

An Experimental Study of Saudi Entrepreneurs who owned Small and Medium Enterprises in Saudi Arabia

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Abstract

The aim of this research project is to focus on the Saudi entrepreneurs skills in relation to managerial skills, risk management and investment behavior who owned small and medium enterprises. Also we have highlighted the barriers faced by women entrepreneurs in comparison with the developed and developing economies. A qualitative approach – using in depth personal interviews via telephone (10); a random sample of 700 questionnaires were distributed via emails; and through online survey, using the details provides by Jeddah Commerce and Industry. And 484 completed sets were used for the analysis. Also we have collected online survey from women entrepreneurs consisting of a sample size of 272 in relation with the barriers faced by them. Firstly, an exploratory factor analysis is performed to recognize the broad factors affecting the managerial skills, risk perception and investment behaviour in Saudi SMEs. Secondly, Multiple Regression analysis is carried out using factors extracted from factor analysis. And finally, ranking method is applied to determine the specific barriers in the Saudi Arabian region. All the three independent variables under consideration i.e. managerial skills, risk management, and investment behavior show positive significant relationship at 5% significant level with entrepreneurship skills of the SMEs. Hence, the results of our study suggest that Saudi entrepreneurship skills play a very important role in uplifting the managerial, risk management and their investment behavior enhancing the SME's for contributing towards the business growth. The findings of the study implied that the Saudi entrepreneurs in small and medium enterprises are majorly risk averse and also do not have diversified portfolios.

Key Words: Entrepreneurship skills, Managerial skills, Risk management, Investment Behavior, Barriers to SME's, Factor analysis and Multiple Regression.

Introduction

Background: The purpose of this study is to come up with the set of Saudi entrepreneur's skills with their general opinion and perception in relation to managerial skills and their risk management and investment behavior who owned small and medium enterprises. SME's are generally considered to be more operative, can respond quicker and are more flexible than big companies, which form their strategies for years ahead. Problems with existence and development of small enterprise could be solved with closer attention to vital managerial skills, risk management skills and management of investment behavior for the small entrepreneurs in Saudi Arabia. Entrepreneurial development is therefore important in the Saudi economy which is characterized by the following heavy dependence on oil, low agricultural production, high unemployment, low utilization of industrial capacity. These constraints limit the rate of growth of entrepreneurial activities in Saudi Arabia.

This paper seeks to investigate Small and Medium Enterprises as a veritable tool in Economic growth and development of this country. Muritala, Awolaja, and Bako (2012), the vast majority of developed and developing countries rely on dynamism, resourcefulness and risk tasking of small and medium enterprises to trigger and sustain process of economic growth. According to Zuzana, (2007) Enterprises can gain competitive advantage by implementing continual and on-going innovations and the managerial skills and knowledge are in the centre of this process of innovations. Small and medium enterprises (SME), form considerable part of state economy and they are also considered an important source for development of economy.

The reason as to why do we consider these three variables (managerial skills, risk management and investment behaviour) in relation to entrepreneurship skills, because these are considered as the major obstacles as shown in small and medium entrepreneurship report 2016 to SMEs development. So in order to analyse their specific influence on entrepreneurship skills and to determine the various obstacles in depth that are particular and specific with the Saudi Arabian Region. Besides Managerial skills, we have further break the financing aspect as defined by above report into Investment Preferences and Risk Management. The following questions arise that are taken into consideration while conducting this study:

1. To what extent does Saudi SMEs possess managerial skills?
2. From where and how do SMEs raises the finance?
3. How do they use their funds for investments?
4. To what extent SMEs are ready to take up risk and whether they are risk-averse or not?
5. What are the constraints faced by Saudi women entrepreneurs?

$$Ent. Skills_n = \alpha + \beta_1 (Mng skills)_n + \beta_2 (Risk Mng)_n + \beta_3 (Inv Pref)_n + \varepsilon$$

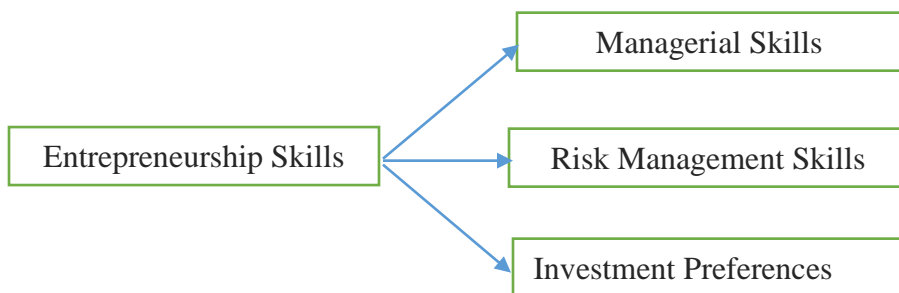


Figure 1: A model of relationship between Entrepreneurship skills with Managerial, Risk Management and Investment Preferences

Overview of the SME Sector in Saudi Arabia

At present, accountings to 90% of the considerable number of organizations in Saudi Arabia, SMEs give important chances to enhance efficiency and broaden the economy. SME commitment to GDP is 33%, which is higher than a large number of the other GCC economies. Thus of the expanding significance of SMEs in the economy, the legislature of Custodian of the Two Holy Mosques, King Salman Bin Abdulaziz, is taking activities to advance and create SMEs. The money related activity by the administration purposes to consider the methods for supporting SMEs in the various financial and social factors that concentration toward the basic part of SMEs in stimulating and creating economies all through the world (Small and Medium Enterprises in Saudi Arabia Report, 2016).

