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# Impact of Strategic Management Practices on the Financial Performance with Moderation of Business Intelligence and the Government Intervention in the UAE SMEs

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**ABSTRACT:**

Over the last 20 years, Abu Dhabi, the capital of the United Arab Emirates, has seen a dramatic transformation in terms of both economic and social growth, becoming one of the busiest cities in the world. Globalization, plummeting oil prices, Middle Eastern unrest, the global financial crisis, and the desire of the Abu Dhabi government to diversify its economy and lessen its reliance on the oil and gas sector have all shown that strategic management is urgently needed throughout the UAE and Abu Dhabi in particular. Political stability is higher in the UAE, and diversification initiatives offer circumstances that are equivalent for researching planning among local organizations. The United Arab Emirates are expanding its economy beyond oil to include services, the leisure sector, financial services, and a prime geographic location. The supporting theories include things like the strategic management theory and its justifications. Business intelligence serves as a moderating factor in the mode of financial performance's influence on strategic management activities (defining objectives, studying the competitive environment, analyzing the internal organization, evaluating strategies, and strategies circulation).

**KEYWORDS:** Strategic Management Practices, Financial Performance, Moderation of Business Intelligence.

## Introduction

With regional stability, strong international ties, and the rapid improvement of its economic status, the UAE has really been able to establish a competitive economic system as well as extraordinary infrastructure. The global small and medium-sized firms (SMEs) have been significantly impacted by the Covid-19 outbreak and the ensuing economic slowdown. In 2019, SMEs will dominate the UAE economy, making up over 52% of the country's non-oil GDP, according to an estimate given by the Ministry of Economy. Small businesses have been forced to cut personnel as a result of the pandemic-induced economic slump, which has impacted demand across a variety of industries (Gerth, Ramiah, Toufaily & Muschert, 2021). However, the government a number of measures to aid SMEs in coping with the pandemic's financial effects. For instance, the Dubai government has proposed a Dh6.3 billion economic stimulus initiative to assist those affected by the crisis in companies and people. The Central Bank of the UAE has developed the Targeted Economic Support Scheme (AL MANSOORI, ALSAUD & YAS, 2021).

UAE entrepreneurs claim that SMEs can gain by deferring or subsidizing fixed operational costs including VAT payments, municipal taxes, and telecom bills as well as a rent vacation from commercial landlords. These are the typical fixed operational costs that SMEs worry about since they have a significant impact on whether a company can keep its employees and succeed or fail (AL

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MANSOORI et al., 2021). When perhaps some of them could have survived with some relief on these fixed expenses, many businesses have cut staff or shut down (Nuseir, Aljumah & Alshurideh, 2021). UAE believes that entrepreneurship is essential for empowering individuals to reach their full potential and act as the catalyst through encouraging the expansion of small and medium-sized businesses in the private sector, for the nation's economy. It aims to promote a culture of entrepreneurship in schools and colleges in order to create generations who are capable of acting with initiative, inventiveness, responsibility, and ambition. As a result, the UAE will be able to compete with the best nations in the world on metrics like R&D, innovation, and business ease. In the United Arab Emirates, there are more than 350,000 small and medium-sized businesses, which employ more than 86% of the country's total private sector workforce and account for more than 60% of its GDP (the percentage of the emirate was 53% in 2018, and 49% in 2017, with directions towards enhancing the contribution of this sector to UAE GDP.

### *1.1Problem Statement*

Financial performance determines how effectively an organization is run (Soewarno & Tjahjadi, 2020). Business intelligence influences how financial performance and strategic management techniques interact, and a focused government initiative that encourages and helps small and medium-sized businesses to improve their financial performance has a positive impact (Ayuba et al., 2019).
Working to overcome the challenges facing this significant sector and taking into account the practices of strategic management of small and medium enterprises (setting goals, analyzing the competitive environment, analyzing the internal organization, evaluating strategies, and strategies of circulation) given the significance of small and medium firms in the United Arab Emirates, they are both essential. The issue raised by the study for these businesses is the challenges faced by SMEs in obtaining the necessary financing, which has an impact on the efficacy of strategic management techniques in light of business intelligence technology and government intervention (Ayuba et al., 2019; Soewarno & Tjahjadi, 2020; Nuseir, 2018; Aljumah et al., 2022).

