for Human Capital, Social Capital, Strategic Management, and Business Performance exceeded their inter-construct correlations. Additionally, HTMT ratios were below the recommended threshold of 0.90, indicating distinct constructs. Along with strong internal consistency and convergent validity, these results validate the measurement model, supporting further structural model analysis.

Table 3. Discriminant Validity Using the Fornell–Larcker Criterion

Variables	SC	HC	SM	BP
SC	0.880			
HC	0.554	0.877		
SM	0.507	0.532	0.865	
BP	0.299	0.339	0.525	0.962

The structural model examines the relationships between the endogenous and exogenous constructs, estimated through PLS-SEM. Key criteria for hypothesis testing include path coefficients (β), significance (p-values), and T-statistics (with a threshold > 1.96 at $\alpha = 0.05$) (Hair et al., 2011). VIF values were all below 5, indicating no multicollinearity. All paths were significant ($p < 0.05$), indicating that Human Capital, Social Capital, and Strategic Management have a positive impact on Organizational Context, which in turn affects Business Performance. These results support the study's hypotheses and theoretical model.

Table 4 summarizes the path coefficients, t-statistics, and p-values for the core variables. Human Capital (HC), Social Capital (SC), and Strategic Management (SM) were evaluated for their impact on Organizational Context, which in turn affects Business Performance (BP).

Table 4 .Table Results of Structural Model: Multicollinearity Analysis

Direct Relationship	Hypothesis	Beta	T-Statistic	P-value	Result
HC → Organizational Context	H2a: HC positively affects Org.	0.309	7.433	0.000	Supported
SC → Organizational Context	H2b: SC positively affects Org.	0.101	2.055	0.040	Supported
SM → Organizational Context	H2c: SM positively affects Org.	0.426	11.731	0.000	Supported
Organizational Context → BP	H2: Organizational affects BP	0.093	2.883	0.004	Supported

The sample ($n = 408$) was predominantly male (79.4%) and aged 31–50 (70.8%). Most held at least a bachelor's degree (92%), primarily a bachelor's degree (62.3%) or professional qualifications (29.9%). Participants included business owners (51.5%), CEOs (31.4%), and senior managers (17.2%). Most firms were based in Dubai (62%), operated in the service sector (62.3%), employed 6–50 people (73.3%), and reported annual revenues below AED 21 million (97.8%), classifying them as small enterprises. Table 4 shows the demographic frequencies.

Table 5 Demographics of survey participants

Construct	Group	Frequency	Percent
Gender	Male	324	79.4
	Female	84	20.6
	Total	408	100.0
Age	21-30	22	5.4
	31-40	133	32.6
	41-50	156	38.2

	> 50	97	23.8
	Total	408	100.0
Educational level	Diploma	1	.2
	Professional	122	29.9
	Bachelor	254	62.3
	Master/ PhD	31	7.6
	Total	408	100.0
Current position	Owners	210	51.5
	Chief Executive Officers	128	31.4
	Top Manager/Director	70	17.2
	Total	408	100.0
Industry Sector	Trading & Wholesales	110	27.0
	Manufacturing	44	10.8
	Services	254	62.3
	Total	408	100.0
Number of Employees	Below 5	18	4.4
	6- 50	299	73.3
	51 - 100	47	11.5
	101-250	44	10.8
	Total	408	100.0
Yearly Sales	Below 2 AED million	197	48.3
	3 -20 AED million	202	49.5
	21 - 50 AED million	9	2.2
	Total	408	100.0
Firm's Base Location	Dubai	253	62.0
	Abu Dhabi	68	16.7
	Sharjah	55	13.5
	Ajman	21	5.1
	Ras al Khaimah	5	1.2
	Um Quwain	4	1.0
	Fujairah	2	.5
	Total	408	100.0

The results confirm that the organizational context has a significant and positive influence on SME performance in the UAE ($\beta = 0.093$, $T = 2.883$, $p = 0.004$), supporting H2. Key components human capital ($\beta = 0.309$), social capital ($\beta = 0.101$), and strategic management ($\beta = 0.426$) all significantly contribute to this effect.