A. SME Business Environment in Saudi Arabia

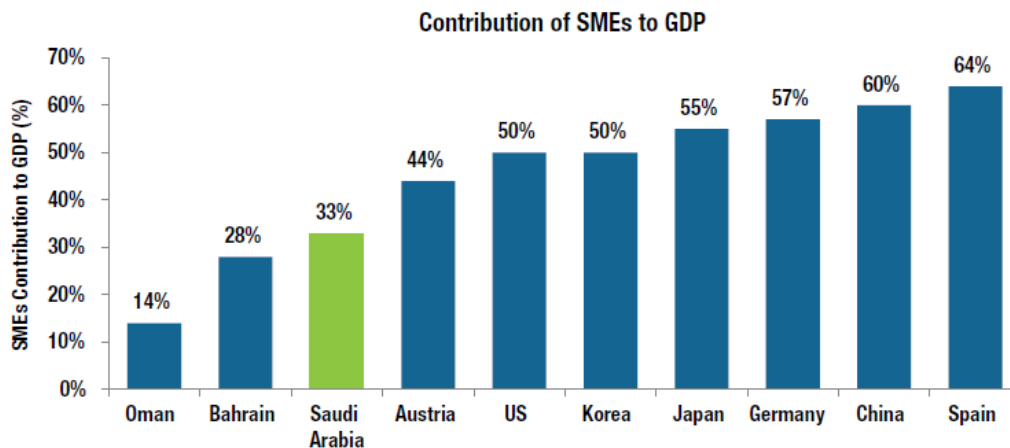
As indicated by Arab news (2016) SMEs are the foundation of any fruitful and practical economy. Their foundations are nearby; be that as it may, with expanding globalization and exchange over the world, they can exploit worldwide open doors. SMEs have a solid balance in Saudi Arabia, thus of the district's general financial methodology to enhance far from the oil segment. With a tally of 1.97 million, SMEs constitute just about 90% of enrolled organizations and 60% of the aggregate work in Saudi Arabia. Almost, 85% of these SMEs are single proprietor organizations. These SMEs are the way to open the boundless capability of the Saudi Arabian economy.

Table 1: SME Distribution by Sector

Commerical and Hotel	47%
Construction	27%
Industrial	12%
Social Services	8%
Others	6%

Source: Small and Medium Enterprises in Saudi Arabia Report, 2016

Regardless of being one of the quickest developing economies on the world, Saudi Arabia has demonstrated a generally low commitment from the SME division, as far as GDP and business rate. The commitment of SMEs to GDP remains at 33%, which is low, contrasted with the most created economies. Spain and the US SMEs add to 64.3% and half of GDP, separately. In any case, it is higher contrasted with the vast majority of the GCC nations. Oman and Bahrain SMEs add to just 14% and 28% of GDP, separately. As shown in Table 2:



Sources: Union of Arab Bank, SIDF

With more than 4.5 million representatives, SMEs include almost 25% of the work constrain, however since 74% are in the business and development parts, they utilize mostly transient work. Saudi nationals represent not over 10% of the aggregate utilized work by SMEs.

B. Comparison of Saudi Arabia with Other Economies in GCC

According to SME report, 2015, SME area development has been one of their key methodologies to advance aptitudes and business enterprise. GCC governments have thought of the activities to help encourage linkages among the state-owned enterprises, multinational organizations, and SMEs to advance the improvement of tradable and fares. Regardless of the measures attempted by the GCC governments, the majority share SMEs in the GCC keep on facing obstructions in their development, predominantly inferable from trouble in their entrance to money related administrations. The normal share of SME loaning of aggregate advances is just 2% and 27% in GCC and OECD nations, individually.

In the GCC, Saudi Arabia has the second biggest SME division after the UAE. In the course of recent years, the SME division development has been amazing in the UAE. The area represents around 60% of the nation's non-oil economy. The commitment of the SME division to its ostensible GDP is around 46% and 33% in the UAE and Saudi Arabia, separately. Both these nations are moving in the direction of facilitating the capital subsidizing to advance SME.

Just about 92% of SMEs in Saudi Arabia think that its hard to secure financing for their ventures. In the UAE, regardless of extraordinary commitment of the division to the general GDP, about 49% of the SMEs share the worry of securing financing for their ventures.

