

Developing Entrepreneurship Policy in the Kingdom of Saudi Arabia

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To the University of Exeter as a thesis for the degree of
Doctor of Philosophy in Management

March 1st, 2016

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Abstract

Entrepreneurship policy (EP) evolved out of an existing framework of Small and Medium Enterprise (SME) policy development. Whilst there is clarity about the need for EP, there is less clarity about how it works, and what is effective, in different historical, cultural, economic, and institutional contexts. This knowledge gap is ascribed to the variation between countries' contexts and government rationales for supporting entrepreneurship.

Therefore, this research contributes to the body of knowledge of EP by considering the unique context of the Kingdom of Saudi Arabia (KSA) and seeks to achieve four things. Firstly, it will describe the historical, cultural, economic and institutional context of Saudi Arabia. Secondly, it will map out the entrepreneurship landscape and environment. Thirdly, it will investigate the precise nature of the EP framework and the types of government support available to entrepreneurs. Finally, it will assess and evaluate whether the type of support available maps into the types of barriers that entrepreneurs face when seeking to (a) start a new business, and, (b) manage the transition from start-up to growth.

In literature, EP could be limited to innovative entrepreneurship; it could cover SME Policy; or it could be confused with policies to build an entrepreneurial economy. However, this comprehensive research adopts the Lundstrom and Stevenson (2005) definition and framework of EP, which consists of six pillars: promotion, education, finance, regulations, support services and target group strategy.

A mixed methods approach was used to collect the data in three phases: qualitative (semi-structured interviews), quantitative (a questionnaire) and documentary data (websites and reports). The interviews targeted policymakers (N=4), entrepreneurs (N=26) and representatives from entrepreneurship support centres (N=18). Further, the questionnaire targeted both business owners and individuals without businesses (N=921).

The investigation revealed that the Saudi context provides a set of entrepreneurial initiatives that were compatible with the six pillars of the framework. However, some of the policy measures were not applicable to the Saudi context, which shows that it is inappropriate always to replicate 'good practice' in other countries. Further, the research provides other recommendations based on the Saudi context as

emerging results. Moreover, the analysis showed a number of gaps that need to be filled.

Accordingly, the research recommended a set of policy measures for each of the six areas of the framework, based on the framework policy measures, literature and the Saudi context. The importance of this empirical research increased after the Saudi government founded the SME Authority in October, 2015, which covers entrepreneurship matters as well.

IN MEMORY OF

My Father, Saad ben Saeed Algarny,

who passed away peacefully when I was two years old

May ALLAH have mercy on him and place his soul among those of believers

But he left us with a great mother: Sarra bent Abdulkhaleg Algarny

May ALLAH reward and bless her

Acknowledgement

In the name of Allah most gracious most merciful, and blessings and peace be upon the last messenger of Allah, Mohammed (peace be upon him).

First and foremost, I offer great gratitude, sincere and deep, to ALLAH, The Almighty, for all His overwhelming blessings.

I would particularly like to thank my supervisors, Prof. Marc Cowling, Dr Olga Kalinowska-Beszczyńska and Dr Jane Shen. Firstly, I'm very thankful to Prof. Cowling, my first supervisor, who did not stop his support to me even when he moved to the University of Brighton. I learnt from him many research skills and he encouraged me to attend and present my work in international conferences, which improved my research and communication skills. Deep thanks also go to Dr Olga Kalinowska-Beszczyńska and Dr Jane Shen for their important role as supervisors in the last year of my research. Their comments and advice helped me to improve my work. I also thank my mentor Prof. Simon James for his advice.

Special thanks go to the policymakers, entrepreneurs and representatives of support centres in Saudi Arabia for their cooperation while collecting the research data.

I am very thankful to the Government of Saudi Arabia for providing me with this PhD scholarship and to my employer, Saudi Telecom Company, for providing me with leave without pay to be a full-time student until I finished my study.

Last, but not least, I am very thankful to my mother, Sarra, for uncountable things she provided to me and my siblings; to my brothers, Mohammad and Eid, and my sisters, Norah, Haya and Aishah for their encouragement and prayers, to my wife, Norah for her continued support, love, and patience; and to my children Saad, Saud and the twins Sarah and Sarra for being a source of joy and pride.

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List of Abbreviations

ADF	Agricultural Development Fund
BAN	Business Angel Network
BRJ	Bab Rizq Jameel
BSS	Business Support Services
C.O.T.E.	Clear, Coherence, Objective, Target and Evaluation
CDSI	Central Department of Statistics and Information
COC	Chambers of Commerce
CSR	Corporate Social Responsibility
ECU	Entrepreneurship Centres in Universities
EE	Entrepreneurship Education
EFC	Entrepreneurial Framework Conditions
EP	Entrepreneurship Policy
EU	European Union
FG	Finance Gap
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
IDC	Industrial Development Centre
IP	Innovation Policy
IPO	Initial Public Offering
IPR	Intellectual Property Right
IT	Information Technology
KAB	Know About Business
KACST	King AbdulAziz City of Science and Technology
KAUST	King Abdullah University for Science and Technology
KSA	Kingdom of Saudi Arabia
LEDU	Local Enterprise Development Unit
LLC	Limited Liability Company
MENA	Middle East and North Africa
MIC	Ministry of Industry and Commerce
MOCS	Ministry of Civil Service
MOL	Ministry of Labour
MOS	Motivation, Skills and Opportunity
N2V	National Net Ventures

NDP	National Development Plans
NGO	Non-Governmental Organisations
OECD	Organisation for Economic Cooperation and Development
PSF	Pre-Seed Fund
PSFW	Prince Sultan Fund for Women's Development
S&T	Science and Technology
SABIC	Saudi Basic Industries Corporation
SAGIA	Saudi Arabian General Investment Authority
SAMA	Saudi Arabian Monetary Agency
SAR	Saudi Arabian Riyal
SBIR	Small Business Innovation Research Programme
SBLA	Small Business Loan Act
SCF	Social Charity Fund
SCSB	Saudi Credit and Saving Bank
SCTA	Saudi Commission for Tourism and Antiques
SME	Small and Medium Enterprise
STC	Saudi Telecom Company
TCF	The Centennial Fund
TGS	Target group strategy
TVRC	Technical and Vocational training Corporation
UN	United Nations
VC	Venture Capitalists
VIF	Variance Inflation Factor

1. CHAPTER ONE: INTRODUCTION

1.1. Introduction

Government intervention through public policy has its historical roots back to the 1800s. These policies played an important role in shaping the business environment. However, the phenomenon of government support to small businesses only started in the 1950s (Gilbert, Audretsch, & McDougall, 2004). Further, government support has developed over time from financing to cover other areas such as regulations, training, consultation and incubation. Accordingly, the entrepreneurship policy (EP) evolved out of an existing framework of Small and Medium Enterprise (SME) policy development. Many EP frameworks have been developed to provide packages of policies aimed at improving the entrepreneurial environment and removing obstacles. However, the policy-oriented research in the field of entrepreneurship still demands more to bridge the gap between researchers and policymakers (see Chapter Two) (Lundstrom and Stevenson ,2005; Mason and Brown ,2011 and Arshed, Carter, & Mason , 2014).

In contrast, the government support to small business and entrepreneurs in the Kingdom of Saudi Arabia (KSA) started recently in 2004 with the launch of a Loan Guarantee programme. Further, the government established tens of support centres and dedicated billions of Saudi Arabian Riyals (SAR) to foster entrepreneurship. However, the research about entrepreneurship in KSA is very limited even in the Global Entrepreneurship Monitor (GEM) reports since 1999 (see Chapter Three).

Therefore, this empirical research aims to contribute to the body of knowledge of EP and to fill the knowledge gap about EP development in KSA. Thus the Lundstrom and Stevenson (2005) EP framework is adopted to investigate the Saudi context with the aim of answering the main research question: what are the appropriate policies to foster entrepreneurship in KSA? The framework contains a set of policy measures categorised into six pillars: entrepreneurship promotion, education, finance, regulations, support services and target group strategy (see Chapters Five to Ten respectively).

The mixed-methods approach is used to collect both types of data (qualitative and quantitative) either primary by the researcher or from secondary sources (see Chapter Four). The analysis of results started by applying the framework with its six pillars in the Saudi context to examine the compatibility and to discover gaps in a

deductive way. Furthermore, the Saudi context was investigated in each pillar to find more contextual results in an inductive way.

In general, the six policy areas of the framework are found to be applicable to the Saudi context; however, the investigations and analysis of results led to four types of recommendations for policy measures in each of the six areas. Group one is the measures suggested by the framework and exist in the Saudi context (such as guarantee loan programme). Group two covers the measures needed in the Saudi context but that do not yet exist and were among the framework measures (e.g. one-stop-shop). The third group is found to be not applicable to KSA, such as taxation. Finally, the Saudi context shows the need for a set of new recommendations not found in the framework mostly related to competition and labour regulations (Chapters Five to Ten). Chapter 11 will be the conclusion that summarises the key findings, contribution, limitation and recommendation for further research.

Finally, this introductory chapter contains three more sections, each of them with a crucial role. Firstly, the importance of conducting this research will be explained in section 1.2. Secondly, the aims, objectives and research questions of this research will be described explicitly in section 1.3. Finally, section 1.4 will provide an overview of the research chapters as a roadmap of this PhD thesis.

1.2. Research Rationale

This section consists of four parts as follows. Firstly, to avoid confusion about different meanings section 1.2.1 will list my choice of definitions for nine entrepreneurial concepts used widely in this research. Section 1.2.2 will explain the nature of the research problem in six points, including both theoretical and practical. The significance of this research will be explained in section 1.2.3. Finally, a brief summary of the research contribution will be described in section 1.2.4.

1.2.1. Definitions of key terms

The study of entrepreneurship has been characterised by definitional problems. In particular, researchers have struggled to decide whether all small businesses are entrepreneurial or whether entrepreneurs are a unique subset of the SME population. I believe that the same concept can lead to different discussion based on the way it is

defined. Further, definitions of concepts are essential in order to operationalize them (Bygrave & Hofer, 1991 and Curran & Blackburn, 2001). Therefore, section 2.2 in the literature review chapter will shed light on more entrepreneurial definitions based on different perspectives. However, this subsection aims to list the definitions adopted for the following nine important concepts used in this research, which can have different meanings in literature: entrepreneurship policy, entrepreneurship, entrepreneur, potential entrepreneur, motivation, skills, opportunity, pre-start and start-up.

Concept/Source	Definition
<p>Entrepreneurship policy</p> <p>(Lundstrom & Stevenson, 2001,p. 131)</p>	<p>Policy measures taken to stimulate entrepreneurship: that are aimed at the pre-start, the start-up and post-start-up phases of the entrepreneurial process; and designed and delivered to address the areas of motivation, opportunity and skills; with the primary objective of encouraging more people in the population to consider entrepreneurship as an option, to move into the nascent stage of taking steps to get started and to proceed into the infancy and early stages of a business</p>
<p>Entrepreneurship</p> <p>(Reynolds, Hay & Camp, 1999, p. 3).</p>	<p>“Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business”</p>
<p>Entrepreneur</p> <p>(Lundstrom & Stevenson, 2005, p. 42)</p>	<p>“People who, at different stages of life and at different stages of starting, managing and growing their own businesses, are at different stages of the entrepreneurial journey”</p>
	<p>I used 15 as the minimum age for work as per the Saudi standard (CDSI, 2014). Accordingly, this wide definition covers the following types of entrepreneurs: “nascent entrepreneurs, solo-entrepreneurs, micro-entrepreneurs, lifestyle-entrepreneurs, technology-entrepreneurs, high-growth entrepreneurs, and innovative entrepreneurs”. Further, the words ‘entrepreneur’, ‘business owner’ and ‘self-employed’ mean the same thing in this research because of the research context.</p>
<p>Potential entrepreneur</p> <p>The researcher based on Singer, Amorós & Moska (2015)</p>	<p>Individuals aged 15 or above who have the intention to start a business in the coming six months.</p>
<p>Motivation</p> <p>(Lundstrom & Stevenson, 2005, p. 45)</p>	<p>“Aware of entrepreneurship as a feasible and viable option and willing to explore it”</p>

<p>Skills (Lundstrom & Stevenson, 2005, p. 45&46)</p>	<p>“The knowledge, skills and ability that people can gain to have enough confidence in their own ability to do business”</p> <p>“Skills” is operationalised to technical, business and entrepreneurial skills and know-how</p>
<p>Opportunity (Lundstrom & Stevenson, 2005, p. 46)</p>	<p>The support environment for entrepreneurship - the availability of information, advice, capital, contacts, technical support and business ideas, as well as the ease of access to these resources. It also encompasses the regulatory environment and processes of government administration</p>
<p>Pre start-up stage (nascent) Adapted from (Lundstrom & Stevenson, 2005, p. 15 & p. 57)</p>	<p>The entrepreneurship stage that precedes starting a business where potential entrepreneurs are in the process of trying to start a business</p>
<p>Start-up stage (see Figure 1-1) Adapted from (Lundstrom & Stevenson, 2005, p. 50 & p. 58)</p>	<p>The entrepreneurship stage, which ranges from starting a business until 42 months of the firm age</p>

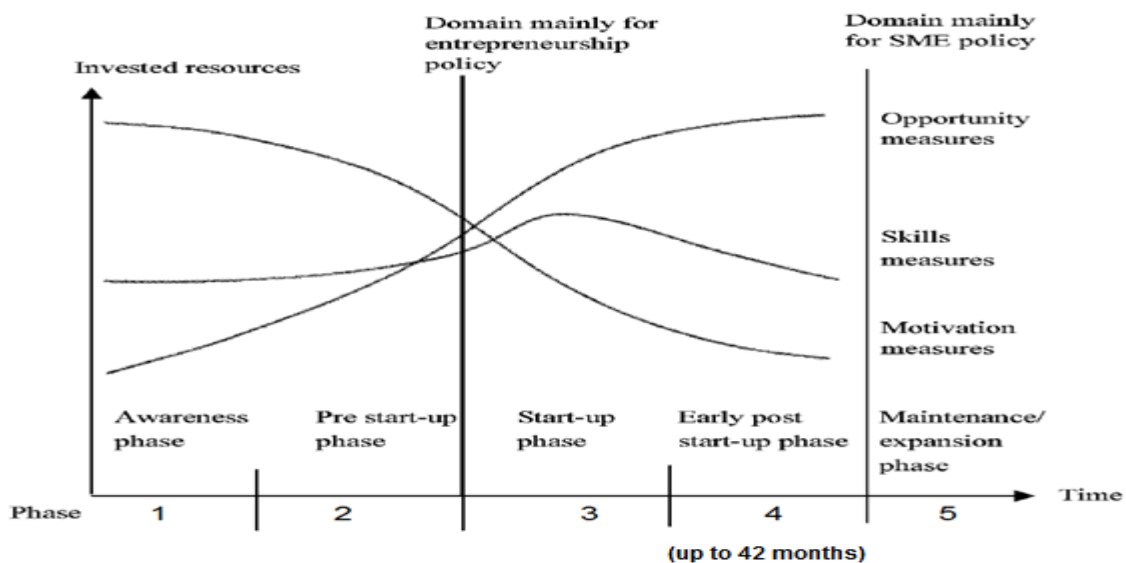


Figure 1-1: Entrepreneurship Phases

Source: adapted from Lundstrom and Stevenson (2005)

1.2.2. The nature of the problem

Despite the fact that this research is considered the first that I know of to investigate the development of EP in KSA, this subsection will discuss six rationales that justify the need for such research. These factors are related to EP as a field of research and to KSA as the context of the study, as follows.

1. EP is a complex research area:

Both Lundstrom and Stevenson (2005) and Audretsch, Grilo, and Thurik (2007) argue that in the entrepreneurship field, the process of making policy is complex and messy. They ascribe this to the existence of many factors related to each country's context which make it inappropriate always to replicate "good practice" in other countries since "one size does not fit all". Accordingly, there is a need to develop policies based on context: "*effective policy strategies with respect to entrepreneurship need to be tailored to the context of sub-national regions and perhaps even to a country's specific context*" (Acs, Arenius, Hay, & Minniti, 2004, p. 40). Consequently, this empirical research is about developing EP in KSA in specific, considering its context.

2. Interdisciplinary nature of entrepreneurship field:

The interdisciplinary nature of the entrepreneurship field increases the complexity of the field for researchers. For example, Bygrave (2006) discussed how different sciences contributed to the field of entrepreneurship (see Figure 1-2). However, this multidisciplinary feature increases the difficulty of research: "*the multidisciplinary character of the field adds to the problems – different disciplines focusing on different aspects of entrepreneurship, and each discipline has its own unique way of defining and viewing entrepreneurship*" (Bygrave ,2006, p.85).

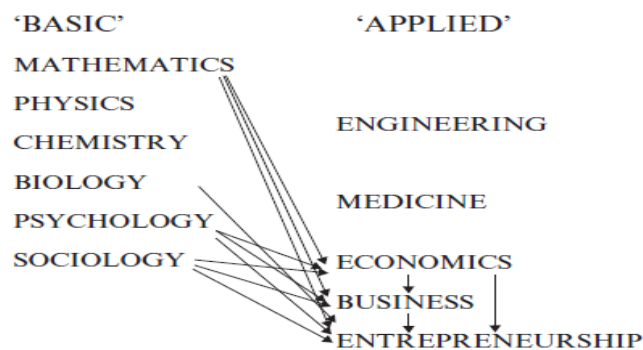


Figure 1-2: Hierarchy of Sciences; source: Bygrave (2006)

3. Policy overlaps:

The concept of EP was treated in literature in different ways based on the way it was defined. Moreover, this concept suffers from overlaps with other policy areas such as SME or innovation. Section 2.2 has two subsections that discuss this problem in details. However, Acs and Szerb (2006) consider Lundstrom and Stevenson (2005) as the first reference that treated the EP concept and differentiated it from SME policy. This shows how recent is this concept, which is one of the motives for conducting this research.

4. Lack of unified EP framework:

The United Nations just released in 2012 a framework to help developing countries to develop EP (United Nations, 2012). Further, in 2008, Ahmad and Hoffman (2008) developed the OECD/EUROSTAT framework for addressing and measuring entrepreneurship. In contrast, Stevenson (1996) claims that the first National Policy on Entrepreneurship in developed countries was adopted in Canada in 1988. Thus, between 1988 and 2012 many frameworks were developed, as will be described in details in section 2.5. However, each framework has its own discipline, perspective and assumptions. In short, there is as yet no standard EP framework that can be used to develop such policies in any country.

3. Lack of research about entrepreneurship in KSA:

Acs et al. (2004) argue that: "*GEM researchers in each country will develop specific policy analyses for their own country in their national reports*" (p. 40). However, there is no national report for KSA developed by GEM researchers. Further, in the global reports since 1999, entrepreneurship in KSA was just mentioned briefly in two reports 2009 and 2010. Moreover, I could not find a single research about EP in KSA.

6. Absence of government strategy and agents related to SME and entrepreneurship in KSA:

According to Campbell and Mitchell (2012) : "*nearly every country has a formal governmental office or agency mandated to promote the interests of SMEs. As of yet, no country has a similar office or agency to promote entrepreneurship, per se*" (p. 190). In KSA, I did not find either a government agency or a strategy for entrepreneurship. However, at the end of this research in 26-10-2015, the Saudi Council of Ministers approved the founding of the SME authority which is linked to the Ministry of Industry and Commerce (MIC) (SPA,2015). Absence of such a facility was a big challenge in

this research, since developing any policy requires specific objectives to be targeted. However, this increases the importance of this timely research for the policymakers in KSA, as recent empirical research about EP.

In short, on the one hand, the field of developing EP per se is difficult since it is complex and messy, as described by many researchers. Moreover, each country is unique in its context, characteristics and objectives. This raises the importance of this research to target a developing country, I do not know of any targeted before this research. Finally, since politicians have decided to adopt entrepreneurship as an economic vehicle in KSA, this management research is to help them in reaching this objective by recommending policy measures appropriate to the Saudi context: *“the politician’s job is to tell us where to go and research can tell us how to get there”* (Bridge, 2010, p. 137).

1.2.3. Significance of the research

The significance of this research is ascribed to its contribution, described next, and the following characteristics.

- **Contextual and process-oriented research:** it was recommended by Low and MacMillan (1988) to have more entrepreneurship research that is contextual and process-oriented in focus. This research started by mapping out the historical, cultural, economic and institutional context of KSA. Moreover, EP considers entrepreneurship as a process and aims to help more individuals to be business owners and more firms to grow.
- **Transition entrepreneurial stages:** according to Sassmannshausen and Gladbach (2009, p. 1135): *“researching the transition from one stage to another can be extremely rewarding”*. This research covers two entrepreneurial stages : 1) the nascent stage: this is a transition for individuals from the pre-start to the start-up stage as business owners; 2) the start-up stage: this can be a transition stage as well, if firms grow or exit (see section 4.2).
- **Multi-level research:** Low and MacMillan (1988) and Sassmannshausen and Gladbach (2009) appreciate the importance of multi-level studies to provide deep understanding of phenomena in entrepreneurship research. Therefore, the analysis of this research covers two dimensions: EP areas and entrepreneurial

levels. The EP areas consist of six pillars: promotion, education, regulation, finance, support services and target group strategy. Further, the entrepreneurial levels cover individuals, firms and intermediate agents (see section 4.2).

- **Timely research:** most of the countries over the world already have SME government authorities and developed strategies (Campbell & Mitchell, 2012). However, in KSA the government has only recently announced the founding of the SME authority, in October, 2015 (SPA,2015). This increases the importance of this research as timely research for the new authority, which covers both fields, SME and entrepreneurship.
- **Knowledge gap:** the literature shows a knowledge gap in the areas of “policy-oriented” research in the field of entrepreneurship, which still demands more research (Lundstrom and Stevenson ,2005 and Arshed, Carter, & Mason, 2014).

Moreover, this research derives more significance from its contributions, which will be described next.

1.2.4. Contribution of the present research

This research has theoretical and practical contributions as discussed in Chapter Eleven. However, this section will describe this contribution briefly as follows.

1. **Contribute to the body of knowledge:** in the area of EP and policymaking in specific, which suffers from lack of research compared to policy implementation and evaluation according to Lundstrom and Stevenson (2005) and Arshed et al. (2014).
2. **Validate Concepts:** this research shows many cases where the three components of the MOS model (Motivation, Opportunity and skills) must be available for individuals to be business owners, which confirms the assumption used to build this model (Stevenson, 1996) . Section 2.3.1 will describe seven entrepreneurial models including the MOS. Furthermore, this research validates the Lundstrom and Stevenson (2005) EP framework and increases its reliability. All the framework areas are found to be needed and show high compatibility in the Saudi context, although they were developed in a different context. This increases the reliability of this framework and makes it an international one, since this research used it in a developing country with a different context.

3. **Introduce the Saudi context** as a new context to the literature of developing EP. Entrepreneurship in KSA suffers from lack of research even in the GEM reports during 15 years since 1999, except in 2009 and 2010.
4. **Expand the EP framework:** this research adds to the policy measures found in the framework by introducing new policy measures based on the Saudi context. This can be very helpful to countries with a similar context, such as those of the Gulf Cooperation Council (GCC). Further, the recommendations of this research as policy measures were classified based on the entrepreneurial phases (i.e. awareness, pre-start and start-up phases) to be more precise for implementation.
5. **Provide a foundation for Saudi policymakers:** “*criticism has been made that too often public policy is made without regard to empirical research*” (Bridge, 2010, p. 43). However, this empirical research, which used an international EP framework, provides recommendations to expand improve and utilise existing initiatives in KSA to develop EP that can foster entrepreneurship in the country.

1.3. Research Aims, Objectives and Questions

This section will summarize the research aims, objectives and questions. However, section 4.2 has full details of the “purpose of study”. Therefore, this section contains three subsections about the leading research question, aims and objectives and finally the detailed research questions. Figure 1-4 illustrates the links between the research objectives, questions and thesis chapters.

1.3.1. Leading Research Question

The leading research question of this research is: “**What are the appropriate policies to foster entrepreneurship in KSA?**” Each key word in this research question deserves explanation to help make the purposes of the research explicitly clear from the beginning.

- **What:** this question implies that the research aims to set certain recommendations based on the investigations of the phenomenon in its context.

- **Appropriate:** this is the “plot” of the story. Appropriate does not mean the best or the perfect but the most suitable ones. Further, the judgement about appropriateness will be based on reconciling the best practices in theory found in literature with what I think can fit in the Saudi context.
- Regarding **entrepreneurship**, I adopt the GEM definition as shown in subsection 1.2.1.
- **‘Policies’ means the EP** defined by Lundström and Stevenson (2001, p131) as shown in subsection 1.2.1. Moreover, Lundstrom and Stevenson use 42 months after the firm started as the upper time limit for EP, which is consistent with GEM standards (Lundstrom & Stevenson, 2005). Further, this research adopts the EP framework defined by Lundstrom and Stevenson (2005). This framework consists of six pillars: promotion, education, finance, regulations, support services and target group strategy. It will be explored in details in section 2.5
- Finally, the research question limits the study to the Saudi Arabian context. This implies that the whole research is a case study, which will be explained further in section 4.3.1: Research strategy.

1.3.2. Research aim and objectives

The aim of this research is to recommend policies in the areas of entrepreneurship: promotion, education, finance, regulations, support services and target group strategy to help Saudi citizens to start new businesses and to help existing businesses to grow.

Therefore, the aim of this research can be achieved through the following **objectives**.

1. To investigate the government objectives behind supporting entrepreneurship in KSA.
2. To investigate the Saudi context to learn about the indicators that can be used to measure “entrepreneurial performance”.
3. To investigate the existence of the stated EP of the six areas of the EP framework: promotion, education, finance, regulations, business services and target group strategy.
4. To investigate in a deductive way the existing policy measures and initiatives in each of the 11 research quadrants as illustrated in Figure 1-3.

- To investigate in an inductive way the context-based measures that can be fitted in the 11 research quadrants as illustrated in Figure 1-3.



Figure 1-3: Research Scope

Source: the researcher based on Lundstrom and Stevenson (2005)

1.3.3. Research questions

Based on the above aims and objectives, the leading research question described above is divided into seven questions as follows:

- What are the Saudi government objectives in fostering entrepreneurship and how can they be measured?
- What are the appropriate policy measures to foster entrepreneurship promotion in KSA?
- What are the appropriate policy measures to foster entrepreneurship education in KSA?
- What are the appropriate policy measures to foster entrepreneurship regulations in KSA?
- What are the appropriate policy measures to foster entrepreneurship financing in KSA?
- What are the appropriate policy measures to foster the Business Support Services (BSS) in KSA?
- What are the appropriate policy measures to foster entrepreneurship in KSA using target group strategy?

Figure 1-4 shows the relationship between this research's objectives and the research questions. Moreover, it links between the research questions and the thesis chapters.

Research Aim
To recommend policies in the areas of entrepreneurship: promotion, education, finance, regulations, support services and target group strategy to help Saudi citizens to start new businesses and to help existing businesses to grow

Research Objectives		Research Question
1	To investigate the government objectives behind supporting entrepreneurship in KSA.	1
2	To investigate the Saudi context to learn about the indicators that can be used to measure “entrepreneurial performance”.	
3	To investigate the existence of the stated EP in the six areas of the EP framework: promotion, education, finance, regulations, business services and target group strategy.	2,3,4,5,6,7
4	To investigate in a deductive way the existing policy measures and initiatives in each of the 11 research quadrants	
5	To investigate in an inductive way the context-based measures that can be fitted in the 11 research quadrants	

Research Questions		Chapter
1	What are the Saudi government objectives in fostering entrepreneurship and how can they be measured?	3
2	What are the appropriate policy measures to foster entrepreneurship promotion in KSA?	5
3	What are the appropriate policy measures to foster entrepreneurship education in KSA?	6 & 9
4	What are the appropriate policy measures to foster entrepreneurship regulations in KSA?	7
5	What are the appropriate policy measures to foster entrepreneurship financing in KSA?	8
6	What are the appropriate policy measures to foster the Business Support Services (BSS) in KSA?	9
7	What are the appropriate policy measures to foster entrepreneurship using target group strategy in KSA?	10

Figure 1-4: Links between Reserch Objectives, Questions and Chapters; source: the researcher

1.4. Structure of the Thesis

This thesis consists of 11 chapters including six core chapters. These core chapters are Chapters Five to Ten, each covering one area of the framework. Further, each chapter contains four divisions: an introduction that includes a literature review, method, results and discussions (IMRD). This structure is consistent with the recommendation of the American Psychological Association (APA) for empirical studies like this research (APA, 2010). Moreover, this structure can help in developing these chapters to be research papers¹ (see Figure 1-5).

Chapter One is this introduction chapter. It gives an overview of the research through three main sections: research rationale, research aim and objectives and summary of the research chapters.

Chapter Two contains the main part of the literature review. The second part of the literature review is split between Chapters Five to Ten, each of which will discuss the literature related to the chapter's focal point. This chapter consists of four main sections. It starts by defining the concepts of entrepreneurship policy, entrepreneurship and entrepreneur. These definitions cover historical background, definitions and discussion of similar areas such as SME policy and innovation policy. Then the entrepreneurship process is explained through exploring work related to entrepreneurship phases and models. The remaining two sections focus on the EP process. This covers stage one of the process about policy objectives, drivers and rationale. Then stage two about policy development is explored through describing six frameworks. The chapter ends with a conclusion that contains a subsection about the knowledge gap that encouraged the choice of this research subject.

Chapter Three gives background on the research context. It gives an overview of KSA as the context for this research. This chapter contains four main sections as follows: GEM evaluation of entrepreneurship in KSA, an overview of entrepreneurship agents in the country, overview of KSA and finally the objectives of entrepreneurship in KSA.

¹ Actually, five conference papers were extracted from chapters four, eight (two papers), nine and ten.

Chapter Four is about research methods. It consists of seven sections. It starts with a very important section about the “purpose of the study”. This section explains in details the research scope, starting with an explanation of the phenomenon to be studied in this research, life cycle, conceptual framework and levels of analysis. Then sections three and four explain the research philosophy and design. This covers the chosen philosophy, approach, strategy, choice and the time horizon for the research. Section five describes the data collection process, which covers qualitative and quantitative data in four stages. Section six explains the data analysis methods for qualitative and quantitative data.

The following six chapters (five to ten) contain the research findings, discussion and recommendations. These chapters are categorised based on the six pillars of the research framework, which target three concepts: Motivation, Skills and Opportunity (see Figure 1-5)

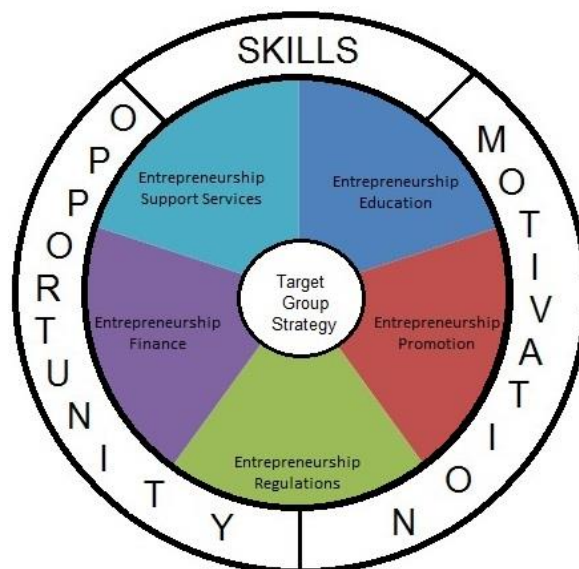


Figure 1-5: EP Foundation

Source: the researcher based on Lundstrom and Stevenson (2005)

Chapter Five is about entrepreneurship promotion, which is a policy area that affects the Motivation concept. On the one hand, the framework provides five policy measures for entrepreneurship promotion policy: awards, campaigns, role models, events and media. I used qualitative data to investigate these measures in the country. On the other hand, I used nine concepts to investigate the motivation level in the

country using a questionnaire as the research method. This chapter focuses on research quadrant one in terms of the research scope (see Figure 1-3). This targets the individuals in the society to encourage them to start new businesses. However, the existing firms do not need encouragement to start a business, since they already exist. Thus, research quadrant two is not covered in this research. This policy area is very important, since it is used to differentiate between EP and SME policy, which does not target individuals.

Chapter Six focuses on entrepreneurship education in the educational institutes. This policy area affects two concepts: Skills and Motivation, which increases the importance of this policy area. However, it has an overlap with the Business Support Services policy area, which is covered in Chapter Nine. Thus, this chapter covers part of research quadrant three, since entrepreneurship education is part of the services that are supposed to be provided to individuals and firms. Accordingly, this chapter investigates the activities related to entrepreneurship education in educational institutes using qualitative methods. In contrast, a questionnaire is used to measure the Skills level through four concepts: entrepreneurship education courses and entrepreneurial knowledge, skills and experience. The chi-square statistics test was used to explain the relationship between these four concepts among three types of individuals. These types are: entrepreneurs, potential entrepreneurs and individuals without either a business or an intention to start one in the coming six months.

