

The SMEs Challenges and Opportunities in Bahrain and Saudi Arabia

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Abstract

There is no doubt that the general and governmental sectors for any society can't include all available labor market in that society within their budgets, and that is one of the general logical facts. This logical fact never happened even within the most advanced communist societies, therefore the private sector must participate, and will eventually get a good market share within any public sector in that country or state to absorb that huge labor market.

As a result of that increasing labor market and because of the associated economic, social, and political problems that accompanied the absorption of these labor private markets; unemployment became an avoidable consequence. The continuous increasing of the problem in these world market, and in particular within the Arabian Gulf Countries, unemployment became one of the most essential challenges in front of the worldwide market. Taking into consideration that not all affected countries offer what is known as unemployment benefits. This nightmare problem within the affected countries starts to take many negative dimensions and strong challenges in front of the progress and development of these societies.

Keywords: SME, employment, government, public sector, private sector

INTRODUCTION:

According to Culkun and Smith, 2000, Graham, 1999, ABS, 2007-2008, the SMEs are considered to be major players in every economy in the world. SMEs account for a vast majority of organizations in most developed economies. SMEs now provide a substantial share of current employment and future growth prospects in many countries worldwide. They account for some 35% of export from Asia and around 26% from developed countries including USA (OECD, 2007). Marketing as practiced in small firms seems to rely on personal contact networks (Hill & Wright, 2001). The continuous increase in population is a problem in these

world markets, and in particular within the Arabian Gulf Countries. Unemployment has become one of the most threatening challenges in front of the world market. Taking into consideration that not all affected countries offer what is known as unemployment benefits, this problem gets all the more complex. This

nightmare problem within the affected countries starts to take many negative dimensions and presents strong challenges in the way of the progress and development of these societies.

Problem Statement: Most of SMEs initially risk a lot by quitting their jobs, investing their life's

saving, most of them taking bank loans, and put time & effort in following the dream. Although most of these initiatives either fail from the first year or over time due to many management style factors and marketing is one of the important factors. Failure to implement marketing in its true sense leads the enterprise to fire

The main Hypothesis:

- The understanding of the nature of marketing as business field doesn't affect how to implement it on SMEs.
- The SMEs working strategy doesn't affect how to implement marketing.
- The SMEs financial resource doesn't affect how to implement marketing.

Research Objectives:

- To report qualitatively and quantitatively the barriers of implementing marketing in SMEs specialized on educational solution in the Bahraini & Saudi market.
- Tackle these reasons form owner, manager, entrepreneur's and customer perspectives.

Table (1): Gender of the Samples

Gender	No.	%
Male	85	34%
Female	165	66%
Total	250	100%

Mainly Female (66%)

fightingstyle of solving problems, focusing on day to day operation without any future plan or vision. The challenges created by the implementation of marketing strategies in SMEs based on appropriate solutions has not been empirically studied enough in Saudi and Bahraini markets.

- Shed light on the current way of doing marketing activities.
- Provide recommendation to overcome these barriers to implement the right way of marketing on SMEs.

Research Methodology:

The researcher used a questionnaire designed to examine the research hypothesis. It was distributed to the selected owners, managers, entrepreneur in the SMEs in KSA and Bahrain.

The research sample was 250 SMEs located in Saudi and Bahraini major cities.

Data Analysis:

The questionnaire basically consists of two parts. Part-1 analyses general factors (Table1-1 to Table 16); while Part-2 deals with direct subject questions which are analyzed (Table-17 & Table-18)

Table (2): Age Category

Age	No	%
20-30	40	16%
31-40	97	38.80%
41-50	78	31.10%
51 & Above	35	14.10%
Totals	250	100%

Mainly 31-40 (38.8%) and 41-50 (31.1)

Table (3) : Educational Levels

Educational Levels	No	%
Secondary	73	29.20%
Diploma	42	16.80%
Bachelors	49	19.60%
Master	35	14%
PhD	17	6.80%
Others	34	13.60%
Totals	250	100%

Mainly secondary school (29.2%), Bachelors (19.6%)

