Consortium Growth Strategy - A Case Study on Emirates Beekeepers

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Abstract

Small and Medium Enterprises (SMEs) play a critical role in the economic growth of a country. However, SMEs often face challenges in sustaining their business operations due to limited resources, lack of market access and fierce competition. To overcome these challenges, SMEs employ growth strategies, such as organic and inorganic growth to expand their business operations. In particular, inorganic growth strategies, such as strategic alliances, mergers and acquisitions and joint ventures, have become increasingly popular among SMEs due to their potential for rapid expansion and market dominance. Despite the growing popularity of inorganic growth strategies, there is a lack of empirical research that examines the effectiveness of such strategies for SMEs. This research paper aims to address this gap by studying a specific case of inorganic growth strategy (joint venture: consortium) adopted by Emirates Beekeepers consortium, SME operating in the honey industry. This aim is guided by the following objectives: (i) what are the organic and inorganic growth strategies, (ii) what are the benefits of the inorganic strategies and how they can impact the SMEs. (iii) examining a specific case study on consortium growth strategy. This paper uses a qualitative research methodology adopting a two-tier qualitative approach that starts with extensive literature review followed by semi-structured interview with one of the members of the Emirates Beekeepers consortium. The findings reveal that the consortium growth strategy has provided significant benefits for members of the Emirates Beekeepers consortium, including increased market access, resource sharing and reduced costs. However, the adoption of this strategy also poses challenges such as maintaining stakeholder trust and managing conflicts. This study contributes to the practical knowledge of SMEs, providing them with guidance regarding inorganic growth strategies. Overall, this paper highlights the importance of strategic planning and implementation for SMEs to achieve sustainable growth and competitiveness in their respective industries.

Key words: Growth strategy, Inorganic growth strategy, Organic growth strategy, Consortium

1. Introduction

Small and medium-sized enterprises (SMEs) are crucial to global economic growth and development. They form the foundation of many economies, contributing significantly to job creation, innovation, and technological growth [2]. They represent about 90% of businesses and more than 50% of employment worldwide [1]. Growth is critical to the existence and success of Businesses. To begin with, SMEs must grow in order to remain competitive in the market. Larger enterprises with higher financial and operational capabilities compete fiercely with SMEs. As a result, in order to remain competitive, acquire clients, and expand their market share, SMEs must expand. Growth allows SMEs to expand their capacity, scale up their operations, and obtain economies of scale, which results in lower production costs and more profitability. Growth also enables SMEs to diversify their product offerings, expand into new markets and capitalize on emerging trends. Secondly, for SMEs to create bigger sales and profits, growth is critical. Increased sales and earnings give SMEs with the financial resources they require to reinvest in their operations, grow their operations and generate new job opportunities. SMEs with higher financial resources can spend in new equipment, technology, R&D and marketing campaigns. Growth allows SMEs to achieve long-term sustainability, resulting in a more stable and profitable. Thirdly, growth is critical for SMEs in order to create job opportunities. SMEs are the main source of employment in many economies, particularly in developing countries. As SMEs grow, they create more employment opportunities, leading to increased income, reduced poverty and improved standards of living for individuals and families. Employment opportunities also enable SMEs to attract and retain skilled and talented workers, which are crucial for their long-term success. Fourthly, growth is vital for SMEs to access new markets and opportunities. When SMEs grow, they can expand their operations, enter new markets and capitalize on new emerging opportunities. This can result in higher sales, revenue and profits, as well as a competitive advantage in the market for SMEs. Growth allows SMEs to capitalize on their current skills and resources, pursue new possibilities and achieve long-term success. Fifthly, growth is critical for SMEs to have access to capital and investment. Due to their limited financial resources and risk profiles, SMEs frequently experience difficulties in obtaining finance and investment. However, as SMEs grow, they become more appealing to investors and lenders, resulting in improved access to funding and investment possibilities. Growth Expansion allows SMEs to demonstrate their viability, profitability and potential, resulting in increasing investor trust and financing prospects. Sixthly, for SMEs to achieve innovation and technological advancement, growth is critical. Small and medium-sized enterprises (SMEs) are frequently more flexible and adaptable than bigger corporations, making them more suited for innovation and technological improvement. Growth allows SMEs to invest in R&D, embrace new technologies and create new goods and services, resulting in enhanced competitiveness and profitability. SMEs can also achieve long-term sustainability through innovation and technological advancement, as well as addressing emerging challenges and opportunities. Finally, growth is critical for SMEs to have a positive social and environmental effect. Small and medium-sized enterprises (SMEs) have a substantial influence on their local communities and the environment. When SMEs grow, they can contribute to community development and environmental preservation. Growth helps SMEs to implement environmentally friendly methods, minimize their carbon footprint and meet social responsibility objectives. This may lead to greater brand recognition, customer loyalty, and stakeholder support, all of which contribute to the business's long-term success. For SMEs to achieve long-term success, sustainability and impact, they must grow. Growth allows SMEs to remain market competitors and produce larger sales and profits [3-9].

2. Literature Review

Traditionally the ways of growth have been divided into organic and inorganic growth strategies. Organic growth strategies aim to improve a company's growth profile through internal resources, whereas inorganic growth strategies seek to derive incremental growth from external resources through mergers, acquisitions, and partnerships rather than internal expansion or organic growth strategies [10, 11].