Chapter Seven represents the first policy area that affects the Opportunity concept. It focuses on the government regulations related to starting, running, expanding and closing business. More precisely, it covers the following four types of regulations based on the adopted framework: ease of starting business, legislation affecting entry and exit, labour issues and taxation. Documentary data plays a crucial role in this chapter. However, this policy area was investigated via semi-structured interviews. This chapter is very important to policymakers, since they are the only players in this area. In contrast, the rest of the policy areas can have contributions from both the private sector and the charity sector, which is called the third sector. Research quadrants five and six are covered in this chapter.

Chapter Eight is about financing entrepreneurs. It covers seed funds for individuals to start new business and start-up finance for existing firms to grow. This chapter contains more analysis and investigation than the rest of the chapters, for three reasons. Firstly, access to finance is an important area found in most EP frameworks

and has historical roots of support for entrepreneurs and small business over decades. Secondly, it is found to be one of two policy areas in KSA that have concrete policy statements to support entrepreneurs; however, it is the only policy implemented since 2004. Thirdly, I found that more than 50% of individuals without a business in the country ascribed that to lack of finance. Accordingly, this chapter investigates the sources of finance available in the country for both types of funds using qualitative data. Also a questionnaire is used to measure individuals' ability to access these sources of finance for both funds. Logistic regression is used to explain the relationships between 12 variables and the ability to access finance. This chapter covers research quadrants seven and eight and affects the Opportunity concept.

Chapter Nine is the last of the five policy areas and the third one that affects the Opportunity concept. However, as said before, it has effects on the Skills concept as well. Thus, it covers three research quadrants: four, nine and ten. The frameworks provide policy measures categorised into agents, programmes and services provided by government, private sectors, chambers of commerce and universities. Both data types are reported in this chapter, drawing on primary and secondary sources. Although a decade-old policy statement in KSA for this area was found, it has not been implemented.

Chapter Ten represents a different kind of policy, since it covers a policy strategy, rather than a policy area, as in the case of the previous five chapters. This strategy is called "Target Group Strategy". Therefore, the scope of this policy can be found in any of the research quadrants from one to ten (see Figure 1-3). This strategy can be used to direct support to a specific group, industry or location. This is another policy area for which I found a concrete policy statement in the country, with initiatives to try to implement it.

Chapter Eleven is the thesis conclusion. It consists of four sections in addition to the introduction. The first section summarizes the key findings and recommendations of this research by answering the research questions. Then the contribution of the research is explained in two subsections: theoretical and practical. Finally, the research limitations and the suggested future research are explained in the last two sections.

2. CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This chapter contains the main part of the literature review in this research. It focuses mainly on the concept of EP. In contrast, the second part of the literature review is split between Chapters Five to Ten, each of which will discuss the literature related to the chapter's focal point. This chapter consists of five further sections that aim to explore work related to the EP concept from different angles. Firstly, section 2.2 aims to clarify the EP concept as applied in this research, since it is found in literature with different meanings and objectives that can lead to different research. Moreover, the definitions of entrepreneur and entrepreneurship are explored in this section. Section 2.3 moves the discussion from entrepreneurship definitions to focus on entrepreneurship as a process. This section explores five definitions of entrepreneurship phases and seven entrepreneurial models, which could be used to build the EP frameworks. Sections 2.4 and 2.5 concern the EP process. This process consists of four stages. Stage one which is about policy drivers, rationale and objectives is discussed in section 2.4, while section 2.5 explores six frameworks used to develop EP in the second stage of the EP process. However, stages three and four of the EP process are not covered in this research. Section six concludes the chapter with two sub-sections: 1) summary and: 2) knowledge gap.

2.2. Definitions

The definition of entrepreneurship is considered as the largest obstacle to developing a conceptual framework for the entrepreneurship field (Shane & Venkataraman, 2000). According to Bygrave and Hofer (1991): *“scholars have been unable to agree on a definition of an "entrepreneur" in the 75 years or thereabouts since Schumpeter produced his seminal work on entrepreneurs”* (p. 14). For instance, Morris (1998), found 77 different entrepreneurship definitions when he conducted a content analysis of leading textbooks and journal articles over a five-year period. Further, Gartner (1990) found 90 attributes related to the “entrepreneur” concept when he analysed the views of academics, business leaders and politicians. Although some

might argue about the importance of precise definitions, I agree with Bygrave and Hofer (1991) that: “*good science has to begin with good definitions ..it is impossible to operationalize a concept that cannot be defined*” (p. 13). Therefore, this section aims to define the EP concept, since it is the focal point of this research. Further, I need to shed light on definitions of entrepreneurship and entrepreneurs. Moreover, I will explain the areas of policy convergence to help in distinguishing the EP concept from other policy areas. Regardless of the definition debate, this quotation gives a useful hint on choosing suitable definitions for concepts: “*entrepreneurship is a multidimensional concept, the definition of which depends largely on the focus of the research undertaken*” (Verheul, Wennekers, Audretsch, & Thurik, 2002, p. 13). Therefore, defining EP will be the guide to choosing other definitions. Accordingly, this section starts with a brief history of entrepreneurship policy, followed by definitions of the EP concept, and a treatment of the policy overlap. Finally, this section will end with two sub-sections about different definitions for entrepreneurs and entrepreneurship.

2.2.1. Historical roots of entrepreneurship policy

Since the 1800s, government intervention through public policy has played a crucial role in shaping the business environment. The public policy in the US, for example, used different instruments including regulations, antitrust and government ownership, which affect the market power of large companies. However, in 1953, the Small Business Administration was created to “*aid, counsel, assist and protect . . . the interests of small business concerns*” (p. 315). This administration was created as a trial by the US Congress to protect small businesses and increase their contribution in the economy (Gilbert, Audretsch, & McDougall, 2004).

In 1961, the Small Business Loan Act (SBLA) was enacted in Canada. It aimed to provide loans for small business owners to use to finance land, premises and equipment but not for working capital, share acquisition, refinancing, and intangibles (Riding & Haines ,2001).

The era of small business started in the 1980s after the Birch study (Bridge, 2010). During the 1979-83, in the UK, the conservative administration issued more than 100 measures to support small firms. However, the Bolton Committee in 1971 issued the White Paper on small business in the UK. The committee concluded that the sector of small firms in the UK would continue playing an important role in the economy (Storey,1994; Bridge,2010).

In the early 1980s, the US government established the Small Business Innovation Research Programme (SBIR). The creation of the SBIR was one of the reactions of the US government towards the competitiveness crisis of the 1970s. The SBIR aimed to improve the US competitiveness through fostering innovative and high-technology small firms (Audretsch, 2003). In 1985, the UK government issued its 1985 White paper: “Lifting the Burden” of deregulation. It defined 80 regulatory measures that negatively affected businesses especially small ones, in terms of direct cost and overheads (Harries & Sawyer, 2014). According to Stevenson (1996), the first National Policy on Entrepreneurship in developed countries was adopted in Canada in 1988.

The era of entrepreneurship began in the mid 1990s (Bridge ,2010). For instance, in the 1990s, the UK policy moved to support high growth firms (Mueller, Stel, & Storey, 2008). The Economic Cooperation and Development (OECD) countries started to focus on entrepreneurship as an economic vehicle to generate jobs (Davis, 2008). In 1997, the GEM started as a research initiative to study the complex relationship between entrepreneurship and economic growth . In 1998, the OECD published a report: “Fostering Entrepreneurship: A Thematic Review”. It aimed to examine the entrepreneurship status in all the OECD countries in order to recommend appropriate policies to foster entrepreneurship. The European Commission in the same year presented a report “Fostering Entrepreneurship: Priorities for the Future” to the Council of Ministries. The report contained recommendations to improve the start-up process, facilitate access to finance and increase the promotion of risk taking and building enterprises. Moreover, the UK government at the end of 1998 issued the White Paper, “Our Competitive Future: Building the Knowledge Driven Economy”, which aimed to foster entrepreneurship (Reynolds et al., 1999).

In the 2000s, almost every country wants to promote entrepreneurship in society (Bridge ,2010). Previous studies since the 1990s by the OECD, the European Union (EU) and GEM focused on the role of entrepreneurship in economic growth and development. However, the “entrepreneurship policy” concept at that time was an emerging area of economic policy development. During 2000-1, Stevenson and Lundstrom (2001) studied the national policies to foster entrepreneurship in ten countries. In 2003, they conducted a second phase of their study on the five Nordic countries (Lundstrom & Stevenson, 2005). In 2005, they published their book “Entrepreneurship Policy: Theory and Practice”. According to Acs and Szerb (2006)

“the first careful treatment of the distinction between SME policy and entrepreneurship policy was done by Lundstrom and Stevenson (2005)”, (p. 112). In 2008, the OECD/EUROSTAT Framework for Entrepreneurship was published by Ahmad and Hoffman (2008) to address and measure entrepreneurship. Finally, in 2012 the United Nations (UN) issued the “Entrepreneurship Policy Framework and Implementation Guide”. The UN EP framework came as a result of three years of experts’ meetings since January 2009. It aims to help policymakers to assist entrepreneurship in their countries (United Nations, 2012).

2.2.2. EP Definitions

Reynolds, Storey, and Westhead (1994) set out two approaches of government policy to foster the birth of new firms locally. Firstly, indirect spending by investing in local community infrastructure to increase the demand for new firms’ products and services. Secondly, providing direct assistance to help in establishing new businesses. However, each way should have its measures to show the effect of government policies.

In a similar manner, Lundstrom and Stevenson (2001) define EP as: *“those measures intended to directly influence the level of entrepreneurial vitality in a country or a region”* (p. 18). This definition was expanded further by the same authors, with more details, to be:

policy measures taken to stimulate entrepreneurship: that are aimed at the pre-start, the start-up and post-start-up phases of the entrepreneurial process; and designed and delivered to address the areas of motivation, opportunity and skills; with the primary objective of encouraging more people in the population to consider entrepreneurship as an option, to move into the nascent stage of taking steps to get started and to proceed into the infancy and early stages of a business (p. 131).

This comprehensive definition covers three entrepreneurial phases (pre-start, start-up and post-start-up) and three areas of development (motivation, opportunity and skills).

In contrast, other definitions of EP are either wider or narrower. For example, Hart (2003, p. 7) narrowed EP by saying, *“Not all public policy that shapes the context for entrepreneurship and the supply of potential entrepreneurs is entrepreneurship policy”*. Actually, Hart’s perspective is based on Schumpeter’s view of entrepreneurship, in which the entrepreneurial venture is defined as *“the fundamental engine that sets and keeps the capitalist engine in motion by creating new goods,*

inventing new methods of production, devising new business models, and opening new markets” (Schumpeter, 1942, p. 83 as cited in Hart , 2003 p. 4). Accordingly Hart sees entrepreneurship as: ” *(with the inevitable few exceptions) the processes of starting and continuing to expand new businesses*”(p.3). Therefore he limits EP to policy that “*aims to foster a socially optimal level of such venturing*” (p.4) as defined above by Schumpeter. Further, since Hart considers the term “*continuing to expand*” is essential, he excludes businesses such as well-established neighbourhood restaurants or dry cleaners from the entrepreneurship definition, which increases the difficulty of analysis. Moreover, Hart restricts his definition of EP to the intermediate conditions that can have impacts over years. However, although he agrees with the importance of other policies, he excludes entrepreneurship education policy that requires a decade or more and macroeconomic policies that can be effective on a monthly basis. Finally, Harts defines the time scope of EP to cover actual entrepreneurs and nascent entrepreneurs who are serious about starting a business (Hart, 2003). Furthermore, Hart (2003) differentiates between EP and small business policy and between public policy and governance. Accordingly, he defines public policy as “*the intentional use of the powers of government to effect a societal outcome, like a change in the number of entrepreneurial ventures*” (p. 6); and governance as “*conscious collective action that extends beyond government, deploying, for instance, the capacities of businesses, community groups, and academic institutions to bring about such an outcome*” (p. 6).

In contrast, Arshed et al. (2014) expanded the definition of “enterprise policy” to cover “*all entrepreneurship and SME policy aimed at fostering business start-up and growth rates*” (p. 639). However, they agree that EP and SME policy are different, regardless of their similarities in ultimate goals. Moreover, they adopt this definition for a policy as “*an attempt to define and structure a rational basis for action or inaction*” (p. 641).

However, Bridge (2010) differentiates between enterprise policy and EP, although they might be used either loosely or interchangeably. He defines EP as:

policies for encouraging and facilitating more people to take up self-employment. These policies are centred on people and on what will persuade or help them to start businesses, although they can be referred to as ‘business start’ or ‘business birth-rate’ policies (p.20).

In contrast, he defines enterprise policies as:

policies for encouraging enterprise in its broad sense, much, but not all, of which may be manifest as new business starts. These policies are clearly focused on people, both as individuals and in groups, and seek to develop skills and attitudes likely to assist people to be more successful in any chosen career or endeavour (p. 20).

Finally, Audretsch and Thurik (2010) differentiate between EP and policy for the entrepreneurial economy. They argue that focusing on EP will limit the change to a portion of the government policies and institutes which aim to promote new firm start-ups and SMEs.

In short, the scope of EP differs according to the adopted entrepreneurship definition. While Hart (2003) limits EP to growth and innovative firms, Arshed et al. (2014) expand it to cover SME policy. However, EP can be used to target new firms in general, as in the case of Reynolds et al. (1994) and Lundstrom and Stevenson (2001). The latter definition is the one adopted in this research. Moreover, each definition of the “entrepreneurship policy” concept is associated with specific definitions of entrepreneurship or entrepreneurs, as described above; more definitions of entrepreneurs and entrepreneurship will be explored after clarifying policy convergence next.

2.2.3. Policy overlap

If exploring different definitions of EP helped to reduce the ambiguity about this concept, then this section aims to make the EP concept much clearer by describing similar policy areas. Figure 2-1 illustrates policy convergence among the following four types of policies: entrepreneurship, SME, Science and Technology (S&T) and Innovation. According to Lundström, Almerud, and Stevenson (2008), entrepreneurship and innovation policies were derived from SME and S&T policies respectively. However, I will focus on the overlap between EP and both policies of Innovation and SME.

Entrepreneurship Policy targets	Innovation Policy targets
<ul style="list-style-type: none"> • Increasing Start-up rates • Creation of growth firms • Increasing the supply of entrepreneurs 	<ul style="list-style-type: none"> • Increasing R&D investments • Increasing the number of patents • University spin-offs • Academic entrepreneurship
<p>Measures</p>	<p>Measures</p>
<ul style="list-style-type: none"> • Supply of start-up capital • Reduction of entry barriers • Targeting population groups • Entrepreneurship education 	<ul style="list-style-type: none"> • Supply of venture capital • Supply of knowledge capacity <ul style="list-style-type: none"> - S&T& engineering graduates • Up-take of strategic technologies • Diffusion of new technologies enterprises • Joint innovation activities (e.g., inter-firm collaboration)

Figure 2-2: Targets and Measures of EP and Innovation Policy

Source: Lundström et al. (2008)

On the other hand, innovation policy is:

primarily concerned with ensuring the generation of new knowledge and making Government investment in innovation more effective, improving the interaction between the main actors in the innovation system (e.g. universities, research institutes and firms) to enhance knowledge and technology diffusion and establishing the right incentives or private sector innovation to transform knowledge into economic value and commercial success (OECD , 2002, p.11 as cited in Lundström et al. , 2008 , p. 10).

Therefore, though EP and IP are different, they have innovative entrepreneurship in common. The existence of this type of innovative entrepreneurship implies that entrepreneurship and innovation are different concepts. Accordingly, to reconcile between entrepreneurship definitions, entrepreneurship definitions that require innovation as a condition for entrepreneurs can be inserted in the area of “innovative entrepreneurship”. In fact, Lundstrom and Stevenson (2005) consider innovation EP as a "niche" EP to accelerate the take-up of researchers and experts from science and technology backgrounds.

2. EP versus SME Policy

Small business policies can be defined as:

policies for stimulating growth of already- established small business, variations of which have also been called a ‘growth’ or ‘business growth’ policy and a ‘backing winners’ policy. This sort of policy tends to focus on the businesses and

what will help them to grow, not the entrepreneurs behind them (Bridge, 2010, p.20).

However, each country has its own standard to define small business either by number of employees or sales. For example, the limit for small business is 500 employees in the United States and Canada, fewer than 250 employees in the European Union and 50 employees in many developing countries (Audretsch & Beckmann, 2007).

Table 2-1 compares between SME Policy and EP in terms of nine characteristics of each policy type as follows: outcome, general goals, specific objective, focus, stage of business cycle, targeting, priorities, levers and time period for results (Lundstrom & Stevenson, 2005). This is considered as the first deep treatment to differentiate between both concepts (Acs & Szerb, 2006).

The comparison in Table 2-1 shows similarities and differences between both concepts. For instance both policy areas aim to improve the business climate and culture, reduce red tape and procedures and improve access to finance. In contrast, while EP focuses on individuals in the pre-start-up stage to motivate them to start new businesses, SME policy targets established firms to expand and grow more.

Table 2-1: Comparison between SME Policy and EP

Characteristics	Traditional SME Policy	Newer Entrepreneurship Policy
Outcome	Firm growth, productivity growth.	Growth in entrepreneurial activity (i.e., in the number of business owners and firms).
General goal	Create a "favourable business climate"	Create a "favourable entrepreneurial climate and culture" .
Specific objective	To help individual firms modernise, expand or improve competitiveness.	To encourage more people to start their own businesses and provide opportunities for them to learn about the entrepreneurial process and develop the necessary skills.
Focus	On firms rather than individuals.	On individuals rather than firms.
Stage of business cycle	Primary focus is on support after the business has actually started.	Support is offered in the nascent stages as well as during the critical first years of a start-up.

Client groups and targeting	Existing firms. (Often) targets high growth sectors or high growth firms (i.e., "picking winners" approach).	Nascent and new entrepreneurs. Targets the general population and (often) segments within it (e.g., women, youth).
Policy priorities	Reduce red tape and paper burden for existing SMEs.	Reduce procedural, regulatory and taxation barriers to business entry.
	Improve access to financing	Facilitate access to micro-loans, seed capital and other start-up financing.
	Improve SME access to information (provide business, economic, market, government regulatory and programme information).	Improve access to start-up information and advice, entrepreneurial know-how.
	Facilitate SME's access to domestic and international markets	Facilitate networking activities and exchanges to promote peer-learning, partnering and dialogue.
	Improve the competitiveness of small firms	Increase opportunities for people to learn the entrepreneurial process and skills for starting a business
	Foster R&D and Technology adoption among SMEs	Create awareness of entrepreneurship as a viable option
Primary policy levers	Use of financial/fiscal incentives to lever specific SME activities	Greater use of non-financial levers (except in the case of start-up and seed financing).
Time period for results	More immediate (aims for results over a three-to-four year cycle).	More long-term (process perspective requires time).

Source: Lundstrom and Stevenson (2005, p. 53)

Finally, it is obvious that it is impossible to split between the two policy areas since they have an overlapping area, as illustrated clearly in Figure 2-3. However, GEM set a maximum age for a firm to be under the umbrella of entrepreneurship, which is 42 months from the firm's birth, which is also adopted by Lundstrom and Stevenson (2005). Therefore, discussing the entrepreneurship phases is important to paint the picture which will be described in the coming sections. However, the following two subsections will explore some definitions of entrepreneurs and entrepreneurship in literature.

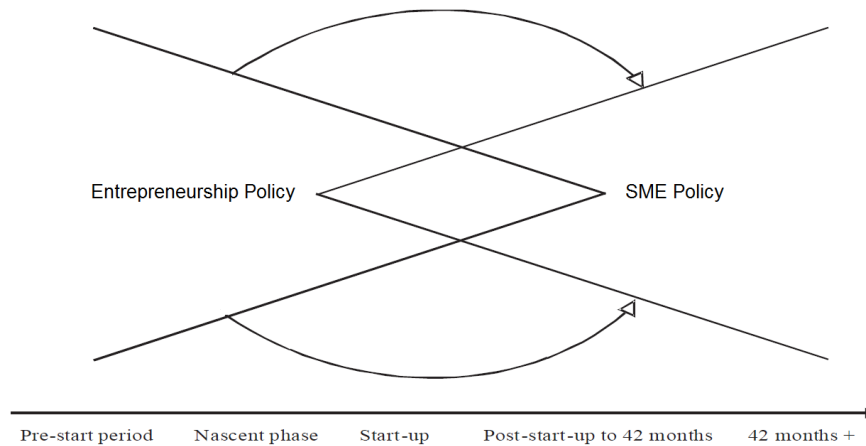


Figure 2-3: The Overlap between EP and SME Policy

Source: Lundstrom and Stevenson (2005)

2.2.4. Who is an entrepreneur?

“Entrepreneurs are, like elephants, easier to recognise than to define” (Bannock, 2005, p. 89)

The Oxford English Dictionary records use of the word *entreprennoure* in 1475 :*“that most noble centoure Publius Decius so hardie an entreprennoure in the bataile”* (OED, 2014). However, the root of the word “entrepreneur” appeared in the French language in the 12th century and the 1437 *Dictionnaire de la langue francaise* gives three definitions. The best known of them refers to *“a person who is active and achieves something”*. However, there was no similar English word to the “entrepreneur” concept, but the closest words are “undertaker” and “adventurer”, of which the former is more common (Lundstrom, 2007).

Furthermore, the word “entrepreneur” was first introduced in the business context by the Irish economist Richard Cantillon (1680–1734) (Praag, 1999). Cantillon’s definition was based on his classification of agents in his perspective on the economic system to: land-owners (capitalists), entrepreneurs (arbitragers) and hirelings (wage workers). The most important distinction feature of an entrepreneurial enterprise based on Cantillon’s work is its risk-bearing nature, which generates uncertain income since the possibility of profit is caused by buying at a known price and selling at an uncertain one. However, Cantillon’s entrepreneurs went beyond the typical arbitrage function to

more professional activities such as farming, transportation or even selling in the marketplace (Praag, 1999).

The French economist Nicholas Baudeau (1730-1792) followed Cantillon's definition but explicitly extended the definition of an entrepreneur as an innovator, as the "*one who invents and applies new techniques or ideas in order to reduce his costs and thereby raise his profit*" (Hébert & Link, 2006, p590). However, the innovation here is confined to reducing costs, and not related to producing new products.

Since then, the term "entrepreneur" has been given different meanings based on researchers' perspective. Accordingly, Cunningham and Lischeron (1991) ascribe the variety of definitions of entrepreneurs to the different angles from which they are seen by different schools (see Table 2-2). For example, the classical school links entrepreneurial behaviour with innovation while the psychological school perspective is associated with values and attitudes as drivers. Furthermore, the management school sees entrepreneurs as risk takers who start and manage ventures.

Such differences are highlighted by Praag (1999) who discussed six classic views of pioneer economists from different economic schools, including Cantillon, Say, Marshall, Schumpeter, Knight and Kirzner (see Table 2-3). For instance, Cantillon's entrepreneur is the arbitrager who bears risk and Say considers successful entrepreneurs as leaders and managers with a set of qualities and experience. Further, the neo classical thought added to the previous characteristics of entrepreneurs the ability to reduce cost and be innovative. In contrast, Schumpeter's view of the entrepreneur is more about innovations and leadership but not as a risk-bearer or manager. Furthermore, people responsible for their decisions in society, who bear all uncertainty, are entrepreneurs according to Knight's perspective. Finally, Kirzner defined entrepreneurs as those ones who discover and exploit opportunities. This variation of entrepreneur's definitions increases the importance of exploring them in this research. For example, although innovation is used by Baudeau and Schumpeter to define entrepreneurs, each scholar set a different meaning for innovation in his definition.

Finally, since the definition of entrepreneurship is more than what entrepreneurs can do (Lundstrom & Stevenson, 2005), more definitions of the entrepreneurship concept follow.

Table 2-2: Different School Perspectives on Entrepreneurs

Entrepreneurial model	Central focus of purpose
Great Person School	The entrepreneur has an sense- and traits and intuitive ability – a six instincts in which he or she is born
Psychological : Characteristics School	Entrepreneurs have unique values, attitudes, and needs that drive them
Classical School	The central characteristic of entrepreneurial behaviour is innovation
Management school	Entrepreneurs are organisers of an economic venture; they are people who organise , own, manage and assume the risk
Leadership school	Entrepreneurs are leaders of people; they have the ability to adapt their style to the needs of people
Intrepreneurship school	Entrepreneurial skills can be useful in complex organisations; intrepreneurship is the development of independent units to create, market and expand services

Source: Cunningham and Lischeron (1991)

Table 2-3: Some Classic Views on Entrepreneurship

Some Classic Views on Entrepreneurs
An Early Thought on Entrepreneurship: Richard Cantillon (1680–1734)
<i>“The entrepreneur is functionally described as arbitrager. By engaging in arbitrage and bearing risk, the entrepreneurial class has an equilibrating function within the economic system”</i>
A Classical Thought on Entrepreneurship: Jean-Baptiste Say (1767-1832)
<i>The entrepreneur “is a coordinator both on the market level as well as on the firm level. He is the modern leader and manager within his firm. The successful entrepreneur needs a rare combination of qualities and experiences”</i>
A Neo-classical Thought on Entrepreneurship : Alfred Marshall (1842–1924)
<i>Entrepreneurs drive the production and distribution process, they coordinate supply and demand on the market, and capital and labor within the firm. They undertake all the risks that are associated with production. They lead and manage their firms. They are cost minimizers and are therefore also innovators and the reason for progress</i>

Entrepreneurship and Schumpeter : Joseph Schumpeter (1883–1950)

Schumpeter's entrepreneur is an innovator and leader. But he is neither a risk-bearer, nor a manager or capitalist. He leads the economy away from its (otherwise static) equilibrium position and forces it to a higher equilibrium position. Innovations are endogenous developments in a dynamic economic system

Entrepreneurship and Knight: Frank Knight (1885–1972)

“The Knightian entrepreneur contributes savings to society by bearing all the uncertainty: he makes decisions for which he is responsible. He guarantees the factors of production their fixed remuneration.”

A Neo-Austrian Thought on Entrepreneurship: Israel Kirzner (1973)

Entrepreneurs are the persons in the economy who are alert to discover and exploit profit opportunities. They are, the equilibrating forces in the market process. Kirzner's entrepreneur requires no special ability or personality to carry out his function; the pure entrepreneur could even hire all the required labor and business talent

Source: quoted from Praag (1999, p. 325)

2.2.5. What is Entrepreneurship?

The words enterprise, entrepreneur and entrepreneurship have the same root. They were derived from the French word “*entreprendre*”, which means ‘to take between’ or ‘to undertake’. However, the developing use of these words led to different branches. Therefore, the modern use of them means different things (Bridge, 2010). However, it is interesting to start with these two well-known definitions of entrepreneurship:

Definition one: *“The willingness of individuals to carry out forms of arbitrage involving the financial risk of a new venture”*. This is the oldest definition of entrepreneurship in the business context, set by Richard Cantillon in 1732 (Minniti & Lévesque, 2008, p. 603).

Definition two: *“Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business”*. This is one of the most recent definitions, which was used by GEM in 1999 (Reynolds et al., 1999, p. 3).

Thus, there is about three centuries between the two definitions. However, the debate is still going among schoolers about entrepreneurship definitions and they have not agreed yet (Bygrave & Hofer, 1991).

Gedeon (2010) analysed many entrepreneurship definitions and linked them to different theories including risk theory of profit, risk theory, the behaviour school and dynamic theory (see Table 2-4). Accordingly, Gedeon set this definition of entrepreneurship:

Entrepreneurship is a multi-dimensional concept that includes owning a small business (Risk Theory), being innovative (Dynamic Theory), acting as a leader (Traits School), or starting up a new company (Behavioural School). It includes spotting opportunities to drive the market toward equilibrium (Austrian School) or causing disequilibrium through "creative destruction" (Schumpeter). It includes doing this on your own, in a team or inside a company. It involves starting without any resources and creating new values in the realm of business, social values, government or academia. By adding the right set of adjectives to the noun "entrepreneur", the proposed lexicon allows us to embrace and discuss all these facets of what it means to be an entrepreneur (p. 30).

Furthermore, Gedeon concluded that to have a better understanding of entrepreneurship definitions, it is needed to add a list of appropriate lexicons to the word entrepreneurship such as "corporate entrepreneurship", "social entrepreneurship" or "opportunity entrepreneurship".

Further, Morris (1998) when he explored 77 definitions of entrepreneurship, found these to be the most common terms: "*starting or creating a new venture, innovating or creating new combinations of resources, pursuing opportunity, the marshalling of necessary resources, risk taking, profit seeking and creating value*" (p. 16). Accordingly, Morris proposed this definition:

Entrepreneurship is the process through which individuals and teams create value by bringing together unique packages of resource inputs to exploit opportunities in the environment. It can occur in any organizational context and results in a variety of possible outcomes, including new ventures, products, services, processes, markets, and technologies (p. 16).

Finally, this definition of Morris of entrepreneurship as a process led us to the recommendation of Bygrave and Hofer (1991) to move the research focus in the entrepreneurship field from "the characteristics and functions of the entrepreneur" to the nature and characteristics of the "entrepreneurial process". Therefore, entrepreneurship as a process will be discussed next.

Table 2-4: Theoretical Background of Entrepreneurship Definitions

Author	Definition or aspects of a definition	Theory
Hawley (1907)	Risk taking is the essential function of the entrepreneur. Proprietorship is the essence of entrepreneurship.	Risk Theory of Profit
Draheim (1972), Howell (1972)	Entrepreneurship – the act of founding a new company where none existed before.	Risk Theory
Vesper (1982)	The overall field of entrepreneurship is loosely defined as the creation of new business enterprises by individuals or small groups.	Risk Theory
Lumpkin and Dess (1996)	The essential act of entrepreneurship is new entity.	Risk Theory & Behaviour School
Soltow (1968)	The not very tidy assumption can be made that entrepreneurship comprises ‘a more or less continuous set of functions running from the purely innovative toward the purely routine,’ performed within business firms or other agencies ‘at many levels of initiative and responsibility,... wherever significant decisions involving change are made affecting the combination and commitment of resources under conditions of uncertainty	Dynamic Theory & Risk Theory
Drucker (1985)	“Entrepreneurs innovate. Innovation is the specific instrument of entrepreneurs.” “Innovation can be defined the way J.B. Say defined entrepreneurship, as changing the yield of resources”	Dynamic Theory
Gartner (1989)	“Entrepreneurship is the process by which new organizations come into existence”	Behaviour School
Stevenson and Jarillo (1990)	“Entrepreneurship is the process by which individuals pursue opportunities without regard to resources they currently control”	Behaviour School
Churchill (1992)	Increased consensus has been attained on the concept of entrepreneurship as the process of uncovering and developing an opportunity to create value through innovation and seizing that opportunity without regard to either resources (human and capital) or the location of the entrepreneur in a new or existing company	Dynamic Theory & Behaviour School

Source: Gedeon (2010, p. 20&21)

2.3. Entrepreneurship Process

According to Bygrave and Hofer (1991, p.14): *“If researchers could develop a model or theory to explain entrepreneurial processes, they would have the key that unlocks the mystery of entrepreneurship”*. Therefore, this section will explore literature related to entrepreneurship phases and models.

2.3.1. Entrepreneurship Phases

To better understand the scope of the entrepreneurship policy, it is essential to know the phases of entrepreneurship. However, there are different classifications and definitions of entrepreneurship phases, of which five follow.

According to Greve and Salaff (2003), Wilken (1979) was one of the first authors to define the phases of establishing enterprises. Wilken recognized three phases of establishing enterprises: the motivation, planning and establishment phases.

However, Reynolds and White (1997) suggest four phases of the entrepreneurial process. These phases are defined as: “conception (the entire adult population), gestation (nascent entrepreneurs), infancy (fledging new firms), and adolescence (established new firms), (DeTienne, 2010, p. 206).

Figure 2-4 illustrates the GEM entrepreneurship process, which consists of three phases as follows. The first phase is intentions. This phase concerns potential entrepreneurs who believe that they are capable to start business and see available business opportunities. The second phase is the nascent phase, where a new business is just established. This phase lasts for the first three months of the firm’s life. The nascent phase is very critical since many businesses fail in the first few months and are not able to continue for the next phase. The third phase is about new businesses that progress from the nascent phase and have been in business for less than 42 months. These are the three entrepreneurial phases according to GEM. However, GEM also defines established businesses, which stayed in business after the first 42 months and discontinuance businesses, that could not. The owner of a discontinuance business might start the process again (Amorós & Bosma, 2014).