Table (4) : Marital State

Marital State	No	%
Single	65	26%
Divorce	28	11.20%
Married	157	62.8
Totals	250	100%

Mainly Married (62.8%)

Table (5) : Project Types

P.T	No	%
Trade	86	34.40%
Industry	33	13.20%
	78	31.20%
Agricultural	29	11.60%
Mix	24	9.60%
Totals	250	100%

Mainly Trade (34.4%) IT (31.2%)

Table (6) : Project Life

P.L.	G.	%
Less 1year	9	3.60%
2-Jan	55	22%
4-Feb	49	19.60%
6-Apr	87	34.80%
6 & Above	68	20%
Totals	250	100%

Mainly 4-6 (34.8%) and 2-4 (22%)

Table (7) : Vocation before Project

V.B.P.	No	%
Student	115	46%
Gov. Employee	53	21.20%
Priv. Employee	82	32.80%
Totals	250	100%

Mainly Students (46%) and Priv. Employee (32.8%)

Table (8) : Gender within the Project

G.W.P.	No	%
No of Male	297	30.15%
No. of Female	688	69.85%
Totals	985	100%

Mainly Female Employee (69.85%)

Table (9) : Nationality of Labors within the projects

N.L.W.P.	No	%
Arab	46	18.40%
Asian	180	72%
Others	24	9.60%
Totals	250	100%

Mainly Asian (72%)

Table (10) : Viability training about the project (And The SMEs) :

V.T.	No	%
Before Starting	48	19,2
After Starting	85	34%
None	117	46.80%
Totals	250	100%

Mainly None (46.8) and After starting (34%)

Table (11) : Would you consider taking up in a good paying job if offered

Consider Job	No	%
YES	133	53.20%
NO	117	46.80%
Totals	250	100%

Mainly Yes (53.2%)

Table (12) :What was your motivation in working in MSEs project

MSRs Motivation	No	%
Finance	43	17.20%
Developing Career	76	30.40%
Self Actualization Securing	81	32.4
Future	38	15.20%
Others	12	4.80%
Totals	250	100%

Mainly Self Actualization Securing (32.4%) and Developing Career (30.4%)

Table (13) : Project Problems

P.P.	No	%
Financial	86	34.40%
Management	7	2.80%
H.R.	8	3.20%
Tech.	11	4.40%
Support	25	10%
Compet.	46	18.40%
Mark.	57	22.80%
Knowl.	6	2.40%
Other	4	1.6
Totals	250	100%

Mainly Finance (34.4%) and Marketing (22.8%) Competition (18.4%)

Table (14) : Role of public sector in encouraging SMEs private projects

Encouraging Role	No	%
YES	87	34.80%
NO	163	65.20%
Totals	250	100%

Mainly NO (65.2%)

Table (15) : Overall Satisfaction

Overall Satisfaction	No	%
Satisfaction	172	68.80%
Dissatisfaction	78	31.20%
Totals	250	100%

Mainly Satisfaction (68.8%)

Table (16) : Would you encourage others to start SMEs projects

Encourage SMEs	No	%
YES	210	84%
NO	40	16%
Totals	250	100%

Mainly YES (84%)