Business Performance (BP) was measured using seven items assessing the perceived impact of digital technologies. Respondents generally agreed that digital tools have a positive influence on business performance, with the highest mean score for improved market share ($M = 3.53$) and the lowest for sales process efficiency ($M = 3.02$), indicating moderate overall agreement. Mean scores ranged from 3.02 to 3.53, reflecting a generally positive but varied perception.

Standard deviations were relatively high (1.335 to 1.567), showing considerable variability in responses. The most significant disagreement was seen in perceptions of sales efficiency improvements ($SD = 1.567$), while market share improvements had the most consensus ($SD = 1.335$). Other items, such as sales volume and customer engagement, also showed moderate agreement with notable response variability. In summary, while digital technologies are perceived to enhance SME business performance, particularly in market share, there is less consensus on their impact on sales process efficiency, suggesting diverse organizational experiences. The overall mean score of 3.23 reflects a moderate positive perception of the effects of digital technology.

Table6. Descriptive statistics for the business performance items

Survey item code	Survey item	Mean	Std. Deviation
BP1	Our performance in market share has improved due to our use of digital technologies, including social media.	3.53	1.335
BP2	Our sales process efficiency has been enhanced by adopting advanced technology solutions.	3.02	1.567
BP3	Our sales volume has increased due to the adoption of innovative technologies.	3.19	1.536
BP4	Our customer engagement, as measured by inquiries, has improved with our use of digital channels.	3.18	1.534
BP5	Our customer base growth is attributed to integrating various digital tools.	3.15	1.543
BP6	Achieving our organizational goals has been supported by the implementation of modern technology solutions.	3.33	1.487
BP7	Our total revenue has been positively impacted by our comprehensive digital strategy.	3.21	1.563

The overall average mean of 4.05 for Social Capital (SC) items suggests a high level of agreement among respondents that their organizations promote internal collaboration, trust, shared goals, and partnership

among team members. Items such as SC1 (4.24 - "all teams have a common goal") and SC6 (4.19 - "investment in relationships") received firm agreement, indicating a well-established collaborative culture. The average standard deviation of 0.82 reflects low to moderate variability in responses, implying that most participants had similar positive views. The lowest variability was observed in SC1 (SD = 0.539), indicating strong consensus, while SC2 exhibited the highest variability (SD = 1.157), suggesting some differences in perceptions regarding inter-team partnerships. Table 7 shows Descriptive statistics for the social capital items.

Table 7 Descriptive statistics for the social capital items.

Survey item code	Survey item	Mean	Std. Deviation
SC1	In our organization, all teams have a common goal.	4.24	0.539
SC2	In our organization, members from different teams see themselves as partners	3.78	1.157
SC3	In our organization, members have clear and defined goals	4.16	0.649
SC4	In our organization, members willingly share information with each other.	4.01	0.863
SC5	In our organization, members have strong confidence in each other's capabilities	3.90	1.005
SC6	In our organization, we invest in relationships to strengthen our internal collaboration.	4.19	0.718

The average mean score of 3.95 across five Human Capital (HC) items indicates strong agreement among respondents about the quality and capabilities of their workforce. Participants especially agreed that employees possess specialized skills (HC1: 4.35) and show adaptability and willingness to learn (HC4: 4.06). The average standard deviation of 1.02 reflects moderate consistency, with the lowest variability for HC1 (SD = 0.595) and HC4 (SD = 0.86), demonstrating strong consensus. However, perceptions varied more regarding the impact of employees' education levels on business understanding (HC5: SD = 1.455). Table 8 presents the descriptive statistics for the human capital items.