The major hurdles faced by SMEs in the GCC are:

1. Angel and seed investing is still in its nascent stage in GCC. Owing to the apprehension of the investors, it takes a lot of time and energy to get financial aid for SMEs
2. Banks need specialized skills to cater to the SME segment, but there has been a decline in the skill set, thus affecting capability development and innovation

Literature Review

Knowledge of entrepreneurial and managerial skills for Saudi SME's

Small and Medium Enterprises (SMEs) are vital to financial development and altogether basic to produce benefit, increment deals and give degree of profitability to the proprietors of SMEs. In this manner the SMEs development depends to an extraordinary degree in transit enterprise aptitudes have been created in SMEs. Professor Steve Johnson said:

“Our review confirms that it is possible to identify a set of skills that can be characterised as ‘entrepreneurship skills’ which are distinct from – although closely related to – accepted definitions of management and leadership skills.

Enterprise has been viewed as the foundation of monetary advancement. It has been entrenched that the level of monetary development of a locale to a huge degree, relies on upon the level of entrepreneurial exercises in the area. As indicated by Kerosi and Kayisime (2013), the myth that business people are conceived, no more holds great, rather it is very much perceived now that the business people can be made and supported through fitting mediations as enterprise aptitudes improvement programs. Entrepreneurial movement is the way to development and success in numerous nations. Business advancement is the key figure financial improvement (Harper, 2003).

According to the department for business innovation and skills report (2015) there is an increasingly widespread view across the board that inadequacies in enterprise and administration aptitudes (E&M abilities) are a key limitation on business execution in the Saudi Arabia, particularly for small and medium sized enterprises (SMEs). Business enterprise abilities are distinguishing client needs, specialized or showcase openings, and seeking after circumstances. The development of small undertaking prompts to new circumstance, which requires administrative aptitudes. Securing of administrative abilities is not a basic assignment, since it intends to apply hypothetical learning into praxis. Administrative capacities, parts and abilities assume an exceptionally indispensable part for smooth running of small and medium undertakings. Proprietors and directors of the undertaking ought to be generalist and ought to have different capacities, for example, planning, organizing, leading and controlling.. Proprietors of SME's ought to have an overview of finance, marketing and market development, competitions and so on. On the off chance that he/she doesn't give careful consideration to these issues, in the long run he/she can't designate obligation regarding specific ranges and will fail under the burden of unfamiliar and rising issues (Zuzana, 2007).

Many previous researches have taken managerial skills as a variable for the achievement of SMEs; this finding is consistent with the universally accepted phenomenon that efficient managerial skill is essential for the accomplishment of an association. Moreover, whilst a sizeable number of studies have identified poor management just like a noteworthy reason for business disappointment (Bruno et al., 1987; Gaskill et al., 1993; Zacharakis et al., 1999), many have nevertheless found that efficient management is the key to business success (Steiner and Solem, 1988). Lin (1998), whilst studying success factors of SMEs in Taiwan, concludes, in part, that the managerial skills and management concepts of business founders are deemed to be much more important than their technical skills where long-term success is concerned. Ultimately, the management of the firm plays a critical role in determining the firm's strategy. Moreover, effective management has been found to be an important success factor for an SME (Ghosh et al., 2001; Yusuf, 1995).

Number of studies is showing different factors for the success of SME's however the Saudi entrepreneur's managerial skills are deprived from the review literature in Saudi Arabia. In order to fill the gap based on the review literature we wanted to test the managerial skills and their investment behavior and risk perception related to SME in Saudi Arabia.

Knowledge of risk perception and investment behavior skills for Saudi SME's

Investment preference differs from person to person, as every individual behaves differently while investing. Investment behaviour of an individual is guided by his own set of circumstances. With an expectation of generating high returns over a period of time and certain levels of risk, individuals invest in different financial products. Today, a number of investment avenues are available to an individual but an individual, after a thorough market study and according to his needs and circumstances, has to decide which investment avenue has to be chosen. For instance, Males prefer Mutual funds and Life insurance Products whereas females prefer Recurring Deposits and Market Investments. Also, Married respondents prefer safe investment instruments whereas unmarried respondents prefer Mutual Funds and Market Investments which offer more returns and are more risky. However, study conducted by Sood and Medury (2012) shows that investment preferences are not affected by age, gender, income, marital status and employment status.

Almost every decision individuals make involves risk. The common stereotype is that women are more risk averse than men. This is especially relevant for jobs requiring risky decision making (e.g., investment management, entrepreneurs). If employers believe that women are more risk averse than men, they may be unwilling to hire and/or compensate them as they would men. A similar review of social risk taking by Arch (1993) analyzes 50 studies and reports again that women are more risk averse than men. Arch (1993) explains this phenomenon by claiming that males are more likely to see a risky situation as a challenge that

calls for participation while females tend to respond to these situations as threats that encourage avoidance. (Croson, and Gneezy, 2004).