The study looks at how the financial performance of SMEs in the UAE is impacted by strategic management techniques. The United Arab Emirates' founding principles' attempts to promote diversity and economic success is the strategic management sector. Due to this, SMEs in the UAE need to adapt their strategy to new difficulties by focusing on their strategic management practices in addition to the public sector. The association between financial performance and strategic management, which comprises goal-setting, competitive environment analysis, internal organization analysis, and strategy review, serves as the study's primary independent variable, and strategy circulation. Business intelligence serves as a moderating factor. It also takes into account how these factors may affect government action and business intelligence in SMEs in the UAE. The study also provides the research question, research goals, research problem, as well as the arguments for the study's compliance with the research scope, key term definitions, conceptual framework, research hypothesis, and supporting theories. Lastly, research techniques relevant to the topic area.

### *1.2 Significance of the Study*

This work will provide a useful and justifiable addition to scholarly investigation. The Practical Contribution investigates how strategic management techniques affect small and medium businesses' financial performance. It will also be possible for mature workers of SMEs in the UAE to exchange knowledge. This research helps to clarify the function and significance of (establishing goals, analyzing the market, analyzing the internal structure, and evaluating methods), Strategies Circulation) on financial performance. This study assumes that although strategic management factors have an impact on financial performance, this relationship is clearly affected by business intelligence in small and medium-sized companies and government intervention through incentives, support, financing facilitation, and various encouragement policies.

## Theoretical Framework

This study proposed a model of financial performance influencing on the strategic management practices (setting objectives, analyzing the competitive environment, analyzing the internal

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organization, evaluating strategies, and strategies circulation), while business intelligence and government intervention served as a moderation.

**2.1 Strategic Management Practices (Analyzing the competitive environment)**

The influence of corporate organizations, the repositioning of the government, and the rise in the importance of stakeholder relationships, knowledge, and brand reputation are important strategic management practices. The competitive environment is changing, dynamic, turbulent, discontinuous, and highly competitive (Ogolla, 2020). The complexity and sophistication of company decision-making as a result of competitive environment analysis need strategic management (Cavallo et al., 2020). The contemporary executive's duties go beyond managing the many and varied internal operations; they also include managing the organization's immediate external environment, which presents a second set of demanding circumstances (Ahmad et al., 2021).

Executives create strategic management procedures they believe will enable the firm to take the bestpossible position in its competitive environment in order to deal with everything that impacts an organization's potential to expand economically (Bocken & Geradts, 2020). The strategic processes provide better readiness for responding to unforeseen internal and competitive needs as well as more accurate environmental change prediction (Haarhaus & Liening, 2020). Strategic management also concentrates on important planned and unplanned activities made by general managers on behalf of owners to enhance the performance of enterprises in their competitive environment (Keding, 2020). It entails defining the organization's mission, vision, and objectives, developing policies and plans—often in the form of projects and programs and then distributing funds to carry out the aforementioned projects and programs, policies and plans, and policies (Chofreh et al., 2020).

The strategic management level of managerial activity, which comes after goal-setting and before tactics and competitive environment analysis, gives the company's overall direction (Kyrylov et al., 2020). Depending on the organizational structure, in addition to the management team, strategic management may also involve the board of directors and other stakeholders in the business (Thompson & Parent, 2020). But the process of formulating policies and plans, typically in the form of projects and programmers, and then assigning resources to put those policies and plans, projects, and competitive environment analyses into action is known as strategic management (Miković et al., 2020).

In addition to having a significant impact on competitiveness, a significant impact on employee performance, and a significant increase in organizational productivity, the task of strategic management is to achieve organizational goals through the best use of its internal variables (existing capacity), taking environmental factors into consideration, and reducing the organization's capacity in accordance with the requirements of a changing environment (Agwu, 2018). An organization's internal variables and potential for enterprise-wide leadership and management are both constantly interdependent with the external environment. The external environment influences the organization, and its capacity encompasses all of its capabilities for the production of goods and the delivery of services (Wamba et al., 2020). According to current practice, after developing a strategy, an organization will typically go through a period of development when it will take steps to better the condition inside the company, strengthen its understanding of the competitive environment, and become ready for future development .