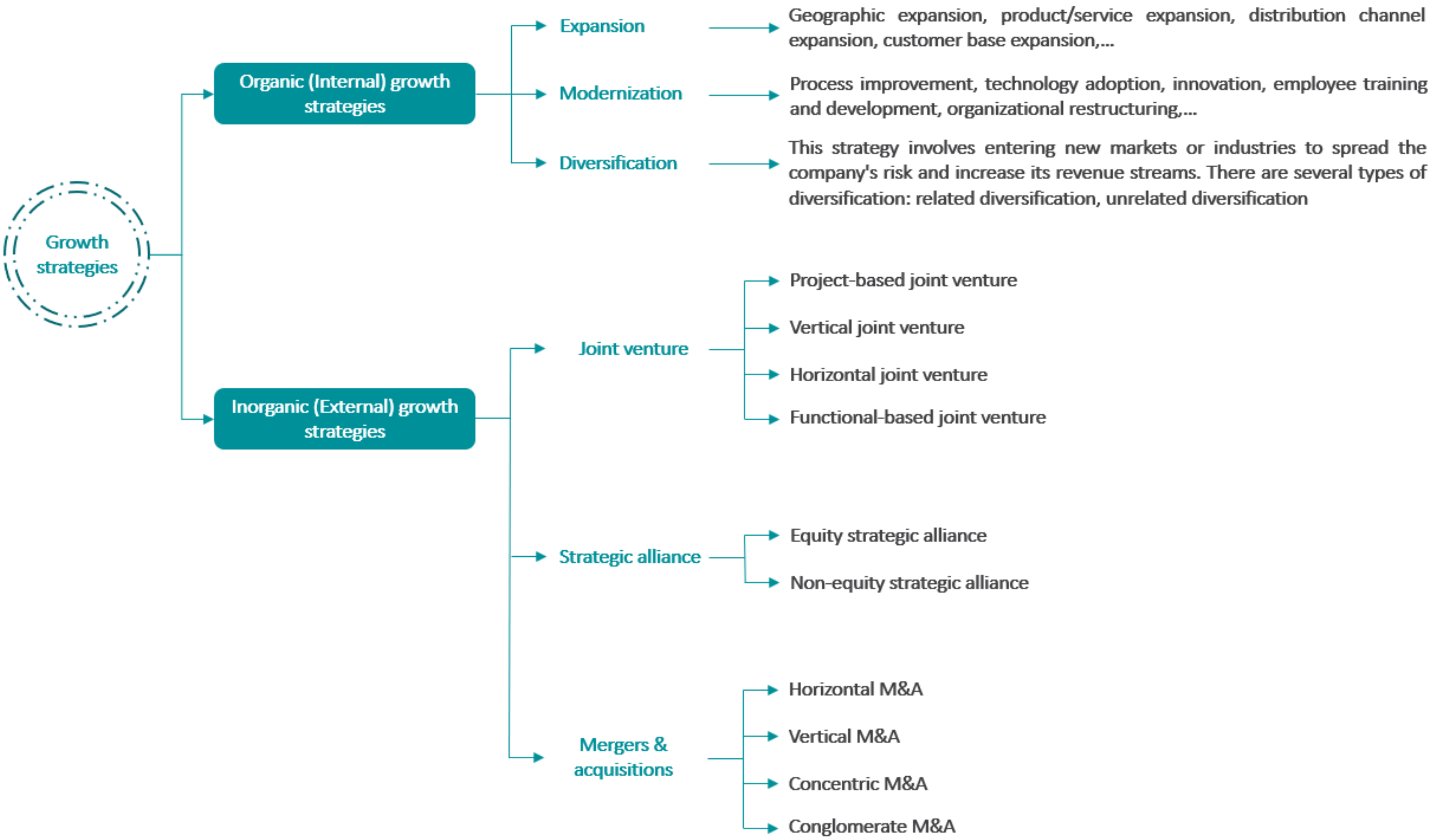

Figure 1: Growth strategies

When it comes to achieving sustainable growth, small and medium-sized enterprises (SMEs) face particular challenges. While organic growth strategies such as increasing sales, expanding market share and launching new products or services are widely viewed as the conventional approach to accomplish growth, SMEs are increasingly turning to inorganic growth strategies to meet their growth goals. There are several reasons why SMEs prefer inorganic growth strategies over organic ones. To begin, inorganic growth strategies provide a faster and more immediate path to growth than organic strategies which can take longer to achieve results. This is especially critical for SMEs with limited resources and time to meet their growth goals. Secondly, inorganic growth strategies can assist SMEs in gaining access to new markets and customers that would be difficult or time-consuming to achieve through organic growth strategies. Strategic alliances or joint ventures, for example, might offer SMEs with access to new distribution channels or customer segments that would otherwise be difficult to reach. Thirdly, inorganic growth strategies can help SMEs acquire new capabilities, technologies, or resources that they may not possess in-house. This can be particularly important for SMEs that lack the resources or expertise to develop these capabilities or technologies on their own. Fourthly, inorganic growth strategies can help SMEs diversify their product or service offerings, reducing their reliance on a single product or market segment. This can help SMEs mitigate risks and reduce their vulnerability to market fluctuations. Fifthly, inorganic growth strategies can assist SMEs in achieving economies of scale and scope, resulting in cost savings and greater efficiency. Mergers and acquisitions, for example, can help SMEs gain economies of scale by integrating operations and decreasing duplication. Finally, inorganic growth strategies can assist SMEs in increasing their competitiveness and negotiating power with suppliers, customers and other stakeholders. This can help SMEs in their negotiations [10-13].