Field studies on risk preferences often focus on investment behavior by men and women (an inherently high-payoff decision), and this literature demonstrates strong gender differences. For example, using data from the Surveys of Consumer Finances, Sunden and Surette (1998) studied the allocation of defined contribution plan assets. They find that sex and marital status are significantly related to asset allocation. Married men and married women were less risk prone than their single counterparts. That is married men (women) chose less risky investments than single men (women). In addition, single women were less risk prone than single men. For example, Atkinson, Baird and Frye (2003) compared the performance and investment behavior of male and female fixed-income mutual fund managers. They find that male and female managed funds do not differ significantly in terms of performance, risk, and other fund characteristics. Their results suggest that differences in investment behavior often attributed to gender (described above) may be related to investment knowledge and wealth constraints. (Croson, and Gneezy, 2004).

Further, in an comprehensive research made by Beck and Demirguc-Kunt (2006) shows that financial and institutional deficiencies might prevent SMEs from growing to their optimal size and thus explain the lack of an empirical causal link between SMEs and economic development. Thus, it is crucial to understand obstacles to SMEs' operation and growth and how they vary with country factors. Both in the developing and developed world small firms have been found to have less access to external finance and to be more constrained in their operation and growth (Berger and Udell, 1998; Galindo and Schiantarelli, 2003).

The probability that a small firm lists financing as a major obstacle (as opposed to moderate, minor or no obstacle) is 39% compared to 36% for medium-size firms and 32% for large firms. The higher financing obstacles that small firms report match not only anecdotal evidence from both developed and developing countries, they also confirm theory's predictions. In a world with fixed transaction costs and information asymmetries, small firms with demand for smaller loans face higher transaction costs and face higher risk premiums since they are typically more opaque and have less collateral to offer. Not surprisingly, the data also show that small firms finance a smaller share of their investment with formal sources of external finance (Beck et al., 2004; Beck, T. and Demirguc-Kunt, 2006).

Therefore, based on the above background and review literature, we hypothesize that:

1. To examine the factors affecting the Entrepreneurship skills among SMEs.
2. To analyse the managerial skills among entrepreneurs in case of SMEs.
3. To analyse the risk management skills among the entrepreneurs in case of SMEs.
4. To examine the investment preferences among the entrepreneurs in SMEs.
5. Investigate and analyse the data for certain obstacles faced by Saudi women entrepreneurs, which is compared with other developed and developing nations.

Research Methodology

Participants, Measures and Procedures

Jeddah region was chosen as the research site for this study. Given the exploratory nature of the research, a qualitative approach – using in depth personal interviews via telephone (10); a random sample of 700 questionnaires were distributed via emails; and through online survey, using the details provides by Jeddah Commerce and Industry. And 484 completed sets were used for the analysis.

To have different international opinion and perspective of barriers and challenges, we have sourced from secondary research provided by organisations such as Prowess, The Industrial Society, the University of

Strathclyde, the United Nations, the United Nations Economic Commission for Europe, the National Women's Business Council, the Danish Agency for Trade and Industry, the Centre for Women's Business Research and Eurostat. Additionally the Global Entrepreneurship Monitor 2002 was used extensively.

The questionnaire consisted of seven sections i.e., entrepreneurship skills, managerial skills, risk management skills, investment behavior, risk perception, barriers and demographic information. The items were measured using a seven-point Likert scale (1= "Strongly disagree", 7 = "Strongly agree"). The questionnaire was translated from English into Arabic language.

Before we proceeded to test the hypotheses developed in this study, we first performed factor analysis to test the correlations between the variables on the items that measured entrepreneur's skills and their risk and investment behavior. A three-stage analysis is conducted using SPSS version 20: Firstly, an exploratory factor analysis is performed to recognize the broad factors affecting the managerial skills, risk perception and investment behaviour in Saudi SMEs. Secondly, Multiple Regression analysis is carried out using factors extracted from factor analysis. And finally, Ranking method is applied to determine the specific barriers in the Saudi Arabian region.

The Cronbach's alpha value for Entrepreneurship skills is .79, managerial skills is .80, risk management skills is .75, investment behavior is .74, and in order to produce consistent results 11 items were dropped due to reliability concern (See Table 1).

Further, an exploratory factor analysis is carried on the data set whereby the main factors that are extracted, explains the correlation among the observed variables. We employ Principal Component Analysis (PCA) as the factor extraction method. The broad factors so extracted are further subjected to Varimax Orthogonal Rotation with Kaiser Normalization. In the present study, each row in the rotated component matrix presents the factor loadings for each variable (in total 28 variables are used in the study) spread over four broad factors.