Today's organizations also recognize the value of customer value management, which requires them to develop differentiated customer value and deliver it to customers effectively. By doing this, they can better understand the competitive environment beyond increased customer satisfaction (Chakraborty & Biswas, 2020). These firms must develop strategies in order to analyze the competitive environment and determine the course of related actions (Borges et al., 2020). When the strategies are harmoniously merged into organizational characteristics, they function as decision-making processes necessary to fulfill goals in a particular competitive environment analysis (Kang & Na, 2020). They also contribute to company performance. Therefore, the term "corporate strategic management" refers

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to the process of developing and putting into action plans for staying afloat in the competitive environment (Ozbekler & Ozturkoglu, 2020).

**2.2 Strategic Management Practices (Analyzing the internal organization)**

The analysis of the internal organizational process and the overall business process may both be improved by strategic management techniques and quality tools (Ferreira et al., 2018). The goal is to go beyond analyzing internal organization expectations to reach strategic management practices and the structured system to satisfy domestic and foreign customers. This is accomplished by integrating the business environment, continuous improvement, and advances with development, improvement, and maintenance cycles through changing organizational culture (Ikram et al., 2020). Analyzing the internal organization that results from Beyond only assessing internal organizational expectations, the objective is to develop strategic management techniques and a structured system to please both domestic and international clients. By modifying corporate culture, this is achieved by combining the business environment, continuous improvement, and advancements with development, improvement, and maintenance cycles, can be one of the keys to adopting strategic management methods . Adopting strategic management principles may assist an organization's performance overall and serve as a solid foundation for efforts aimed at sustainable growth (Zimon et al., 2020).

The most significant, challenging, and all-encompassing challenge facing any private or public organization is referred to as strategic management, and its core is the tension between the needs of the present and the requirements of the future. In addition, strategic management is the act of seeing possibilities to attain real and long-lasting success in the marketplace and comprehending the hazards that jeopardize it . A company plan needs to meet certain criteria in order to be effective the needs of the company's shareholders, customers, and employees, as well as take into account current conditions and emerging trends. It must also increase the company's value and profitability while achieving all other goals that have been set. An organization's strategic management involves ongoing processes that analyze internal structures, choices, and behaviors. It is also concerned with analyzing strategic goals (vision, mission, and strategic objectives), as well as the organization's internal and external environments (Agwu, 2018).

Key characteristics of strategic management include guiding an organization toward its overarching goals and objectives, including a multitude of decision-making stakeholders, accounting for both short- and long-term viewpoints, and understanding the trade-offs between effectiveness and efficiency .Additionally, organizational strategic management is a continual process that requires input on the evolution of the internal circumstances as well as an examination of the internal structure to ascertain how the organizational strategic goals are really being met . The company must identify internal and external concerns that are crucial to fulfilling its purpose and strategic goals, that might hinder its ability to use its quality management system to get the desired outcomes, and that the management of the organization needs to be aware of (Afsar et al., 2020).

Since the goal is to develop a complete understanding of the conditions under which the organization functions and to establish the conditions for the appropriate strategic direction, it is possible to see internal organizational analysis as the first step in the strategic management process . When examining how the internal organization monitors the evolution of external trends, sequences of events, or streams of activities, understanding the internal context may be improved by taking into consideration problems linked to values, culture, knowledge, and performance of the organization . Additionally, financial analysis is frequently used for studying internal organizational structures, and it is a crucial component of business analysis (Moşteanu et al., 2020).