Table 8 Descriptive statistics for the human capital items

Survey item code	Survey item	Mean	Std. Deviation
HC1	Our employees possess specialised skills in their specific areas of expertise.	4.35	0.595
HC2	Our employees excel in their designated roles and responsibilities	3.99	1.075
HC3	Our employees interpret problems and situations from multiple perspectives	3.67	1.135

HC4	Our employees are adaptable, ready to learn and utilize new knowledge as needed	4.06	0.86
HC5	Our employees' education levels significantly contribute to their deep understanding of our business operations.	3.66	1.455

The overall average mean for the strategic management items is 3.80, indicating a high level of agreement among respondents that strategic management practices are well integrated into their organizations. Specifically, strong agreement was noted on items such as having a clearly defined long-term strategy (SM1: 4.20) and the importance of effective communication in strategic management (SM4: 4.27). The average standard deviation is 1.11, which reflects a moderate level of variation in responses. This suggests that, while there is general agreement on the presence and role of strategic management practices, some differences in perception exist, especially for items such as SM2 (mean: 3.26, SD: 1.442) and SM3 (mean: 3.51, SD: 1.534), which exhibit higher variability. Table 9 shows Descriptive statistics for the strategic management items.

Table 9. Descriptive statistics for the strategic management items

Survey item code	Survey item	Mean	Std. Deviation
SM1	Our strategic management includes a clearly defined long-term strategy.	4.20	0.612
SM2	Our strategic management involves regularly establishing and evaluating the organization's goals.	3.26	1.442
SM3	Technology is a key component in our strategic management.	3.51	1.534
SM4	Effective communication is crucial in our strategic management.	4.27	0.679
SM5	Our strategic management adapts to market changes.	3.74	1.282

Table10 Mean and SD values

Variables	Average mean	Standard Deviation
business performance	3.23	1.51
social capital	4.05	0.82
human capital	3.95	1.02
strategic management	3.80	1.11

In summary, the average mean and standard deviation values for the study variables are presented in Table 10. Social Capital recorded the highest average mean value of 4.050, with a standard deviation (SD) of 0.820, indicating strong and consistent agreement among respondents. On the other hand, Business Performance showed the lowest mean value of 3.230 and the highest SD of 1.510, reflecting more varied perceptions. Human Capital achieved a mean of 3.950 and an SD of 1.020, while Strategic Management had a mean of 3.800 with an SD of 1.110.

5. DISCUSSION

This study examined the impact of social capital, human capital, and strategic management on SME performance in the UAE, grounded in the Resource-Based View (RBV) and the Technology-Organization-Environment (TOE) framework. The results provided empirical support for all proposed hypotheses, highlighting the positive influence of these intangible resources on organizational context and ultimately on SME performance.

The confirmation of H1, that social capital positively influences SME performance, is consistent with prior research suggesting that social networks provide valuable access to information, resources, and market opportunities (Boohene et al., 2020; Shan & Tian, 2022). In the multicultural UAE business environment, social capital particularly bridging capital serves as a conduit for innovation and growth by facilitating external collaboration and trust-based relationships (Gerhart & Feng, 2021; Stasa Ouzký & Machek, 2023). This finding reinforces the argument that SME managers should actively cultivate networks both within and outside their industries to improve performance outcomes.

Similarly, H2, which proposed a positive relationship between human capital and SME performance, was supported by the data. This aligns with the RBV, which underscores the importance of firm-specific, valuable, and inimitable resources such as employee competencies and expertise in driving competitive advantage (Barney, 1991; Barney & Hesterly, 2015). The findings affirm earlier work by (Pasamar et al., 2019; AlQersh, 2020; Dash, 2020), suggesting that talent retention, employee development, and innovation capacities are vital for SME success. Given SMEs' typically limited resources, human capital management represents a critical lever for enhancing organizational performance and adaptability in a fast-changing environment.

The strong support for H3, regarding the influence of strategic management on SME performance, underscores the central role of well-formulated and effectively executed strategies in shaping long-term growth and resilience. As suggested by Schühly (2022) and Zsigmond et al. (2021), strategic planning and alignment with organizational goals enable SMEs to navigate uncertainty and pursue innovation effectively (Barney & Hesterly, 2019; Almeida et al., 2021). In the UAE context characterized by economic diversification and digital transformation strategic agility and leadership are particularly essential for seizing new opportunities and sustaining performance.