Table (17) :Questionnaire Analysis

The SMEs Challenges and Opportunities estionsEvaluation Qu	Agree+ Strongly Agree	Neutral	Disagree+ Strongly disagree	Totals
Owning your private SME business is better than working in a government job.	187 (74.8%)	43 (17.3%)	20 (8%)	250 (100%)
Owning your private SME business is better than working in a private job.	218 (87.2%)	23 (9.2%)	9 (3.6%)	250 (100%)
I feel happy and enjoy a good social status by owning small business and working in it.	230 (92%)	12 (4.8%)	8 (3.2%)	250 (100%)
Owning small business is suitable for new entrants to the job market	198 (79.2%)	34 (13.6%)	18 (7.2%)	250 (100%)
My new small project doesn't give me the financial return that I was looking for	175 (70%)	36 (14.4%)	39 (15.6%)	250 (100%)
Small projects are ideal for new entrants to the job market,	232 (92.8%)	18 (7.2%)	0 (0%)	250 (100%)
The government supports the small project financially and technically.	205 (82%)	34 (13.6%)	11 (4.4%)	250 (100%)
The SME projects fail because of ignorance of their owners in managing and supervising them directly	99 (39.6%)	76 (30.4%)	75 (30%)	250 (100%)
Small projects are not suitable for female new entrants to the job market	78 (31.2%)	63 (25.2%)	109 (43.6%)	250 (100%)
Financing is the most challenging and difficult for SME.	209 (83.6%)	32 (12.8%)	9 (3.6%)	250 (100%)
There is a major problem in managing and supervising SME.	98 (39.2%)	34 (13.6%)	118 (47.2%)	250 (100%)
Difficulties in understanding the new technological development is one of the challenges for SMEs	86 (34.4%)	26 (10.4%)	138 (55.2%)	250 (100%)
Marketing products is one of the problems facing SMEs.	127 (50.8%)	20 (8%)	103 (41.2%)	250 (100%)
Government rules and regulations create problems facing SMEs.	35 (14%)	74 (29.6%)	141 (56.4%)	250 (100%)
The importance of labor & trade unions force SMEs.	203 (81.2%)	36 (14.4%)	11 (4.4%)	250 (100%)
I feel satisfied because the project revenues are the result of my own continuous work and efforts	28 (91.2%)	21 (8.4%)	1 (0.4%)	250 (100%)
The failure of almost all of small projects was because of their failure to do feasibility study.	114 (45.6%)	65 (26%)	71 (28.4%)	250 (100%)

The government doesn't give true support for new entrants and pioneers of SMEs.	42 (16.8%)	36 (14.4%)	172 (68.8%)	250 (100%)
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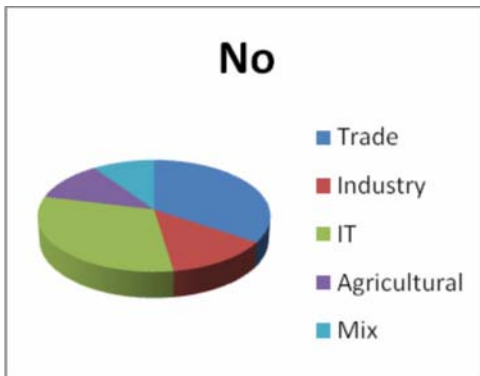
Table (18) : Statistical Analysis

The SMEs Challenges and Opportunities Evaluation Questions	M.	S.D.	Answers % .Agr+.Agr.Str	SIG	VALUE
Owning your private SME business is better than working in a government job.	3.9	0.64	-74.80%	0.72	2.32
Owning your private SME business is better than working in a private job.	4.2	0.58	-87.20%	0.83	1.89
I feel happy and enjoy a good social status by owning small business and working in it.	4.5	0.56	-92%	0.91	1.52
Owning small business is suitable for new entrants to the job market	3.9	0.62	-79.20%	0.71	3.1
My new small project doesn't give me the financial return that I was looking for	3.5	0.85	-70%	0.82	2.97
Small projects are ideal for new entrants to the job market,	4.5	0.73	-92.80%	0.78	2.83
The government supports the small project financially and technically.	3.4	0.78	-65.60%	0.76	2.96
The SME projects fail because of ignorance of their owners in managing and supervising them directly	2.4	0.53	-39.60%	0.69	3.97
Small projects are not suitable for female new entrants to the job market	2.2	0.51	-31.20%	0.72	3.24
Financing is the most challenging and difficult for SME.	3.4	0.84	-83.60%	0.89	1.38
There is a major problem in managing and supervising SME.	2.5	0.71	-39.20%	0.64	3.88
Difficulties in understanding the new technological development is one of the challenges for SMEs	2.3	0.69	-34.40%	0.68	3.42
Marketing products is one of the problems facing SMEs.	2.7	0.81	-50.80%	0.77	2.89
Government rules and regulations create problems facing SMEs.	3.4	0.92	-14%	0.87	1.99
The importance of labor & trade unions force SMEs.	3.6	0.86	-81.20%	0.83	2.11
I feel satisfied because the project revenues are the result of my own continuous work and efforts	4.2	0.95	-91.20%	0.92	1.21