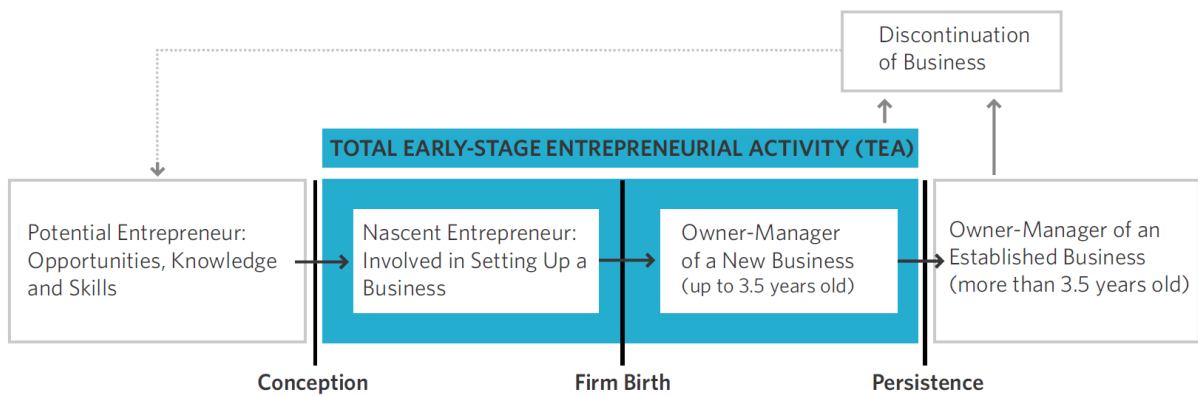


Figure 2-4: GEM Entrepreneurship Phases

Source: Amorós and Bosma (2014)

Furthermore, Korunka, Frank, Lueger, and Mugler (2003,p23) set the following range for the entrepreneurship process:

“The start[-]up process begins with the first actions of the nascent entrepreneur (e.g., initial contact with a chamber of commerce or a bank) and ends with the first business activities of the new venture (e.g., launching a product/service)”.

Finally Lundstrom and Stevenson (2005) defined four entrepreneurial phases and linked them to the three concepts Motivation, Skills and Opportunity, as follows (Figure 2-5):

1) **Awareness phase:** the policy targets individuals, trying to grasp their attention to the entrepreneurship field to increase their interest in considering entrepreneurship as a career option. The policy aims to develop an entrepreneurial mind-set. Therefore, measures of motivation are very important, while opportunity measures are not. However, skills measures are of medium importance and can serve as a motivating factor, such as in schools or through entrepreneurial activities.

2) **Pre-start-up (nascent) phase:** in this phase, the EP aims to develop the intentions of potential entrepreneurs towards starting a business. The information and advice provided to people in this phase is about starting a business, not just thinking of entrepreneurship, as in the awareness phase.

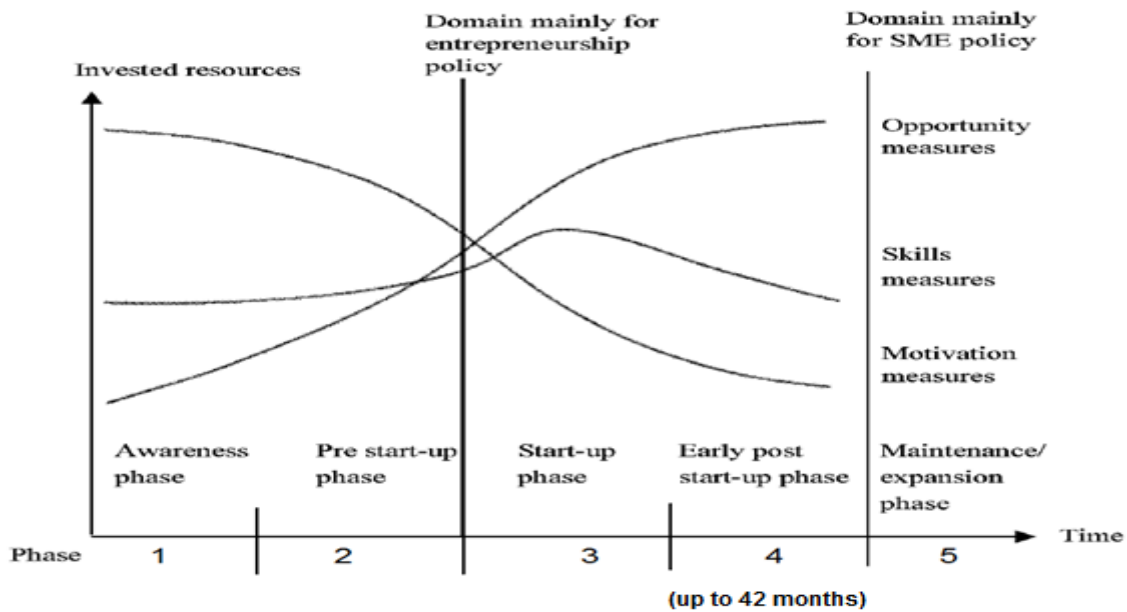


Figure 2-5: Entrepreneurship Phases

Source: Adapted from Lundstrom and Stevenson (2005).

3) **Start-up phase:** in this phase, individuals have already started their businesses and become entrepreneurs or business owners. Therefore, the motivation measures decline but the skills measures remain, while the importance of opportunity measures increases. This phase is an overlapping area between SME policy and EP.

4) **Early post start-up phase:** this phase is the last one under the scope of EP since it ends at 42 months after the firm started. The policy in this phase focuses on firms' success and failures since *"a firm's chances of survival improve substantially after the first two years"* (Bartelsman et al., 2003, p. 50). The research focus in this phase is on job generation, firms growing and features of different kinds of entrepreneurs. This phase also is among the areas of overlap between SME policy and EP.

5) **Maintenance/expansion phase:** this phase is not part of the EP scope but the SME policy area. There is more interest in technology transfer, competition, and high-growth-firms (HGF).

In short, the debate about entrepreneurship definitions is also reflected in all related concepts in this field. Therefore, I explored different definitions of entrepreneurship phases. However, in this research I have chosen the entrepreneurship phases defined by Lundstrom and Stevenson (2005) as described above to be compatible with the adopted framework used in this research.

2.3.2. Entrepreneurship models

“Models make precise assumptions about a limited set of parameters and variables” (Peters & Pierre, 2006, p. 13). Moreover, these models can be used as the base for EP frameworks. Thus, this section will explore seven models used to explain the entrepreneurship process.

1. Start-ups Assistance Model used by LEDU

In 1972, the Local Enterprise Development Unit (LEDU) in the Northern Ireland government founded support programmes for small business. The government objective was to reduce the unemployment rate in Northern Ireland. The support started in the form of providing finance either as loans or grants. In the 1980s, the LEDU expanded the support to include marketing and R&D grants, premises, training, marketing initiatives and networking. In short, the LEDU’s assistance model consists of three main pillars: finance, training and networking (see Figure 2-6). This model was the base for the small business support provision in the regions of the UK. Further, the LEDU engaged in small business policy that focused on supporting new business, which led to EP to foster more start-ups. Finally, the LEDU model was based on a combination of three practices: what was assumed to be suitable, what had been done and what was considered best practice in other locations (Bridge, 2010).

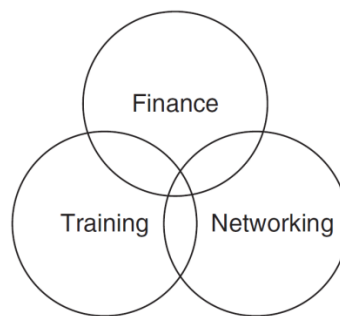


Figure 2-6: Start-ups Assistance Model used by LEDU

Source: Bridge (2010)

2. Moore-Bygrave model of the Entrepreneurial Process

Bygrave (1989) expanded Moore’s (1986) process model to describe the entrepreneurial process (see Figure 2-7). The model contains four entrepreneurship phases: innovation, triggering event, implementation and growth. Further, Bygrave built the model by integrating concepts from different disciplines, including: business, economics, psychology, sociology, and politics. Accordingly, Bygrave considered

government policy as an environmental factor that affects entrepreneurship in three phases: triggering, implementation and growth.

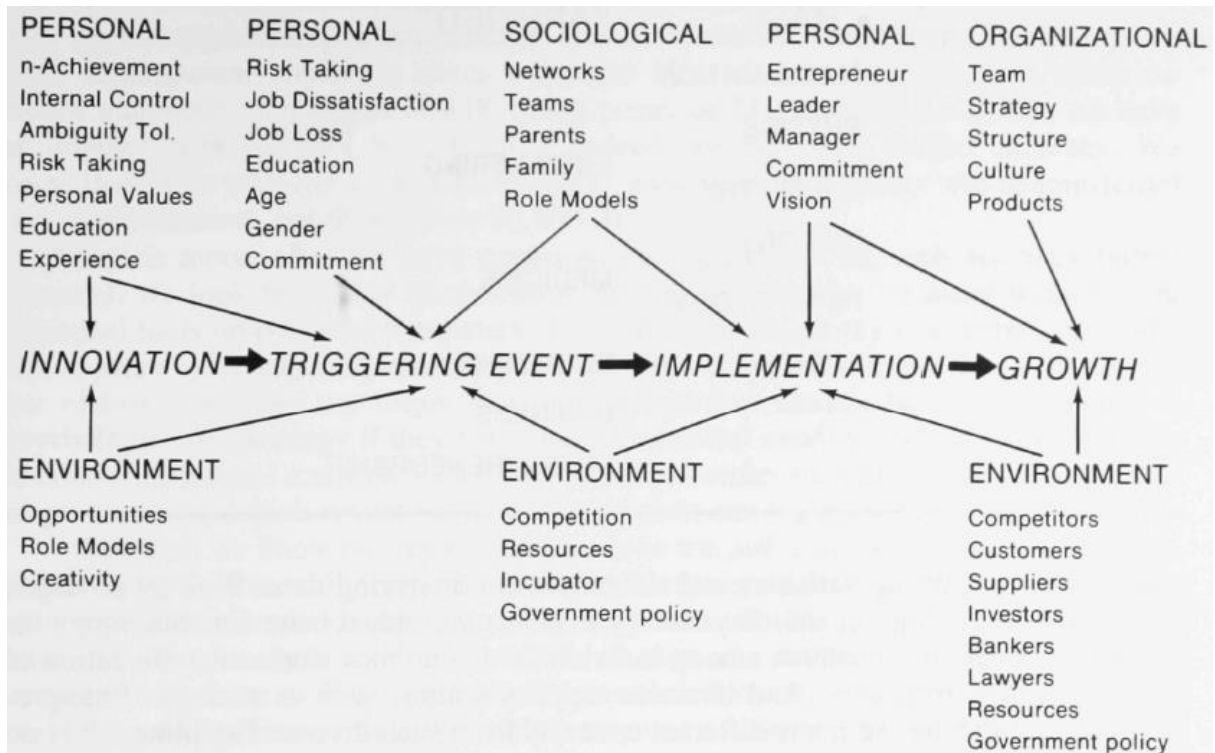


Figure 2-7: Moore-Bygrave Model of the Entrepreneurial Process

Source: Bygrave (1989)

3. Krueger's Model of Entrepreneurial intention

Krueger and Brazeal (1994) proposed an entrepreneurial potential model (see Figure 2-8) based on Shapero's (1982) model of the Entrepreneurial Event (SEE). In SEE, “*intentions to start a business derive from perceptions of desirability and feasibility and from a propensity to act upon opportunities*” (Krueger, Reilly, & Carsrud, 2000, p. 418).

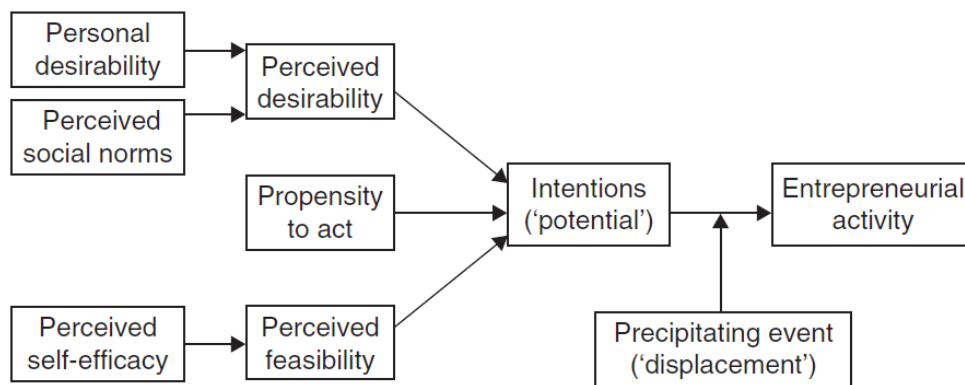


Figure 2-8: Krueger's Model of Entrepreneurial Potential

Source: Bridge and O'Neill (2013)

4. MOS Model

According to Stevenson (1996), there are three overlapping areas that need to be addressed to encourage more individuals to take steps towards starting new businesses and increase their success chance. These aspects are Motivation, Opportunity and Skills, which are the three components of the MOS model (see Figure 2-9):

1. Motivation: individuals have to be motivated and interested in starting businesses.
2. Opportunity: a range of “opportunity factors” need to be introduced to individuals to encourage them more, such as information on business ideas, consultations, networks, small business support and finance.
3. Skills: which is the ability to start and manage business. These skills consist of both technical and managerial skills. The former include knowledge and know-how that can be converted to a business, while the latter are about managing the business.

Therefore, the MOS model requires the existence of these three elements together (the overlapping area) to increase the chance for a business to start, survive and grow.

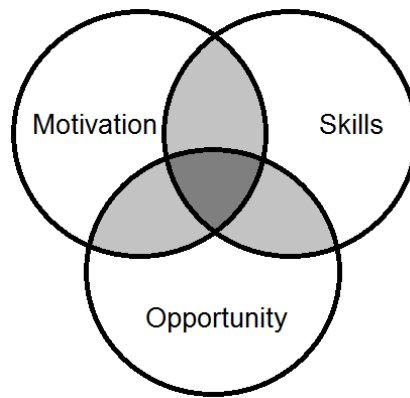


Figure 2-9: MOS Model to Encourage Business Start-up

Source: Stevenson (1996).

5. GEM Entrepreneurial Model

According to Reynolds, Hay, and Camp (1999), the GEM model of national economy assumed an important role for entrepreneurship in the secondary economy in micro and SME sector to provide products and services to the firms in the primary economy. Therefore, GEM has ten propositions that can help governments to establish policies to foster entrepreneurship as follows (see Figure 2-10):

1. Any government plan for economic well-being should contain entrepreneurship promotions.
2. Government initiatives that target entrepreneurship are more effective than general ones for improving the national business context.
3. Government entrepreneurial initiatives must be designed clearly and harmonized.
4. Rise in entrepreneurial activity should exceed the active age group between 25 and 44 years old.
5. Increasing women's share in the entrepreneurial process is an important factor to increase the start-up rate for GEM countries.
6. Entrepreneurship education at the post-secondary level is an essential factor to improve entrepreneurial activity.
7. Entrepreneurship education at all levels should focus on developing skills and capabilities to establish a new business.
8. A focus should be turned to improving individuals' capacity to recognize and spot new opportunities.

9. The entrepreneurial culture is affected by the society's capacity to accept income variations related to entrepreneurial activity.
10. Policymakers' perspectives play an important role in building entrepreneurial culture.

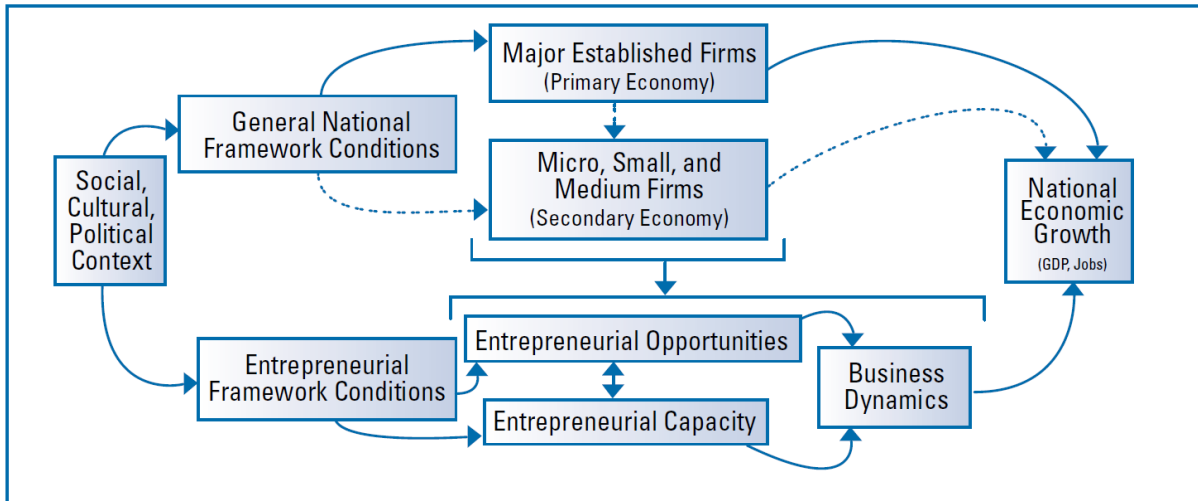


Figure 2-10: Entrepreneurship in the GEM Conceptual Model

Source : Reynolds et al. (1999).

6. Shane's model of the entrepreneurial process

Scott Shane in his book *A General Theory of Entrepreneurship*, defined a model of entrepreneurial process as illustrated in Figure 2-11.

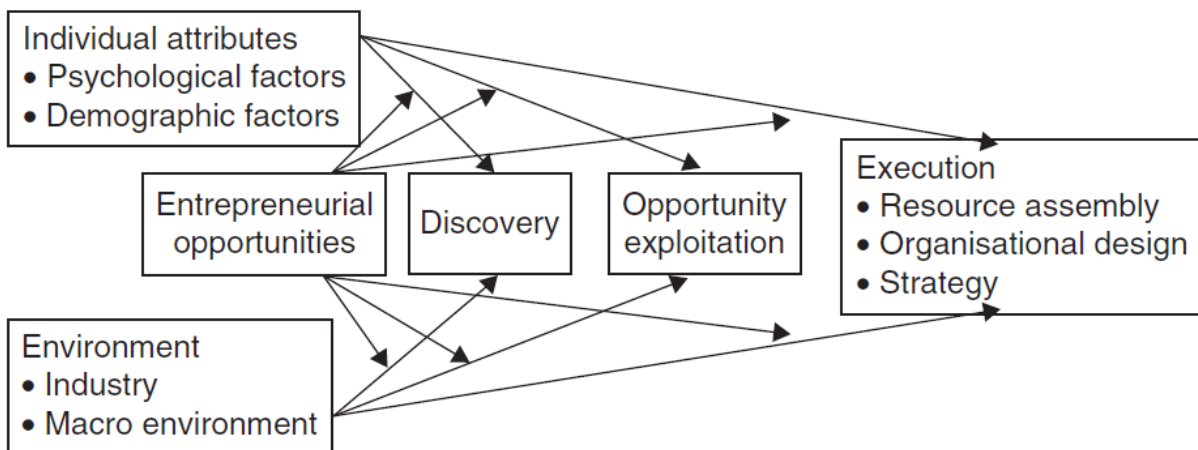


Figure 2-11: Shane's Model of Entrepreneurial Process

Source : Shane (2000)

Shane describes his model as follows:

The entrepreneurial process begins with the perception of the existence of opportunities or situations in which resources can be recombined for a potential profit. Alert individuals, called entrepreneurs, discover these opportunities, and develop ideas for how to pursue them, including the development of a product or service that will be provided to customers. These individuals then obtain resources, design organisations or other modes of opportunity exploitation or develop a strategy to exploit the opportunity (Shane, 2000, p. 10)

This model assumed that individuals' ability to spot business opportunities is the start of the entrepreneurial process. However, the model does not suggest factors that encourage people to start a business.

7. FORA Model

The National Agency for Enterprise and Construction (FORA) in the Danish government set up a framework structure to help policymakers to develop EP (see Figure 2-12). The framework is based on five pillars: 1) entrepreneurship skills, 2) access to capital, 3) access to markets, 4) entrepreneurship incentives, and 5) entrepreneurship culture and motivation. Furthermore, each pillar consists of set of policies, resulting in 29 policy areas (Bridge, 2010).

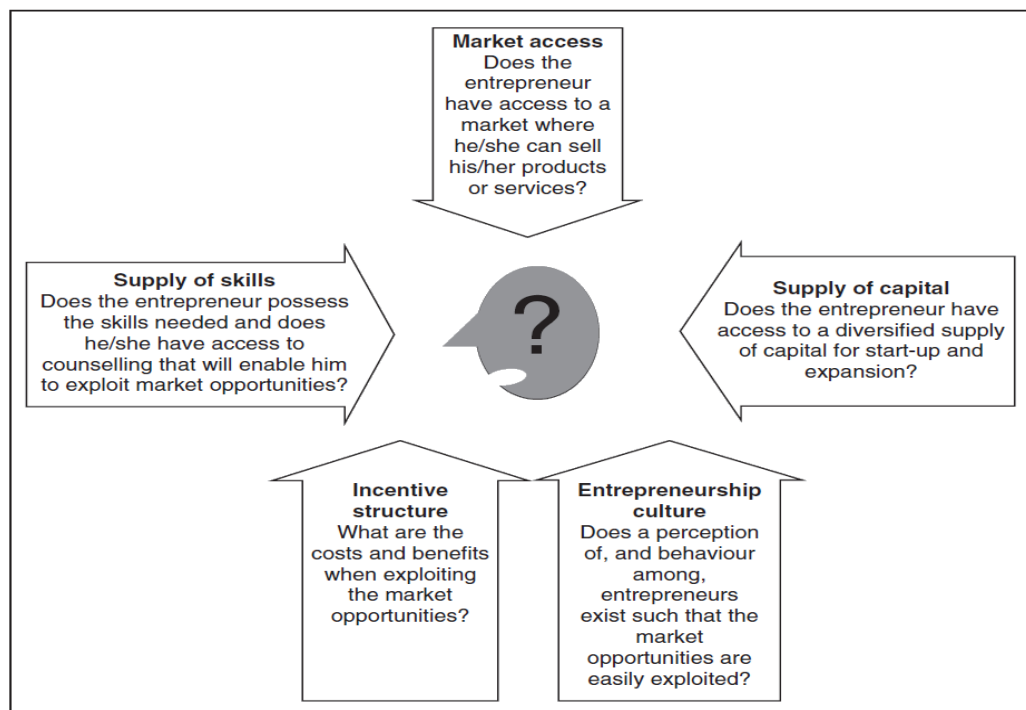


Figure 2-12: Factors Impacting Entrepreneurship according to FORA Model

Source : Bridge (2010)

In summary, by exploring these models described earlier, they can be categorised into simple and complex models. On the one hand, the LEDU and MOS models provide only three areas each. However, these two models were the basis of government support or EP frameworks. For instance, the LEDU model explains the Northern Ireland government's support to new businesses (Bridge,2010) while the MOS model was the basis of Stevenson and Lundstrom's (2001) EP framework and contributed partially to the Eclectic theory (Verheul, Wennekers, Audretsch & Thurik ,2001). Moreover, the FORA model which describes five areas led to 29 government policies (Bridge,2010)

In contrast, Krueger, Shane and Moor-Bygrave models describe complex models with many components and relationships. Further, Krueger's model was not used by policymakers because "the social norms" concept was not considered carefully (Bridge, 2010). Moreover, Shane also did not indicate how to promote entrepreneurship to individuals (Shane, 2000). Actually, this is not surprising since Shane said clearly "*Policy makers should stop subsidizing the formation of the typical start-up and focus on the subset of businesses with growth potential*" (Shane, 2009, p141). Therefore, Shane's view is to focus on policies that target businesses with growth potential, not the typical ones. In contrast, Krueger's model focuses on individuals.

Finally, the GEM model presents a macro view of the small business (secondary market) and the entrepreneurial conditions in the whole economy. Further, the Moore-Bygrave model provides a complex perspective about the entrepreneurial process with many related factors. However, it can be noticed that these two models consider government policy as a portion of the other factors in the system.

2.4. Entrepreneurship Policy Process

The policy-making process consists of a complex network of both institutes and individuals (Arshed et al., 2014). Figure 2-13 is an attempt to reconcile the stages of the policy process set by Arshed et al. (2014) and Bridge and O'Neill (2013) in four stages of the policy process which can be used for entrepreneurship policy. In this research, stage two, policy formulation, is the main focal point. Thus, the next section covers different frameworks representing the instruments that can be used to develop the EP for a specific context. However, this section contains aspects of stage one: policy

objectives, drivers and rationale. However, stages three and four will not be explored in this research, since they go beyond the scope of this research.

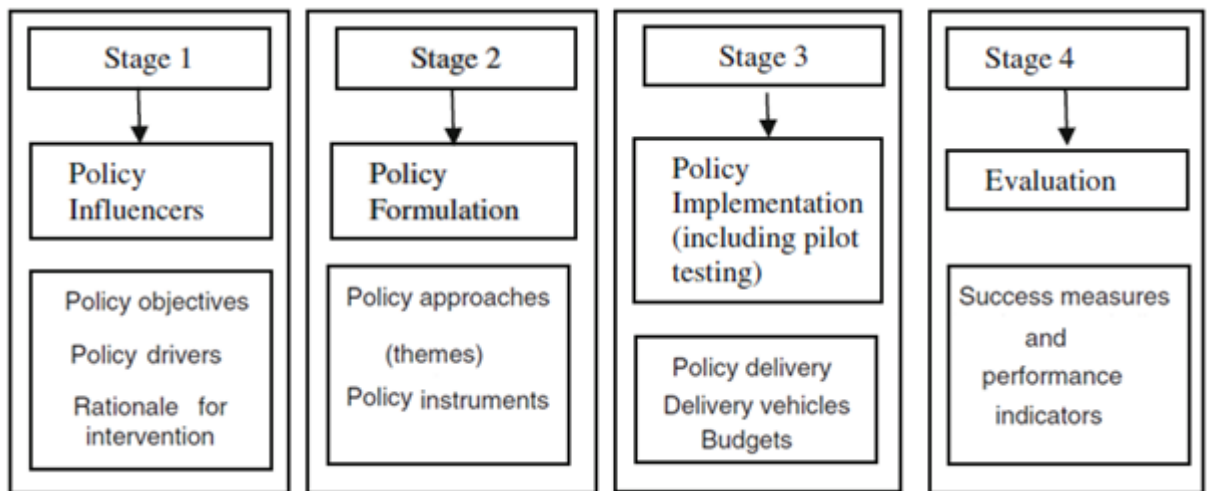


Figure 2-13: A Diagram for Policy Process

Source: Adapted from Arshed et al. (2014) and Bridge and O'Neill (2013)

In this stage of the policy process, it is important to define the policy objectives which are affected by policy drivers and supported by the rationale for intervention.

2.4.1. Policy Drivers

‘Policy drivers’ refer to the political reasons that push to have the EP such as unemployment and economic growth (Bridge & O’Neill, 2013). Accordingly, I will explore literature that discussed the relationship between entrepreneurship and unemployment and economic growth.

1. Unemployment and entrepreneurship:

There is an ambiguity in discussing the relationship between entrepreneurship and unemployment in the literature. On the one hand, unemployment stimulates entrepreneurship. On the other hand, entrepreneurship reduces unemployment. The two relationships were tested for 23 OECD countries in the period 1974 to 2002 and both of the relationships were found (Minniti, 2008). According to Audretsch et al. (2007), since unemployment was not a serious problem in societies, SME policies did not pay attention to job creation until David Birch published his study on the importance of small business in creating jobs in 1979. Birch analysed the behaviour of 5.6 million firms in the United States between 1969 and 1976 and concluded that the small,

independent and volatile firms are the job generators compared to the large companies (Birch, 1979).

On the other hand, Davis et al. (1996 cited in Neumark and Wall, 2008) reported a contradictory result when they rejected the relationship between job creation and firm size using an improved method but data from the manufacturing sector only. However, Neumark and Wall (2008), using data extracted from the NETS database, found evidence to support both studies of Birch and Davis et al. They found that small firms create more jobs but at a lower percentage than Birch's figures; at the same time they found a negative relationship in the manufacturing sector between job creation and the size of the firms. Mueller and Acs (2008) found that the impact of start-ups on employment growth is dynamic based on the regional context. From a different perspective, Shane (2009) claimed that economic growth and job creation often come from high quality, high growth firms (HGFs) that deserve encouragement from policy makers. Moreover, Shane pointed to the importance of firm productivity, which was found to be correlated with firm age. However, Shane agreed on the difficulties of picking up such firms but he suggested eliminating incentives that help create typical start-ups. Finally, he suggested that policy-makers in the USA fund an Innovation Research Program that could support R&D in small firms, since these firms are more likely to grow.

2. Economic growth

The question about the relationship between entrepreneurship, economic growth and public policy has been essential in economic literature since Adam Smith (Acs & Szerb, 2006). The increased interest in adopting government policies to foster entrepreneurship is ascribed to the assumption that entrepreneurial activity leads to economic development and growth. Accordingly, many countries apply policies to encourage entrepreneurship (Stevenson, 1996). However, empirical studies show a U-shaped relationship between the entrepreneurship rate and the level of development in countries. While the effect of entrepreneurial activity is positive in highly developed countries, it was found to be negative in developing countries (Acs & Szerb, 2006). In 1997, the GEM was founded to study the complex relationship between entrepreneurship and economic growth in different countries (Reynolds et al., 1999). Although it is accepted that building new knowledge is a driver for economic growth, the mechanism for the effect is not clear. For example, Japan and Sweden invested

heavily in research and development without a clear effect on economic growth. Moreover, the effect of entrepreneurial activity was more important in the US than in Europe and Japan (Carlsson, Acs, Audretsch, & Braunerhjelm, 2009). Thus, although economic growth is a driver for adopting entrepreneurship, it is a complex relationship and varies between countries:

In spite of over 100 years of theorizing, no theoretical link between (firm-level) entrepreneurship and national-level economic growth has been formally proven... Therefore, policy-makers should refrain from implying a direct link between entrepreneurship and national-level economic growth, because this may be prove misleading... It is the intertwined link between entrepreneurial activity and economic growth and dynamism that policymakers should emphasise (Autio, 2002, p. 11 cited in Lundstrom and Stevenson, 2005, p174).

However, investigating such a relationship and its effects is beyond the scope of this research.

2.4.2. Rationale for intervention

This is the government justification to have the policy, such as market and government failure (Bridge & O'Neill, 2013).

1. Market failure

Market failure means “*the failure of a more or less idealized system of price-market institutions to sustain “desirable” activity, in turn, is evaluated relative to the solution values of some explicit or implied maximum-welfare problem*” (Bator, 1958, p. 351). In a perfect competition equilibrium, there will be no need for entrepreneurship policies because there will be no entrepreneurs. However, in the real world, the assumptions behind such a perfect system can not be satisfied (Karlsson & Andersson, 2009). Accordingly, “*the economic rationale for public intervention relies on the existence of distortions and market failures*” (Audretsch, Grilo, & Thurik, 2005,p. 7). Moreover, market failure can exist in different areas such as finance, premises and training (Potter, 2005). For example, Lundstrom and Stevenson (2005) list five reasons for the problem of financing SME’s as a result of market failure as follows:

1. Traditional lenders are not motivated to lend to small business because of higher transaction costs which reduce the chance for small business to get debt financing.

2. Small firms are associated with higher risk because of higher failure rate.
3. The requirements of traditional lenders like proven track records are less likely to be met by new and young firms.
4. Technology-oriented and early stage firms face difficulty with financing because of the uncertainty in their viability.
5. Information asymmetries are a barrier facing entrepreneurs unlike large firms.

According to Audretsch et al. (2005) there is empirical evidence found in the US, the UK and other European countries that access to finance is more difficult for smaller firms. Therefore, I have noticed that it is essential to have a finance policy in most of EP frameworks, as discussed in section 2.5.

2. Other justifications

Market failure per se is neither the only rationale nor a necessary condition for government intervention (Auerswald, 2007). Other factors include government and systemic failure, cultural barriers and barriers for ethnic or women-owned ventures (Bridge & O'Neill, 2013).

With the increase in knowledge about the barriers to SME development, governments become more aware of government failure aspects such as administration and regulatory burdens (Lundstrom & Stevenson, 2005). The lack of coordination between government institutes reduces the efficiency of SME policies, which is a form of failure for government and the economic system (Bridge & O'Neill, 2013). Furthermore, Acs and Kallas (2008) consider the existence of a poor community in a rich country as an example of government failure. Therefore, reducing the effects of government regulations become an important area in EP frameworks (Lundstrom & Stevenson, 2005; Ahmad & Hoffman, 2008).

Culture is considered by GEM as one of the six key factors that affect the start-up rate. A set of social and cultural values are required to encourage and build an entrepreneurial society in each country that wants to foster entrepreneurship. For example, because entrepreneurs are highly appreciated and well rewarded in the U.S., entrepreneurship is widespread in the U.S. (Reynolds et al., 1999). Moreover, culture is one of the aspects of the integrated framework in the eclectic theory of entrepreneurship (Verheul & Thurik, 2001) and the OECD EP framework (Ahmad & Hoffman, 2008). The media is used as a promotion channel to develop such an entrepreneurial culture

(Singer et al., 2015). Therefore, promoting entrepreneurship is an important area in EP frameworks.