Moreover, the Structural Equation Modeling (SEM) results showed that human capital ($\beta = 0.309$), social capital ($\beta = 0.101$), and strategic management ($\beta = 0.426$) all significantly contribute to the development of a robust organizational context, which in turn positively influences SME performance ($\beta = 0.093$, $p < 0.05$). These findings align with the TOE framework, which emphasizes the interplay between organizational readiness, technological tools, and environmental factors in shaping firm performance (Tornatzky & Fleischer, 1990).

These findings are also consistent with recent empirical studies in the UAE and the broader GCC context. For example, Darmaki and Jaafar (2023) identified organizational factors including leadership and employee capabilities as key drivers of SME performance in Dubai highlighted the importance of strategic planning and human capital in enhancing SME resilience in the Gulf region, while Qalati et al. (2021) found that both social capital and internal competencies significantly influenced SME innovation and performance in the UAE. Moreover, Amoah et al. (2023) emphasized that organizational capabilities, especially within strategic management, are crucial for sustaining performance under competitive and dynamic market conditions in

the GCC. Dash,(2020) and AlQershi (2020) emphasized the need for strategic human capital management to enhance productivity and service delivery in small firms, further validating the results of this study.

6. Practical Implications

This study provides practical recommendations for SME leaders and policymakers in the UAE. The evident significance of social capital underscores the necessity for SMEs to actively engage in the cultivation of networks both intra- and inter-industry. Initiatives that foster industry clusters, joint ventures, and corporate forums can enhance knowledge exchange and resource sharing. Secondly, the advantageous impact of human capital highlights the necessity for targeted investment in people development, skill improvement, and retention strategies, especially within resource-constrained SME environments. Government-funded training programs and human resource development resources may enhance the resilience of SMEs. The substantial influence of strategic management on performance suggests that SME leaders ought to prioritize formal strategy planning, goal alignment, and adaptive leadership. Providing access to mentorship, digital strategy support, and strategic management education can empower SMEs to adapt to the rapidly evolving economic landscape of the UAE.

7. Theoretical Implications

This study synthesizes the Resource-Based View (RBV) and Technology-Organization-Environment (TOE) frameworks, linking internal resource-oriented factors with external and organizational contextual components. The findings affirm that intangible resources, when effectively aligned with organizational competencies, are essential to the performance of SMEs. This highlights the complex nature of SME competitiveness in dynamic environments and promotes the enhanced integration of the Resource-Based View and Technology-Organization-Environment frameworks in developing market studies.

8. CONCLUSION AND FUTURE RESEARCH

This study presents comprehensive empirical evidence that social capital, human capital, and strategic management have a significant impact on SME performance in the UAE. By integrating the Resource-Based View (RBV) and the Technology-Organization-Environment (TOE) framework, the research highlights how internal resources and capabilities interact with organizational context to shape business outcomes.

The findings demonstrate that social capital enhances external collaborations and access to valuable information, while human capital drives innovation and competitiveness through skills and talent retention. Additionally, strategic management equips SMEs with the direction and adaptability needed in a volatile environment. These results suggest that policymakers and SME leaders should prioritize internal capability development by fostering collaborative cultures, investing in employee development, and implementing structured strategic planning.

Moreover, the importance of organizational context underscores the need for flexible SME ecosystems that can support innovation and technological integration. Overall, strengthening internal foundations through human and social capital, along with sound strategic management, is essential for achieving sustainable growth and long-term competitiveness in the UAE's dynamic economic landscape.

However, this study is not without limitations. The research employed a cross-sectional design, which limits the ability to infer causality over time. Additionally, the sample was restricted to SME managers operating within the UAE, which may affect the generalizability of the findings to other regional or international contexts. Future studies could benefit from longitudinal research designs to assess causal relationships and dynamic changes in SME performance over time. Future research could also explore the mediating or moderating roles of variables such as digital adoption, innovation capabilities, or government support mechanisms. Expanding the sample to include SMEs from diverse geographic and sectoral contexts would also enhance the applicability and robustness of the findings.

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