According to the Hillmann & Guenther, (2021), pointed noted that internal organization analysis may give useful information for interested parties that are not a member of the organization but are connected to it commercially and monetarily, in addition to the company's own demands. However, valuing the past, present, and predicted future of the internal organization financial management represents strategic management practices . Its objectives are to understand strategic management techniques, to spot potential issue areas and to establish the strengths that might serve as a foundation for internal organization analysis . Strategic management, according to Meresa (2019), involves the development and implementation of key goals and initiatives by the senior management of a business on behalf of the owners, based on an evaluation of the internal structure that gives the enterprise its overall orientation. establishing plans and policies to achieve the organization's goals, then allocating resources to carry out those plans and policies Academics and practicing managers have developed a variety of models and frameworks to support strategic decision-making in the context of complex settings and competitive dynamics .

**2.3 Strategic Management Practices (Evaluating strategies)**

The process of evaluating strategies establishes the degree of strategy implementation and offers early warnings by urging management to question about the execution process or the leaders' dependability and competency about variables that can compromise the effectiveness of the strategy (Aladag et al., 2020). However, the process of evaluating a strategy reveals how well an organization responds to new challenges, which helps it achieve its strategic goals. As a result, organizations should assess their capabilities and competencies to ensure successful implementation of their strategies (Köseoglu et al., 2020). The strategy review process ensures that companies adapt their plans in response to any risks posed by environmental changes and notifies management of the reasons why the organization's strategic aim was not attained .

In reality, the strategy review protects the business from failing, prevents businesses from making poor decisions, and gives them the ability to anticipate problems in case the internal and external environment changes (Yasmin & Ghafran, 2019).Additionally, the strategy assessment process has gotten less attention in strategic management, particularly in large organizations, and there aren't The association between strategy evaluation performance and small and medium-sized firms has been the subject of several studies . In addition, The strategy evaluation process was not included as a separate construct in the bulk of studies on the strategic management process. Contexts may influence the connection between the strategy review process and performance (Lenarduzzi et al., 2021).Furthermore, strategic management techniques often include the evaluation of strategies, examination of environmental changes, and corresponding modifications (Al-Masrani & Al-Obaidi, 2019).

According to the Bahri et al (2017), highlighted the necessity for these to be connected to financial measurements and that the strategy review should contain a combination of both outcome measures and performance drivers. Additionally, managers need to understand how shifting one perspective impacts the other views through a continuous monitoring system. The strategy process is a cyclical process that starts with the evaluation or study of the internal and external surroundings of the company. The most common method of internal environment diagnosis involves identifying and assessing goals, the organization's mission, and strategic objectives in light of the organization's most important assets and liabilities (Wright, 2020).When plans are already in place, analysis often includes a comparison of the results to the strategic goals. (Eisman et al., 2020).

The strategy evaluation places a strong emphasis on the growth, administration, and recruiting of the company's human resources, as well as the procedures and guidelines for selecting, assessing, and rewarding personnel. It is surprising how little attention strategy researchers have given to this topic given that without a process of strategy assessment and the practice of strategy, the strategy evaluation cannot be developed or altered to changing conditions . The selection and selection of new strategic options as well as the critical appreciation of the current or intended strategy are therefore two aspects of the strategy evaluation. In fact, evaluation has always been acknowledged as a crucial step in the strategy planning and execution processes (Cescon et al., 2019). As a result, strategy review is important because, when done correctly, it should improve the quality of the strategy as a whole, which will then lead to the desired results and numerous efforts made to advance the strategy. This is because such integration entails intricate interconnections and interdependencies .

Without an appropriate strategy evaluation the cycle to improve a strategy or its implementation can happen only after perceived significant degradation of actual performance and hence, the absence of

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strategy evaluation should hurt the effectiveness of strategy, that is, the ability of the realized strategy to reach the performance levels promised by the desired-cum-intended strategy (Micheli et al., 2020). Since good strategy reevaluation can alert the organization to the consequences of desired strategic initiatives, it can play a critical role in their crafting and refinement and it allows the organization to overcome the trade-off of stability . The basic scope of strategy evaluation is to determine the suitability of a proposed strategy or proposed strategic initiatives and similar to investment decisions, the outcome of the investment, proposed strategy or proposed initiatives is far from certain . As a consequence, strategy evaluation is useful not only when bold strategies are being proposed and created, but also with seasonal reviews of existing strategies . At the same time it is useful to point out that the evaluation of strategies has to be carried out with respect to trends and future developments in the relevant economic, political and social sectors of the organization, as well as with an eye towards the evolution of the organization for which the strategy is meant . The evaluation of strategies faces hurdles of more or less degree of difficulties and a good understanding of those obstacles is crucial for an appropriate deployment of the guideline (Akbar et al., 2019).