2.4.3. Policy objectives

They are the overall aims of the policy which can be expressed qualitatively or quantitatively. For example, to support more and/or high quality firms can be a policy objective (Bridge & O'Neill, 2013). According to Storey (2002), the design of entrepreneurship policies needs to be compliant with the macroeconomic policy objectives. Accordingly, objectives differ from one country to another. Moreover, policy objectives are very important to differentiate EP from other similar concepts such as innovation policy. EP can be used by policymakers as a vehicle to generate jobs and reduce poverty. In contrast, innovation policy aims to improve productivity and create wealth (Lundstrom et al., 2008). However, each area in the EP framework has its own objectives. For example, entrepreneurship promotion policy aims to “*increase social value of entrepreneurship*” while entrepreneurship education policy aims to “*increase opportunities for people to gain entrepreneurial ‘know-how’*” (Stevenson & Lundström, 2007, p. 109). Furthermore, a policy objective is an essential component of the C.O.T.E framework that OECD uses to formulate SME policies (OECD, 2004). The C.O.T.E. framework stands for: Clear, Coherence, Objective, Target and Evaluation.

1. **Clear:** which means that the policy should be clear and understandable by both parties: the one who will deliver it and the one who will benefit from it.
2. **Coherence:** this concept is very important and complicated. It requires the cooperation of all government departments connected to SMEs to deliver a reliable policy that could be implemented smoothly and benefit SMEs easily.
3. **Objective:** the objective of a policy should be clearly stated to make the policy clear and understood. The policy’s objective will determine the requirements needed to implement the policy.
4. **Target:** in order to measure the success of a policy, the objective needs to be more specific, by setting quantitative targets to be achieved in a certain time.
5. **Evaluation:** where a policy will be tested to see if it achieves its targets (OECD, 2004).

Policy drivers, rationales and related objectives (stage one in EP process) constitute key components in building EP frameworks, which can be used to guide both the formulations and analysis of policy (stage two in EP process). Moreover, since “a *conceptual framework is also necessary for guiding any future data collection, analysis and interpretation*” (Reynolds et al., 1999, p. 8), the next section will explore six EP frameworks.

2.5. Entrepreneurship Policy frameworks

“*Framework helps to identify the elements needed for more systematic analysis, providing a list of variables and metaphorical language that can be used to compare theories*” (Peters & Pierre, 2006, p. 18) . Moreover, according to Ahmad and Hoffman, (2008, p. 3) “*These shortcomings and the growing importance of entrepreneurship in the policy domain have magnified the need for a sounder basis for internationally comparable indicators of entrepreneurship*”. Therefore, I will describe six frameworks used for entrepreneurship policy that were developed between 1988 and 2012.

1. The Entrepreneurship Development Framework (EDF)

According to Stevenson (1996), the first National Policy on Entrepreneurship in developed countries was adopted in Canada in 1988. The policy had four main objectives: remove obstacles, motivate entrepreneurs, foster regional development and encourage existing firms for growth and job creation. Entrepreneurship development is defined by Stevenson (1996, p. 12) as “*the process of increasing the supply of capable entrepreneurs within an economy*”. However, she added that entrepreneurship development also “*involves the process of growing these new small firms*”. Accordingly, the EDF which was built based on the MOS model described above is based on six elements. These strategic elements of the EDF are: 1) develop awareness; 2) enhance learning; 3) enhance small business support services; 4) build networks; 5) enhance the quality of support services and 6) support research and dissemination. However, implementing this strategy depends on the support of the media, the education community, organisations of small business support and other related government departments (see Figure 2-14).

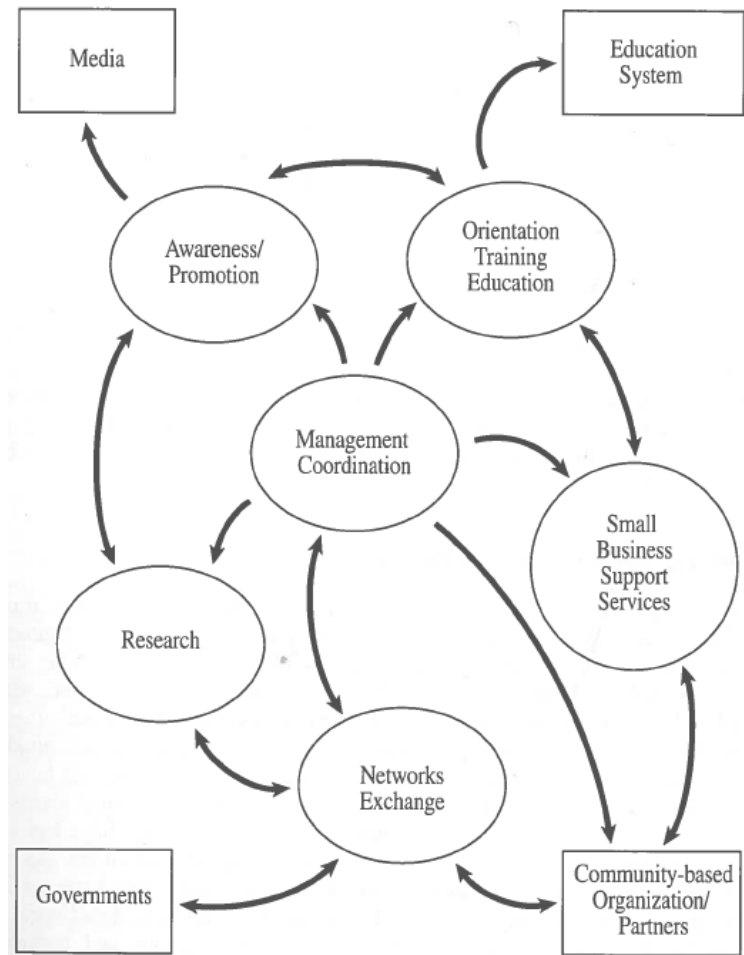


Figure 2-14: The Entrepreneurship Development Strategy

Source: Stevenson (1996).

2. GEM Entrepreneurial Framework

Based on the GEM conceptual model described before, GEM considers the Entrepreneurial Framework Conditions (EFC) as a component of the entrepreneurial process that lead to national economic growth (see Figure 2-10). Furthermore, the EFC consists of nine areas: finance, government policies, government programmes, education and training, R&D transfer, commercial and legal infrastructure, Internet market openness, access to physical infrastructure and cultural/social norms (see Figure 2-15) (Reynolds et al. ,1999).

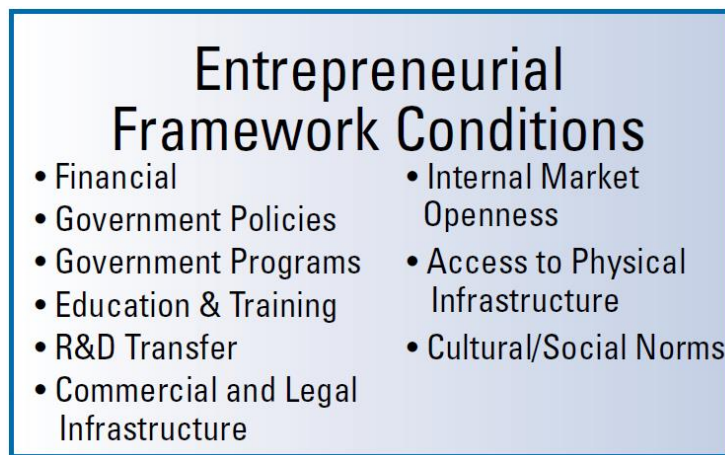


Figure 2-15: Elements of the Entrepreneurial Framework Conditions

Source: Reynolds et al. (1999)

3. The Stevenson & Lundstrom Framework

Stevenson and Lundstrom (2001) set out the following definition of EP as:

“policy measures:

- *aimed at the pre-start, the start-up and early post-start-up phases of the entrepreneurial process,*
- *designed and delivered to address the areas of Motivation, Opportunity and Skills,*
- *with the primary objective of encouraging more people in the population to consider entrepreneurship as an option, to move into the nascent stage of taking the steps to get started and then to proceed into the infancy and early stages of a business” (p. 26).*

In fact, they developed their framework based on two earlier studies: 1) Stevenson (1996) which was described partially in subsection 2.3.2 (MOS model); and 2) Boter, Hjalmarsson, and Lundstrom (1999) who explored some SME policy in Sweden. Following from those works, during 2000-01, Stevenson and Lundstrom conducted a comprehensive study to explore the efforts of ten governments in terms of policies to enhance the entrepreneurial process. The study aimed to see the government interventions to SME based on their definition of EP as stated above. This study was followed by another study in the five nordic countries. Both studies enhanced the development of the “entrepreneurship policy” concept (Lundstrom & Stevenson, 2005). Stevenson and Lundström’s (2001) EP framework is as follows:

1. Promotion of entrepreneurship;
2. Entrepreneurship education;
3. The environment for start-ups;
4. Start-up and seed capital financing;
5. Business support measures for start-ups;
6. Target group strategies.

These six categories are matched with the three areas in the EP definition (Motivation, Opportunity and Skills) as illustrated in Figure 2-16.

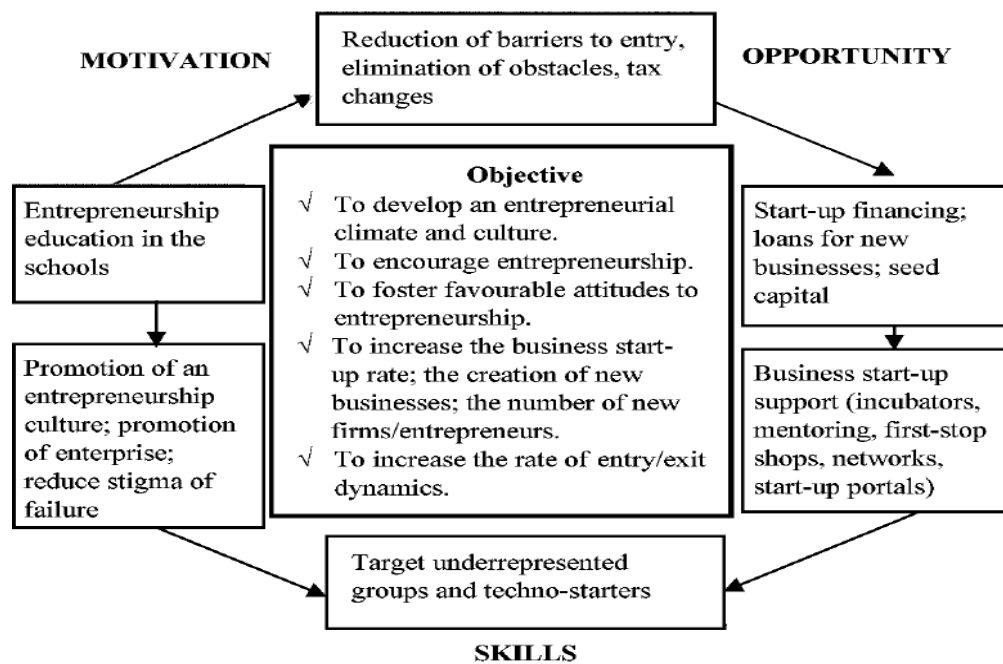


Figure 2-16: Framework of EP Measure

Source: Lundstrom and Stevenson (2005).

In other words, Motivation occurs when people know about entrepreneurship as a feasible and viable choice and have the desire to explore it; while Skills are the ability to access and gain the knowledge then apply and pursue it; finally, the Opportunity is represented by the encouraging regulatory and policy environment that offers the support needed to start up a business including: ideas, information, consultation, business contacts and capital (Lundstrom & Stevenson, 2005).

4. Eclectic Theory

The eclectic theory goes beyond country analysis to the level of occupational choices of individuals between wage-employment and business ownership. Actually

this occupational choice model possesses some similarity with the framework developed by Stevenson (1996). Moreover, the eclectic theory was based on an integrated entrepreneurship framework based on concepts from the economics, psychology and sociology fields. It differentiates between the supply side and the demand side of entrepreneurship. On the one hand, the supply side consists of the demographic composition of the population, the resources and abilities of individuals and their attitudes towards entrepreneurship. On the other hand, the demand side is the entrepreneurial opportunities which are affected by: new technology, consumer demand and the industrial structure of economy. The theory claims that the rate of entrepreneurship can be influenced through the following five types of government interventions (see Figure 2-17) (Verheul & Thurik , 2001):

1. G1: to stimulus the quantity and type of entrepreneurial opportunities on the demand side.
2. G2: to influence the quantity and type of potential entrepreneurs from the supply side.
3. G3: to influence the supply of individuals' resources, skills and knowledge.
4. G4: to affect the individuals' values and attitudes.
5. G5: which is specifically to affect the risk-reward profile of entrepreneurship in the decision-making process of individuals.

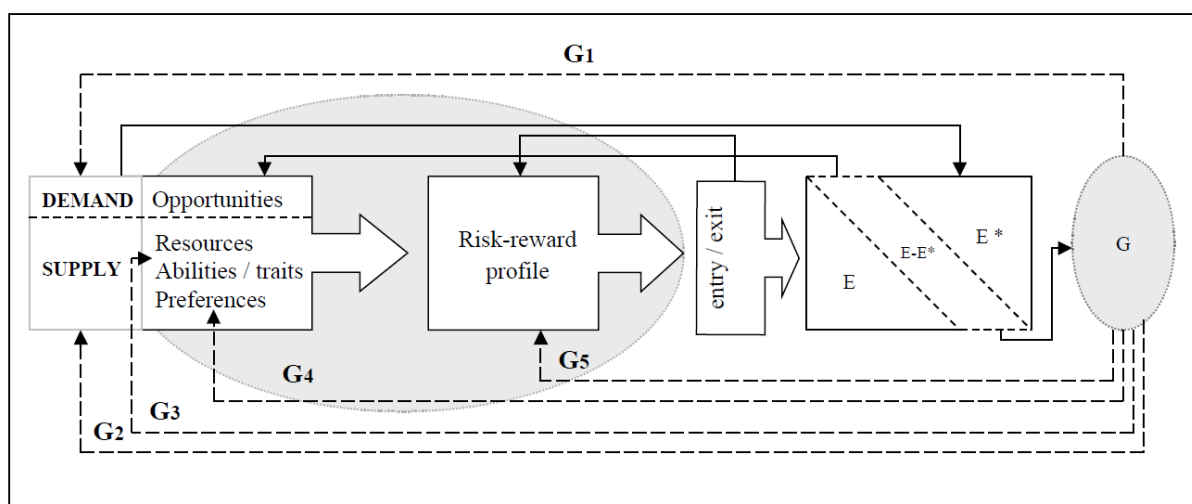


Figure 2-17: Five Types of Government Intervention Based on the Eclectic Theory

Source: Verheul et al. (2002).

5. OECD/EUROSTAT Entrepreneurship Framework

This framework adopts a holistic approach that combines entrepreneurship motivation factors (determinants), entrepreneurship state measures (entrepreneurial performance) and results (impacts). These three themes are the main components of this framework (see Figure 2-18) which will be explored briefly from a top-down view as follows:

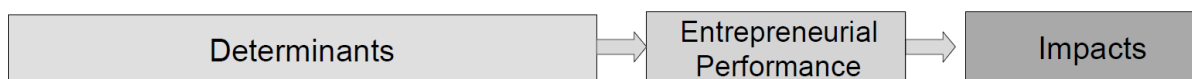


Figure 2-18: The OECD/EUROSTAT Entrepreneurship Framework

Source: Ahmad and Hoffman (2008)

1. **Impacts:** this theme represents the value found by entrepreneurs/entrepreneurship. For example, the impacts can be job creation, Gross domestic product (GDP) growth or poverty reduction. In other words, it is the ultimate objective of the policy as determined by the policymakers.
2. **Entrepreneurial performance:** based on the specific policy objective, different performance indicators can be used as instruments to reach the wanted policy impact. However, these indicators are not standard but can be customized in each country. Examples of indicators include: enterprise birth rates, business ownership rates and average firm size after three and five years.
3. **Determinants of Entrepreneurship:** they consist of the following six themes. Regulatory framework, market conditions, access to finance, R&D & technology, entrepreneurial capabilities, and culture. Moreover, each theme consists of different policy areas (see Figure 2-19). However, since policy areas are not clear-cut concepts, each can affect different determinants.

According to Ahmad and Hoffman (2008), this framework was built based on previous frameworks by Audretsch et. al, (2002), Lundström and Stevenson (2005) and Hoffmann (2006).

Determinants						Entrepreneurial Performance	Impact
Regulatory Framework	Market Conditions	Access to Finance	R&D and Technology	Entrepreneurial Capabilities	Culture	Firms	Job Creation
Administrative Burdens for Entry	Anti-Trust Laws	Access to Debt Financing	R&D Investment	Training and experience of entrepreneurs	Risk Attitude in Society	Employment	Economic Growth
Administrative Burdens for Growth	Competition	Business Angels	University/ Industry Interface	Business and Entrepreneurship Education (skills)	Attitudes Towards Entrepreneurs	Wealth	Poverty Reduction
Bankruptcy Regulations	Access to the Domestic Market	Access to VC	Technological Cooperation Between Firms	Entrepreneurship Infrastructure	Desire for Business Ownership		Formalising the Informal Sector
Safety, Health and Environmental Regulations	Access to Foreign Markets	Access to Other Types of Equity	Technology Diffusion	Immigration	Entrepreneurship Education (mindset)		
Product Regulation	Degree of Public Involvement	Stock Markets	Broadband Access				
Labour Market Regulation	Public Procurement		Patent System; Standards				
Court & Legal Framework							
Social and Health Security							
Income taxes; Wealth/Bequest Taxes							
Business and Capital Taxes							

Figure 2-19: OECD/EUROSTAT entrepreneurship framework indicators

Source : Ahmad and Hoffman (2008).

6. UNCTAD FRAMEWORK

This framework came as a result of four UNCTAD Inter-governmental expert meetings between January 2009 and January 2012. Moreover, the framework benefited from the contribution of international experts in many organised meetings (United Nations, 2012). The UNCTAD framework is designed to support policymakers in developing countries or transitioned economies to promote entrepreneurship by designing initiatives, measures and institutions. The framework consists of the following six areas (United Nations,2012) (see Figure 2-20):



Figure 2-20 : UNCTAD's EP Framework

Source: United Nations (2012)

1. **Formulating national entrepreneurship strategy:** the national strategy can be set by identifying five policy objectives. These objectives are the country challenges, goals and priorities, coherence with other national policies, strengthening institutes and setting results measures such as performance indicators.
2. **Optimizing the regulatory environment:** this area has four objectives that aim to improve the regulations to encourage more people to start new businesses with minimum administrative requirements. The policy objectives include: examining the requirements for start-ups, minimizing start-ups regulatory burden, strengthening entrepreneurs' confidence in the environment of regulations and leading entrepreneurs in the start-up managerial process.
3. **Enhancing entrepreneurship education and skills:** education policy focuses on soft skills related to attitudes such as persistence, networking and self-confidence. Further, the policy considers the hard skills around business knowledge to start and manage business including finance and planning.
4. **Facilitating technology exchange and innovation:** the framework assumes that entrepreneurship and technology/innovation have a two-way relationship. This requires increase in the support to ICTs and high-tech start-ups. Moreover, the framework encourages building networks between firms, research centres and universities to help spread technology.
5. **Improving access to finance:** the framework admits the existence of two financial gaps related to SME lending and information on finance intermediate of lending SME. However, the framework gave higher priority to lending innovative and high-growth firms in the field of green technology.

6. **Promoting awareness and networking:** this area aims to change the negative socio-cultural impression about entrepreneurship. Therefore, policymakers should work on increasing awareness about business opportunities, increase the value of entrepreneurship in the society and strengthen networking between entrepreneurs

In summary, the macro view of the six EP frameworks shows large similarities from three perspectives, as follows. Firstly, in terms of the policy areas, all of them contains aspects about entrepreneurship awareness and education, four of them contain policies regarding regulations, financing and R&D/technology and innovation and two frameworks contain aspects of support services (see Table 2-5). Secondly, in terms of structure, there are large similarities between three frameworks: Stevenson & Lundstrom, OECD / EUROSTAT and UNCTAD. Indeed, Ahmad and Hoffman (2008) declare that the OECD / EUROSTAT framework was designed based on previous works including Lundström and Stevenson (2005). Thirdly, the concepts described in the MOS model were used in the following three frameworks: EDF (Stevenson, 1996), eclectic theory (Verheul et al., 2002) and Stevenson and Lundstrom (Lundstrom & Stevenson, 2005).

However, each framework was designed based on specific definitions of concepts, objectives and methodology. For instance, the GEM framework, which includes nine areas, considers government policies among them. By referring to GEM reports, these policies include “*the tax regime, labor market regulation, social security legislation as well as regulations and schemes that specifically aim at the small business sector*” (Xavier, Kelley, Jacqui, Herrington, & Vorderwülbecke, 2013, p. 37). Further, the Stevenson and Lundstrom framework was designed based on an exploratory study of government initiatives to foster entrepreneurship in 13 developed countries (Lundstrom & Stevenson, 2005). In contrast, the UNCTAD was set after three years of meetings of experts from different countries (United Nations, 2012). Finally, the eclectic theory provides policymakers with five types of interventions to influence entrepreneurship in their countries from demand and supply sides. The demand side can be affected by factors that affect entrepreneurial attitudes of populations. In contrast, the supply side is influenced by availability of entrepreneurship opportunities in the economy (Verheul et al., 2002).

Table 2-5: Comparison between Six EP Frameworks

Framework	Awareness	Education	Regulation	Finance	support services	R&D , Technology , Innovation
EDF	✓	✓			✓	✓
GEM	✓	✓	✓	✓		✓
Stevenson & Lundstrom	✓	✓	✓	✓	✓	
Eclectic Theory	✓	✓				
OECD / EUROSTAT	✓	✓	✓	✓		✓
UNCTAD	✓	✓	✓	✓		✓
Total	6	6	4	4	2	4

2.6. Conclusion

This section contains two sub-sections. The first one aims to summarise the ideas presented in the whole chapter by exploring each section. However, the second section is concerned with the knowledge gap found, which is the main driver to have this research about developing EP in KSA.

2.6.1. Summary

This chapter contained a review of literature to tell the story of EP. Section one started by giving a brief historical overview of EP, which was inherited from the SME policy concept as a form of government intervention. However, it appeared that EP has convergence with other policy areas such as SME and innovation. Moreover, EP is found in literature with different definitions associated with specific entrepreneurship definitions and theories. Therefore, it was necessary to clarify the EP concept further by exploring different literature through four subsections about the definitions of EP, entrepreneurship, entrepreneurs and the policy overlap.

In section two, the focus moved from entrepreneurship definitions to the entrepreneurial process, as recommended by Bygrave and Hofer (1991). Literature contains different explanations of entrepreneurship phases and models; however, this section was confined to five different definitions of entrepreneurial phases and seven entrepreneurial models. This section played an important role in introducing the concept of the EP process that was addressed in more detail in sections three and four.

Section three introduced the EP process and explored the first stage of the EP process. In this section, three important concepts related to EP were explored: policy drivers, rationale and objectives.

Section four explored six different EP frameworks that can be used to design the EP in a country as the second stage of the EP process. These frameworks are the most important aspects of this research, which aims to develop EP in a specific country, KSA. The second part of the literature review, which focuses on each policy area in the adopted framework is distributed across Chapters Five to Ten.

Finally, with this big variation in literature, it appeared important to state my choice of definitions for the concepts used through this research. Accordingly, and to have compatibility between concepts, I adopted the EP framework and definitions set by Lundstrom and Stevenson (2005) as explored in this chapter.

2.6.2. Knowledge Gap

This chapter shows that EP is used in literature with different meanings based on scholars' definitions. It could be limited to innovative entrepreneurship (Hart,2003); it could cover SME Policy (Arshed et al., 2014); or it could be confused with policies to build an entrepreneurial economy (Audretsch & Thurik, 2010) . However, *“the first careful treatment of the distinction between SME policy and entrepreneurship policy was done by Lundstrom and Stevenson (2005)”* (Acs & Szerb, 2006, p. 112).

Most of the literature related to the EP concept has focused on policy: implementation, evaluation and assessment. However, the stage of EP formulation has attracted little attention (Arshed et al., 2014). The policy-making stage is described as “complex and messy” (Lundstrom & Stevenson, 2005). According to Karlsson and Andersson (2009, p 127) *“there is still a gulf between our understanding of the need for entrepreneurship policies and how such polices should be designed when needed”*. For example, Lundstrom and Stevenson (2005, p. 242) conclude that *“there seems to be a knowledge gap between researchers and policymakers”* because each one has a different opinion about the “access to financing” for SME and entrepreneurs. This gap between policy-makers and academic research was described by Mason and Brown (2011, p. 2):

We argue that it is remiss for academic commentators to propose broad-brush policy strategies without being able to offer something of practical relevance and evidence-based to the policy community. Indeed, it is precisely this lack of detailed engagement with policy-makers which limits the influence of most academic research.

Therefore, Lundstrom and Stevenson (2005, p. 271) call for more policy-oriented research because *“there are inadequate linkages between the research and the policy community and between these communities and the network of service providers”*. Furthermore, *“the suggestions offered to policy-makers are very broad brush, with a tendency to focus on ‘what not to do’”* (Mason & Brown ,2011, p. 2). For example, Shane (2009) argued that government support should be refocused from normal start-ups to encourage high growth firms (HGF) instead. However, he did not explain how this could be achieved. Even OECD (2010) proposals to support HGF’s are *“fairly generic and more or less indistinguishable from standard enterprise policies targeted at SMEs”* (Mason & Brown ,2011, p. 2).

Moreover, many of the EP frameworks developed to guide policy making on EP are only recently developed. For example, the OECD/EUROSTAT and UN frameworks were developed in 2008 and 2012 respectively. These frameworks are used as general guides but they cannot be used for all countries because *“one-size does not fit all’ and a best practice approach or measure in one context will not obviously produce a best practice result in another context”*(Stevenson & Lundström ,2007, p. 122). Therefore, each country has a context that is worth special study to develop more appropriate policy measures to foster entrepreneurship. This is the main motive for this research since developing EP in KSA represents a knowledge gap, which this research aims to contribute of bridging this gap. However, Chapter Three, which covers the Saudi context, will shed light on entrepreneurship in KSA based on GEM reports.

3. CHAPTER THREE: BACKGROUND

3.1. Introduction

The purpose of this chapter is to shed light on the context of this research. The Saudi context will be explored, since this research focuses on KSA as a case study of developing entrepreneurship policy. Furthermore, the entrepreneurship landscape in the country will be described, to identify the different agents contributing to this field.

This chapter will contribute to the research in two ways. Firstly, it will describe the characteristics of the country under investigation, which represents the research context, including the entrepreneurial agents and situation (sections 3.2 to 3.4). Secondly, it will answer the following two objectives of the research as described in Chapter One:

1. To investigate the government objectives behind supporting entrepreneurship in KSA. This will define the policy objectives which are specified by the “impacts” component in the research framework.
2. To examine the Saudi context to learn about the indicators that can be used to measure “entrepreneurial performance”.

3.2. Entrepreneurship in KSA based on GEM

A review of GEM global reports from 1999 to 2014 revealed that only the global reports of 2009 and 2010 addressed entrepreneurship in KSA. Moreover, no special reports were found for Saudi Arabia. Therefore, this section provides a discussion of entrepreneurship in KSA based on these two reports: (Bosma & Levie, 2009; Kelley, Bosma & Amorós, 2010). Although this section is based on two reports issued five years ago, it can give an overall impression about entrepreneurship in KSA.

1. GEM Classification

GEM uses two standards to classify countries economically and geographically. Firstly, GEM uses the classification of the World Economic Forum’s Global Competitiveness Report which categorizes economies into three groups: factor-driven, efficiency-driven and innovation-driven. Secondly, GEM groups countries based on the geographic factor into six regions: Sub-Saharan Africa, the Middle East and North Africa (MENA) / South Asia, Latin America and the Caribbean, Eastern Europe,

Asia/Pacific and the United States and Western Europe. Accordingly, KSA is categorised as a MENA country, in the transition stage from the factor-driven category.

2. Entrepreneurial activity

GEM uses seven principal measures to describe entrepreneurial activities in each country. Table 3-1 illustrates the results of these measures for KSA in 2009 and 2010 compared to the average results of the factor-driven countries. In general, most of the measures increased for KSA from 2009 to 2010. Moreover, in both years these measures were less than the average except for the improvement driven opportunity rate. However, a low rate does not always have negative implications. For example, the discontinuation of businesses rate is much lower than the average. Further, the necessity driven rate is also lower than the average, which is expected from such a rich country. In contrast, the TEA rate is much lower than the average but it doubled in 2010, which shows entrepreneurial development.

Table 3-1: Entrepreneurial Activity in KSA in 2009 and 2010

Entrepreneurial Activity	2009		2010	
	KSA	Average (unweighted)*	KSA	Average (unweighted)*
Nascent entrepreneurship rate	2.9	9.9	5.9	11.8
New business ownership rate	1.9	8.3	3.5	12.3
Early-stage entrepreneurial activity (TEA)	4.7	17.7	9.4	22.8
Established business ownership rate	4.1	8.9	3.9	12.6
Discontinuation of businesses	2.9	6.9	3.8	12.5
Necessity driven (% of TEA)	12	29	10	34
Improvement driven opportunity (% of TEA)	63	44	75	38
* factor driven countries				

Source: Bosma and Levie (2009) ; Kelley, Bosma and Amorós (2010)

3. Entrepreneurial Attitudes and Perceptions

GEM uses seven measures to examine entrepreneurial attitudes and perceptions. Table 3-2 illustrates the results for KSA and the average for factor-driven countries in 2009 and 2010. The results show in general a positive attitude and perception in KSA that exceeds the factor-driven countries' average. This reflects a general acceptance of entrepreneurship as a career choice. Moreover, it is associated to the "Motivation" concept that will be discussed in this research, which is targeted by a set of entrepreneurship policies.

Table 3-2: Entrepreneurial Attitudes and Perceptions for KSA (2009-2010)

Entrepreneurial Attitudes and Perceptions				
	2009		2010	
	Saudi Arabia	Average (unweighted)*	Saudi Arabia	Average (unweighted)*
Perceived Opportunities	69	52	75.8	61.8
Perceived Capabilities	73	67	69.3	71.5
Fear of Failure	49	34	39	28.9
Entrepreneurial Intentions	34	28	1**	42.6
Entrepreneurship as a Good Career Choice	80	81	86.8	75.3
High Status to Successful Entrepreneurs	89	77	92.3	80.9
Media Attention for Entrepreneurship	78	67	78	65.3
* : factor driven countries				
**: the number looks strange comparing to the rest of numbers which could be a typing mistake in the source.				

Source: Bosma and Levie (2009) ; Kelley, Bosma and Amorós (2010)

4. Entrepreneurial Framework Conditions(EFC)²

The assesment of GEM of the socio-economic factors of enentrepreneurship in countries consists of nine areas as illusted in Figure 3-1. For KSA, the three conditions that scored most positively were finance, internal market and physical infrastructure. In contrast, the three factors that scored lowest were government programmes, education (primary and secondary) and R&D transfer.

	1 FINANCE			4A EDUCATION – PRIMARY & SECONDARY				7A INTERNAL MARKET – DYNAMICS				
	2A NATIONAL POLICY – GENERAL POLICY			4B EDUCATION – POST-SCHOOL				7B INTERNAL MARKET – OPENNESS				
	2B NATIONAL POLICY – REGULATION			5 R&D TRANSFER				8 PHYSICAL INFRASTRUCTURE				
	3 GOVERNMENT PROGRAMS			6 COMMERCIAL INFRASTRUCTURE				9 CULTURAL & SOCIAL NORMS				
	1	2A	2B	3	4A	4B	5	6	7A	7B	8	9
Factor-Driven Economies												
Guatemala	-			-	-	+		+				+
Jamaica			-		-	+	-				+	+
Saudi Arabia	+			-	-		-		+		+	
Syria				-	-		-		+		+	+
Kingdom of Tonga	-			-		+	-		+		+	
Uganda			-		-		-	+	+			+
Venezuela		-	-		-	+			+		+	

Figure 3-1: EFC Valued Most Positive (+) and Most Negative (-) per Country in 2009

Source: Bosma and Levie (2009)

5. Informal investment

The start-up funding equation consists of the amount of informal investments and the money needed for an entrepreneur to start a business. On the one hand, informal investors, as defined by Bosma and Levie (2009, p. 6) are “*individuals who invest their own money in someone else’s start-up business*” including family, friends and foolhardy strangers (3Fs). The total amount of informal investment in KSA as a percentage of GDP was 0.8% in 2009. This value is the lowest in the MENA region.

On the other hand, KSA was found in 2009 to be among the most expensive countries in which to start a new business (see Figure 3-2), at more than 50% above the trend line. Indeed, KSA and the Netherlands were among the most expensive quartile of countries in terms of starting business and in the third quartile of countries for informal investments as a percentage of GDP.