The following subsections will have a closer look into the inorganic growth strategies where a deeper insight will be provided.

2.1 Joint ventures

Joint ventures (JVs) are created on a short-term basis and mostly for short projects where two or more companies join together into a new independent legal entity to collaborate on a particular project. Through their collaboration, the companies share resources, profits, losses and expenses where participants can be from completely different industries and in most cases, JVs eventually lead to mergers and acquisition [14].

There are mainly four types of the joint venture [19, 20]:

1. Project-based joint ventures: where the goal of the JVs is to complete some specific task.
2. Vertical joint venture: which takes place between buyers and suppliers
3. Horizontal joint venture: is the one that takes place between businesses in the same industry who come together to collaborate on a specific project or pursue a common goal
4. Functional-based joint venture: is the one that takes place between businesses from different industries who come together to collaborate on a specific project or to achieve a common goal that requires specialized knowledge or expertise

Benefits of joint ventures to SMEs [14, 21-24]:

- It enables parties to gain competitive and business advantage by re-grouping with another entity for bidding purposes, where one company does not have all the expertise required.
- It enhances management of resources in a cost-effective manner without having to incur high financial costs for operations, since they can be cost shared between two entities.
- Joint Ventures help businesses tap into new markets that would have been impossible to enter in the short term, without partnering with other business partners.
- Joint Ventures provide easier ways of attaining technical support and knowledge on complex projects by joining hands with another partner.
- It is an income generating tool that can increase revenue by partnering with other partners.
- They also create market confidence and expansion and gain hands-on technical experience for new ventures.
- Risk and cost sharing: A joint venture gives each party the opportunity to exploit a new business opportunity without bearing all of the cost and risk.
- Access to new markets: Joint ventures allow SMEs to access new markets that they might not have been able to penetrate otherwise.
- Diversification: Joint ventures can help SMEs to diversify their business, which can reduce their reliance on a single product or market.
- Partnership opportunities: Joint ventures can provide SMEs with opportunities to form partnerships with other companies, which can lead to future business opportunities.

Joint ventures can be suitable for SMEs that seek to expand their operations and market reach through partnerships with larger, more established firms. Joint ventures can provide SMEs with access to new markets, customers, and technologies, as well as shared resources and expertise. However, joint ventures require significant financial and managerial resources and entail risks such as loss of control and autonomy, cultural differences, and conflicts of interest.

2.1.1 Consortiums

JVs takes multiple other forms such as consortiums [14]. A consortium is an association of two or more people, businesses, governments, or other entities (or any combination thereof) with the aim of engaging in a shared activity or pooling their resources to accomplish a shared objective. Businesses that are part of a consortium work together and share resources as necessary. Apart from the requirements outlined in the Consortium Agreement, each member of the consortium has their own autonomous legal standing and is only accountable to the group as they relate to those obligations. A consortium is not a merger, and each member conducts business as usual without interfering with the operations of the other members. A consortium's control over each member is limited to the rights and obligations outlined in the Consortium Agreement [15, 16].

For reasons such as insufficient scale, geographic reach, or financial capacity to tender for the contract, SMEs may find it difficult to tender for larger scale or aggregated contracts. Excluding efficient SMEs from procurement could have a negative impact on competition. For example, it may have the effect of excluding smaller firms or new entrants with innovative solutions, lowering the country's value for money. It may also reduce the total number of firms eligible to participate in a tender competition. This could reduce competition and raise the cost of goods and services purchased by the country. In the long run, it may reduce the number of firms left in the market and discourage new firms from entering the market, reducing the pool of potential bidders for the next round of tendering. Consortium bidding allows SMEs to pool their knowledge and expertise and submit joint bids to the purchasing body that offer higher quality products and more innovative solutions. [17].

The Consortium Growth Strategy is very common among farmers and widely adopted by them. CONAPI, Consorzio Nazionale Apicoltori (Italian National Consortium of Beekeepers), is the largest national beekeeper's cooperative in Italy and one of the largest in Europe. 315 individual or collective businesses, over 600 beekeepers with approximately 100,000 hives spread across Italy, producing between 2,000 and 3,000 tonnes of honey per year. This consortium has enabled its members to build more efficient businesses that are better able to compete in the market, increasing the value of their products. CONAPI is a complete "honey supply chain" encompassing activities ranging from apiary production to marketing and sale of the finished product. CONAPI hires only beekeepers who work using traditional, consolidated methods; who devote great care to the health of bees; who are fastidious about production and storage of their products and guaranteeing absolute freshness. Members must be committed to providing high-quality products that adhere to the strict specifications outlined in the Internal Regulations that they agreed to when joining the cooperative. CONAPI is Italy's largest producer of organic honey [18].
CONAPI is considered a horizontal joint venture since the participating entities operate in the same market and industry (specializing in the bee and honey sectors). Horizontal joint ventures are common in the bee and honey sectors where the businesses face similar challenges and opportunities and they can benefit from pooling their resources and expertise.