Now, these four components so derived from factor analysis, are put to the second stage of our analysis, i.e. Multiple regression analysis, where Entrepreneurship skills (Ent. Skills) is the dependent variable whereas, managerial skills (Mng skills), risk management skills (Risk Mng) and investment behaviour (Inv Pref) are independent variables. The regression equation so formed will be

$$\text{Ent. Skills}_n = \alpha + \beta_1 (\text{Mng skills})_n + \beta_2 (\text{Risk Mng})_n + \beta_3 (\text{Inv Pref})_n + \epsilon$$

Since these components used in the regression are derived from the orthogonal transformations in factor analysis, they are free from the problem of multicollinearity. In addition, the other assumptions for multiple regression such as normality and heteroscedasticity are also tested. We find that the data are normally distributed and there are no problems of heteroscedasticity.

And Lastly, we took a sample of 272 women entrepreneurs online and have applied the ranking method to determine the major obstacles and barriers in relation to these specific variables that are considered under the study.

Results

The responses received from the survey of 484 Saudi SMEs are first put to a reliability test as shown in table 1. Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's test of Sphericity is used in the present study in order to confirm the consistency and reliability of data. Table 2 provides the results of KMO and Bartlett's test. The KMO statistic of 0.770 indicates that data supports factor analysis. The significance value of 0.000 of Bartlett's test (χ^2 is 183.043) indicates that variables are unrelated and feasible for factor analysis. Thus, our study has reliable data-set.

Table 3 Reliability Test

Variables	Cronbach's Alpha
Entrepreneurship skills	.79
Managerial skills	.80
Risk management skills	.75
Investment behavior Preferences	.74

Table 4 Results of KMO and Bartlett's test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.770
Bartlett's Test of Sphericity	Approx. Chi-Square	183.043
	df	21
	Sig.	.000

Table 5 EFA (Exploratory Factor Analysis)

Variables	Component 1	Component 2	Component 3
Entrepreneurship Skills	.777		
	.685		
	.733		
	.500		
Managerial Skills	.719		
	.831		
	.761		
		.824	
		.635	
		.619	
Risk Management Skills	.777		
	.733		
	.685		
	.500		
		.824	
		.635	
		.619	
Investment behavior	.936		
	.869		
	.759		
		.721	
		.826	
			.810
			.678
			.668
			.750

Extraction Method: Principal components analysis

Rotation Method: Varimax with Kaiser Normalization

Table 6 Results of Regression
A - Multiple Regression Analysis

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.905 ^a	.818	.815	.52259	1.756
a. Predictors: (Constant), MRMS, MMS, MIB					
b. Dependent Variable: MES					

B- Multiple Regression Analysis

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	179.555	3	59.852	219.159	.000 ^b
	Residual	39.872	146	.273		
	Total	219.427	149			
a. Dependent Variable: MES						
b. Predictors: (Constant), MRMS, MMS, MIB						

C – Multiple Regression Analysis

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.184	.215		-5.498	.000
	MMS	.196	.041	.209	4.813	.000
	MIB	.495	.050	.459	9.829	.000
	MRMS	.570	.061	.409	9.384	.000

a. Dependent Variable: MES

The results of regression model give the R-Squared value as 0.818 and Adjusted R-Squared value as 0.815. The F-statistic of 219.159 ($p = 0.000$) is significant at 5 per cent level of significance. This shows overall goodness of fit of the model used in the present study.

In the above table 4 all the three independent variables put to regression in the present study, i.e. managerial skills, risk management skills and investment behavior shows positive significant relationship with entrepreneurship skills of the SMEs. All the three variables are found to be significant at 5% level. Hence, the results of our study suggest the introduction of most important components of entrepreneurial skills affecting Saudi SMEs are managerial skills, risk management and investment behaviour.

Barriers and challenges faced by SME's – An international perspective

A number of studies conducted in the developed and developing economies have been undertaken to examine the challenges and barriers for entrepreneurs in starting and owning small and medium enterprises. The studies will be summarized with the objective of categorizing the key barriers and obstacles that hamper to become successful entrepreneurs in small and medium enterprises. The present study further explores the obstacles faced by women entrepreneurs in particular, especially in the region of Saudi Arabia which further has been cross compared with the developed and developing economies.

The reason behind taking into consideration the obstacles faced by women entrepreneurs is due to the reason that women entrepreneurs faces major obstacles in relation with man even in the most developed countries of the world.

Developed Economies

Europe

Research conducted in Europe suggests that women entrepreneurs in Europe are faced with similar barriers. CEEDR (2000) conducted a survey on entrepreneurs in Europe and found that the most common barriers faced by women entrepreneurs in Europe included:

1. access to start-up finance that is related to perceived discrimination by finance providers.
2. limited skills in management, sales and marketing and the use of technology and
3. lack of awareness of appropriate business support.

Additionally, when speaking about Eastern European countries, Brigita Schmognerova, Executive Secretary of UNECE (United Nations Economic Commission for Europe), states:

"Women face not only general barriers for SMEs (weak institutional support to SMEs, lack of access to credit) but also gender specific barriers – such as lack of collateral due to uneven sharing of privatisation gains, lack of networks and traditional views on women's role. They have greater difficulty in obtaining credit, finding business partners, getting information on business opportunities."