² I described the “GEM Entrepreneurial Framework” in section 2.4; it is illustrated in Figure 2-15.

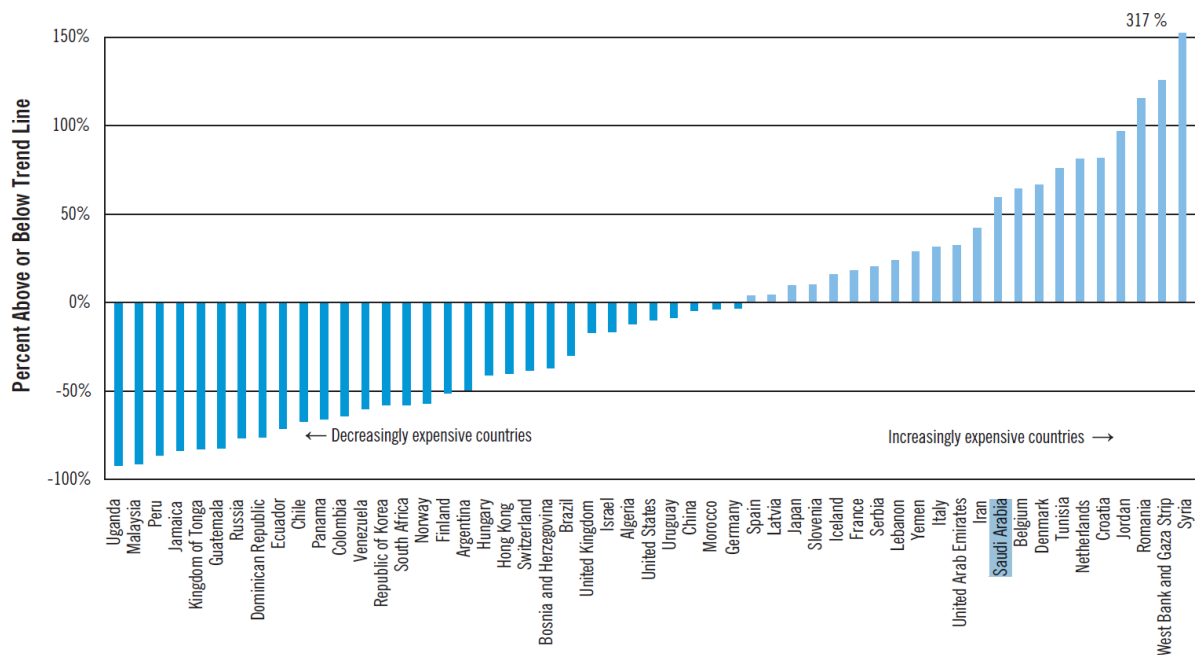


Figure 3-2: Amount to Start a Business: Percentage Above or Below Trend Line

Source: Bosma and Levie (2009)

3.3. Entrepreneurship Agents in KSA

This section aims to describe the main agents involved in entrepreneurial activities in KSA. This chapter will introduce these agents in general, while their services will be explored and discussed in chapters five to ten based on each chapter's focal point. These agents are classified into governmental, private sector and non-governmental organisations (NGO). However, I cannot claim to have counted all entrepreneurship related agents in KSA, for two main reasons:

1. There was no central agent or authority for SME or entrepreneurship in the country at the time of data collection.
2. There is a growing development in this field, such that many activities and agents were founded and grew after the primary data for this research were collected.

3.3.1. Governmental Entrepreneurial Agents

1. Kafalah³ Programme

This programme represents the Saudi version of the government guarantee scheme found in many countries. Kafalah was established by the Ministry of Finance in 2004 with the participation of 11 Saudi commercial banks⁴ but its management was entrusted to the Saudi Industrial Development Fund, which is a government agent linked to MIC. Kafalah aims to overcome the obstacles to financing small and medium enterprises that are economically feasible but do not have the ability to provide the required guarantees for the financing bodies. Therefore, the programme has been established in order to cover a proportion of the risk for the financing bodies in case the guaranteed enterprise cannot repay the fund or part of it which could encourage commercial banks to fund SMEs (Kafalah, 2014).

This programme is linked to the government in two ways. Firstly, it is managed by a government agent. Secondly, the Saudi government through three governmental institutes⁵ represents a major shareholder in most of the banks that participate in the Kafalah programme as shown in Table 3-3.

Table 3-3: Government Ownership Percentages in Kafalah's Bank

percentage of loans provided until 2014	Saudi Banks	Government Institutes' ownership
21.2%	National Commercial Bank	64.2%
29.3%	Riyad Bank	52.4%
4.0%	Samba Financial Group	49.6%

³ Kafalah is an Arabic word that means guarantee.

⁴ These banks are: National Commercial Bank, Riyadh Bank, Bank Aljazira, The Saudi Investment Bank, Saudi Holland Bank, Banque Saudi Fransi, SAAB, The Arabic Bank, SAMBA, Alrajhi Bank and Bank Albilad.

⁵ These are : General Organisation for Social Insurance, Public Pension Agency and General Investments Fund

1.5%	The Saudi Investment Bank	38.8%
2.0%	Banque Saudi Fransi	13.2%
17.0%	Arab National Bank	11.2%
5.0%	Saudi Hollandi Bank	10.4%
12.2%	Al-Rajhi Bank	10.1%
2.3%	SABB	9.7%
3.1%	Al Bilad Bank	0
2.5%	Bank AlJazira	0

Source: Tadawul (2015) and Kafalah (2014)

Finally, it is worth noting that by 2012, the number of commercial banks in KSA reached 23 banks with 1,696 branches, including branches of foreign banks (SAMA, 2014).

2. Saudi Credit and Saving Bank (SCSB)

SCSB is a Saudi government bank that was established in 1971 (MOF, 2014). It has 29 branches distributed in the main Saudi districts, three of which are for women, in addition to 21 offices distributed between Saudi cities. The government recently increased the bank's capital to SAR 36 billion (SCSB,2012). The bank was founded initially to provide social loans without interest to Saudi citizens with limited income to help them overcome their financial difficulties. Such loans provide individuals with SAR 45,000 based on certain conditions set by the bank. However, in 2006, the government added three more roles; the first two of them are related to this research as follows:

1. Provide interest-free loans to small and nascent businesses, craftsman, and individuals with vocational abilities to encourage them to start their own business.
2. Act as a coordinator to manage other non-financial services to support the sector of small and nascent business.⁶
3. Encourage savings for individuals and institutions in KSA, and to find tools that achieve this end (Alhunaishel, 2013c).

⁶ I consider these two roles as concrete policy statements to finance and support new businesses. These are related to chapters eight and nine respectively.

In 2010, the bank launched the “Masarat”⁷ programme, which consists of five tracks to manage the process of lending small business (Alhunaishel, 2013b). Moreover, in 2011 the bank launched a programme targeting graduates with education qualifications or medical diplomas to help them start their own business in their field of study. This programme was in pursuit of the Government decree to find short and urgent solutions to address the unemployment among university graduates. Therefore, the bank established the graduate programme⁸, which offers loans of up to SAR 2.5 million (SCSB, 2014). Finally, the bank was reporting to the Ministry of Finance until it was moved to the Ministry of Social Affairs in 22-3-2015. However, with the launch of the SME authority, the role of the SCSB was transferred to other government agents (SPA,2015).

3. Social Charity Fund (SCF)

The fund has a board of directors headed by the Minister of Social Affairs (MOSA, 2011). According to interviewee SCR15, SCF was founded in 2002 to treat the poverty problem in KSA, then it was rearranged in 2010 to work towards using unconventional methods to improve the conditions of needy people, rehabilitate them and fulfil their needs as part of the requirement of the National Strategy for Social Development. The fund targets certain segments of Saudis who receive benefits from some social agents and individuals who can prove that the income of the family breadwinner is less than SAR 8,000. Therefore the fund set up some programmes to help achieve its objectives such as: 1) Scholarship; 2) Training and Employment; 3) Small projects and productive families and; 4) Awareness and guidance.

The fund provides technical support in addition to interest-free loans for small and productive family projects. It does so in two ways:

- 1) Direct to individuals.
- 2) Indirect through third party agents that work in social activities such as charities, social development committees and some private sector companies. However,

⁷ Masarat is an Arabic word meaning tracks.

⁸ I consider this as a concrete policy statement of “Target Group Strategy” which will be discussed in details in Chapter Ten.

the fund pays these agents incentives for their efforts equivalent to 10% of the loans accomplished through them.

Accordingly, the fund has the following two types of loans:

- 1) Productive families' loans between SAR 5,000 and SAR 25,000.
- 2) Individual loans between SAR 5,000 and SAR 100,000. However, the board of the fund raised the upper limit to reach SAR 300,000.

4. Entrepreneurship centres in Universities (ECU)

There are 25 Saudi government universities, 28 private universities and colleges, 8 other government educational institutes in addition to King Abdullah University for Science and Technology (KAUST⁹). They are linked to the Ministry of Education but each enjoys autonomy in academic and administrative aspects. These institutes teach 1,356,602 students, of which about 95% are in the government institutes (MOHE, 2013). By searching through their official websites, I found that 13 universities have entrepreneurship activities in different formats and under various names: entrepreneurship centre, incubators, innovation centre, accelerator and science parks, which are mostly called 'Valley' (see Table 3-4). The importance of such centres in universities derives from these points:

- 1) These universities target more than a million students who represent the youth segment
- 2) They can extend their services to local society in 20 Saudi cities.
- 3) All of these institutes can be affected directly by any government policy from the Ministry of Education.

⁹ KAUST is not classified as either a government or a private university.

Table 3-4: Entrepreneurial Activity in Saudi Universities

	University	City	Number of students*	Entrepreneurship Centre?***	Business School?***
1	Umm Al-Qura University	Makkah	79,845	yes	yes
2	Islamic University	Madinah	17,177	NF	NF
3	Al-Imam Mohammad Ibn Saud Islamic University	Riyadh	97,331	almost	yes
4	King Saud University	Riyadh	61,412	yes	yes
5	King Abdul-Aziz University	Jeddah	177,234	almost	yes
6	King Fahd University of Petroleum and Minerals	Dhahran	10,124	almost	yes
7	King Faisal University	Alahsa	134,942	NF	yes
8	King Khalid University	Abha	59,225	yes	yes
9	Qassim University	Buraidah	63,727	NF	yes
10	Taibah University	Madinah	61,401	yes	yes
11	Taif University	Taif	51,941	yes	yes
12	King Saud bin Abdul-Aziz University for Health Sciences	Riyadh	3,780	NF	NF
13	Jazan University	Jazan	50,356	yes	yes
14	University of Hail	Hail	39,211	almost	yes
15	Al Jouf University	AlJouf	21,576	NF	yes
16	University of Tabuk	Tabuk	30,578	NF	yes
17	Al Baha University	AlBaha	27,344	NF	yes
18	Najran University	Najran	17,114	almost	yes
19	Princess Nora bint Abdurrahman University	Riyadh	39,610	yes	yes
20	Northern Borders University	ArAr	12,613	NF	yes
21	Shagra University	Shagra	19,308	NF	yes
22	Sattam Bin Abdul-Aziz University	Kharj	23,519	almost	yes
23	University of Dammam	Dammam	40,301	NF	yes
24	Almajmaah University	Almajmaah	20,092	NF	yes
25	Saudi Electronic University	Riyadh	5,330	NF	yes
	Total	20	1,165,091	13	23

* According to <http://www.mohe.gov.sa/>

** According the official website of each university

NF It means not found based on my research

Almost: means some universities have entrepreneurial departments but with different names

Source: adopted from the universities' official websites

5. Badir¹⁰ Programme for Technology Incubators

Badir was founded in 2007 by King AbdulAziz City of Science and Technology (KACST)¹¹ as a national programme to provide location incubation for technology

¹⁰ Badir is an Arabic word meaning initiate.

¹¹ As the name implies, "KACST is both the Saudi Arabian national science agency and its national laboratories. The science agency function involves science and technology policy making, data collection, funding of external research, and services such as the patent office (KACST, 2013)"

oriented new business in KSA. Therefore, Badir works in an overlapping area between science and technology policy and the entrepreneurship policy. In addition to the headquarters of Badir in Riyadh, there are two branches in Jeddah and Qassem. Furthermore, Badir provides support to Saudi universities and other institutes to establish 11 more incubators. However, Badir does not offer a funding service, or a seed fund to start-ups in the latter stages to help the business grow (Badir, 2013). Badir recently became one of the agents approved by SCSB, but no deliverables from the funded projects have yet been reported (SCSB,2014).

6. Industrial Development Centre (IDC)

IDC was founded in 2011 by the Royal Commission in Jubail¹² to encourage the owners of professional and technical ideas to turn their ideas into successful businesses in the market. IDC provides almost free incubation services to projects in the technical and manufacturing field, whether innovative or not. This is according to interviewee SCR5. IDC recently signed an agreement with SCSB to fund potential entrepreneurs who apply through IDC (SCSB,2014). However, there were informal relationships before; among participants of this research, entrepreneurs E17 and E19 were funded through Riyadhah and incubated by IDC.

7. Saudi Commission for Tourism and Antiques (SCTA)

SCTA is the Saudi government body responsible for simulating tourism services and encouraging investment in the tourism industry in KSA. SCTA has launched 16 centres to promote investment opportunities in the field of tourism in KSA. Further, SCTA encourages investors to establish new tourism business by marketing business opportunities in 10 different segments and providing a wide range of tourism information and statistics through the Tourism Information and Research Centre. SCTA supports individuals to enrol in its craft programmes as preparation for self-employment (MAS, 2013). Moreover, it markets tourism projects for entrepreneurs to start new businesses in this sector. Furthermore, SCTA has signed many agreements to support the financing of Saudi entrepreneurs who want to establish their own business in the tourism sector. For example, SCTA signed agreements with SCSB which resulted in

¹² The Royal Commission of Jubail and Yanbu was founded by the government in 1975 to build two industrial cities as part of the fifth national development plan to diversify the Saudi economy and widen the industrial base in Saudi Arabia.

funding 44 tourist and heritage projects with over SAR 35 million (SCTA, 2013). However, these projects just represent 0.06% of nascent track projects supported by SCSB.

8. Ministry of Labour (MOL)

The Ministry of Labour (MOL) is the government agency responsible for all labour issues in the Saudi private sector. In 2005, the government founded the MOL as a standalone ministry¹³. The Ministry mission is: *“to deal with the problem of unemployment in the spirit of the design and determined to end the problem by following methodological approaches based on a clear vision of the nature of the problem and its dimensions”* (MOL, 2014). Therefore, increasing the percentage of Saudis in the private sector, which is called “Saudization”, became the cornerstone of the Ministry regulations. For example, the Ministry established the “Netaqat¹⁴” programme to categorize businesses based on the required Saudization level in each business size in each sector. Accordingly, there is a three dimension matrix for the Netaqat programme as follows:

1. Business Sector: which consists of fifty eight sectors.
2. Business size: the Ministry set five categories based on size which is measured by number of employees as follows: micro business (1-9), small (10-49), medium (50-499), large (500-2999) and giant with 3,000 employees or more. However, it is required to have only one Saudi worker in a micro business, which is usually the business owner.
3. Six levels of required Saudization percentages, which differ from one sector to another and vary based on firm size. These six levels, from low to high are labelled: red, yellow, low green, medium green, high green and platinum. The threshold is the “low green”, which represents the minimum required level of Saudization in a firm. Thus, firms in the red and yellow categories are below the required Saudization level and this will expose them to MOL penalties.

The services provided by the Ministry to each firm are determined based on the Saudization level (colours). This programme has succeeded in raising the percentage of

¹³ It was part of the Ministry of Labour and Social Affairs then the government decided in 2005 to split it into two ministries, one for labour and another for social affairs.

¹⁴ Netaqat is an Arabic word meaning domains!

Saudis in the private sector from 10% in 2011 to 15.15% in 2013 with about 1.5 million Saudis. However, a problem of “fake Saudization” came as a result of the Netaqat programme where business owners record Saudis as workers to fulfil the ministry’s requirements of Saudization percentage. However, these workers do not work in these firms but receive wages without work, which can be less than the minimum wage, or even no wages, in the case of relatives and friends. This confuses the real figures about actual workers and unemployed people. Therefore the Ministry established the “Wages Protection programme” to ensure that workers are real ones and earning real wages (MOL, 2014). This can explain part of the unemployment complexity in the country, since there are about seven million Saudis out of the labour force who may accept fake Saudization in order to have an income without work.

9. The General Authority of SME

Looking after the SME sector is an issue that has been discussed and suggested by policymakers, scholars and others in KSA for a long time. However, in 9-11-2009, Al-Shura Council issued decree number 81/54 to develop the SME sector to increase its contribution in the national GDP and to establish policies to organise and support this sector. Further, in 2010 Al-Shura Council studied the suggestion to establish a General Authority to support SMEs (SPA, 2015). However, this authority was not approved by the Saudi Council of Ministers until 26-10-2015 (SPA, 2015). Accordingly, the Council approved the following organisational arrangements for the General Authority of SMEs:

- 1) To establish a General Authority with the name “the General Authority of SMEs” to be a standalone authority with full financial and managerial autonomy and to be led by the Minister of Industrial and Commerce as the head of the board of directors.
- 2) The aim of this authority is to regulate the sector of SMEs in KSA; and to provide it with support, development and care according to the best international standard to achieve the following objectives:
 - To increase the productivity of SMEs ;
 - To increase their contribution in the GDP;
 - To increase the capacity of Saudi economy to generate more jobs and transfer technology.
- 3) To transfer to the Authority of SMEs the following activities:
 - The role of supporting small and new businesses from SCSB.

- The Secretariat of the Coordinating Council of SMEs from SCSB.
 - The national centre of SMEs from the MIC.
- 4) To transfer the role of financing SMEs from SCSB to the Industrial Development Fund and continue providing loans or guarantees.
 - 5) To keep the work of all the activities of SMEs in their current position in government authorities until completion of the founding of the SME Authority.

Although these organisational arrangements are for an SME Authority, it is expected to cover entrepreneurship as well for two reasons:

1. It is common in countries to have an SME agency before an entrepreneurship office: *“Nearly every country has a formal governmental office or agency mandated to promote the interests of SMEs. As of yet, no country has a similar office or agency to promote entrepreneurship, per se”* (Campbell & Mitchell, 2012, p.190).
2. Mentioned among the arrangements is the transfer of a set of activities that currently provide support and finance to “new businesses”, to the new authority.

The existence of the SME Authority is expected to change the map of entrepreneurship in KSA. However, this research was conducted before this authority was launched. Moreover, the SME Authority will take time to start working, which increases the importance of this research, since it can be used by this authority as a guideline.

3.3.2. Private sector institutes

1. Chambers of Commerce (COC)

There are twenty-eight COC distributed in Saudi cities. It is common to find two departments in a branch of a COC that are related to entrepreneurs, albeit indirectly; these are the SME centre and the Committee of Business Youth, but neither of them is available in all the 28 branches, nor are they directly related to start-ups. By exploring the websites of each branch of COC, I found 11 SME centres in the chambers’ branches and the possibility remains of opening more centres in the rest of the branches. Saudi chambers enjoy high autonomy but are still influenced by the direction of the MIC (CSC, 2013).

2. Bab Rizq Jameel (BRJ)¹⁵

BRJ is a social initiative founded in 2003 by Abdullatif Jameel Company, which is privately owned. BRJ has many initiatives including a “supporting small business” programme which was established in mid 2004. This programme aims to offer interest-free loans ranging from SAR 10,000 to SAR 300,000, to be paid back in five years. The programme has funded 23,315 entrepreneurs since it was founded (see Table 3-5). Moreover, BRJ has more related initiatives, such as productive families, taxis and trucks programmes (BRJ, 2012 and interviewee SCR16). BRJ has an alliance with SCSB as an intermediate agent.

Table 3-5: BRJ Contribution (2003-2012)

	Small Business	Taxis	Trucks	Productive Families
2003	NA	125	13	NA
2004	8	313	33	529
2005	156	287	17	2,773
2006	614	241	21	7,602
2007	1,444	303	77	15,552
2008	1,955	541	352	17,090
2009	5,110	322	762	24,756
2010	5,473	263	786	26,488
2011	3,798	509	267	29,034
2012	4,757	584	449	28,202
total	23,315	3,488	2,777	152,026

Source: BRJ (2012)

3. Aramco Entrepreneurship Center (Wa’ed)¹⁶

According to interviewee SCR11, Wa’ed is owned by a state-owned company: Saudi Aramco. Wa’ed provides loans as seed funds while start-up finance could be loans or equity funding. However, each finance method targets certain sectors (see Table 3-6) (WAED,2014). Entrepreneur E13 in this study received start-up finance from Wa’ed.

¹⁵ Bab Rizq Jameel stands for three Arabic words: bab means door, rizq means livelihood and Jameel that means beautiful.

¹⁶ “Wa’ed” is an Arabic word which means promising

Table 3-6: Sectors Supported by Wa'ed

	Finance method	
	Loans	Equity
Seed fund	yes	NA
Start-up finance	yes	yes
Supported sectors	Information & Communications Technology (ICT)	Information & Communications Technology (ICT)
	Manufacturing	Manufacturing
	Chemicals	Chemicals
	Energy Related Projects)	Energy Related Projects)
	Supply Chain	Service Industry
	Healthcare	
	Education and Training	

Source: WAED (2014)

4. Angel investors

There is no data available about any Angel Investors groups in KSA except Sirb and Oqal. Sirb is an Angel Investors group that was established by KACST under the umbrella of the strategic items of the National Plan for Science, Technology and Innovation. Sirb works as an electronic platform to connect entrepreneurs who seek growth and funds to investors who are seeking for investment opportunities (Sirb, 2014).

The other group, Oqal¹⁷, was established in 2009 by a group of young businessmen to connect young people who have ideas and projects with young people who have wealth (Oqal, 2014). According to their websites, Sirb has raised funds for nine projects while Oqal has completed 20 investments.

5. Venture Capitalists (VC)

VCs are very limited in the whole country; according to the founder of Oqal: “*There are no VCs in any of the Saudi commercial banks*” (Alrashid, 2012). However, National Net Ventures (N2V) and Saudi Telecom Company (STC) Ventures are two examples of existing VCs. Firstly, N2V is an internet holding group investing in Arabic consumer web and mobile ventures but focusing on Ecommerce, Online Advertising,

¹⁷ Oqal is a compound of two Arabic words: OQul means brains and amwAL means money.

and Online Payments. Secondly, STC Ventures is a standalone venture managed by Iris Capital Management, while the Saudi Telecom company is the VC's anchor investor. The ventures focus on digital projects in the following sectors: Information Technology (IT)/Internet, Communications, and Media/Entertainment. The ventures invest at seed, early and late stage to different degrees. Altogether, the VCs have invested in a total of 21 firms; 16 for N2V and five for STC venture (N2V, 2013 and stcventures, 2014).

6. Injaz Programme

The Saudi Injaz Programme is a Saudi based initiative founded by the National Commercial Bank in 2007 under the umbrella of the bank's Corporate Social Responsibility (CSR). It follows the Junior Achievement Programme¹⁸. Saudi Injaz works with some Saudi private sector companies, the Ministry of Education, universities and volunteers to spread awareness of the volunteerism culture, to help apply Injaz's five initiatives. The aim is to reach 250,000 pupils yearly around Saudi cities, which represents about 5% of all students. The initiatives are based on the following three pillars:

- Warm-up to work: to give students tips about employability skills such as communication skills and time management to prepare them for work.
- Financial Literacy: this includes basic accounting and financial skills.
- Entrepreneurship: it aims to help students to start their own businesses as a future career option.

They contain six essential concepts: economy, warm-up for work, work ethics, entrepreneurship, financial concepts and citizenship (Injaz-Saudi, 2013; Injaz-Saudi, 2014).

3.3.3. Non-Governmental Organisations (NGOs)

1. National Entrepreneurship Institute (Riyadah)

Riyadah was founded initially by the Technical and Vocational training Corporation (TVRC) in 2005 as a small office. Then it was converted to be a standalone non-profit organisation as an initiative by the Ministry of Petroleum in alliance with the TVRC,

¹⁸ Junior Achievement is the world's largest organisation that specializes in educating pupils in K-12 about entrepreneurship (JA, 2014).

SCSB and four other organisations¹⁹. Riyadhah has 26 men's branches and 14 women's branches distributed among Saudi cities. However, all branches are located in institutes belonging to TVRC, which reflects the strong relationship between Riyadhah and TVRC. SCSB is the main provider of loans but as a non-for profit organisation. Riyadhah is considered as the most important agent working with SCSB since 67% of SCSB's nascent track projects were accomplished through Riyadhah. However, the source of income for Riyadhah's operational expenditures is not quite clear. This raises a question about Riyadhah's future, as it intended to support 10,000 entrepreneurs. However, although it is not stated officially, Riyadhah is administratively linked to TVRC and its chairman of the board is the TVRC governor. Further, TVRC is a government agency linked to the Minister of Labour, who heads its board (Riyadah, 2013 and interviewee SCR4).

3. The Centennial Fund (TCF)

TCF was founded in 2004 as a Saudi Arabian charity to support young Saudi men and women to establish their own commercially successful businesses. TCF has a trustee board consisting of 16 members, who include three ministers, two deputy ministers and other governors and executives from the public and private sectors. Moreover, TCF has more than 32 branches and offices distributed in all Saudi districts. Although SCSB is the main providers of loans, TCF has entered into an alliance with two more charities to provide loans for productive families and undeveloped regions (TCF, 2013 and interviewee SCR2). However, TCF suffers from lack of stable income to cover its operational cost. This caused a serious financial crisis in 2011, which led to closure of departments and dismissal of many employees, including the former general manager²⁰.

¹⁹ The other founders are: 1) Saudi Aramco 2) Saudi Basic Industries Corporation (SABIC), 3) STC and 4) Alinma Bank. Aramco is owned by the government while the government is the major stockholder of the others.

²⁰ According to Sabg.org : <http://sabq.org/EnWede> and <http://control.sabq.org/tXWede>

3.4. Overview of KSA

This section aims to describe briefly different contextual attributes about KSA. These include political, economic, population, labour force and the SME sector in the country.

3.4.1. Political

KSA is an independent Arab Islamic state. The constitution of KSA is the Holy Qur'an and the prophet's (peace be upon him) Sunnah (traditions), given that Islam is the religion of the country. Riyadh is the capital city and Arabic is the official language. The regime in KSA is a monarchy led by the king, who is the premier authority in the ruling system and he is the prime minister at the same time. The right of succession is confined to the sons and grandsons of the founder, King Abdulaziz. The crown prince is appointed by the king to handle duties assigned to him by the king and to assume the responsibilities of the king's office on the king's death, until the successor is selected. The governance system is set based on justice and equality according to law of Islam—known as Sharia—and uses the consultation principle called Shura in Islam, through The Shura council.

The Shura council consists of 150 members selected by the king and appointed every four years. The council plays many roles in governance, including investigating the performance of government sectors by analysing regular reports produced by them, deciding on and providing opinions about general political matters, giving suggestions regarding agreements with other countries, entering into contracts, and also setting general plans for economic and social growth on specific issues. The output of the council is reported to the prime minister as one path in the hierarchy of decision-making in KSA. The above-mentioned information is captured from the Basic Law of Governance, which was set by King Fahd bin Abdulaziz on 27/8/1412 according to the Islamic calendar (hijri²¹), which consists of 28 articles categorized in five sections (MOFA, 2012).

KSA has been a member and one of the founders of GCC since May 25, 1981. GCC aims to set effective coordination, integration and inter-connection between its members and to formulate similar regulations in different fields, including economy,

²¹ This is equivalent to 2-3-1992 in the Gregorian calendar.

finance, customs, tourism, legislation, administration (GCC, 2012). Moreover, KSA signed the protocol to found the League of Arab States in 1945 and has been a member since that time, until the present (League of Arab States, 2012).

Further, KSA joined the United Nations on October 24, 1945 (UN, 2015). Finally, KSA belongs to the following classifications of countries: Middle East, MENA, Asian, G20 and of course the Islamic world.

3.4.2. Economy

The government expenditure on the development projects supported the Saudi economy to continue its growth. In 2014, the GDP grew by 3.5% to SAR 2,431.9 billion (see Table 3-7). The strength and growth of the Saudi economy have earned KSA high sovereign credit ratings. For example, it was rated AA by both Fitch and Standard and Poor's, while Moody's Corporation set the Saudi sovereign credit rating at AA3 (SAMA,2015).

Table 3-7: Economic Indicators of KSA

Economic Indicators (2008-2014)	2008	2009	2010	2011	2012	2013 ^r	2014 ^p
Gross Domestic Product-Nominal (SAR billion)	1,949.2	1,609.1	1,975.5	2,510.7	2,752.3	2,791.3	2,798.4
Growth in GDP-Nominal (%)	25.0	-17.4	22.8	27.1	9.6	1.4	0.3
GDP Real (2010 prices - SAR billion)	1,925.4	1,885.7	1,975.5	2,172.3	2,289.3	2,350.4	2,431.9
Non-Oil Private Sector (*)	641.9	679.4	745.5	805.1	849.8	908.8	959.6
Non-Oil Government Sector (*)	292.7	310.4	333.5	361.6	380.6	400.0	414.7
Oil Sector (*)	976.1	883.0	881.8	989.1	1,039.4	1,022.4	1,037.6
Growth in GDP Real (%)	6.2	-2.1	4.8	10.0	5.4	2.7	3.5
Growth in Private Sector (%)	9.5	5.8	9.7	8.0	5.5	7.0	5.6
Growth in Government Sector (%)	4.8	6.0	7.4	8.4	5.3	5.1	3.7
Growth in Oil Sector (%)	4.4	-9.5	-0.1	12.2	5.1	-1.6	1.5
GDP/Capita Total Population (SAR Thousand)	75.6	60.4	71.7	88.5	94.3	93.1	90.9
Government Budget Balance (SAR billion)	580.9	-86.6	87.7	291.1	374.1	180.3	-65.5
Revenues	1,101.0	509.8	741.6	1,117.8	1,247.4	1,156.4	1,044.4
Expenditures	520.1	596.4	653.9	826.7	873.3	976.0	1,109.9
Inflation Rate (2007=100) % change	6.1	4.1	3.8	3.7	2.9	3.5	2.7
Exchange Rate (SAR/US\$)	3.750	3.750	3.750	3.750	3.750	3.750	3.750

Notes : ^r revised, ^p preliminary; * based on Institutional Sectors; ¹at year-end.

Source: MEP (2015)

The continuous growth in real GDP in KSA is ascribed to the growth in the three main sectors of the Saudi economy: Non-Oil private sector, Non-Oil Government Sector and Oil sector. The private sector, which represents 40% of the real GDP, has the highest growth rate among the three sectors, at 5.6% in 2014. The government sector also shows continued growth, which was comparable to that of the private sector in (2009-2012) but declined after that to be 3.7% in 2014. This sector represents only 17% of the GDP. Finally, the oil sector shows the lowest growth rate, with 1.5% in 2014 (SAMA,2015).

With the exception of 2009 and 2014, the Saudi Arabian budget has successfully recorded surplus each year since 2008. However, the majority of the government's revenue is derived from oil income (almost 90%), which reflects a high dependence on oil. This shows the importance of "the diversification goals of income" outlined in the National Development Plans. For example, in The Ninth Development Plan set forth by the Saudi Arabian Ministry of Economy and Planning, the seventh objective reads: "To diversify the economic base horizontally and vertically, expand the absorptive and productive capacities of the national economy and enhance its competitiveness, and maximize the return on competitive advantages" (MEP, 2010,p16). The high percentage of oil revenues may explain the wide range of volatility in the budget's revenue over the years as shown in Table 3-7. The inflation rate declined over years since 2008 from 6.1% to 2.7% in 2014. Finally, it is worth mentioning that the exchange rate for SAR/US\$ is almost constant at the rate of 3.75 SAR for each one US\$ (SAMA, 2015).

3.4.3. Population

The Central Department of Statistics and Information (CDSI) is the government agency responsible for conducting population census and all related statistics and information. According to the latest census in 2010, the population of KSA exceeds 27 million. Of those, Saudis number only 18.7 million, which is less than 69% of the total population; the remaining 31% are foreign, mostly expatriate workers (see Table 3-8). The population density is very low at just 14 person/sq km, although population growth between 2004 and 2010 was 3.2. The rate of infant mortality is 16.9 per thousand live births (CDSI, 2012).