2.2 Strategic alliances

A strategic alliance is an agreement between two companies to collaborate on a mutually advantageous project while maintaining each company's independence. The agreement is simpler and less binding than a joint venture agreement. A joint venture is formed when two or more companies form a single legal entity in which each has a share. In contrast, with a strategic alliance, each company collaborates while no new legal entity is formed. A company may enter a strategic alliance to expand into a new market, strengthen its product line or gain a competitive advantage. The agreement allows two businesses to collaborate on a common aim that benefits both. The relationship could be temporary or long lasting. While joint ventures in most cases lead to mergers and acquisitions, strategic alliances not. Unlike joint ventures where participants can be from completely different industries, strategic alliances require the participants to be [14, 25].

There are two types of strategic alliance [25]:

- Equity strategic alliance: an equity strategic alliance may have similar outcome goals as a joint venture; however, it is funded in a different way in that one company makes an equity investment into another.

- Non-equity strategic alliance: a non-equity strategic alliance forms when two entities realize common and shared benefit exists and no equity transfusion is necessary.

Benefits of strategic alliances to SMEs [14, 26, 27]:

- Access to new markets: Strategic alliances can help SMEs to access new markets and customer bases, which can increase their revenue and profitability.
- Shared resources: Strategic alliances can enable SMEs to share resources, such as technology, expertise, and distribution channels, which can lead to cost savings and improved operational efficiency.
- Risk sharing: Strategic alliances can help SMEs to share risk with their partners, which can reduce their exposure to economic fluctuations and other uncertainties.
- Flexibility: Strategic alliances can be more flexible than other forms of collaboration, as they can be structured in a way that meets the specific needs and goals of the SME.
- Learning opportunities: Strategic alliances can provide SMEs with learning opportunities, as they can learn from their partners and acquire new skills and knowledge.
- Diversification: Strategic alliances can help SMEs to diversify their business, which can reduce their risk and increase their resilience to economic fluctuations.
- Improved competitiveness: Strategic alliances can help SMEs to improve their competitiveness by enabling them to offer a wider range of products or services, enter new markets, or gain access to proprietary technology or intellectual property.
- Innovation: Strategic alliances can facilitate innovation by bringing together the expertise of two companies and enabling them to collaborate on the development of new products or services.
- Improved bargaining power: Strategic alliances can increase the bargaining power of SMEs, particularly when negotiating with suppliers and distributors.
- Brand awareness: Strategic alliances can increase brand awareness for SMEs, as they can leverage the reputation and marketing resources of their partners.

Strategic alliances are a suitable inorganic growth strategy for SMEs that lack the resources, expertise, and market access needed to compete with larger firms. SMEs can form strategic alliances with complementary partners to share resources, knowledge, and risks and expand their market reach. Non-equity strategic alliances, such as licensing and franchising, can be particularly attractive to SMEs that seek to leverage the strengths of larger partners without losing control and autonomy.

2.3 Mergers and acquisitions

Mergers and acquisitions (M&A) are defined as business agreements (consolidation of companies) in which control and ownership rights of firms, business units and business organizations are acquired by or merged with the target company. Horizontal, Vertical, Concentric and Conglomerate are the four t of mergers and acquisitions (M&A). In each type, two firms come together to establish a single entity. But, whether type is preferable will depend on the nature and business of both firm, which will aid in the growth and expansion of the newly formed entity [28].

1. Horizontal M&A: In general, this occurs when the target firm and the target-seeking company are both in the same industry, have the same or similar product or product lines or provide similar services to the final consumer. It also implies that the companies are in the same industry and are at the same or similar stages of production. This type of M&A eliminates competition in order to increase market share and revenue or profit. Also, increased production leads to higher economies of scale, which leads to a lower average cost of production. This type of M&A also improves cost efficiency by eliminating repetitive and non-productive operations from production [29, 30].
2. Vertical M&A: This type of M&A is similar to horizontal M&A with only a minor difference in the production stage. This type of merger and acquisition occurs between companies that operate

in the same value chain and provide similar goods and services but at different stages of production. Both companies are in the same industry, but they are at different stages of production. One firm operates as a complement to the other. This type of merger and acquisition is done largely to give critical supply to the target-seeking company and avoid any shortages in essential commodities supply. This type of merger and acquisition is done to limit competitors' supply of critical items, gain a larger market share and produce higher sales and profits. This type also deliver cost savings because the company produces vital commodities in-house rather than paying more to another company [29, 30].

3. Concentric M&A: This type of M&A takes place when two businesses in the same industry and with similar customer bases offer different types of products and services. The product may complement another, but it will not be identical. This type of merger and acquisition typically occurs to assist customers in purchasing the product as a bundle offering rather than purchasing it in a different assembly. It also helps the company in diversifying its services and so generating larger returns. In this case, the sale of one product will stimulate the sale of others, as customers who buy laptops will also need a bag to carry it about. As a result, greater earnings are generated for the company. The company turns out to be a one-stop shop for consumers, offering products that are related in some way. Often, these businesses have similar production processes and commercial marketplaces. This type of mergers and acquisitions must also provide a broader product line. Finally, by diversifying the product line, this type of M&A helps the company lower the risk of doing business [29, 30].
4. Conglomerate M&A: This type of merger and acquisition occurs when the target company and the target-seeking company are in different industries, product offerings, and stages of production. So, this type of merger and acquisition occurs to totally explore new business areas by diversifying product offers, lowering business risk [29, 30].