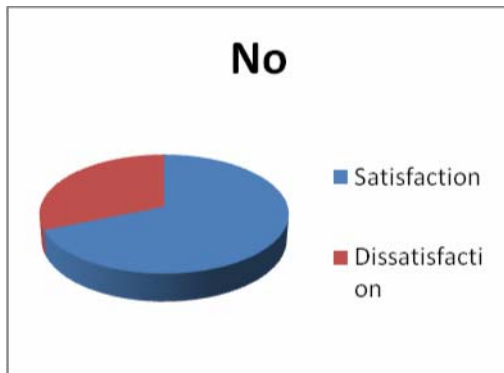
The failure of almost all of small projects was because of their failure to do feasibility study.	3.1	0.94	-45.60%	0.75	3.29
The government doesn't give true support for new entrants and pioneers of SMEs.	3.2	0.91	-16.80%	0.79	3.02

MAIN ISSUES& FINDINGS:

1- PROJECTS TYPES :



2- OVER ALL SATISFACTION:



4- MOTIVATION IN WORKING IN MSEs

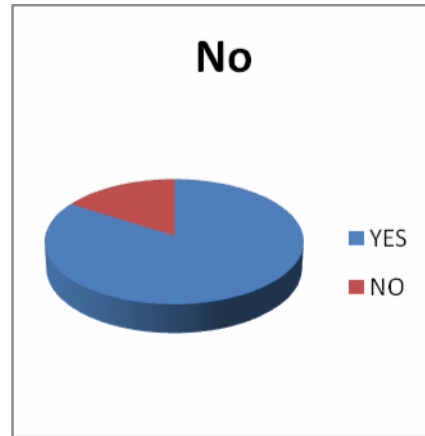


3- VIABILITY TRAINING:

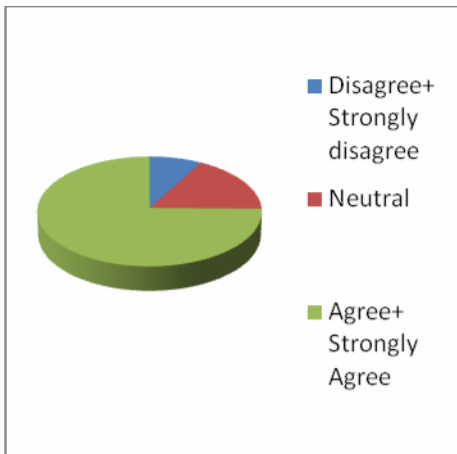
5- SMEs PROBLEMS:



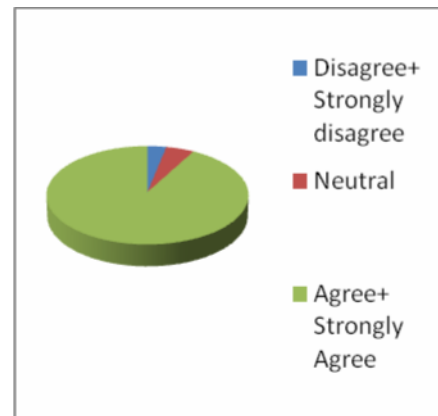
6- ENCOURAGE SMEs



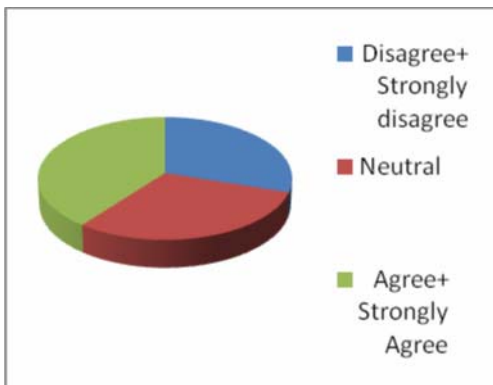
7- Owning your private SME business is better than working in a government job.