Table 3-8: Population of KSA (1974-2010)

Census	Saudis			Non-Saudis			Total		
	male	female	total	male	female	total	male	female	total
2010	9,527,173	9,180,403	18,707,576	5,932,974	2,496,427	8,429,401	15,460,147	11,676,830	27,136,977
2004	8,287,370	8,239,970	16,527,340	4,269,870	1,881,052	6,150,922	12,557,240	10,121,022	22,678,262
1992	6,215,793	6,094,260	12,310,053	3,264,180	1,374,155	4,638,335	9,479,973	7,468,415	16,948,388
1974	3,193,544	3,024,817	6,218,361	528,671	262,434	791,105	3,722,215	3,287,251	7,009,466

Source: CDSI (2012)

However, the proportions of Saudis and non-Saudis have changed over time. Although the number of Saudis grew from 6.2 million in 1974 to 18.3 million in 2010, their percentage declined from 88.7% in 1974 to 68.9% in 2010. This change is ascribed to the increase in the number of non-Saudis, which increased ten times between 1974 and 2010 to be about 8.5 million. Moreover, while Saudis are almost equally divided between male and female, among non-Saudis that ratio is always about 70/30 in favour of males. This is reflected in the males' percentage in the country, which is 57%.

The population is distributed unequally among the 13 Saudi regions (see Table 3-9). About 65% of total population (60% Saudis and 66% non-Saudis) are found in three regions only (Makkah , Riyadh and Eastern Region). These three regions contain the six biggest Saudi cities: Riyadh, Jeddah, Makkah, Taif, Dammam and Alahsa. This reflects the big variation between Saudi regions and cities in terms of population which has its impact on the regions development (CDSI, 2015).

Table 3-9: Population Distribution between Saudi Regions; Source: CDSI (2015)

Region	Total N=31,521,418	Saudis N=21,129,960	Non-Saudis N=10,391,458
Makkah	25%	22%	33%
Riyadh	25%	23%	29%
Eastern Region	15%	15%	14%
Aseer	7%	8%	4%
Madinah	7%	7%	6%
Jazan	5%	6%	4%
Qaseem	4%	5%	3%
Tabuk	3%	4%	2%
Hail	2%	3%	1%
Najran	2%	2%	1%
Aljouf	2%	2%	1%
Albaha	2%	2%	1%
Northern Borders a	1%	1%	1%

3.4.4. Labour force

Different Saudi agents provide statistics about the labour force, which show some variations between figures. CDSI conducts a general census every few years and performs population sampling twice a year. On the other hand, MOL monitors all firms in the private sector, including the number of employees, with gender and nationality details. Moreover, the Ministry of Civil Service (MOCS) counts the workers in the government. Accordingly, other government agencies use data from these three agents. For example, the Ministry of Economic and Planning uses the CDSI statistics to set the national development plans. In contrast, the Saudi Arabian Monetary Agency (SAMA) uses data from the three agents in its annual reports (CDSI, 2015; MEP,2015 ; SAMA,2015). However, the main reason for discrepancies in number recorded for the same group is the data collection method used: census or samples. For example, MOL and MOCS count the exact number of employees in the private and government sectors respectively, which can be considered as “census”. In contrast, CDSI uses the international standard to calculate the unemployment rate and other measures based on semi-annual sampling.

According to both CDSI (2015) and SAMA (2015), the number of workers in KSA in 2015 was 11,229,865 and 11,262,087 respectively, which are almost identical. However, CDSI (2015) shows the number of Saudi workers as 4,944,709 versus 6,285,156 non-Saudis. In contrast, SAMA (2015) shows Saudi workers as 2,718,561, compared to 8,543,526 non-Saudis. This shows a difference of 2,226,148 Saudi workers and 2,258,370 non-Saudi workers. This mismatch of data that affects the percentages of Saudi workers, and also the unemployment rate, which is a very sensitive international indicator. This variation in figures caused some debates in different media channels. Accordingly, CDSI and MOL announced that CDSI is the main government agency that distributes such statistics and announces the unemployment rate (RNP, 2015). However, the question about this big difference between numbers was not explained.

Therefore, according to CDSI (2015), the overall unemployment rate in KSA in 2014 is 5.7% but it is 11.7% among Saudis. The number of Saudi unemployed is 646,854 distributed as 39% males and 61% females. On the other hand, according to MOL (2013), the MOL could find jobs for 553,520 and 560,539 Saudis in 2012 and 2013 respectively. However, the number of Saudi unemployed increased from 602,853 in 2012 to 622,533 in 2013 then to 646,854 in 2014. This complicates the problem of

data accuracy. If the MOL numbers are accepted, then these 1.1 million Saudis who were hired in 2012 and 2013 came from the “out of labour force” category, which is about seven million Saudis (see Table 10-2) (CDSI , 2014).

3.4.5. SME sector in KSA

1. Definitions of SME sector

With the absence of a central government agent or office for either SME or entrepreneurship, it was not easy to find a unified definition for entrepreneurship or SMEs in KSA. However, this section reports some of the findings used by different agents dealing with entrepreneurial activities in the country.

- SCSB used the firm’s capital to determine the targeted businesses to be supported. It sets the following definition for the small and nascent businesses that qualify for its finance service: “any business whose capital does not exceed SAR eight million” (SCSB,2013).
- Kafalah used the annual revenue to specify the firms eligible for its start-up finance. Accordingly, Kafalah set SAR 30 million as the maximum annual revenue for a firm to be able to apply for loans through Kafalah (Kafalah,2014).
- BADIR defines entrepreneurs as “*those people who are innovative in finding and tackling market opportunities*”, whilst to be considered as innovative, a project must be “*new and to use technology in a new way to solve an existing problem or supply a market demand*”, according to interviewee SCR6.
- MOL uses number of employees to classify businesses in the country as illustrated in Table 3-10. Therefore, firms in the SME sector are firms with fewer than 500 workers (MOL, 2013).

Table 3-10: SME Definitions According to the MOL

Business category	Number of employees
Very small entity	1 to 9
Small Entity	10 to 49
Medium entity	50 to 499
Large entity	500 to 2999
Giant entity	More than 3000

Source : MOL (2013)

- CDSI uses number of employees but in a different way than the MOL as shown in Table 3-11. Therefore, firms in the SME sector based on CDSI are ones with 19 workers or less (CDSI,2010).

Table 3-11: SME Definitions according to the CDSI

Business category	Number of employees
Small firm	1 to 4
Medium firm	5 to 19
Large firm	More than 20

Source : CDSI (2010)

2. Statistics of firms and workers in SME sector

According to MOL (2013), the total number of SMEs in 2013 is 1.77 million, which is 10.2% less than the number in 2012. MOL ascribed this decline to the status of these firms that are not active for more than a year and do not have workers. It is obvious from Table 3-12 that this decrease in firms was in the segments of small and very small firms of fewer than 50 and 10 employees respectively. However, it is interesting to see that the SME sector in KSA represents 99.7% of all firms in the private sector (85.6% very small, 12.1% small, 2% medium). In contrast, firms out of this sector are only 0.03%.

Table 3-12: Number of Firms in the Private Sector in KSA (2012-2013)

	very small	small	medium	large	giant	total
2012	1,714,276	234,552	26,194	3,274	807	1,979,103
2013	1,523,152	213,347	37,853	3,737	896	1,778,985
change	-11.15%	-9.04%	44.51%	14.14%	11.03%	-10.11%

Source: MOL (2013)

Further, the total number of workers in all the firms in 2013 was 9,679,635, of whom 15.2% (1,466,853) were Saudis and the rest non-Saudis (8,212,782). However, the detailed distribution of these numbers based on gender and firms' size shows important findings (see Table 3-13). First, female workers represent 5.8% of all workers (4.1% of Saudis and 1.7% of non-Saudis), which means that more than 94% of workers in the private sector are male. Workers in the SME sector represent 70.4% of all workers (16.3% very small, 25.9% small, 28.2% medium).

Table 3-13: Percentages of Workers in Saudi Private Sector

	Saudis			Non-Saudis			Total
	male	female	total	male	female	total	
very small N=1,575,680	5.4%	3.9%	9.3%	89.3%	1.4%	90.7%	16.3%
Small N=2,510,070	7.4%	5.0%	12.4%	86.2%	1.4%	87.6%	25.9%
Medium N=2,731,100	10.5%	4.9%	15.4%	82.9%	1.7%	84.6%	28.2%
Large N=1,444,205	17.1%	3.3%	20.4%	77.4%	2.2%	79.6%	14.9%
Giant N=1,418,580	18.6%	2.0%	20.7%	77.3%	2.0%	79.3%	14.7%
Total N=9,679,635	11.0%	4.1%	15.2%	83.2%	1.7%	84.8%	100.0%

Source: MOL (2013)

Although, the number of Saudis is limited to 15.2% in the private sector, a question is raised about the accuracy of this number. This time, it is not a statistics problem but is related to the “fake Saudization” problem. Moreover, the variation of wages is another challenge that faces Saudization (see Table 3-14).

Table 3-14: Average Wagers of Workers in Government and Private Sectors

Nationality	Government sector			Private sector		
	Saudis	Non-Saudis	total	Saudis	Non-Saudis	total
Average wage	9,555	8,024	9,427	5,519	1,636	2,270

Source: (GOSI, 2015)

This shows that average wages in the government sector are four times those in the private sector, but double for Saudis. Therefore, it is expected to find that Saudis prefer working in government. Moreover, wages for non-Saudis are one third of those for Saudis in the private sector. Thus, it is normal for business owners to prefer to hire non-Saudis.

The average might not give accurate information. Therefore, Table 3-15 shows the distribution of 9.5 million workers with their wage bands based on nationality. These numbers are according to the General Organisation for Social Insurance (GOSI) which is the only pension organisation for workers in the private sector²². This table confirms that non-Saudis accept lower wages, which benefits business owners and

²² However, some government organisations subscribe to this organisation, but most government organisations use the Public Pension Agency (www.pension.gov.sa).

increases the difficulty of applying the Saudization regulation. Moreover, two things can be concluded from the lower wages for Saudis. Firstly, this can be an indicator for fake Saudization. Therefore, the MOL set a minimum wage of SAR 3,000 for Saudis to fulfil the requirement of Saudization. Moreover, the MOL established the “Wages Protection Programme” to declare the actual wages for all workers, either Saudis or non-Saudis. This programme monitors payments to the worker’s account (MOL,2013).

Secondly, the lower wages for Saudis show the poverty problem. The Social Charity Fund set SAR 8,000 as the threshold for the family income to be eligible for its benefit. Moreover, in a recent study conducted by King Khalid Foundation, which is an NGO, the required amount of money that a Saudi family needs to avoid the need for external support, called the “satisfaction line”, was calculated. The study found that the satisfaction line for a Saudi family of five members is SAR 8,926.1 monthly (Aldamiq, 2014). Therefore, by taking SAR 8,000 as the threshold, Table 3-15 shows that 79% of Saudi workers in the firms registered with GOSI are poor (1,332,049 workers).

Table 3-15: Distribution of Workers based on Wages and Nationality

Wages range SAR	Saudi	Non-Saudi	Total
than 500 less	0	2,553,721	2,553,721
999-500	0	2,328,733	2,328,733
1,499-1,000	0	1,139,305	1,139,305
1,999-1,500	47,330	532,200	579,530
2,499-2,000	15,392	270,644	286,036
2,999-2,500	19,214	167,039	186,253
3,499-3,000	845,010	142,529	987,539
3,999-3,500	108,971	91,923	200,894
4,499-4,000	78,848	77,995	156,843
4,999-4,500	41,450	49,774	91,224
5,999-5,000	116,851	92,025	208,876
6,999-6,000	58,983	62,171	121,154
7,999-7,000	51,144	48,618	99,762
8,999-8,000	47,012	38,905	85,917
9,999-9,000	36,398	27,262	63,660
or more 10,000	221,984	197,953	419,937
Total	1,688,587	7,820,797	9,509,384

Source: GOSI (2015)

3.5. Objectives of Entrepreneurship in KSA

As yet, there is no published strategy for SME or entrepreneurship in KSA. Therefore, it was not easy to find explicit objectives that lead the direction of entrepreneurship in the country. However, I have chosen two sources to search for these objectives as follows:

- The national development plans (NDP) issued by the Ministry of Economy and Planning every four years. The 2010-2014 plan contains this general objective for SME sector: *“to develop the sector of Small and Medium Enterprises (SME) to increase its contribution to GDP, and create frameworks for nurturing and organizing it”* (MEP, 2012).
- SCSB: as described before since the government assigned to SCSB the role of finance and support for small and new businesses in 2006.

From these, there appear to be four objectives of entrepreneurship in KSA.

1. Move to knowledge based economy

“Move towards a knowledge-based economy” is the eighth objective of NDP (MEP, 2012). Moreover, the *“invention track”* has the highest priority among SCSB initiatives, which provide inventors with loans up to SAR 4 million. Similarly, the *“excellence track”* although it does not require invention, gives innovative projects higher priority.

2. Generate jobs for Saudis

The first two objectives set by SCSB for the Masarat programme are: 1) to encourage qualified citizens to work for themselves in their establishments, 2) to contribute to the provision of job opportunities for citizens. In the same manner, the graduate programme was established as a response to the Prime Minister’s decree to find quick solutions for unemployed graduates with education and health diploma qualifications. Moreover, SCSB gives higher priority to projects that can provide more jobs for Saudis.

3. Develop undeveloped regions

The fourth objective of NDP is *“to achieve balanced development among regions of the Kingdom and enhance their role in social and economic*

development” (MEP, 2012). Moreover, the fourth objective set by SCSB for the Masarat programme is “*to encourage economic activity in the less developed regions*” and accordingly projects in less developed areas will have higher priority.

4. Provide income to poor people

The sixth objective of NDP is “to raise the standard of living and improve the quality of life of all citizens”. Moreover, one of the five tracks of Masarat provides micro loans to productive families. Also, the National Charity Fund has a variety of initiatives to support poor people, including a lending programme to start small business.

In summary, this section contributes to this research by providing answers to achieve the first two research objectives about the Saudi government objectives in adopting entrepreneurship and the possible performance indicators for each objective. These four objectives were not written explicitly; they are scattered in different resources. However, it is expected with the launch of the SME authority that explicit entrepreneurship objectives and performance indicators will be stated. Moreover, each objective requires specific performance indicators. However, based on the overall available information about the Saudi context described in this chapter, number of firms seems to be the most important indicator. This indicator can be used accordingly to measure number of firms based on industry, region and owner characteristics (such as working status and gender). Further, firm size can tell about the percentage of growth firms. Moreover, based on the number of firms, we can learn about the number of jobs generated, especially for Saudis. In addition the wages of employees in these firms can tell about the individual income, to enable monitoring the poverty level.

3.6. Conclusion

This chapter explored the Saudi context from three perspectives: firstly, through the GEM reports, secondly by mapping out the entrepreneurship landscape and environment in the country and finally by exploring at macro level the country's political, economy and population features. Furthermore, this chapter explored the Saudi government objectives in supporting entrepreneurship, which will be discussed in the conclusion chapter.

This chapter contributes to the research in two ways. Firstly, EP is strongly affected by the context: "*Creation of an entrepreneurship policy should take into consideration the specific conditions of a country or region*" (Lundstrom & Stevenson, 2005, p. 153). Secondly, this chapter fulfils the first two objectives of the research related to the government objectives behind supporting entrepreneurship in KSA and the indicators that can be used to measure "entrepreneurial performance". These objectives were described in section 3.5.

Finally, this chapter is very important and connected to Chapters Five to Ten since these chapters rely on the findings of this chapter. Moreover, section 3.3 provided an introduction to all the agents that will be investigated in these chapters. Furthermore, the final recommendations in each policy area are based on the framework policy measures, literature and the Saudi context described here.

4. CHAPTER FOUR: RESEARCH METHODS

4.1. Introduction

Research is defined in many research textbooks as a multi-stage process that needs to be followed in sequence to complete. Although these stages vary from one book to another, they mostly consist of: formulating and clarifying a topic, reviewing the literature, designing the research, collecting data, analysing data and writing up Saunders et. al (2009) . Although there is no standard way to conduct research, Hofer (1987 cited in Hofer and Bygrave ,1992) listed 12 topics to be covered by good research. One third of these topics are related to research methods including research design and data collection and analysis. Further, Low and MacMillan (1988), Hofer and Bygrave (1992), and Sassmannshausen and Gladbach (2009) discussed entrepreneurship research specifically and highlighted the importance of including a list of topics and concepts, which are considered in this research (see Figure 4-1).

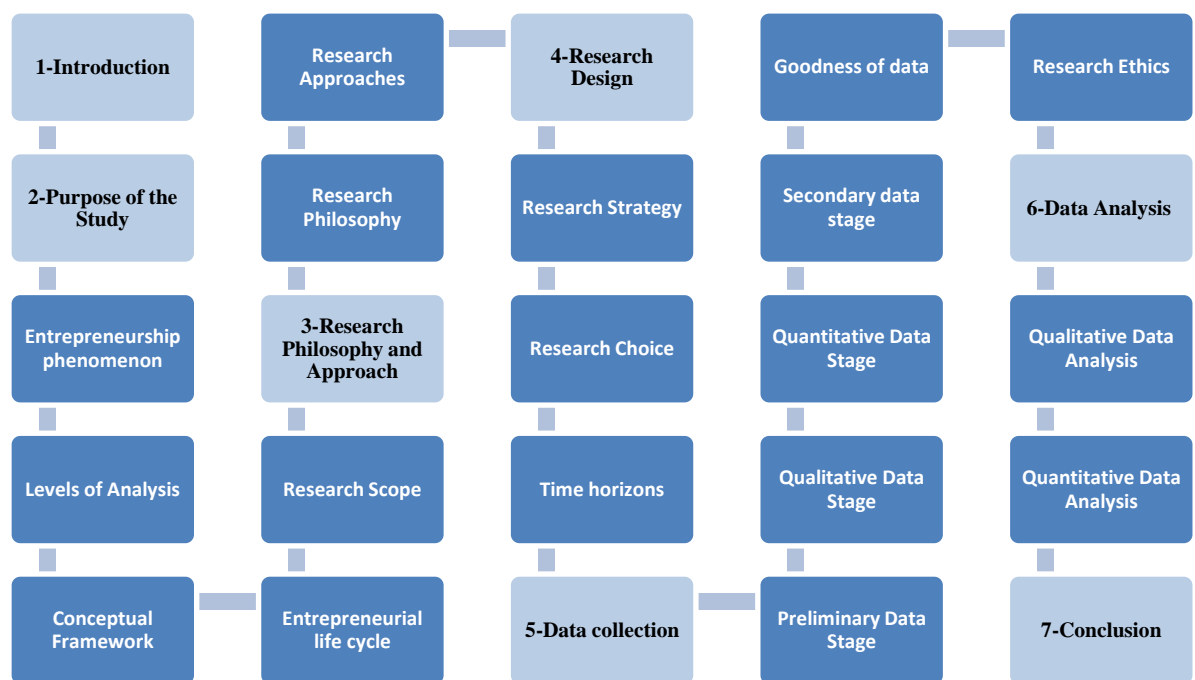


Figure 4-1: Structure of Research Methods Chapter

Source: the researcher

This chapter covers the main aspects of the research methods used in this research. However, I will have method sections in the coming six chapters (5 to 10). The aim of these method sections is to explain the specific data collection and analysis methods for each chapter. Therefore, this chapter consists of five more sections and a conclusion (see Figure 4-1). The first section explains the purpose of the study. The following four sections follow the classification of the ‘research onion’ layers suggested by Saunders, Lewis and Thornhill (2009) (see Figure 4-2). Therefore these sections are research philosophy and approach, research design and data collection and analysis.

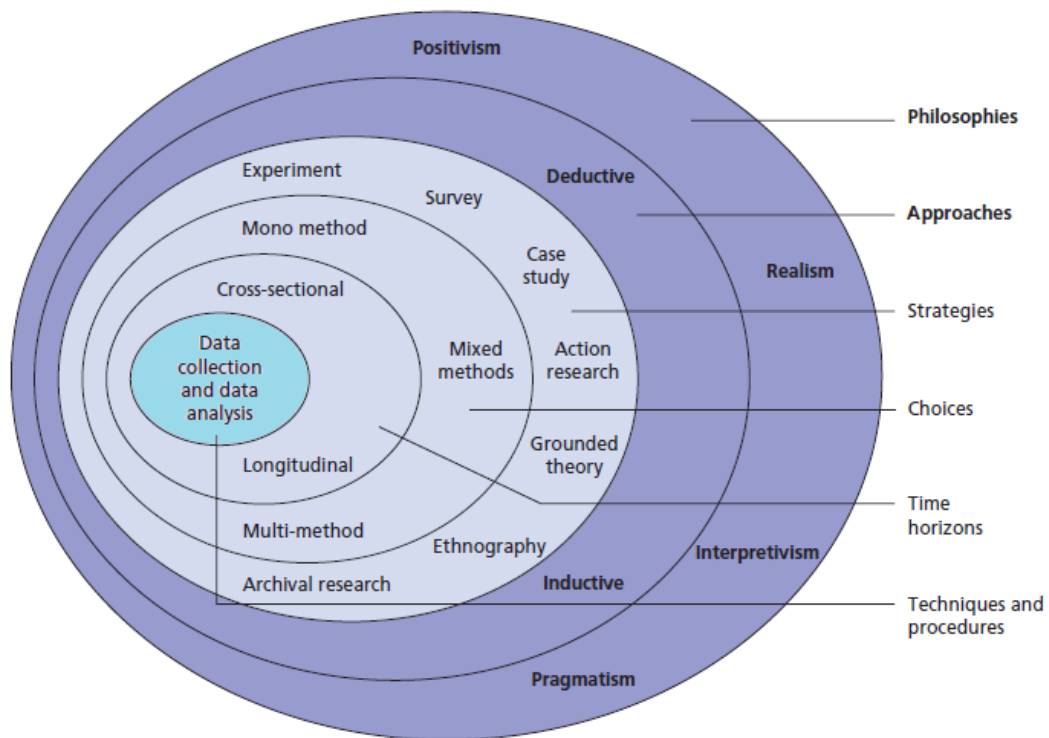


Figure 4-2: Different Research Layers (Research Onion)

Source: Saunders, Lewis, and Thornhill (2009)

4.2. Purpose of the Study

The three common purposes of research are exploratory, descriptive and explanatory (Saunders, Lewis, & Thornhill ,2009). However, a fourth purpose is added by some authors such as Hussey and Hussey (1997), and Robson (2002) which they called emancipatory and predictive research respectively. It aims to engage in social action to

bring changes. Runeson and Höst (2009, p. 135) summarized the four purposes as follows:

- *Exploratory: finding out what is happening, seeking new insights and generating ideas and hypotheses for new research.*
- *Descriptive: portraying a situation or phenomenon.*
- *Explanatory: seeking an explanation of a situation or a problem, mostly but not necessary in the form of a causal relationship.*
- *Improving: trying to improve a certain aspect of the studied phenomenon*

Runeson and Höst (2009) used the word ‘improving’ to describe the fourth purpose since it aims to improve a specific part of the phenomenon under investigation.

Accordingly, the ultimate goal of this research is to set recommendations to improve aspects of the investigated phenomenon in this study. This means that “improving” is the main purpose of the study. However, to reach this purpose, the research contains aspects of the other three research purposes. For example, the chi-square test and logistic regression are used to explain relationships between variables in chapters six and eight respectively. Moreover, qualitative description is used in more than one chapter to describe the services and agencies under investigation. Finally, the first two stages of data collection (sections 4.4) helped to explore the concepts and the context. Therefore, the four purposes of conducting research are found in this thesis.

According to Runeson and Höst (2009), the main determinant of shaping the research purpose is the research question, which also affects the choice of different research tools and strategies. Thus the leading research question provides the basis for this section, which ends with the research aim, objectives and detailed research questions. However, this section also will describe the phenomenon under investigation, the entrepreneurial life cycle, the conceptual framework, levels of analysis and the research scope.

4.2.1. Entrepreneurship phenomenon

As stated in the introduction chapter, the leading research question of this research is: “**What are the appropriate policies to foster entrepreneurship in KSA?**” Further, this question leads the discussion to the specific entrepreneurial phenomenon that will be investigated in this research. Since “*the phenomenon of entrepreneurship still has no clear borders*” (Sassmannshausen & Gladbach, 2009, p1133), the entrepreneurship

definition provided above can be used to define different real world entrepreneurial phenomena. However, since this research focuses on entrepreneurship policy, the specific phenomenon in focus is “**the government interventions to support Saudis to start and grow businesses in KSA**”. This phenomenon started in the country more than a decade ago with different initiatives but with very limited research. This government support can take different forms such as initiatives, programmes or policies. However, this research uses the EP concept to investigate the phenomenon. More precisely, the EP definition and framework set by Lundstrom and Stevenson (2005) are adopted, which will be explained below.

4.2.2. Entrepreneurial life cycle

This phenomenon of government intervention can be found in one or more phases of the entrepreneurial life cycle. Thus, the research can focus on any one of them. However, conducting entrepreneurship research on a transition stage increases its credibility (Sassmannshausen & Gladbach, 2009). Actually the EP definition above specifies three stages: pre-start, start-up and post-start-up. Further, entrepreneurial stages can reach five or even seven stages as discussed in the literature review chapter. However, this research focuses on the government support in two phases as follows:

1. The nascent stage, where individuals convert their business ideas to real businesses. This is a transition from the pre-start to the start-up phase.
2. The start-up stage, which extends to 42 months. In this phase, firms will be in one of three situations: growth, discontinuing or static. Thus, this can be a transition stage as well, if firms grow or exit.

4.2.3. Conceptual Framework

Section 2.5 explored six EP frameworks developed between 1988 and 2012. Further, a comparison between these six frameworks showed similarities and differences between them. This research adopted Lundstrom and Stevenson’s (2005) EP framework. This framework consists of the following six pillars:

1. Entrepreneurship promotion;
2. Entrepreneurship education;
3. The environment for start-ups;
4. Start-up and seed capital financing;

5. Business support measures for start-ups; and
6. Target group strategies.

Each one of the six pillars is associated with a list of policy measures. However, instead of repeating them here, they have been placed in the method sections in the coming six chapters (Five to Ten). They are found in Tables 5-1, 6-1, 7-1, 8-2, 9-1 and 10-1. However, it is worth describing some motivations for selecting this framework as follows.

1. This framework provides comprehensive and coherent instruments to simplify the research such as: clear definitions of concepts, policy measures in each pillar and case studies of 13 countries.
2. The framework was built in an inductive way by exploring ten countries with different contexts which made it more practical. Further, it was examined in five countries with similar contexts which increased its reliability.
3. It considers the MOS model that was used also in the eclectic theory framework.
4. It was used to build the OECD framework.
5. In general, the comparison showed similarities between the six frameworks in four areas: awareness, education, regulations and finance. However, the TGS pillar in this framework is an advantage since it provides the framework with more flexibility to cover more areas such as R&D/technology or growth firms as target groups.
6. Although the framework was developed and tested in 13 countries with different contexts at different times, all of these countries are developed countries. Thus using this framework in a developing country with different contexts is an advantage to examine the validity of the framework. This was recognised by Lundstrom and Stevenson (2005, p. 286):

The formulation and application of entrepreneurship policy would undoubtedly assume a different character in developing countries because the economic context of these countries and the challenges to be overcome are markedly different from those in developed countries. These differences should be explored in a future study.

7. Finally, the findings in this research show that 89% of the policy measures provided by this framework are compatible with the Saudi context. These

measures are either found to exist and need more development or do not exist but are needed. This supports the choice of the framework.

By recalling the EP definition associated with this framework, these policy measures aim to address the three areas of the MOS entrepreneurial model (Lundstrom & Stevenson ,2005). Although the ultimate aim of this research is to set recommendations to foster entrepreneurship in KSA as an explicit research aim, adopting this framework implies explaining the MOS proposition as an implicit objective (Stevenson ,1996, p. 21):

To encourage more people to take the necessary steps to start a business and to improve their chances for success, three key aspects had to be addressed:

1.They have to be interested and motivated...

2.They have to come into contact with a range of ‘opportunity factors’...

3. They must have some skills.

Each chapter of the coming six will contribute to interpret this proposition. However, Section 11.2.5 will summarize different cases derived from the Saudi context to help explain this proposition.

Furthermore, the investigation process in this research will show more propositions that will be explained further. For example, the Chi-square test will be used in Chapter Six to examine the relationship between individuals’ skills and their entrepreneurial status. Moreover, the logistic regression in Chapter Eight will examine the relationships between 12 variables and the ability to get finance.

Finally, since “*of central importance is the need to specify the objectives of public policy*” (Storey,1994, p. 253), it is important for each country to specify explicitly the ultimate objectives of EP in general and the objectives for each policy area specifically as discussed in section 2.4 earlier. Therefore, there was a need for another framework that would help to direct the policies toward specific objectives. Accordingly, I chose the OECD/EUROSTAT EP framework, which consists mainly of three components: impacts, entrepreneurial performance and determinants (Ahmad & Hoffman, 2008). Then, the determinants in this framework were substituted with the ones found in the Lundstrom and Stevenson framework. Accordingly, the new merged frameworks become as shown in Figure 4-3. This new framework shaped this thesis and determined its scope as will be explained in the coming subsection in more detail.

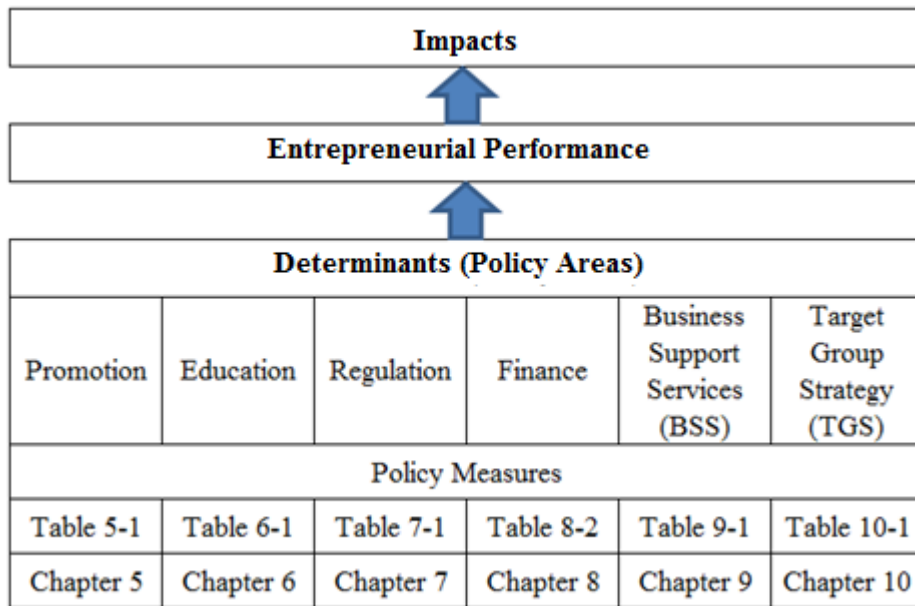


Figure 4-3: Research Framework Based on combining two EP Frameworks

4.2.4. Levels of Analysis

Entrepreneurship research can cover two or more dimensions, such as entrepreneurship level, dynamic processes and disciplinary dimension (Sassmannshausen & Gladbach, 2009). For example, Low and MacMillan (1988) listed five entrepreneurial levels, including individuals, groups, organisational, industry and social levels. Moreover, Sassmannshausen and Gladbach (2009) added more levels related to economic level: local, regional, national and international. Further, Audretsch et al. (2002) linked between the levels of entrepreneurship (macro, meso and micro) and level of analysis (individual entrepreneurs or business, sectors of industry and national economy respectively).

Consequently, since this research is about entrepreneurship policy, it focuses on the following two dimensions:

1. Dimension one: EP areas

which include the six policy areas –as explained above– : promotion, education, regulation, finance, support services and target group strategy.

2. Dimension two: the entrepreneurial levels:

which include the following three levels:

1. Individual level: including entrepreneurs/business owners and people who do not own a business.
2. Organisational/firm level.
3. National economy level: including the intermediate agents that provide services to individuals and firms.

Furthermore, this research is limited to reflecting merely the management perspective from the disciplinary dimension. Finally, having different levels might seem to be complicating the research. However, according to Low and MacMillan (1988, p. 152) “*from the public policy maker’s perspective, the insights generated by multi-level studies have the potential to improve targeting of government efforts to encourage successful entrepreneurship*”. Moreover, they argue that multi-level research is appreciated also by academics and practitioners since it provides in-depth understanding of the phenomenon. In contrast, studies with a single level of analysis will stay descriptive and are not recommended for PhD researchers (Low & MacMillan, 1988; Sassmannshausen & Gladbach, 2009).

4.2.5. Research Scope

According to the previous concepts, which include entrepreneurial life cycles and levels of analysis, the research scope is illustrated in Figure 4-4. The research scope covers two dimensions: the entrepreneurial life cycle and the six areas of entrepreneurship policy.



Figure 4-4: Research Scope

Source: the researcher

Consequently, the research scope is expanded to cover ten research quadrants that can be merged into two groups based on life cycle dimension or five groups based on the areas of entrepreneurship policy. However, the decision to manage the research according to the policy area dimensions is based on the following reasons:

1. Each policy area can be studied, developed and implemented alone. Thus, there are six separate chapters for each policy area (chapters five to ten).
2. The importance or even the existence of each policy area varies from one phase to another. For example, motivation is highly important to individuals in the nascent phase but less important for the firm in the start-up phase.
3. The framework is built based on the MOS model, which assumes that the existence of these three elements (motivation, skills and opportunity) together is essential to increase the chance for a business to start, survive and grow (Stevenson, 1996).
4. The framework consists of five areas and a strategy. The areas are: promotion, education, regulations, finance and business support, while the target group strategy is a concept that can be found in any of them.