Benefits of M&A to SMEs [31, 32]:

- Access to new markets: Mergers and acquisitions (M&A) allow SMEs to access new markets and customer bases that they might not have been able to reach otherwise.
- Increased market share: M&A can increase the market share of an SME, which can improve their competitiveness and profitability.
- Economies of scale: M&A can result in economies of scale, which can help SMEs to achieve cost savings and improve their operational efficiency.
- Shared expertise: M&A can bring together the expertise of two companies, which can lead to the development of new products or services and the sharing of best practices.
- Diversification: M&A can help SMEs to diversify their business, which can reduce their risk and increase their resilience to economic fluctuations.
- Access to new technology: M&A can provide SMEs with access to new technology, which can help them to innovate and stay ahead of the competition.
- Improved bargaining power: M&A can increase the bargaining power of SMEs, particularly when negotiating with suppliers and distributors.
- Improved financial performance: M&A can improve the financial performance of an SME by increasing their revenue, reducing their costs, and improving their profitability.
- Access to new talent: M&A can provide SMEs with access to new talent and expertise, which can help them to grow and expand their business.
- Competitive advantage: M&A can give SMEs a competitive advantage by enabling them to offer a wider range of products or services, enter new markets, or gain access to proprietary technology or intellectual property

Mergers and acquisitions can be challenging for SMEs due to the high financial and managerial resources required, as well as the risks involved. SMEs may lack the financial capacity to acquire or merge with larger firms, and may also face difficulties in integrating with larger partners due to cultural differences and integration challenges. However, SMEs may consider M&A as a growth strategy if they have a well-defined strategy and clear goals, and if they can identify suitable targets that can provide them with access to new markets, customers, and technologies, as well as synergies and cost savings.

3. Methodology

A two-tiered qualitative approach is adopted in the research paper that starts with an extensive literature review to examine the growth strategies that could be adopted by SMEs with special focus on the inorganic growth strategies and how they can benefit the SMEs followed by semi-structured interview with Manea Al-Kaabi, CEO and owner of Hatta Honey, one of the members of the Emirates Beekeepers consortium.

4. Case Study

Emirates Beekeepers is a prime example of how consortiums can be a successful growth strategy. Emirates Beekeepers is a consortium that was formed in 2020 by 12 Emirati SMEs located across the country specializing in the bee and honey sectors and investors as well, each one of the 12 SMEs owns a percentage of share in the consortium company (Emirates Beekeepers) based on how much they've invested in it. So, basically with this consortium the funding for each of the 12 SMEs is secured by the SME members themselves and the investors.

Emirates Beekeepers is considered a horizontal joint venture since the participating entities operate in the same market and industry that includes the best Emirati companies specialized in the bee and honey sector. The main idea behind this consortium is that Emirates Beekeepers company import bees from Egypt in large quantities (whole sale) by more than 250,000 with a good price and quality deal where each member wouldn't be able to get on their own without the consortium. This import contributed to supporting the local production of Emirati honey as Emirates Beekeepers sells then the imported bees to the 12 SME members in a very competitive price with interest rate that will give Emirates Beekeepers profits. It's worth noting here that the members are not bound to buy bees or honey from Emirates Beekeepers or any of the consortium's member companies as they can buy from other suppliers who're not member of the consortium and the consortium as well isn't bound as well to buy from the members. The non-binding condition drives the members to produce bees or honey at the highest standard of quality and drives the consortium company Emirates Beekeepers to get the best price for high quality bees in the market and to sell it with best price to the members.

After that, the members of the consortium will start producing honey each on his own in order to sell it in the local and gulf markets. It's worth noting here that the consortium company Emirates Beekeepers is not allowed to produce honey in order not to pose any additional competition on the members.

After Emirates Beekeepers collects the honey produced from the 12 members, it will sell it as a whole in B2B manner in the market. The profits of Emirates Beekeepers will be divided among the members based on each one's share of the consortium company.

The consortium company helped the members (beekeepers) with two main challenges were faced by them before the creation of the consortium:

1. Funding: with money invested by the members and the investors
2. Marketing: as Emirates Beekeepers is taking the role for the marketing for each of the members

This helped the SME to focus more on their business operations which results in higher production rate and quality.

So, basically the beekeepers benefit from the consortium in 3 different main areas: funding, marketing and profits at the end of the fiscal year. On the other hand, the investor benefits in one main area which is profits at the end of the fiscal year and ensuring the strength of production which will allow for market expansion and an increase in the production rate.

The initial capital funding of Emirates Beekeepers was around 7 million AED that was distributed among the members to help them with the different costs related to running their own companies such as operations, production, buying bees and so on.

One of challenges faced by the consortium is to allocate the capital to the members fairly in case of shortage in funding which may cause disputes between the members.

During the season of production and selling the consortium will have a temporary committee that will give pricing to each member's products based on each one's quality and level of production. This committee will also decide and approves who can join the consortium based on a set of specifications and metrics.