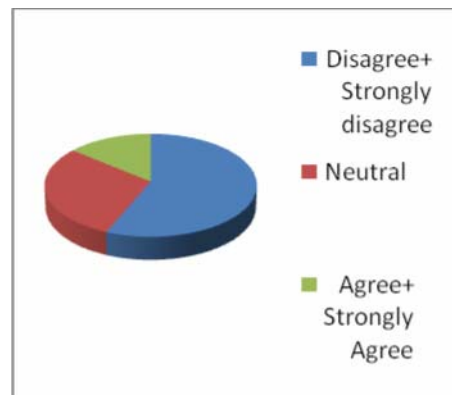
8- I feel happy and enjoy a good social status by owning small business and working in it.



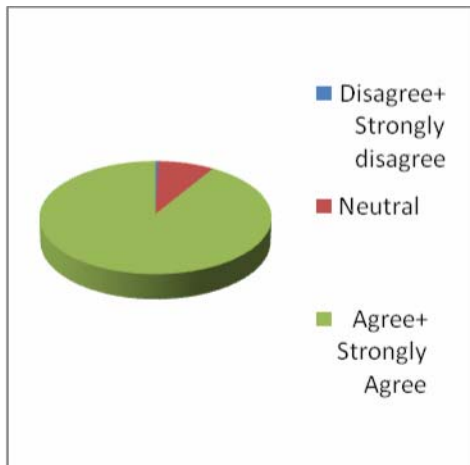
9- The SME projects fail because of ignorance of their owners in managing and supervising them directly



10- Government rules and regulations create problems facing SMEs.



11- I feel satisfied because the project revenues are the result of my own continuous work and efforts



CONCLUSIONS AND RECOMMENDATIONS:

From the above analysis results and diagrams the researchers can draw the following conclusions and recommendations:

The following points were taken as evident from the above applied SME research:

1. The SMEs owners in the Kingdom of Bahrain and the eastern region of Saudi Arabia were satisfied from their SMEs project performance. .
2. The SMEs owners in the Kingdom of Bahrain and the eastern region of Saudi Arabia were satisfied from the financial performance of their SMEs projects to a certain degree.
3. The SME owners in the Kingdom of Bahrain and the eastern region of Saudi Arabia encouraged others to follow their paths in starting their own SMEs. .

4. The failure of SMEs projects in the Kingdom of Bahrain and the eastern region of Saudi Arabia were not due to the governmental regulations or policies.
5. The lack of prior proper trainings to the SMEs projects owners in the Kingdom of Bahrain and eastern region of Saudi Arabia has clear negative effects on their projects.
6. The self actualization was clearly achieved for the SMEs owners in the Kingdom of Bahrain and the eastern region of Saudi Arabia. In addition their skills were improved.
7. The SMEs problems in the Kingdom of Bahrain and the eastern side of Saudi Arabia were divided into three parts: Finance, Support, and Marketing.
8. The SMEs owners in the Kingdom of Bahrain and the eastern region of Saudi Arabia found themselves in a good social status, and they were happy about it.
9. The SMEs owners in the Kingdom of Bahrain and the eastern region of Saudi Arabia preferred to work in their own projects than working in the public sector or to work for someone else in the private sector.

From the above discussion we can suggest the following:

1. The public sector must give extra support for this kind of projects.
2. The public sector must reconsider their regulations and policies to encourage this kind of projects.
3. The private, service, and businessmen association sectors must support this kind of projects under strategic umbrella to improve the national economy.

4. Establish an association for SMEs owners to get the needed support.
5. The development of activities to put suitable regulations for joint ventures among SMEs projects to move for example from small to middle or even large scale projects. This new venture will form good financial organizations with wider and clear financial advantages.
6. The development of policies and regulations for this kind of projects to have better freedom to move from national to regional sectors or even more.
7. The development of educational institutes and universities materials and courses, to support this kind of projects in all related areas are highly recommended.

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