Since “*a conceptual framework is also necessary for guiding any future data collection, analysis and interpretation*” (Reynolds, Hay, & Camp, 1999, p. 8), these ten research quadrants in addition to the concept of target group strategies were used as templates for collecting and analysing the data. Moreover, the data were collected to see the required “impacts” by developing the policies in KSA. Furthermore, “performance indicators” were determined based on the resources available in the context. Following from the research scope, Table 4-1 shows the link between the research aim, objectives, research questions and the coming six chapters.

Finally, since “*the aim of a study should determine the use of research methods-and not the other way around*” (Sassmannshausen & Gladbach, 2009, p1139), the next three sections will explain the research methods used to answer the research questions and satisfy the research aim and objectives.

Table 4-1: Links between Research Objectives, Questions and Chapters

Research Aim	
To recommend policies in the areas of entrepreneurship: promotion, education, finance, regulations, support services and target group strategy to help Saudi citizens to start new businesses and to help existing businesses to grow	

Research Objectives		Research Question
1	To investigate the government objectives behind supporting entrepreneurship in KSA.	1
2	To investigate the Saudi context to learn about the indicators that can be used to measure “entrepreneurial performance”.	
3	To investigate the existence of the stated EP in the six areas of the EP framework: promotion, education, finance, regulations, business services and target group strategy.	2,3,4,5,6,7
4	To investigate in a deductive way the existing policy measures and initiatives in each of the 11 research quadrants	
5	To investigate in an inductive way the context-based measures that can be fitted in the 11 research quadrants	

Research Questions		Chapter
1	What are the Saudi government objectives in fostering entrepreneurship and how can they be measured?	3
2	What are the appropriate policy measures to foster entrepreneurship promotion in KSA?	5
3	What are the appropriate policy measures to foster entrepreneurship education in KSA?	6 & 9
4	What are the appropriate policy measures to foster entrepreneurship regulations in KSA?	7
5	What are the appropriate policy measures to foster entrepreneurship financing in KSA?	8
6	What are the appropriate policy measures to foster the Business Support Services (BSS) in KSA?	9
7	What are the appropriate policy measures to foster entrepreneurship using target group strategy in KSA?	10

4.3. Research Philosophy and Approach

This section will explain the first layer of the research onion (see Figure 4-2), which includes research philosophy and research approach.

4.3.1. Research Philosophy

Adopting a research philosophy has implications for the way we see the world and hence the investigation methods that build our understanding. For example, research looking at facts such as resources in a manufacturing process is different from research that cares about workers' feelings towards their managers. Therefore, questioning "which philosophy is better" could be replaced by asking "which philosophy is more appropriate" based on the situation and the research question that needs to be answered Saunders et al. (2009).

Table 4-2 illustrates a 4X4 matrix that compares four research philosophies in management research using the following four parameters: ontology, epistemology, axiology and data collection techniques. Actually, a discussion of all these choices is beyond the scope of this research. However, by exploring all options and since this research cares more about answering the research question, I see the pragmatist research philosophy as the most appropriate one for this research.

According to Saunders, Lewis, and Thornhill (2009,p. 109) "*Pragmatism argues that the most important determinant of the epistemology, ontology and axiology you adopt is the research question – one may be more appropriate than the other for answering particular questions*".

Further, Tashakkori and Teddlie (1998, p.21) believe that "*pragmatists consider the research question to be more important than either the method they use or the worldwide that is supposed to underline the method*". Moreover, Evans et al. (2011), also agree that with pragmatism, multiple methods of data collection are used to answer the research question since the research focuses on the problem itself within its context rather than the research method.

Table 4-2: Comparison of Four Philosophies in Management Research

	Positivism	Realism	Interpretivism	Pragmatism
Ontology: <i>the researcher's view of the nature of reality or being</i>	External, objective and independent of social actors	Is objective. Exists independently of human thoughts and beliefs or knowledge of their existence (realist), but is interpreted through social conditioning (critical realist)	Socially constructed, subjective, may change, multiple	External, multiple, view chosen to best enable answering of research question
Epistemology: <i>the researcher's view regarding what constitutes acceptable knowledge</i>	Only observable phenomena can provide credible data, facts. Focus on causality and law like generalisations, reducing phenomena to simplest elements	Observable phenomena provide credible data, facts. Insufficient data means inaccuracies in sensations (direct realism). Alternatively, phenomena create sensations which are open to misinterpretation (critical realism). Focus on explaining within a context or contexts	Subjective meanings and social phenomena. Focus upon the details of situation, a reality behind these details, subjective meanings motivating actions	Either or both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question. Focus on practical applied research, integrating different perspectives to help interpret the data
Axiology: <i>the researcher's view of the role of values in research</i>	Research is undertaken in a value-free way, the researcher is independent of the data and maintains an objective stance	Research is value laden; the researcher is biased by world views, cultural experiences and upbringing. These will impact on the research	Research is value bound, the researcher is part of what is being researched, cannot be separated and so will be subjective	Values play a large role in interpreting results, the researcher adopting both objective and subjective points of view
Data collection techniques most often used	Highly structured, large samples, measurement, quantitative, but can use qualitative	Methods chosen must fit the subject matter, quantitative or qualitative	Small samples, in-depth investigations, qualitative	Mixed or multiple method designs, quantitative and qualitative

Source: Saunders et al. (2009)

4.3.1. Research Approaches

According to Cooper and Schindler (2008), the main characteristic of scientific research is the inclusion of theory. However, the place for introducing theory in the research differentiates research approaches as either induction or deduction. While in inductive approaches the conclusions explain the facts and the facts support the conclusion, the deductive approach is defined as “*the process by which we test whether the hypothesis is capable of explaining the fact*” (Cooper & Schindler 2008, p. 27). Therefore the ways of connecting theory and data in qualitative and quantitative approaches are induction and deduction respectively. However, moving between induction and deduction to convert observations to theories and then evaluate them through action is called abduction, which is adopted by the pragmatic approach (Tashakkori & Teddlie, 1998).

Since this research follows an EP framework that was developed before and used with 13 countries, I started with a deductive approach. This approach helped in collecting data based on developed concepts related to the framework areas. However, I extended the research to collect more data found in the context using the inductive approach. These two concepts will be explored more in section 4.5 while explaining data analysis.

4.4. Research Design

According to Hofer and Bygrave (1992, p. 93), the research design is defined as “*the fundamental plan for carrying out the empirical data gathering necessary to corroborate or refute the basic conceptual frameworks, models, or theories being studied*”. Further, Bryman and Bell (2007) describe the research design as the framework that covers the measures used to evaluate the business research. In contrast, Saunders et al. (2009) consider it as the process of converting a research question to a research project, which consists of these three layers: research strategy, research choice and time horizons which will be discussed accordingly.

4.4.1. Research Strategy

There are many types of research strategies, including experiment, survey, case study, action research, grounded theory, ethnography and archival research (Saunders et al. ,2009). However, each strategy can be used for any of the three research purposes: exploratory, descriptive and explanatory. Moreover, the use of strategies is not mutually exclusive; for example, case study as a strategy could utilize a survey strategy as part of it (Yin, 2014).

Accordingly, this research adopted the case study strategy using two types of survey: semi-structured interviews to collect qualitative data and a questionnaire for quantitative data. Furthermore, Yin (2014) proposed a twofold definition of case study that supports my choice. Firstly, he defined the scope of case study as *“an empirical inquiry that investigates a contemporary phenomenon (the “case”) in depth and within its real-world context, especially when the boundaries between phenomenon and the context may not be clearly evident”* (p. 16).

This definition is very appropriate to the situation of this research which investigates the government support to entrepreneurship by considering the country specific context. Furthermore, studying the context is crucial to developing entrepreneurship policy. According to Lundstrom and Stevenson (2005) *“conditions, problems or possibilities are the starting point for a discussion of how to develop an entrepreneurship policy and what areas of the policy framework to emphasise because they are partly reflections of the existing “context” of a country”* (p. 154).

However, Duxbury (2012) found that only 3% of published research during six years in A-level entrepreneurship journals used case study. He ascribed that to two reasons: low volume of research using case study and high rejection rates which reflect the difficulty of producing high quality entrepreneurship research using a case study strategy. However, Lundstrom and Stevenson (2005) studied 13 countries as different case studies in order to develop their EP framework. Furthermore, Verheul et al. (2002) applied the eclectic theory to four countries using the case study strategy.

Secondly, Yin (2014, p. 17) extended the case study definition to cover relevant features as follows

A case study inquiry:

1. *Copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result*
2. *Relies on multiple sources of evidence, with data needing coverage in a triangulating fashion, and as another result*
3. *Benefits from prior development of theoretical propositions to guide data collection and analysis.*

This definition also provides other rational reasons for my choice of case study as a suitable research strategy. It is justified through the following two actions taken in this research:

- Use of a developed framework to lead the data collection and analysis (see section 4.2.3: conceptual framework).
- Use of multiple sources of data, since I used mixed method approach (see section 4.4.2: research choice).

Finally, case study, if properly prepared and designed, can be used to build a theory using an inductive approach, especially for new topic areas (Eisenhardt, 1989). For example, in the field of software engineering, Runeson & Höst (2009) presented checklists for researchers and recommended practices to conduct case study research.

4.4.2. Research Choice

Research choices fall into three categories: mono method, multi-method and mixed method (see Figure 4-5). On the one hand, the mono method implies using a single data collection technique with its procedures of analysis. On the other hand, multiple methods allow for more than one data collection technique and analysis procedure to analyse them. However, using two data collection techniques and two data analysis procedures generates four combinations of research choices which can be classified into: 1) multi-methods (either quantitative or qualitative) and; 2) mixed-methods. Mixed methods approach is defined as “*the general term for when both quantitative and qualitative data collection techniques and analysis procedures are used in a research design*” (Saunders et al. ,2009, p152). Accordingly, the “mixed-methods approach”

includes two types of research: “mixed method research” and “mixed-model research”. “Mixed method research” refers to the use of both qualitative and quantitative techniques to collect then analyse each type of data separately. In contrast, the “mixed-model research, either **qualitises** quantitative data or **quantitises** qualitative data, which I did not do here (Saunders et al. ,2009).

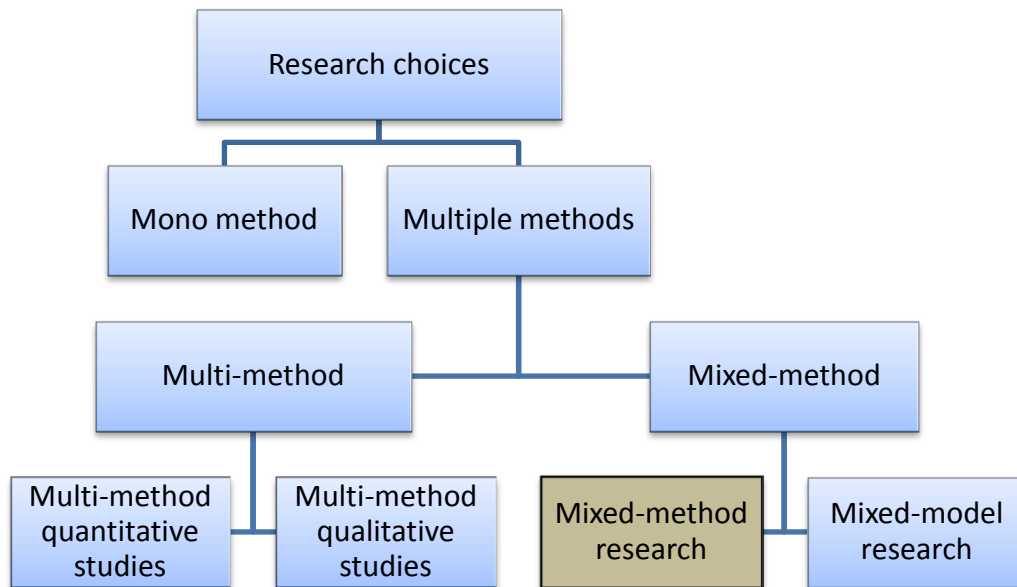


Figure 4-5: Research Choices

Source: adopted from Saunders et al. (2009)

In this research, **mixed method research** is the research choice, based on the following motivations:

1. Each method has its weakness and using the mixed method overcomes the limitations of each, which is a kind of triangulation (Tashakkori & Teddlie, 1998 and Curran & Blackburn, 2001).
2. Since the research aims to recommend entrepreneurship policies in the following aspects: awareness, education, financing, support services, regulations and specific target groups, it requires a comprehensive study that needs the depth of qualitative research to understand the phenomenon and breadth of the quantitative approach to examine concepts.
3. The entrepreneurial process has a holistic nature that requires a multi-stage research design (Hofer & Bygrave, 1992). Further, Sassmannshausen and Gladbach (2009) encourage PhD researchers to build research experience by conducting qualitative research before the quantitative one.

4. If the results that came from both methods are matched, the confidence in the conclusions is increased (Curran & Blackburn, 2001) (see Table 8-12 as an example).

According to Bryman & Bell (2007, p. 628), “*Mixed methods research is used as a simple shorthand to stand for research that integrates quantitative and qualitative research within a single project*” (p628). Furthermore, Johnson, Onwuegbuzie and Turner (2007, p. 120) define it as “*the class of research where the researcher mixes or combines quantitative and qualitative research techniques, methods, approaches, concepts or language into a single study*”.

However, Bryman (2006) discussed five dimensions affecting the typology structure of mixed method research, as illustrated in Table 4-3. My choices are the ones underlined in the table. The qualitative data started first and had more priority but was used at different stages. Moreover, the use of mixed methods plays different roles, including triangulation and complementarity.

Table 4-3: Typologies of Mixed-Methods Research

Dimension	Order	Priority	Function of integration	Stage	Data strand
Options	simultaneously	<u>qualitative</u>	<u>triangulation</u>	research question formulation	<u>multi-strand study</u>
	<u>sequentially</u>	quantitative	<u>complementarity</u>	<u>data collection</u>	mono-strand study
			development	<u>data analysis</u>	
			initiation	<u>data interpretation</u>	
			expansion		

Source: Bryman (2006)

4.4.3. Time horizons

The choice here is between longitudinal and cross-sectional research. However, the choice is independent of the research strategy adopted since it depends on the research question itself. On the one hand, longitudinal research enables the researcher to study change and development (Tashakkori & Teddlie, 1998). Therefore, Low and

MacMillan (1988) and Hofer and Bygrave (1992) highlight the importance of longitudinal studies in the entrepreneurship field to study change in state to provide greater insights a phenomenon. However, because of the time constraint, cross-sectional research is the dominant choice for academic courses (Saunders et al., 2009).

On the other hand, cross-sectional research focuses on a certain phenomenon at a particular time. Further, it often adopts the survey strategy using interviews to describe the occurrence of a phenomenon in a short period of time (Saunders et al., 2009). Since it is not realistic to have longitudinal studies for many years, the researcher can instead focus on a specific unit of analysis or select a sampling procedure that covers a maximum range of variables of the studied situation (Hofer & Bygrave ,1992).

In this research, because of the time constraint of a PhD research, I adopted cross-sectional research. However, the mixed method approach provides the required breadth of data that helps to make the data as generalizable as possible. Moreover, the documentary data provided longitudinal data about the deliverables of the intermediate agents for periods ranging from five to ten years, as will be shown in the results in the coming chapters (see Tables 8-9, 8-10, 9-3 and 10-12).

4.5. Data Collection

Since this research uses a mixed-methods choice, both data types (qualitative and quantitative) were collected through primary and documentary data sources (see Table 4-4).

Table 4-4: Data sources and types

Source	Qualitative	Quantitative
Primary Data	semi-structured interviews (section 4.4.2)	Questionnaire (section 4.4.3)
Documentary data (section 4.4.4)	Official websites	
	Annual reports	
	Recorded interviews in the YouTube	
	Magazines and newspapers	

Source: the researcher

The data collection process was accomplished in four stages: preliminary, qualitative, quantitative and documentary. Therefore, this section will explain these stages, including the details of instrument design and pilot testing.

4.5.1. Preliminary Data Stage

This stage started at the beginning of the PhD programme to help with understanding the phenomena and determining the research objectives. Moreover, it helped to prepare for the following three stages, although its data was not part of the research results that were analysed and discussed, since it was collected informally. The data included a questionnaire, field visits and searching in different documentary data through websites, reports, social media and newspapers.

Although GEM annual reports have become a rich source of information about entrepreneurship for many countries over the world, by exploring the global reports from 1999 till 2011, it was found that KSA was just discussed briefly in the reports of 2009 and 2010. Moreover, I could not find any specific report about KSA in the category of national reports.

Therefore, I was encouraged by my supervisor to run a quick and short questionnaire to get initial feedback about individuals' status regarding starting new business. The survey was conducted in November, 2011, which was my second month in the PhD. It contained three main questions, about access to finance, ability to run a business and willingness to do business. There were 372 respondents for all questions. The questionnaire was electronic and was shared online through the social media network, Twitter.

In August 2012, I visited some agents who provide support to entrepreneurs in KSA. These included the SME centre in Jeddah Chamber of Commerce, and two intermediate agents that support potential entrepreneurs to start new business: Riyadah Branch in Jeddah and the TCF headquarters in Riyadh. The visits were not official but they were helpful as an opportunity to talk to representatives from these agents to collect initial data and to build some connections to prepare for the official data collection stage. Moreover, I obtained some reports and documents containing rich information about their activities in this field, which helped me to learn more about other players in this field.

Documentary data was very important in this stage to paint a picture of the agents that provide support to entrepreneurs and their relationship to the government or non-government organisations. The agents' websites and annual reports provided rich data. Moreover, reading through local newspapers and following news in the social media, especially Twitter, played a crucial role to facilitate the second data collection stage. All of the data was very helpful to prepare for the interviews in the next stage in terms of interviews timing and interviewee selection. Moreover, it helped to shape the research question.

4.5.2. Qualitative Data Stage

From January to April 2013, I travelled to KSA to collect the first part of the thesis data by conducting 48 semi-structured interviews in nine cities (see Tables 4-6, 4-7 and 4-8 and 4-9). There were three types of interviews based on the type of interviewees targeted, as follows: 1) policymakers; 2) representatives from intermediate agents and; 3) entrepreneurs. Thus, this subsection will describe the interviews' design, pilot study and the three types of interviews

1. Interview design

I prepared five types of interviews covering six concepts to meet the targeted interviewees as illustrated in Table 4-5. However, all prepared questions were based on the six areas of entrepreneurship policy. Moreover, most of the questions were adopted from Lundstrom and Stevenson's (2005) two-phase studies. However, I changed some questions that were not applicable to the Saudi context. The details of these questions are found in Appendix B.

Table 4-5: Interviews' Structure

	Interviewees' segment	General Questions / definitions	Motivation /Promotion	Skills /education	Regulations	Finance	Target Group Strategy	total
1	Policymakers	11	4	2	5	10	3	35
2	Entrepreneurs	6	3	4	6	3	2	24
3	Support Centres	5	5	5	5	4	2	26
4	Finance Institutes	2				13		15
5	Education Institutes	1		5				6
	Total questions	25	12	16	16	30	7	106

Note: these numbers represent the number of questions per concept for each interviewee's segment.

Further, all questions were reviewed by my supervisor then I translated them to Arabic to enable their use with people who did not speak English. This stage began with a pilot study, which will be described next.

2. Pilot study for the interviews

The pilot study was conducted in one city, Jeddah, which is the second biggest city in KSA in terms of population and area. The interviews were conducted by me, face-to-face with all the interviewees. The pilot study provided useful insights about: the average time required per interview, interviewees' ability to understand questions and the sensitivity of questions²³. Moreover, since the interviews were semi-structured, there were new questions and issues discussed accordingly (see Table 4-6). Finally, this pilot study prepared me for the actual interviews, which will be discussed next.

Table 4-6: Interviewees in the Pilot Study

Code	Language	Duration	Gender	Location	Government Support	Other support
P1	English	70	female	Jeddah	incubation	Badir incubator
P2	English	29	male	Jeddah	NA	incubation/Finance
P3	English	36	male	Jeddah	NA	NA
Average time		45				
Code	Language	Duration	Gender	Location	Agent	
P4	Arabic	49	male	Jeddah	Chamber of commerce	
P5	Arabic	70	male	Jeddah	Chamber of commerce	
P6	Arabic	37	male	Jeddah	Private sector	
P7	English	55	male	Jeddah	Incubator	
Average time		54				

Source: the researcher

²³ It was interesting to discover how women were sensitive to questions related to “Target group strategy” to provide them with more incentives. They considered it as an underestimation of them. Accordingly, I linked this question with support to inventors and innovators, which made them happy about it.

3. Policymakers' interviews

The ultimate goal of interviewing policymakers was to learn about the explicit objectives of the government in providing support to entrepreneurship in the country; in other words, to answer the question, what are the objectives of entrepreneurship policies in KSA? According to the frameworks adopted in this research, these interviews aimed to fill the “impacts” component. However, since there is no central government agent of SME or entrepreneurship in the country, I tried alternatively to meet policymakers from different ministries and government institutes. Therefore, I planned to meet policymakers from the following four ministries: Labour, Industry and Commerce, Economy and Planning and Municipalities and Rural areas (see Table 4-7).

Table 4-7: Interviews with Policymakers

Code	Level	Location	Time
PM1	Minister	Riyadh	15
PM2	Deputy minister	Riyadh	42.5
PM3	General manager	Riyadh	60
PM4	Department head	Riyadh	25

Source: the researcher

However, I was not able to meet members with the same executive level from all ministries, but I could reach a minister, a deputy minister, a general manager and a department head. Furthermore, I planned to meet the head of the Shura²⁴ council, but he was visiting the UK at that time. However, I found a full interview with him in a magazine regarding SME and entrepreneurship, which provided enough information related to my planned questions.

4. Intermediate Agents' representatives

The preliminary data stage helped me to learn about many agents that claim to provide support to entrepreneurs. However, that information was not enough to use in the research. Accordingly, I decided to interview representatives from these organisations, which included agents from government, the private sector and NGOs. Thus I interviewed 18 representatives, as illustrated in Table 4-8.

²⁴ The Shura council is the Saudi version of Parliament.

Table 4-8: List of Interviewees from Agents' Representatives

Code	Language	Duration	Gender	Agent	Location
SCR1	English	55	Male	University	Thuwal
SCR2	English	40	Male	Charity	Riyadh
SCR3	Arabic	30	Male	Chamber of commerce	Riyadh
SCR4	Arabic	59	Male	NGO	Riyadh
SCR5	English	39	Male	Government	Jubail
SCR6	English	35	Male	Government	Riyadh
SCR7	Arabic	35	Male	Government	Riyadh
SCR8	Arabic	66	Male	University	Riyadh
SCR9	Arabic	60	Female	Charity	Khubar
SCR10	Arabic	80	Male	University	Dhahran
SCR11	English	31	Male	Private sector	Dhahran
SCR12	Arabic	60	Male	University	Dhahran
SCR13	Arabic	25	Male	University	Dhahran
SCR14	Arabic	39	Male	Charity	Riyadh
SCR15	Arabic	33	Male	Government	Riyadh
SCR16	Arabic	46	Male	Private sector	Jeddah
SCR17	Arabic	45	Male	Government	Riyadh
SCR18	Arabic	46	Male	Government	Riyadh
Average		46			

Source: the researcher

Participants represented business support centres, chamber of commerce branches and entrepreneurship centres in the universities. The main objectives of these interviews were: to find out about the services provided, their relationship to the government and if there was any alliance between these agents. In other words, these interviews provided information about the supply side of available services. Furthermore, I planned to ask these agents to connect me to entrepreneurs who benefited from their services, which is a goal that was partially achieved.

5. Entrepreneurs' interviews

By recalling the research levels of analysis, entrepreneurs were interviewed as individuals who had been through the process of establishing a business and as business owners who could talk about their existing firms. These two roles are associated with two of the units of analysis in this research. Moreover, they are part of the demand side that has different perspectives, as beneficiaries of services. Consequently, I interviewed 26 entrepreneurs in different stages, industries, locations and relationship to external support including that from the government (see Table 4-9).

Table 4-9: List of interviewees from entrepreneurs

Code	Gender	Received government support	Location	Sector
E1	female	Y	Jeddah	service
E2	male	Y	Thuwal	e-service
E3	male	Y	Riyadh	e-service
E4	male	N	Riyadh	e-service
E5	male	N	Riyadh	e-commerce
E6	male	N	Riyadh	IT
E7	male	Y	Riyadh	e-service
E8	male	N	Riyadh	commerce
E9	female	Y	Jazan	manufacturing
E10	male	Y	Dammam	service/commerce
E11	male	Y	Dammam	manufacturing
E12	male	Y	Dammam	service
E13	male	N	Dammam	IT
E14	female	N	Khubar	service
E15	female	N	Khubar	service
E16	female	Y	Khubar	service
E17	male	Y	Jubail	manufacturing
E18	male	Y	Jubail	manufacturing
E19	male	Y	Jubail	manufacturing
E20	male	N	Alahsaa	manufacturing
E21	male	N	Khubar	service
E22	male	N	Riyadh	service
E23	male	N	Jeddah	service
E24	male	Y	Jeddah	manufacturing
E25	male	N	Jeddah	IT
E26	male	N	Jeddah	IT

Source: the researcher

4.5.3. Quantitative Data Stage

This stage followed the qualitative one and I used a questionnaire as a primary quantitative instrument. The questionnaire was built mainly based on the research objectives. However, the data collected previously and the literature played an important role in shaping the questions and the response options. In this section, I will explain the sampling process, questionnaire design, and the pilot test for the questionnaire.

1. Sampling

The population is defined as “*the full set of cases from which a sample is taken*” (Saunders et al. 2009,p.212). Therefore, the population for this questionnaire was categorised into two groups according to the unit of analysis described earlier, as follows:

1. Individuals who did not own businesses, including potential entrepreneurs who were planning to start a business in the coming six months.
2. Business owners or entrepreneurs who had already established businesses. This category of participants provided information about themselves (characteristics of business owners) and their businesses (firms’ features).

Accordingly, the population of the first category was all Saudis aged 15 years or above. In other words, I targeted Saudis who were qualified to work and could be affected by the government entrepreneurship policy. According to the Saudi statistics, this population category accounts for 13,544,710 persons (CDSI,2014). Thus, this research covered a large-scale national sample, which is a difficult mission for a PhD student: “*the research being conducted by a lone researcher such as a PhD student, a large-scale national sample would be difficult to handle*” (Curran & Blackburn, 2001,p12). On the other hand, the population for the second category was all micro or SME firms of age 42 months or less and owned by Saudis.

The sampling frame, which is defined as “*a complete list of all the cases in the population from which your sample will be drawn*” (Saunders et al. ,2009, ,p214) could not be determined for two main reasons: firstly, the first category, individuals, are not found in lists or directories. Such sampling problems have faced researchers in KSA for a long time. For example, Tuncalp (1988) justified the use of non-probability sampling by many reasons in the Saudi context that still exist. One is that, since there are no elections in the country, there are no voters’ registration records that can be used as sampling frames. Further, women are not approachable, while telephone directories are not available, since most Saudis now use mobiles instead of landlines.

Secondly, I could not find lists of start-up firms –aged 42 months or less- in the country that could be targeted. The only statistics about firms are issued by MOL which categorises firms based on number of employees including micro businesses and SMEs. Although this information does not include firm’s age, it is found that the number of

firms declined between 2011 and 2013 (MOL, 2013). Moreover, it was not possible to access any database containing these firms. To overcome such problems, Curran and Blackburn (2001) suggested the use of snowball sampling to reach respondents through agents such as COC or enterprise agencies. However, I could not find such lists of agents in KSA when I communicated with the Council of the Chamber of Commerce.

Moreover, KSA is a big country with big variations in the availability of services between locations. For example, 60% of the population live in six cities but Riyadh itself, the capital city, is not comparable even to any of the other five cities in terms of number of population, services available, number of universities and other factors. Because of this variation, the idea of choosing one city to be the source of a sample was deemed inappropriate.

In such circumstances, non-probability sampling provides a range of alternative techniques, as illustrated in Figure 4-6. Accordingly, self-selection sampling was chosen to be the most appropriate one for this research.

This encouraged me to search for a suitable tool to maximize the sample size to cover the maximum possible respondents from the different country regions. Therefore, I found that the online questionnaire using a web survey was the most appropriate way, regardless of respondents' age, sex, and location. Accordingly, the questionnaire was designed using the qualtrics.com website, then I used the social media networks to distribute it to respondents. Electronic questionnaire has advantages and disadvantages, as shown in Table 4-10.

Table 4-10: Advantages and Disadvantages of Electronic Questionnaire

Advantages	Disadvantages
<ul style="list-style-type: none"> • Easy to administer. • Can reach globally. • Very inexpensive. • Fast delivery. • Respondents can answer at their convenience like the mail questionnaire. 	<ul style="list-style-type: none"> • Computer literacy is a must. • Respondents must have access to the facility. • Respondent must be willing to complete the survey.

Source : Sekaran (2003)

I realized that the questionnaire would not reach people who did not have access to the internet or the ability to use computers, which is considered a major concern for internet surveys (Hudson, Seah, Hite & Haab , 2004). However, the advantage of reaching people from different locations easily and giving them the freedom to respond with flexibility in time were very important features. Moreover, although it was mentioned above as a disadvantage, I think targeting respondents who are willing to complete the survey can be an advantage, since they have their own personal motivation to respond.

The questionnaire was launched on December, 7th, 2013 and lasted until January, 21st, 2014, with a total of 3,947 respondents. I found that the questionnaire was not completed by all respondents. The 'missing data problem' occurs when certain questions in the questionnaire are not answered by the respondents (Berg, 2005). To solve this problem, I decided to use completed cases only. Therefore, using the SPSS software, I applied this function:

filter off.

use all.

select if(not missing(question49)).

execute.

This SPSS function deleted all cases with missing values to answer the last question in the questionnaire (i.e. 49). The questionnaire was designed without giving the respondents the choice to avoid answering any question. Accordingly, only 960 respondents completed all questions. Further, I discarded respondents who were not Saudis and the cases that were filled within five minutes or less. Therefore, the final sample size is 921 respondents (see Table 4-11). Finally, I checked the frequency of each question to double check the response rate among these selected cases. Accordingly, I found that 37 questions were answered by all respondents and 10 questions had a response percentage of 97% or more; two questions were answered by 88% and 91% of the 921 respondents. In short the questionnaire was answered by more than 810 respondents.

The participants were from 122 different locations. However, I classified them into five locations: Riyadh and Jeddah since they are the biggest Saudi cities; large cities

with a population of one million or more; medium cities, which covers the capitals of the 13 Saudi main districts; and finally, small cities for the remaining locations.