As part of ensuring governance in the consortium, Emirates Beekeepers has a CEO and a board of directors made up of 5 individuals from the consortium (beekeepers or investors) that manage both the local and international sectors. This board of directors set the consortium's strategic goals, salaries, policy, financial/legal/administrative system, human resources, authorizations, and oblige the CEO with sales target and accordingly he'll either be reward or held accountable. This will help to lower future conflicts between the members to minimum and in case if any conflict arises in the future a legal, financial or a specialized lawyer will be called in order to evaluate the situation based on the policy, systems, responsibilities and authorizations that outlined earlier by the board of directors.

Emirates Beekeepers targets B2B deal and not B2C deals since it's mainly concerned with whole sale where the products will immediately be handed to the other business at the airport which will help the consortium members to avoid the costs of inventories, logistics and employees. More than 90% of the production is imported as whole for the entire consortium to the gulf market through B2B deals where the remaining will be sold through B2C deals in the local market each member on its own. Not only that but also the consortium helped the members in cutting costs in terms of participating in exhibitions and events under the umbrella of Emirates Beekeepers so instead of paying participation fees for 12 companies, under the consortium umbrella the 12 companies will register and pay the fees for only one company.

Not only the members benefited from the consortium in terms of funding, marketing, profits at the end of the fiscal year, cutting costs of inventories, logistics, employees and participation in exhibitions and events but also in sharing knowledge, skills and experience among the members which helped in avoiding mistakes, fines and to reach higher levels of productivity and quality which enabled some of the members to enter and bid for large scale project tender that they wouldn't been able to without the help of the consortium. All of this helped the members all together as a consortium to gain almost 48% of market share in bee importing a percentage that the members wouldn't have been able to get if it wasn't for the consortium which made the consortium dominate the market. This contributed to the huge success of the members as the consortium made more than 15 million AED in revenues only in the first year. This gave the consortium improved brand awareness and stronger competitive business advantage which resulted in improved bargaining power particularly when negotiating with suppliers and distributors as can be seen for example in the bee shipments as most of these shipments used to be shipped by Egyptian Airlines from Cairo to Sharjah. However, because of the consortium and its success, the carrier was changed to Emirates Airlines, a national Emirati airline, to transport all of the shipments since the consortium has its bargaining power and brand that made it possible to negotiate their terms to the shipment conditions. Another example can be seen in terms of negotiating the challenges in legislation and laws on a governmental and federal level and the need to change them.

Emirates Beekeepers is planning to enlarge its consortium to include up to 50 beekeepers which will help in attracting more investors which will ensure bigger capital for the members that can help them to increase their production rate at higher standards, these new members will be chosen based on a selective process that will examine their profile in terms of their production, specifications and standard of quality. Also enlarging the consortium size will help the members to have better marketing, sales, competitive business advantage, brand awareness and bargaining power. When it comes to funding, the member can pay back the money invested in his/her company over the course of 6 months after production either by agreeing on a selling price for the produced honey or by cash.

However, there is one challenge the members of the consortium is dealing with which is how to win big deals and tenders in the market as they must convince the targeted businesses that they have ability to produce and supply in big quantities.

A lot of SMEs in other sectors could benefit from the consortium growth strategy especially in agriculture, food production, construction and maintenance.

The idea of consortium is very close to union coops, however, it’s much better and easier since union coops are very tiring and difficult to spread and expand in general as these union coops are mainly backed by the government so they’re bound to the governmental strict laws and regulations.