**2.4 Strategic Management Practices (Strategies Circulation)**

To understand the dynamics of strategies circulation from the current period and its manifestations and to identify the reference points to focus the future construction of strategic management practices on, we must first understand what is characterized as new techniques, new approaches, new technologies, upset the old order, and change the rules . The current strategies in use were developed at the financial level, but they can now be observed in all types of economic light and liquid named money as well as attempts by governments to introduce specific outlets or regulating barriers in an effort to slow down the negative effects and balance the pressures generally as action and effects: the stock exchanges, the banking system, and the shadow economy (Rethel, 2020).

The purpose of the strategies circulation is to boost the liquidity of securities in order to increase the velocity of the circulation of strategic management practices and steer the monetary mass toward profitable ends . Strategic management practices regulations and specialized institutions of monitoring and control were established in order to avoid the mechanism from being unstable and the resource from becoming very volatile. This technique uses a resource that is always changing and has to be watched over . Since the centrifugal force of this vortex is uncontrollable and causes the economic system to become unstable, plans circulation must acknowledge that this is the fundamental cause of the major economic demarche of control (Pricop, 2012).

Thus, strategic management practices begin when there is a desire to comprehend client demands and engage with them, which is what the majority of current marketing strategies aim to achieve . Strategic management techniques are evolving in the direction of a more market orientation, which means that they are attempting to understand what readers and advertisers want and need from the dissemination of strategies (Westlund et al., 2021). It is thought that the statistical control circulation tactics might have an impact on performance, thus it is important to keep them under control .

**2.5 Business Intelligence**

Many businesses have resorted to business intelligence tools as a way to enhance organizational decision making in response to an ever-increasing volume of data to analyze and increased demand to produce better and quicker responses to clients .Business intelligence is the umbrella word for a number of information technology-based tools and strategies that assist businesses in making better use of the massive volumes of data that are being gathered from both internal and external sources . Thus, According to Vugec et al. (2020), A system called business intelligence, which consists of both organizational and technological elements, allows for effective decision-making and management assistance by providing historical data to its users for analysis. Boosting organizational performance is business intelligence's main objective. Businesses today collect enormous amounts of data from several sources, and using business intelligence to collect, organize, and analyze this data may be quite beneficial to a firm (Ranjan & Foropon, 2021).

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According to the Al-Eisawi et al (2020), also noted that in an annual study of IT executives, business intelligence may also give executives correct time data and enable them to make educated decisions to put them ahead of their rivals and the most significant application and technological advances. Despite all the interest and money invested, not all business intelligence initiatives meet management's expectations. It is believed that failures arise when organizations decide to adopt business intelligence without having a clear understanding of the crucial business intelligence capabilities that determine the success of business intelligence applications .

Business intelligence capabilities, which vary from data dependability to the flexibility of the business intelligence in decision-making assistance, are essential features that aid a company in improving performance and adapting to environmental change. Businesses utilize business intelligence more frequently as a result of utilizing these capabilities, and the value they gain from business intelligence systems also rises (Bordeleau et al., 2020).Additionally, the business intelligence satisfaction is employed in this profile as a proxy for business intelligence success and to understand the role of business intelligence skills in strategic, tactical, and operational decision making (Sandosham, 2017).The quality of internal and external data sources, the dependability of internal and external data, user access, flexibility, interaction with other systems, and risk management support capabilities have all been identified as critical business intelligence capabilities .

Our major findings indicate that customers are least happy with external data capabilities and most satisfied with internal and quantitative data capabilities of business intelligence. Ain et al. (2019), who made this observation, noted that there is less satisfaction with sophisticated business intelligence capabilities' interface with other systems and the trustworthiness of external data. Another intriguing finding was the strong correlation between overall satisfaction with business intelligence and the degree of interaction between business intelligence and other systems, even though fewer than half of our respondents were happy with this capacity (Lafferty, 2019).