United Kingdom

All the above are similar to the problems experienced by women entrepreneurs in the UK. Research suggests that the UK is on a par with most European countries when it comes to numbers of women entrepreneurs. A report published by the Small Business Service (2002) states:

"...women's participation in self-employment and business ownership in the UK is on a par with that of most European countries, but lower than in the USA, where women's share of business ownership is estimated to be 38%."

United States

"Despite considerable social and cultural change in the last two decades, the proportionate increase in numbers of women starting their own business in the UK has been half that of other countries such as the United States."

The Prowess website provides statistics on the number of women-owned businesses in the US compared to the UK.

"Women-owned businesses represent 28% of total business ownership in the US, compared to 12-14% in the UK."

The major barriers faced by entrepreneurs include the following:

1. Pre-start up experience of the labour market
2. Traditional perspectives on women's roles
3. The financing of female possessed firms
4. The use of networks in the management of firms
5. Lack of knowledge and training in business and IT skills
6. Low self-esteem / perception

Nevertheless the US has demonstrated that, whilst these barriers exist, women can still become successful entrepreneurs. This can be seen in the increasing numbers of women-owned businesses in the US.

Developing Economies

Qatar

According to Mehrez (2014). Qatar's Entrepreneurship sector faces major challenges that hinder its growth prospects in small and medium enterprises.

1. absence of systematic awareness programs
2. lack of support at operation time
3. deficiency of funds, especially in the early stage
4. lack of adequate regulations/infrastructure
5. the absence of an exit strategy

According to (Sarri et al. 2005 and Stam 2010) the major barrier to innovation and entrepreneurship is due to lack of adequate resources of finance. In some cases, leaders and superiors have blamed lack of skill as a major barrier to entrepreneurship (Sadi and Dubaisi, 2008).

Oman

Al-Sadi, Belwal and Al-Badi (2012) examined the issues constraining female entrepreneurship in the Al-Batinah region of Oman. They found a number of barriers that affect female entrepreneurship in SME's including

1. Lack of financial support,
2. Knowledge to collaborate,
3. Access to technology,
4. Industrial support,
5. Pressure to achieve
6. Interacting with males,
7. Training opportunities and the time for training.
8. Information about opportunities

Kuwait

Alowaihan (2004) examined the performance of Kuwaiti small firms with specific attention paid to gender as a differentiating factor. He found that women had less business experience, higher education levels, and were older than their male counterparts. He also observed that female-owned firms suffered from liability of newness and their financial performance was significantly lower than male-owned firms. Alowaihan concluded that better opportunities are needed for Kuwaiti women entrepreneurs to obtain equal access to management, technical, and financial skills. Naser, Nuseibeh and Al-Hussaina (2012) examined the personal and external factors that might influence women's decisions to become entrepreneurs in Kuwait.

UAE – United Arab Emirates

Haan (2004) surveyed UAE female entrepreneurs actively running their own small enterprise, along with interviews with Emirati female entrepreneurs and staff of small and medium sized enterprise (SME) support organizations. He found that Emirati women are hesitant to go into business because of the perceived risks, and they are less engaged in networking than their male counterparts. He also found the

social status of women and prevailing socio-cultural factors inhibit women from going into business. Moreover, female entrepreneurs have less access to capital than men, especially from commercial banks.

Itanik, Sidani and Baalbaki (2011) used interviews to examine the characteristics of UAE women entrepreneurs. They found that Emirati women are unlikely to experience conflicts between their entrepreneurial life and their personal, family, social, leisure, and friendship lives. They concluded that lack of support, society and traditions, as well as personal and family reasons are barriers at the startup of their venture.

Saudi Arabia

McKenna (2009) conducted open-ended interviews to identify the problems confronting female entrepreneurs in SME's in Saudi Arabia. He found that women experience the same problems that entrepreneurs around the world face, but local government regulations and religious traditions act as additional barriers. Interestingly, the study provided evidence that lack of support from other women is a serious problem in Saudi Arabia.

Danish and Smith (2012) found that female entrepreneurs in Saudi Arabia are now establishing and managing more small and medium sized entities than at any time in the past and this trend is increasing. Sadi and Al-Ghazali (2012) added that self-achievement was the most prominent factor motivating Saudi women to start their own businesses. These researchers concluded that government regulations must be revised to encourage greater involvement of women in businesses and in the work place.

We can conclude that there are several barriers faced by women in small and medium enterprises and these barriers are similar for women all over the world, even though some may be more prevalent in some countries as opposed to others. As stated by the International Labour Organisation

"In the United States, the main difficulty is for women to be taken seriously, but in most developing countries the main constraint is still access to credit."

Table 7: Summary of the barriers faced by Small and Medium enterprises from international perspective.