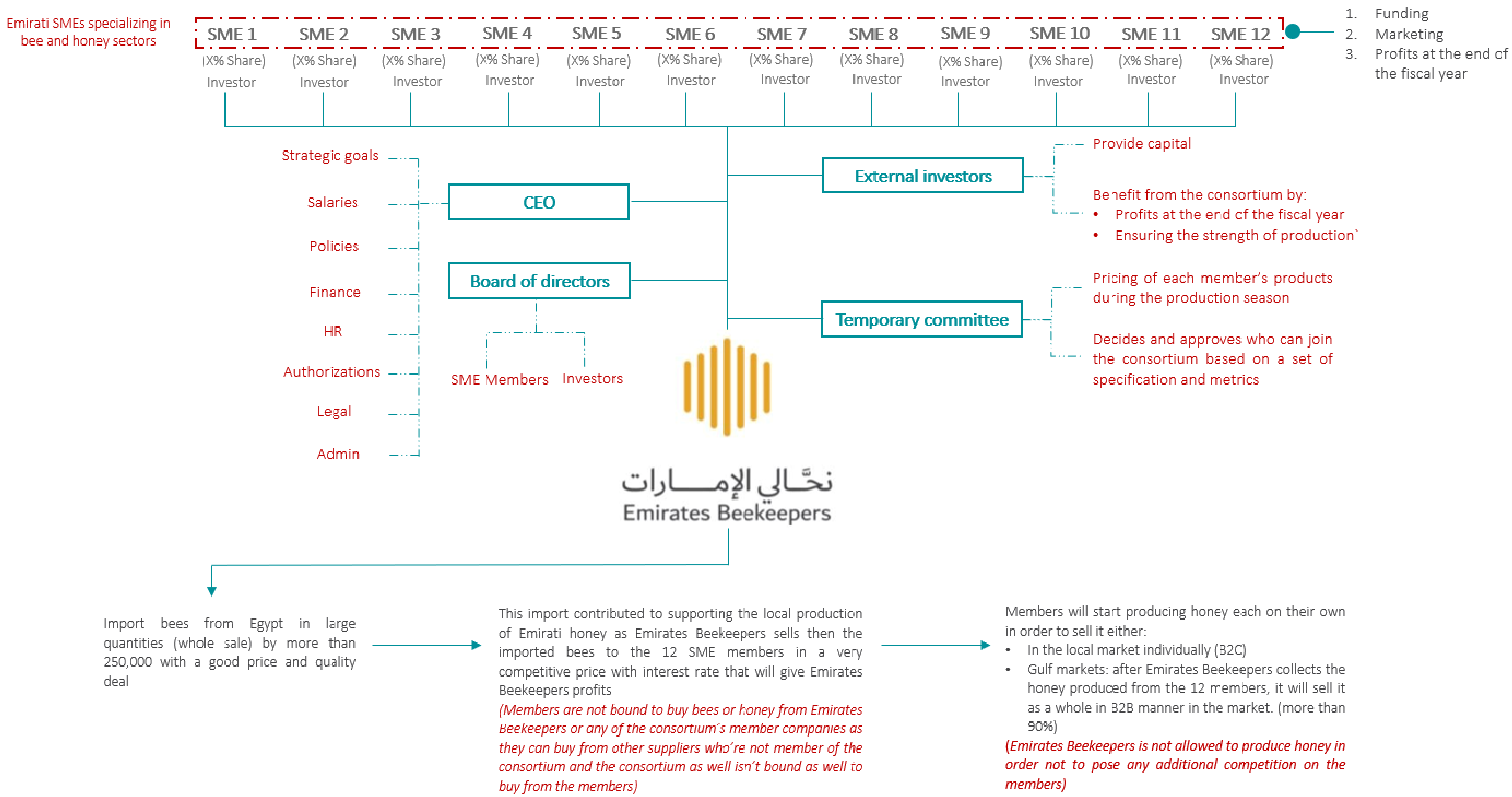

Figure 2: Emirates Beekeepers Model

5. Results and Discussions

There is no one-size-fits-all answer for SMEs among the three inorganic growth strategies: joint ventures, strategic alliances, and mergers and acquisitions. The best inorganic growth strategy for a SME will be determined by its resources, goals, and market conditions. For SMEs wishing to enter new markets or obtain access to new technology or resources, joint ventures might be an attractive option.

A joint venture is the formation of a separate legal company by two or more enterprises to pursue a specific business opportunity. Joint ventures can assist SMEs by allowing them to share expenses and risks with their partners while also obtaining access to new skills and markets. This strategy is widely employed in the agriculture, manufacturing, healthcare and financial services sectors. Strategic alliances are formed when two or more businesses collaborate to achieve a common goal without becoming a separate legal entity. Strategic alliances, as opposed to joint ventures, are frequently more adaptable and can take numerous forms, such as research and development collaborations, distribution partnerships or marketing arrangements. Strategic alliances can be a good choice for SMEs looking to grow by using the strengths of other companies. This strategy is popular in the technology and healthcare sectors. Mergers and acquisitions involve the consolidation of two or more companies into a single entity. This strategy can be a powerful way for SMEs to achieve rapid growth, gain access to new markets, and realize synergies. However, mergers and acquisitions can be complex and expensive, and SMEs must carefully evaluate their resources and strategic fit before pursuing this option. This strategy is also commonly used in the healthcare, technology, and financial services sectors.

It's important to note that each of these inorganic growth strategies has advantages and disadvantages. Joint ventures can be advantageous for SMEs seeking to share resources and risks with partners, but they can also be complicated and expensive. Strategic alliances can be beneficial for SMEs wishing to collaborate with other businesses, but they may also require careful management and negotiation in order to be successful. Mergers and acquisitions can be an effective strategy for SMEs to achieve rapid growth but they are also expensive and may necessitate considerable integration efforts.

SMEs with limited resources may find strategic alliances and joint ventures more relevant than mergers and acquisitions. These partnerships offer multiple advantages, such as access to new markets, technology, and skills while sharing project risks and costs. In contrast, mergers and acquisitions may be less relevant for SMEs, particularly those with limited resources. Mergers and acquisitions necessitate significant capital and managerial expertise to successfully integrate two or more firms. SMEs may not have the financial resources or managerial capacity to acquire another company and integrate it into their operations. Furthermore, acquisitions can be risky, as there is no guarantee that the acquired company's assets and operations will fit seamlessly into the acquiring firm's business model. It is also important to note that strategic alliances and joint ventures can take various forms, such as licensing agreements, distribution agreements, and co-development agreements, among others. Small and medium-sized enterprises (SMEs) can select the type of partnership that best meets their growth objectives and resources. It's difficult to say definitively which strategy is most commonly used by SMEs. It is highly dependent on the specific SME and their objectives. However, joint ventures and strategic alliances are frequently more accessible to SMEs than mergers and acquisitions, which can be more complex and expensive. Joint ventures and strategic alliances also provide more flexibility than mergers and acquisitions, allowing SMEs to collaborate with other companies without committing to a full-scale merger. Before making a decision, SMEs should thoroughly assess each inorganic growth strategy and its suitability for their individual goals, resources and market conditions.