Although they have been extensively discussed in practitioner-oriented research, business intelligence capabilities have received little attention in academic studies despite being crucial functionalities that aid an organization in improving performance and adapting to change .A decision-making style inside an organization is connected to business intelligence skills related to information access and analysis, where information access and analysis comprises techniques and technologies used to gather and analyze the information (Park et al., 2017). The phrase "business intelligence" as well as ideas and techniques that enhance decision-making through the analysis, conveyance, and processing of information have become generally accepted in business practice and science .

However, there is still this ambiguity that results in an undefined range of definitions, and demarcation proves to be challenging as each chosen definition remains vulnerable. Business intelligence query tools may enable business users filter through a sea of data to get relevant information from it. Currently, this collection of tools is known as business intelligence (Azeroual & Theel, 2019).

**2.6 Financial Performance**

Numerous businesses in the sector are fundamentally reorganizing their business operations and performance strategies. These companies are also experimenting with how to apply the sustainable business development idea to their quest of cost-effective growth with the promise of environmental preservation and social responsibility for both the current and future generations . An organization's financial performance he degree to which its finances over a period of time is measured—is influenced by how its current and non-current assets, financing, equity, revenues, and costs are managed. Sales, profitability, and the worth of a corporate organization for its shareholders are all increased through financial success (Naz et al., 2016).

Its primary goal is to provide accurate, current information to shareholders and stakeholders to aid in their decision-making. Additionally, similar groups within the same corporation may be compared using it, and managing risk and boosting an organization's profitability while adhering to corporate

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governance compliance are essential components of making wise choices .The non-financial business sector is an important component of a nation's financial system. Financial or ratio analysis is used to assess a sector's financial performance and illustrates the relationship between one quantity or performance indicator and another (Shabbir et al., 2020). Because the scale of the organization varies, there are small, medium, and big organizations, the financial performance is able to generate profit, the capacity to pay the debt, control the debts, and capital turnover.

Starting with single-person enterprises, If the scale of the company varies between families, joint ventures, companies, and conglomerates, the appraisal of financial performance will also vary and cannot be compared . To understand financial performance in actuality, it is important to comprehend the ideal criteria provided with input data from the empirical reality of the business and financial report, basic analysis, technical analysis, and science . There is no argument about the concept of financial performance, but there is disagreement over how to assess the phenomena and Accounting companies must show accountability for the sort of information that pertains to company performance . One asserts that there are actually two main categories of business financial performance. The investor return is described first, followed by the accounting return (profit) (Secinaro et al., 2020). Financial variables and capital market indicators are both used to gauge financial success. In addition, return on equity and return on asset rates were used to gauge the financial success of a firm.

Three methods are used to represent financial performance: the first one uses market indicators to show the level of shareholder satisfaction; the second uses accounting indicators to show the level of businessefficiency; and the third uses surveys to estimate financial performance . According to Secinaro et al. (2020), the relationship between environmental and financial performance is positively impacted by financial performance and operational profit. Assets were used to calculate the return on financial performance metrics, while profit margin and return on equity are relative values. Intangible assets are assessed using innovation, human capital, reputation, and culture, whereas tangible assets are assessed using physical resources, influence, financial resources, control, scale, and risk. Analysis of business performance is based on financial performance and corporate responsibility (Nawaz & Haniffa, 2017).

**2.7 Government Intervention in SMEs**

The phrase "government intervention" refers to deliberate actions made by the government to influence resource allocation and market functioning. It may take the form of legislation, levies, subsidies, as well as monetary and fiscal policies. On occasion, the government could set upper and lower price caps for products on the market . The significance of the intervention is often determined by the economic system of a nation (Mendoza et al., 2020).

The way a command economy runs is the complete opposite of how a free market economy does. A key component of the free market system is limiting intervention. The private sector is heavily involved in the allocation of economic resources (Möllers et al., 2022). The market is unfettered thanks to a process based on supply and demand. This approach has more control over resource allocation than the command economy does. In this system, the government's main duty is to uphold legislation that acknowledges and protects private property ownership .