Country wise Barriers	US	UK	Europe	Oman	Qatar	UAE	Kuwait	Saudi Arabia
Gender Inequality		√	√	√			√	√
Financial Constraints		√	√	√	√	√	√	√
Size or Business ownership		√	√	√	√	√	√	√
Government Assistance								√
Restrictive and biased legal conditions					√	√		√
Competition								
Social Constraints					√	√		√
Traditional views on Woman's roles		√	√					√
Lack of using Networking in management of firms		√	√			√		√
Lack of Knowledge and training in the managerial, financial and IT skills	√	√	√	√	√		√	√
Low Self-Esteem, Self Perception and self-achievement	√	√						
Procedural delays								√

Pre-start up experiences of the labor market	√			√	√		√	√
Lack of awareness of business Programs		√	√	√	√	√		√
Finding business partners		√	√	√			√	
Culture								√
Lack of support from other women, and family						√	√	√

Table 8 Interpretation of the survey results based on barriers of SME's

Items	Barriers for SME's	Percentage	Ranking
B1	Lack of information on how to apply loans	56	08
B2	Fear of rejection of loan application	51	09
B3	Payment of high transaction cost/interest rate	31	10
B4	Too risky to borrow money	65	07
B5	Too many government restrictions procedures	70	05
B6	Excessive administrative procedures to start a business	68	06
B7	Problems/Issues associated with work permit.	73	04
B8	Special provisions for loans from government for women	89	01
B9	Barriers for entry for competitors	75	03
B10	Gender Inequality	85	02

Ranking: Ranging of barriers from highest to the lowest.

The interpretation of the survey results was based on 272 women entrepreneurs taken online. The descriptive statistics for each of the barriers presented above are based on the result shown in table 6.

1. Special provisions of loans for women from government – 89% respondents indicated that there are special provisions for loans from the government to start a new business.
2. Gender Inequality – 85% SME's responded that there are gender inequality when it comes to equal opportunities for both male and female when applied for bank loan.
3. Barriers for entry for competitors – 75% SME's are agreed that there are too many barriers for entry for competitors.
4. Problems/Issues associated with work permit – 73% respondents indicated that there are problems associated with work permit.
5. Too many government restrictions procedures – 70% respondents specified that there are too many government restrictive procedures to get start a new business.
6. Excessive administrative procedures to start a business – 68% SME's indicated that there are excessive administrative procedures required to start a new business.
7. Too risky to borrow money – 65% respondents specified that they feel too risky to borrow money from outside vendors.
8. Lack of information on how to apply loans – 56% SME's indicated that they have lack of information on how to apply for loans.
9. Fear of rejection of loan application - 51% respondents agreed that fear that the loan application will be rejected.
10. Payment of high transaction cost/interest rate – 31% SME's indicated that they have to pay high transaction cost/high interest rate if apply for loan.

Conclusion and Managerial Implications

The purpose of this study was to determine whether entrepreneurial skills can be used as resource acquisition strategies to make SMEs and new ventures profitable in Saudi Arabia. That is we attempted to

find out whether Saudi entrepreneurial skills possess the risk management skills, Managerial skills and Investment behavior preferences and by applying we found out that entrepreneurial skills have significant effect on the predictors for business success of SMEs in Saudi Arabia.

The study concluded some interesting facts about Saudi entrepreneurs. For instance, 95% of the respondents agree that they do not have diversified portfolios. This further implies that these enterprises are not able to reduce down the level of risk. Also, 76% of the respondents agree that they are risk averse. Further 92% of them agree they face problems in raising finance or loans from banks. Whereas 90% of the women participants faces the problems starting from raising the finance to dealing with procedural delays, due to cultural reasons. It is even witnessed by Chamlou (2008) as he pointed out that policies require women to include their husband as a co-signer, "even if he lacks financial resources or is not involved in the woman's business," as part of a perceived effort "to ensure that the woman's activities do not interfere with the wishes of her family or her husband."

85% of them disagree that there are equal opportunities for both male and females in raising finance or apply for bank loan. As underlined by the World Economic Forum's Global Gender Gap Report, there is a strong correlation between gender equality and a country's prosperity and economic competitiveness (Hausmann 2010). It is thus important to mainstream women in broader enterprise support policies and programmes such as women's enterprise centres, coaching and mentoring programmes and financing initiatives (see the OECD "Inventory of Policies, Institutions and Programmes Supporting Women's Enterprise in the Middle East and North Africa").

Whereas, 79% of the respondents face substantial difficulties obtaining the funding necessary for business creation and expansion, so, they rely majorly on informal sources of finance (e.g. family and friends). 86% of them Lending practices of banks may be an additional barriers as the SMEs failed to provide them collateral or mortgage as desired by the banks.

In case of managerial skills 69% of the respondents agreed that they have the ability to differentiate amongst opportunities and information and 89% emphasize to have the ability to manage other people. 85% of them have good decision making capability.