The case of Emirates Beekeepers is a clear example of how a consortium can be a successful growth strategy for small and medium-sized enterprises (SMEs) in the bee and honey sector. By joining forces and forming a consortium, the 12 Emirati SMEs were able to address two main challenges they faced, namely funding and marketing. The consortium enabled the SMEs to secure funding by pooling resources and investments from both members and external investors. It also provided marketing support by taking on the role of marketing and selling the honey produced by each member in the local and Gulf markets. Furthermore, the consortium helped the SMEs to cut costs in terms of inventory, logistics, and employees by avoiding the need to hold large inventories and instead relying on just-in-time deliveries of imported bees. This allowed the SMEs to focus more on their core operations and increase their production rates and quality, which contributed to their ability to bid for and win large-scale projects that they would not have been able to without the help of the consortium. The governance structure of the consortium was also well-designed, with a CEO and board of directors made up of both beekeepers and investors. This structure ensured that the consortium operated efficiently and effectively, with clear policies, systems, responsibilities, and authorizations in place to minimize conflicts and ensure accountability. One potential challenge faced by the consortium is how to allocate capital fairly among members in case of a funding shortage, which could potentially cause disputes between members. However, this can be addressed through effective communication and transparency, as well as the use of a temporary committee to allocate pricing based on quality and level of production during the season of production and selling. Overall, the success of Emirates Beekeepers as a consortium is a testament to the potential of this growth strategy for SMEs in various industries. By pooling resources and expertise, SMEs can address challenges such as funding and marketing while also gaining access to new markets, sharing knowledge and experience, and increasing their market share. The success of Emirates Beekeepers also highlights the importance of effective governance and clear policies and systems in ensuring the success of a consortium.

6. Conclusion & Recommendations

In order to successfully grow a small or medium-sized enterprise (SME), it is crucial to identify the right growth strategy. One effective approach is to join a consortium of similar businesses. As seen in the case study, the benefits of consortiums are numerous and can be advantageous to SMEs in various ways. Firstly, joining a consortium can help SMEs achieve economies of scale. By pooling resources, businesses can buy in bulk, share overhead costs and reduce production costs. This allows the SME to lower their unit costs, increase their profit margins and become more competitive in the market. In addition, the consortium can provide access to specialist skills or equipment that the SME may not have access to alone. This can help to diversify their offering, creating new revenue streams and ultimately, increasing profits. Secondly, consortiums can provide a platform for knowledge and resource sharing. By joining forces with other SMEs, the business gains access to a wealth of expertise and knowledge that can be shared among the consortium members. This can help SMEs to develop new skills, access new markets, and improve their overall business operations. It can also provide a platform for collaboration and innovation, allowing SMEs to work together to develop new products or services. Thirdly, consortiums can provide SMEs with increased bargaining power. By joining forces with other businesses, the SME gains a stronger position in negotiations with suppliers and customers. This can help them to secure better prices, terms, and conditions, leading to increased profitability. It can also help SMEs to access new markets that may have been difficult to penetrate alone. However, joining a consortium does come with some challenges. The business must be willing to work collaboratively with other SMEs, and the consortium must be managed effectively to ensure all members are working towards the same goals.

Overall, joining a consortium is a recommended growth strategy for SMEs. It can provide access to economies of scale, specialist skills and equipment, knowledge and resource sharing, and increased bargaining power. However, it is important for SMEs to carefully consider their options and select a consortium that aligns with their business objectives. Effective management of the consortium is also essential to ensure that all members are working towards the same goals. By adopting a consortium growth strategy, SMEs can position themselves for long-term success and increased profitability in a competitive market.

Supplementary Materials:

Appendix A

Appendix A lists the questions that were asked at the semi-structured interview for the concerned case study of Emirates Beekeepers consortium (Check End of Paper).

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Appendix A

Questions that were asked at the semi-structured interview for the concerned case study of Emirates Beekeepers consortium:

Background:

1. Background on the business and members
2. Challenges faced by the business (the SME)

The motivation (Why):

3. What motivated your SME to join the consortium? (Drivers)
4. Why did you choose this specific inorganic growth strategy?

The setup (how):

5. What was the process for identifying and selecting new partners to join the consortium and what criteria were used?
6. What was the legal process followed to setup the company?
7. How did the consortium coordinate its activities and decision-making processes?

The Challenges:

8. What challenges did the consortium face during the growth process, and how were these challenges addressed?
9. How did the consortium manage conflicts between members and what mechanisms were in place to resolve disputes?
10. How did the consortium manage risk and uncertainty during the growth process?
11. How did the consortium balance the interests and objectives of individual members with those of the group as a whole?

The Benefits:

12. How did the consortium help your SME to achieve its growth objectives?
13. What were the advantages of collaboration within the consortium, and what were the disadvantages?
14. What were the key milestones or KPIs used to track the success of the consortium's growth strategy?
15. How did the consortium manage relationships with key stakeholders, such as regulators or industry associations?

Lessons learned and recommendations:

16. What lessons did your SME learn from participating in the consortium's growth strategy?
17. Do you recommend that to other SMEs? Which industries you believe will benefit the most?