In addition, while less severe than in a command economy, interventions in a mixed economy system are more diversified than in a market economy. The governmental and private sectors each have a responsibility (Huynh et al., 2021). The significance of the roles played by the public and private sectors varies throughout countries. Some countries, such as China and Cuba, gravitate more toward a command economy. Government work is crucial. Meanwhile, in countries like the United States and the United Kingdom, the private sector predominates in the administration of economic resources (Kyal et al., 2021).

The government intervenes in the economy with several objectives, such as:

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- **Redistributing income and wealth**: For example, the government introduced a number of social programs, including free health care, education, and unemployment insurance. It maintains the standard of living for individuals who are struggling financially. Another method of income redistribution is through taxes.
- **Providing public goods:** Public parks, infrastructure, and national defines are some instances of public goods. Due of its low profitability, the private sector frequently does not wish to give it. Consequently, the government intervened.
- **Promoting fair competition**: The government forbids predatory pricing and other forms of unfair competition through antimonopoly laws.
- **Securing and spurring the domestic economy**: For instance, the government erected trade restrictions to defend homegrown businesses from foreign rivals. Consequently, they keep expanding and adding employment.
- **Protecting people:** For example, The government introduced policies for consumer protection, quality standards, workplace safety, and the environment.
- **Changing consumer behaviour**: One strategy for lessening the effects of harmful externalities is intervention. For instance, the government might raise taxes on goods like cigarettes and alcoholic beverages.
- **Preserving the environment**: Without government regulations and legislation, companies are more likely to ignore external environmental costs. Either they abuse natural resources or they let untreated rubbish go into the ecosystem. Clearly, such behaviors jeopardize the economy's long-term survival.

Another crucial element for Market exposure is necessary for businesses to succeed. The government can help organize and provide funding for networking events, seminars, and other chances for cooperation in addition to trade shows where SMEs can participate at a far lower cost than at a conventional commercial event. These government-sponsored platforms, whether they are industry-specific or general, are very effective at helping SMEs find customers and business partners (Gao & Hafsi, 2015).

"More and more governments around the world are taking steps to help SMEs enter export markets in order to expand and diversify." is another area where SMEs frequently get excluded. When a state's export is dependent on one or a small number of powerful corporations, this is extremely risky. If one of the businesses fails, export revenue plummets .

SMEs with export potential may occasionally receive assistance specially. This involves giving businesses opportunities for exposure on a worldwide scale, enabling them to expand their businesses and access new markets. SMEs may be requested to go overseas with ministers and other government delegations to participate in activities that generate media interest and present opportunities for commercial collaboration (Bond & Goldstein, 2015).

A greater quality of life results from enterprises moving up the value chain since it "generates higher salaries, which lead to higher GDP per capita." The goal is to encourage business owners and managers to understand how to generate income, how to compete, and how to be more lucrative as a consequence (Yatim et al., 2019).

Being competitive involves innovation, research, development, and the protection of intellectual property through the issuance of patents. This is the most difficult endeavour. Governments should fund research and development for technologies and goods with export potential by providing grants (Kyal et al., 2022).

The Innovation Authority in Israel has developed a number of programs to modernize "traditional industries," such as the textile sector. These industries must also maintain their level of rivalry to prevent a fall in their market share. To do this, it may be possible to apply new machinery, practices, technologies (product or process technology), as well as inputs. Alternative fuel sources, like natural

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gas, for example, demand a sizable initial investment but may significantly reduce energy expenditures. SMEs will be able to improve their financial situation thanks to government help for the first investment (Huynh et al., 2021).

This is maybe the main problem. If they are aware of the difficulties experienced by SMEs while engaging in certain business activities and are aware of which SMEs and industries are worth investing in, they may successfully assist economic growth (Möllers et al., 2022).

The participants in Creating Growth via Entrepreneurship and Innovation learn about the requirements the options available to government entities wishing to successfully assist SMEs. Participant examples of what is feasible will be provided (Gao & Hafsi, 2015).

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