Over the years, the Saudi government has undertaken constructive steps in the direction of growth of the SME sector. The focus has been more on the expansion of the number of SMEs compared to the existing 'gazelles', which are poised to be globally competitive and have the power to diversify the economy of Saudi Arabia. However, the government has recognized the need for a wide base of support, including capital (debt and equity), training, and business services throughout the lifespan of SMEs.

According to (Small and medium enterprises report, 2016) has highlighted the various the major government initiatives undertaken to mitigate the challenges faced by SMEs are as follows:

1. Rigorous bureaucratic procedures - It now takes nine fewer procedures to start a new business than it did in 2005. The government aims to further reduce the number of rigorous procedures.
2. Access to finances - With the help of Kafalah, Taaqeeq programs, and initiatives taken by SCSB, the government has increased the bank participation by mitigating their apprehensions in lending to SMEs.
3. Absence of financial support throughout the lifecycle of SMEs - Banks bolster to provide steady, customized, and continuous support. E.g., Saudi Hollandi Bank has invested in skilled workforce to enhance relationship banking with its SME customers.
4. Low mentoring support - Tenth Development Plan aims to extend training and mentoring support through each stage of development of SMEs.
5. Low awareness of support programs- The government is marketing its initiatives and is promoting the banks to practice the same, so as to reach out to the SMEs.

6. Absence of a single SME management authority - Tenth Development Plan aims to establish an integrated system that offers a one-stop shop facility.
7. Lack of appropriate IT infrastructure - The Kingdom's non-profitable organization, The Centennial Fund, has partnered with Microsoft, so as to enhance go-to-market capability of the SMEs and promote IT entrepreneurship within its members.

The youth of Saudi Arabia has demonstrated its entrepreneurial bend, and the boost from the government has made it possible for the locals to contend on a global forum. To withstand its factually high growth rates and exploit its own economic resources, the government has plans to emulate the SME growth strategy or technique of Japan. The SMEs of Saudi Arabia are striving to achieve high growth and establish themselves as competitive enterprises globally. Moreover, with the fiscal and social efforts of the government of Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, this sector is expected to flourish with robust growth in the future. By the end of 2015, the SME contribution to GDP is expected to rise to 35%. This accomplishment can be elucidated by the government's total obligation toward the implementation of policies to achieve definitive objectives of sustainable development and dynamic progression towards unemployment (SME report, 2016).

Additionally, participant's state that they would recommend the following actions in order to overcome previously indicated barriers:-

1. Although there exists provisions for raising loans for startup SMEs but due to the lengthy procedural delays and also most of the financial institutions ask for collateral securities which these SMEs failed to provide due to the limited or scarce resources and financial constraints.
2. The SMEs entrepreneurs are majorly risk averse and do not have diversified portfolio. They hesitate to invest into risky securities is well evident with our survey results.
3. Much detailed analysis, particularly using time-series variation, microeconomic data, is needed to explore the policies and financing tools that can help SMEs overcome financing constraints and expand their access to external finance. In this context, it seems especially relevant to focus on institutions that are important for SMEs' access to finance. Further the present study can be extended to cover all the regions of Saudi Arabia.
4. Establishing a systematic awareness programs for different ages and groups.
5. There is always a need for training and seminars, managing funds, legal advice, technical advice, Incubators for Saudi SME's.
6. Zeidan and Bahrami (2011) proposed establishing mentoring centres at each GCC country to provide women with services such as specialized training on the start-up process.
7. The government can also conduct training programs for female entrepreneurs to increase their business competence and skills. The current study focused only on female entrepreneurs in small and medium sized firms and excluded the larger ones. Perhaps, large entrepreneurs run by women face challenges that are quite different from those experienced by small ones.
8. It is evident that technology allows female entrepreneurs to conduct their business from their own homes. This finding can be explained on the grounds that most of the reported studies were conducted a few years ago. It is worth mentioning that the Internet based social networking services are a relatively inexpensive tool in marketing. It also provides an affordable and convenient means of trading through such sites as Instagram and the WhatsApp. These tools help them to create modern marketing channels to communicate with their customers.
9. The value of effective networks targeted to address the very specific needs of women owned businesses and their owners cannot be underestimated. This is seen in the US where the integration of policies to stimulate and support entrepreneurship in women has led to a huge rise in the numbers of businesses set up by women.
10. A possible reason for this success is the 300 plus women's business centres that exist in the US, which focus on advice, business training, networking, procurement and access to finance.

11. According to the 2001 UK GEM report concluded “...one of the clearest ways for the UK to increase its level of entrepreneurship would be by encouraging and supporting more women into business.”
12. We also cross compared the obstacles faced by SMEs in other parts (developed as well as developing nations) of the world with our results and we have found that majority of obstacles have been found in the region of Saudi Arabia. And that, suitable measures must be taken gradually, in order to overcome these hindrances lies in the growth and success of SMEs, which is extremely vital for the development of any nation.

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