Table 4-11: Characteristics of the 921 Participants in the Questionnaire

Gender	female	34.6%
	male	65.4%
Age	15-19	4.1%
	20-24	17.8%
	25-29	20.0%
	30-34	20.3%
	35-39	15.5%
	40-44	10.0%
	45-49	5.8%
	50 or more	6.5%
Education	Less than BS	18.6%
	Bachelor degree (BS)	52.6%
	more than BS	28.9%
Working Status	Employee in the government	38.7%
	Employee in private sector	16.8%
	Entrepreneur	7.2%
	Student	23.8%
	not working	10.5%
	Retired	3.1%
Monthly Income	nothing	13.7%
	less than 2500	13.1%
	between 2500 and 5000	6.4%
	between 5001 and 10,000	19.9%
	between 10,000 and 15,000	19.5%
	between 15,001 and 20,000	12.8%
	between 20,001 and 30,000	9.1%
	between 30,001 and 40,000	2.0%
	40,001 or more	3.5%
Location	Riyadh	35.2%
	Jeddah	13.1%
	Large cities	22.0%
	Medium Cities	20.0%
	Small Cities	9.8%
Entrepreneurial Experience	no experience	49.6%
	has experience	50.4%

Source: the researcher

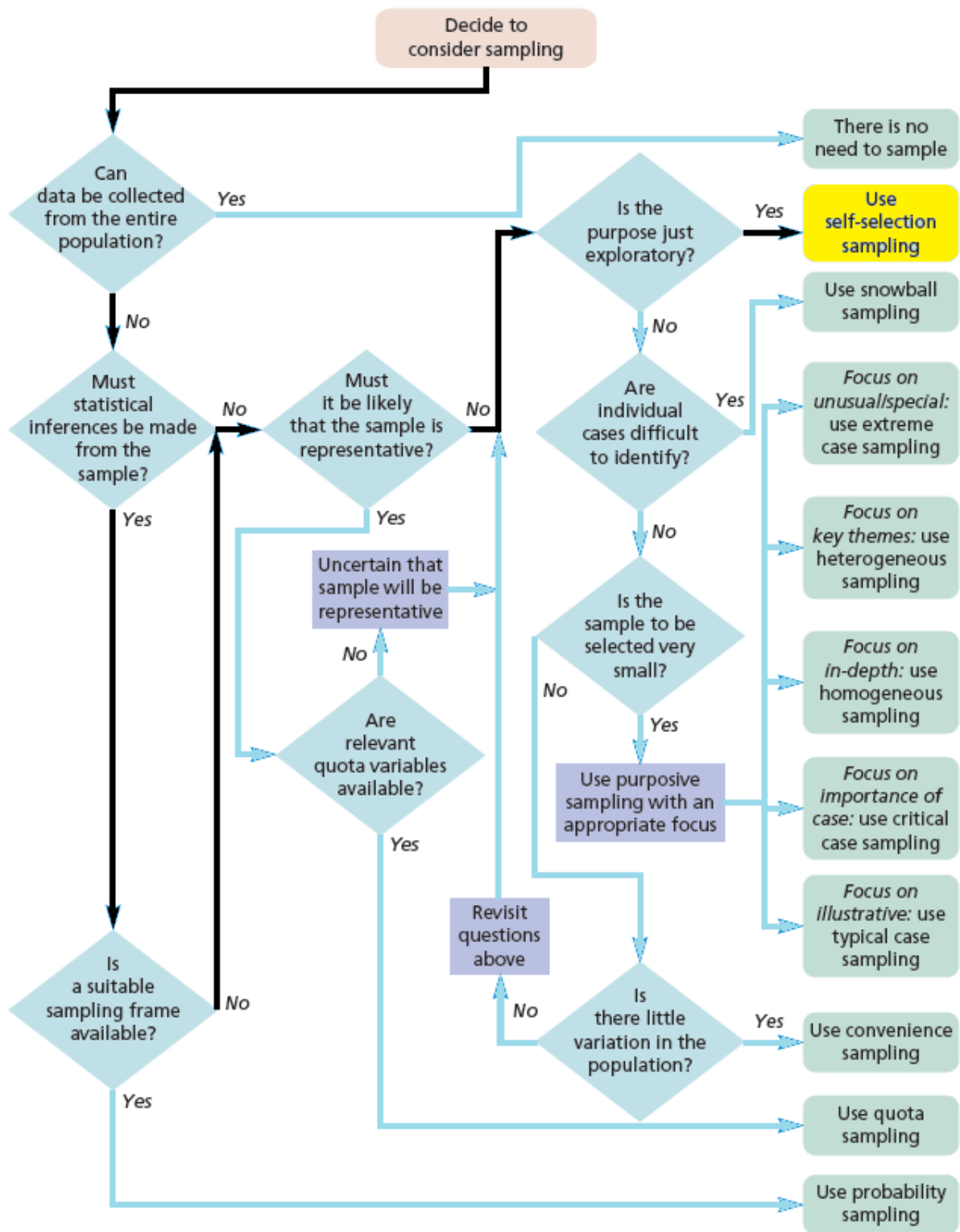


Figure 4-6: Selecting a Non-Probability Sampling Technique

Source : Saunders et al. (2009)

2. Questionnaire Design

Questionnaires are commonly used in management and business research to collect data for two main purposes description and explanation. Accordingly, the researcher should have a clear understanding of the country's culture and to define the theories to be tested (Saunders et al., 2009). Indeed, both objectives are among the main research purposes, as mentioned earlier in this chapter. Bourque and Clark (1992) defined two ways researchers can design questions: either adopting or adapting questions from other questionnaires or developing new questions. The former is helpful if the researcher aims to compare or replicate others' findings. In this research, most of the questions were either adopted from other questionnaires or adapted from the questions used in the interviews. The questionnaire consisted of 49 questions as shown in Appendix A. 26 questions were distributed among the six main areas of the framework (see Table 4-12). The remaining questions were related to the characteristics of entrepreneurs and their businesses. However, since the research involved different types of participants, there were specific questions targeting each type using filter questions. More precisely, questions 13 to 29 were limited to entrepreneurs and potential entrepreneurs, while the rest of the questions were for all respondents.

Table 4-12: Distribution of the Questionnaire's Questions

Number of Questions	Concepts	Questions' Numbers
8	promotion and motivations	10,12,18,25,26,27,37 and 41
7	skills, knowledge and experience	8,19,31,32,33,34 and 38
4	finance	15,16,20 and 21
2	regulations	30 and 42
3	Business support services	29,35 and 36
2	Target Group Strategy	39 and 40

Source: the researcher

According to Dillman (2011), a questionnaire can be used to collect three types of data variable: opinion, behaviour and attribute. To record respondents' feeling or thinking, then opinion variables are used. In contrast, behaviour variables concern people's or organisations' actions in the past, now or in the future. Finally, attribute

variables are about respondents' features, such as demographic characteristics. This classification has an impact on the words used to write individual questions. Accordingly, the questionnaire was built as illustrated in Table 4-13.

Table 4-13 : Types of Data Variables

Number of Questions	Type of Data Variable	Questions' Numbers
21	Opinion variables	10,12,13,16,17,20-23,26-31,36-38 and 39-42
9	Behavioural variables	7,8,9,14,15,24,25,28 and 35.
12	Attribute variables	1-6,11,18,19 and 32-34.

Source: the researcher

With regard to question format, according to Greener (2008), there are many possibilities including list, category, ranking, rating, quantitative, grid, personal factual attributes, Likert rating scale, semantic differential scales, frequency scale, fill in the blank, yes/no, true/false, agree/disagree and match pairs. In this questionnaire, various different formats were used to be more appropriate to each question objective. For example, questions one to ten are personal factual attribute questions while question nine is an open question about the location. Further, most of the questions were categorical questions allowing participants to choose only one prompted answer. These answers were prepared based on the findings from the other data collection stages: qualitative and documentary and from literature. Moreover, the questions included yes/no and numerical scale between zero and ten formats in addition to the “I don’t know” choice. After review by the research supervisor for each stage of design and then for the overall list of questions, the whole questionnaire was translated to Arabic, the main language of the targeted respondents. Then the questionnaire was filled in the <http://www.qualtrics.com> website, which provides easy and professional ways of writing the questions and has the feature of extracting the data in the SPSS format. Furthermore, the University of Exeter had a membership that allowed its students to use it for free. Finally, to reduce the practice effect, it was recommended by Litwin (1995) to change the order of responses by varying the choices for each respondent. This feature is provided by qualtrics.com which is a feature that I used, to keep changing the

order of answers. At this point, the questionnaire was ready for the pilot stage, which will be explained next.

3. Pilot test for the questionnaire

This is the stage that precedes launching the questionnaire, which aims to refine questions to make sure that respondents will not face problems while answering questions (Saunders et al., 2009). This stage was conducted on three levels. Firstly, the questionnaire was reviewed by a researcher in education who is a specialist in Arabic language, to conduct proofreading in Arabic for the translated version of the questionnaire. I sat with him to explain clearly each question and he made the appropriate changes to make the questionnaire easy, clear and well-structured based on Arabic language that can be understood by ordinary people. Then I updated the questionnaire based on these comments. Secondly, I tested the questionnaire with a group of Saudi students living in Exeter. This time, the respondents could answer the questionnaire online but they also had printed copies on which they were asked to write down their observation for each question, in terms of ease, understanding and clarity of questions. Then I discussed their comments one-by-one to understand clearly their perspectives. Accordingly, some of the questions were modified based on the comments received. Finally, the questionnaire was launched as if it was final version to a group of 20 participants in different locations with different demographic characteristics. I reached them through email, asking them to fill in the questionnaire and send me their feedback. They found it clear to understand and easy to fill, but they expressed concern about its length, which might decrease the number of respondents. I recognised that a questionnaire with 49 questions is long but actually since it contains a skip question, the non-entrepreneurs would fill only 36 questions. However, I decided to launch it with this length and monitor the progress of number of respondents to see if the number of questions was a barrier to reaching the required number of respondents.

4.5.4. Documentary data stage

Documentary data played a crucial role in providing important data for three reasons:

1. It provided accurate and longitudinal data for many intermediate agents, which are considered the third unit of analysis in this research.

2. Many accurate statistics about the Saudi context and the intermediate agents were found in the annual reports and the official websites of these agents.
3. Some interviewees were not easy to reach or they did not agree to be recorded, or even to sign the consent form. However, I found on YouTube recent TV interviews with them, which were a rich source of information related to the research subject.

Accordingly, documentary data was used to provide qualitative and quantitative data at different times of the research stages.

4.5.5. Goodness of data

After defining the variables with different scaling techniques, it is important to assess the goodness of data through the reliability and validity concepts (Sekaran, 2003). However, validity is the most important research criterion (Bryman & Bell, 2007). According to Saunders et al. (2009), each data source requires different ways of testing its reliability and validity. However, since this research adopted a mixed method approach, triangulation of multiple data sources played an alternative role (Tashakkori & Teddlie, 1998). According to Mishra (2008, p. 78) triangulation “*becomes an alternative to traditional criteria like reliability and validity*”.

The instruments used in both qualitative and quantitative stages had mostly been used before as described earlier and had already been validated. Further, the pilot studies increased the validity of the questionnaire while the interviews were accomplished face-to-face, so it was possible to explain and answer interviewees’ questions. Moreover, using multiple sources for each concept increased the validity, as a form of triangulation. Finally, regarding the documentary data, I used only official reports and data published on the official websites of the agents studied.

4.5.6. Research Ethics

According to Saunders et al. (2009, p. 182), ethics refers to “*the appropriateness of your behaviour in relation to the rights of those who become the subject of your work, or are affected by it*”. For this research, I started by filling the University of Exeter ethical approval form, which was reviewed then approved by my supervisor and then by the research ethics officer. It includes the consent form that was given to all interviewee to read and sign before interviews were held. Actually, I translated it into

Arabic so make it clear for non-English speakers. However, some interviews that I planned and conducted were not included in the data list because the interviewees refused to sign the consent forms, which forced me to exclude them. I spent about three months planning for the interviews by trying to communicate with different people and agents with different ages, genders and positions in nine Saudi cities. I used emails, social media and personal connections to introduce myself to some of them. I started always by introducing myself and defining my research and then explained the objective of the interviews. Documentary data was obtained only through official methods, including websites of the agents or communicating with representatives from these agents. In all my email communication, I used my university email to increase the trustworthiness. Further, the questionnaire was a self-completed one so that only volunteers could fill it, based on their personal decisions.

4.6. Data Analysis

Data is the lowest level of the “knowledge hierarchy” which consists of data, information, knowledge and wisdom at the top. Data is converted to information by understanding relations, knowledge is found by understanding patterns and finally wisdom is reached through understanding principles (Bridge & O'Neill, 2013).

Since this research adopts mixed-methods, I have two types of the data: qualitative and quantitative, each of which needed to be analysed in a different way. Further, the research used both deductive and inductive approaches. Moreover, the data collected included primary collected by the researcher and secondary from different sources. This also required primary and secondary analysis (Bryman & Bell, 2007). According to Glass (1976, p. 3):

“Primary analysis is the original analysis of data in a research study and secondary analysis is the re-analysis of data for the purpose of answering the original research question with better statistical techniques, or answering new questions with old data”.

Therefore, different data analysis techniques were employed, as follows.

4.6.1. Qualitative Data Analysis

Although *“content analysis is a method that may be used with either qualitative or quantitative data and in an inductive or deductive way”* (Elo & Kyngäs, 2008, p107), it was used here to analyse the qualitative data only but in both ways, deductive and

inductive. According to Hsieh and Shannon (2005), there are three distinct approaches of content analysis: conventional, directed and summative. Moreover, Elo and Kyngäs (2008) distinguish between two types of content analysis: inductive and deductive content analysis. By exploring the previous two classifications, I found that the conventional and directed approaches match inductive and deductive content analysis respectively. Therefore, I followed the qualitative content analysis process suggested by Elo and Kyngäs (2008): *“the concepts are derived from the data in inductive content analysis. Deductive content analysis is used when the structure of analysis is operationalized on the basis of previous knowledge”*. Accordingly, since this research adopted a framework that has six policy areas where each has its own policy measures, the data were analysed first using the deductive content analysis approach. Since different data sources were used, including open ended questions in semi-structured interviews, inductive content analysis was also needed. It was used as a complementary approach to derive other concepts found in the data, which were not part of the policy measures in the framework, but appeared to be related to them. Moreover, these emerging concepts are ones that came from the Saudi context. Both content analysis techniques –deductive and inductive – consist of three phases: preparation, organising and reporting. Since *“there are no systematic rules for analysing data”* (Elo & Kyngäs, 2008, p109), the research aim and question determined the contents to be analysed. Accordingly, the conceptual framework (see section 4.1.3) guided the process of data collection and analysis. Therefore, all the questions that were prepared for the semi-structured interviews were based on the framework’s main areas as explained in Table 4-5. Moreover, the qualitative data from secondary sources were collected based on these concepts. Further, each policy area has its own measures which will be explained in the method sections in the coming six chapters. These measures were used to analyse the data in a deductive way. The inductive method was then used to collect other concepts related to the same policy area but not found among the policy measures.

The preparation stage for the qualitative data started during the interviews. Although most of the interviews were recorded, notes were taken for each interview during and immediately after the interviews. Some interviewees did not answer the questions but instead told other stories not relevant to the research concepts. This led me to drop some interviews or part of them such as those with entrepreneurs E9, E20, E22 and E23. After that I decided to transcribe the remaining interviews. This process started by transcribing nine interviews (interviews with entrepreneurs E2, E3, E4, E5, E6, E7, E8,

E15 and E25). The transcription process was conducted by me and through third party agents for both versions of interviews (Arabic and English). Then I prepared an Excel sheet (see Appendix C) to summarize these interviews. This Excel sheet worked as a template to summarize the interviews based on the framework concepts which were the base for the interview questions (see Table 4-5). The Excel sheet helped me to focus on the important answers that I obtained from interviews, which are associated directly with the research concepts. In this stage, both deductive and inductive content analyses were used. This encouraged me to transcribe the remaining interviews directly in the Excel sheet by filling in the template for each interview. Appendix C contains a table that shows examples of the themes and concepts that were linked to these entrepreneurs in the core Chapters Five to Ten.

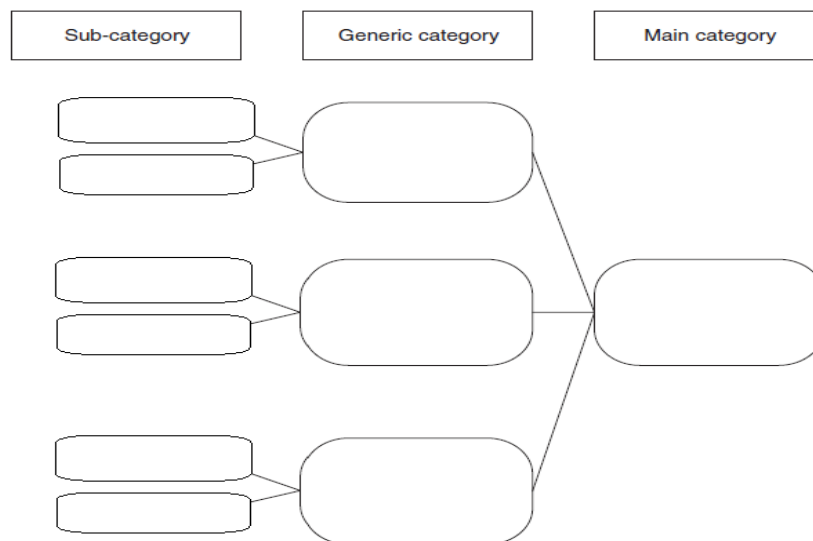


Figure 4-6 : Abstraction Process

Source: Elo and Kyngäs (2008)

In addition, I used abstraction to formulate new categories. Abstraction is defined as “*formulating a general description of the research topic through generating categories*” (Elo & Kyngäs, 2008, p111). The remaining data that were not part of the policy measures were abstracted to build new categories (see Figure 4-6). For example, Figures 8-2 and 8-3 in Chapter Eight show real examples of applying the abstraction process.

On the other hand, some interviewees raised important cases that encouraged me to use their specific words as quotations. For example, I used two quotations for entrepreneur E16 and the general manager of SCSB. These two quotations are used as clear evidence of the absence of entrepreneurship initiatives for women. This subject is part of the TGS which is one of the six pillars of the research framework. Moreover, these two quotations came from an important person who led the government support of entrepreneurs and from a female entrepreneur who had received government support but was still looking for a women's entrepreneurship initiative.

Finally, since national economy level: including the intermediate agents that provide services to individuals and firms' is one of the levels of analysis in this research, the role of such agents needed to be described clearly. Accordingly, I found that 'qualitative descriptive' was the appropriate technique to play this role. According to Sandelowski (2000, p. 334) "*Researchers conducting qualitative descriptive studies stay close to their data and to the surface of words and events ... qualitative descriptive study is the method of choice when straight descriptions of phenomena are desired*". Therefore, this method was used to describe certain agents and services.

4.6.2. Quantitative Data Analysis

Quantitative data are used in this research from both primary-a questionnaire- and secondary sources. The questionnaire was launched in the second stage of data collection. Since I used qualtrics.com web site to prepare it, the questionnaire's respondents were extracted in the format of SPSS software which was used to analyse the results. Therefore, I saved the time and effort required to enter the answers but it was essential to check the data layout and variables' values and measures. The most important preparation was translating the questionnaire back into English, since it was launched in Arabic, although it was prepared in English at the beginning. Then a variety of statistical techniques were used, whether simple ones including graphs, charts, frequencies or advanced techniques such as chi-square test and logistic regression. However, the use of quantitative data was either employed in the qualitative data to discuss the same concept (see Table 4-12) or used to extend the investigation further to explain the relationships. Therefore I used the following techniques to analyse the quantitative data.

1. Chi-square test

The chi-square test is used to examine the existence of a relationship between two categorical variables. Moreover, it is used to check the behaviour of outcomes if they come in equal frequency or not (SAGE, 2015). Moreover, chi-square test has two important assumptions (Field, 2013) :

1. Independent between observations.
2. The expected frequencies should be more than five.

Accordingly, I used the chi-square test in Chapter Six to test four hypotheses which are explained in section 6.2. The aim is to examine the relationships between entrepreneurship education and individuals' capabilities (skills, knowledge and experience) from one side and their entrepreneurial status (no business, potential entrepreneurs and business owners (entrepreneurs)).

2. Binary Logistic Regression

Binary logistic regression is one of the two types of logistic regression, the other being multinomial logistic regression. In general, logistic regression is multiple regression that uses categorical or continuous predictor variables –independent- but the outcome is a categorical variable. In cases where the relationship between variables is not linear, linear regression is not applicable, but logistic regression can be used, which is an advantage (Field, 2013). According to SAGE (2015), logistic regression is used mainly for two purposes as follows while the assumptions for using it are illustrated in Table 4-14:

1. To predict group membership using odds ratios.
2. To provide knowledge of the relationships and strengths between variables.

Table 4-14: Assumptions of Logistic Regression; Source: (SAGE, 2015)

Logistic regression does not assume a linear relationship between the dependent and independent variables.
The dependent variable must be a dichotomy (2 categories).
The independent variables need not be interval, nor normally distributed, nor linearly related, nor of equal variance within each group.
The categories (groups) must be mutually exclusive and exhaustive; a case can only be in one group and every case must be a member of one of the groups.

I used binary logistic regression to test the relationship between 12 independent variables and the ability of entrepreneurs to get finance. This regression was used four times in Chapter Eight, while section 8.3 describes the process in details.

4.7. Conclusion

This chapter described the research methods used to conduct this research. The chapter started with an important section that described the purpose of the whole research. It was followed by four sections to explain the different research layers, from philosophy to data collection. The research aims to investigate the phenomenon of government support to entrepreneurship in KSA. This covers two entrepreneurial stages: nascent and start-up. The data were collected using the EP framework set by Lundstrom and Stevenson (2001). The framework was used in a deductive way since it contains policy measures for six policy areas. The use of this framework was very helpful to guide data collection and analysis. The data were qualitative and quantitative, and collected from primary and secondary sources. Accordingly, different data analysis techniques were used, including content analysis, chi-square test and binary logistic regression. However, more details about collecting the data will be explained in the method sections in the coming six chapters, which will include results and discussions based on the six areas of the conceptual framework.

5. CHAPTER FIVE: ENTREPRENEURSHIP PROMOTION

5.1. Introduction

This chapter focuses on the entrepreneurship promotion policy area, which targets individuals in the pre-start entrepreneurial stage. This represents research quadrant one based on the scope of this research as illustrated in Figure 5-1. Entrepreneurship promotion is defined as:

Activity intended to create widespread awareness of the role of entrepreneurship and small business in the economy, to increase the visibility and profile of entrepreneurship, to generate more favourable attitudes towards it in society, and to reward and recognise entrepreneurs as role models (Lundstrom & Stevenson, 2005, p64).



Figure 5-1: Research Scope

Source: the researcher

According to this definition, research quadrant two about existing firms is not within the scope of entrepreneurship promotion. However, promoting existing firms to grow can be achieved through the targeting strategy which will be discussed in Chapter Ten. Consequently, this chapter aims to answer the following research question:

What are the appropriate policy measures to foster entrepreneurship promotion in KSA?

Since this research adopts a framework that consists of three components: Motivation, Skills and Opportunity, this chapter about the entrepreneurship promotion policy area affects only the motivation concept (see Figure 5-2). Motivation is used in

the framework to refer to the situation where individuals are “*aware of entrepreneurship as a feasible and viable option and willing to explore it*” (Lundstrom & Stevenson, 2005, p. 45).

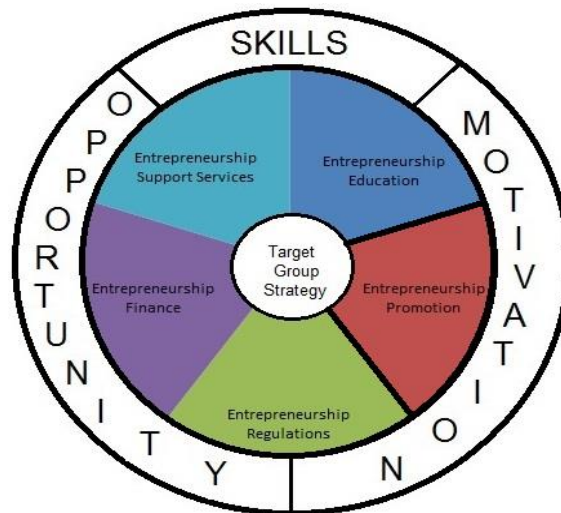


Figure 5-2: EP Framework Foundations

Source: the researcher based on Lundstrom and Stevenson (2005)

To answer the research question, the policy measures set by Lundstrom and Stevenson, (2005) provided a framework for collecting and analysing the data using the deductive approach. On the other hand, the motivation factors for individuals will be investigated in an inductive way to paint the picture. Therefore, both findings will be discussed together to derive the suitable recommendations to answer the research question of this chapter. Thus, the role of this chapter is to investigate the appropriate entrepreneurship promotion activities suitable to the Saudi context.

Entrepreneurship promotion is an essential area in EP research since it distinguishes it from SME policy by targeting individuals in the pre-start stage (Hölzl, 2010). For example, in Germany since the mid-1990s, policymakers have established new entrepreneurship policies that target individuals (potential entrepreneurs). These policies aim to create an entrepreneurial climate to support individuals to create start-ups (Audretsch & Beckmann, 2007). According to Vesalainen and Pihkala (1999) the entrepreneurial process starts with the awareness of available options. Then it is followed by attitude and belief formations, intention to start business, business idea, planning for business and finally starting the new business. They assume that external

factors such as entrepreneurship culture and role models have a large influence in motivating individuals to explore entrepreneurship.

Finally, Lundstrom and Stevenson (2005) based on their study of 13 countries, offered the following observations regarding entrepreneurship promotion policy:

1. Entrepreneurship promotion activities were found mostly spread in the countries that already have strong entrepreneurship culture, high SME density and nascent entrepreneurs' activities (such as Taiwan, Canada and the United States).
2. High levels of awareness and promotion activities do not result in high start-up rates. This was found in countries such as Finland, Germany and the UK. This implies that entrepreneurship promotion needs to be supported by other policies.

5.2. Method

The detailed research methods of this research were described in Chapter Four. However, this section and similar ones in the coming five chapters will describe the chapter related questions in the research instruments used for both qualitative and quantitative methods. For this chapter, both methods were used to collect and analyse data on the entrepreneurship promotion concept. The qualitative method focused on exploring the supply side of entrepreneurship promotion activities while the quantitative one dealt with investigation of the motivation level and factors of individuals.

On the one hand, based on the framework adopted in this research, I used the following policy measures of entrepreneurship promotion as illustrated in Table 5-1. Consequently, specific questions were prepared in the semi-structured interviews related to these measures. Further, I used documentary data to provide more details.

Table 5-1: Measures of Entrepreneurship Promotion concept

Concept	Entrepreneurship Promotion
Measures	<ol style="list-style-type: none"> 1. Entrepreneurship awards programmes. 2. Sponsorship of television programmes and advertising campaigns. 3. Promotion of entrepreneur role models through print publications. 4. Sponsorship of national entrepreneurship-related conferences and regional events. 5. Use of radio, print media and webcasting.

Source: Lundstrom and Stevenson (2005)

On the other hand, the questionnaire was used to describe individuals' entrepreneurial attributes and their motivation to do business. For this purpose, I used eleven questions distributed among nine concepts: three questions to measure individuals' attributes, two questions to investigate the factors that could motivate individuals and four questions to examine the motivation factors for entrepreneurs (see Table 5-2).

Table 5-2: Questions used to Describe the Motivation Concept

Concept	Related Questions
Individuals' Attributes	
1 Society perception about entrepreneurs (fear of Failure)	How do you evaluate the society's opinion about starting a new business as a career choice?
2 Availability of business opportunities (perceived opportunity)	Do you think there are many opportunities in Saudi Arabia to start a new business?
3 Willing to do business (entrepreneurship intention)	If you were presented with a business opportunity, would you take advantage of it?
	Do you think business opportunities should be explored and presented to individuals?
Motivation Reasons for Individuals	
1 Barriers to start business	If you do not have a business, what is the main reason?
2 Motivation factors	Which of these things can motivate you more to start a new business?
Motivation Reasons for Entrepreneurs	
Concept	Questions for entrepreneurs
1 Driver to start business	What was the main driver to start a business or plan to do so?
2 Business objectives	How can you describe the big advantage of your running or planning business?
3 Business location	Is there any competitive advantage in this place where you have your business that related to your business (for example agricultural business in an agricultural area)?
	Will you accept to move to a small city or a rural area to take advantage of a business opportunity and more government support to start a business there?
4 Part time entrepreneur	If you are an employee and have a business in the same time, what is the reason for having both?

Source: the questionnaire

5.3. Results

This section consists of two main parts. Firstly, I will describe the available activities related to the entrepreneurship promotion policy measures. Secondly, I will describe the individuals' responses regarding the entrepreneurship motivation concept.

5.3.1. Availability of entrepreneurship promotion activities

The main finding in this chapter is the absence of a concrete EP in KSA, which is considered as a policy gap. However, I found some entrepreneurship promotion activities in the country launched by different agents. It was not easy to find them, for two main reasons: 1) there is no single source to contain them; and 2) most of the events were launched after the collection of the primary data. However, I tracked news in the social networks about any entrepreneurship activities in the country. Moreover, I checked regularly the websites of intermediate agents and used the internet to search for such events. The findings will be listed based on the policy measures described in the method section as follows (see Table 5-1).

1. Entrepreneurship awards programmes

I found five entrepreneurship awards in the country, three of them founded by Saudi agents while the last two were founded by international agents but target Saudis.

- **Business Plan Competition:** this is an initiative founded by Mr. Khalid Alzamil who is a lecturer in King Fahd University, which is a government university. This competition adopted the same principles as similar competitions over the world. However, it was linked with a training programme to increase awareness about entrepreneurship, which will be explained more next. This competition started in 2009 and was repeated twice, annually. The competition was then extended to all the Gulf States. Further, its third version was supported by the Saudi crown prince, Prince Sultan bin Abdul-Aziz (Monafasah, 2013 and interviewees SCR12 & SCR13). However, it is not linked to any further support to convert business ideas to real business. Entrepreneur E17, whom I interviewed, was one of the winners.
- **Industry Innovation Award:** it was launched by the Saudi Industrial Property Authority (MODON), which is another government agent linked to

the MIC. This award was founded in 2013 and continued in the following two years. It targets business ideas in the fields of manufacturing and logistics only (MODON, 2015).

- **Prince Abdulaziz bin Abdullah International Award for Entrepreneurs :** it is one of TCF's initiative which is one of the intermediate support centres. This award started in 2013 and continued in 2014 and 2015. It has six divisions for : start-up projects, best entrepreneur, best existing project, best mentor, best inventor and children pioneer award (TCFAWARD, 2015).
- **Entrepreneur of the Year :** this award is announced by Ernst & Young and targets entrepreneurs in KSA. It was launched in KSA in 2014 and 2015. It targets growing and dynamic firms (EY, 2015).
- **Forbes Middle East Award for Saudi Entrepreneurs:** it targets existing firms in different sectors in KSA (forbesmiddleeast, 2015).

2. Sponsorship of television programmes and advertising campaigns

I found two TV programmes that can be named under this measure.

- **The Trader:** the first season of this TV programme was launched in 2010 on the Saudi television Channel One. The investors include the president of the Saudi Council of COC , at that time Mr.Saleh Khamil (alriyadhNP, 2010). It is very similar to the British Dragons' Den TV programme to provide investment for entrepreneurs. However, I could not find any information about this Saudi version after the first season; it appears to have been stopped after the first season.
- **The Road to the Market:** it is a TV programme that started as a parallel activity to the Business Plan competition to spread awareness of entrepreneurship. This TV programme is broadcasted on the Almajd TV channel. It is a series of lectures and speeches by Mr.Khalid Alzamil, the founder of the Business Plan competition.

3. Promotion of entrepreneur role models through print publications

Intermediate agents publish on their websites some stories about entrepreneurs who benefited from their support. For example, SCSB in its website has a section about “successful stories” of entrepreneurs who benefited from the bank's support. These

stories are found in a text format or video clips recorded for the entrepreneurs. However, it was surprising to find among these stories educational projects such as schools and nurseries, although these activities are on the banned list, as SCSB has stopped funding them (SCSB, 2014).

I met some entrepreneurs who used to be presented at different entrepreneurial events as role models. Their perspectives about doing business were different from what they try to present to people in their speeches. For example, E13 thought that entrepreneurship promotion is not needed, since each society has its entrepreneurs who can start their business being encouraged. Moreover, he thought that the Saudi market is saturated with small businesses that require a capital of less than SAR 10 Million. This segment is dominated by foreign labour who accept low wages that Saudis cannot compete with. In contrast, he thought that people who own SAR 10 million are able to invest in almost zero risk investment in the real estate sector. Another role model is E5, who suggested that entrepreneurs can establish new businesses in one of two ways: 1) the difficult way is to start alone which requires more time, efforts and money; 2) the easy way is to join an existing company as an employee then to spin off one's project as a new company. He said so based on his success story of joining an existing company that supported him. His perspective was borne out by comparison with other entrepreneurs who started alone and either faced difficulties to start (such as E15) or to grow (such as E6, E14 and E26). E5 and E13 told me about the dark side of being an entrepreneur, which includes certain difficulties that may shock potential entrepreneurs, instead of promoting entrepreneurship. Therefore, E7 said that if he talked as a role model, he would just talk about the difficulties facing entrepreneurs. This is because individuals and potential entrepreneurs in specific only see the 'green' (i.e. the positive) side of owning businesses and they should hear about the dark side, E7 said.

4. Sponsorship of national entrepreneurship-related conferences and regional events

The Saudi Business Incubator Network (SBIN, 2015) provided a list of entrepreneurship-related events (see Table 5-3) organised by different agents including universities, chamber of commerce branches, support centres and incubators.

Table 5-3: List of Entrepreneurship Events in KSA

	Event	Organiser	Location	Time
1	Saudi Forum for Intellectual Property	KACST	Riyadh	20/04/2013
2	the Fifth Saudi International Conference for technology incubators 2013	KACST	Riyadh	04/11/2013
3	YouTube Conference	Badir	Riyadh	05/03/2014
4	Innovation and Entrepreneurship Forum	Um Alqura University	Makkah	20/04/2014
5	1st Graduation ceremony of VERSO Incubator	VERSO Incubator	Riyadh	31/05/2014
6	Saudi International Conference for associations and centres of entrepreneurship 2014	Entrepreneurship Association-KSU	Riyadh	09/09/2014
7	Saudi International Conference for Technology Incubators	KACST	Riyadh	27/10/2014
8	Global Forum on Entrepreneurship	TCF	Riyadh	03/11/2014
9	ArabNet Forum	ArabNet Forum	Riyadh	11/11/2014
10	Go Entrepreneur	US Embassy	Riyadh	26/11/2014
11	The Sixth Saudi International Conference for technology incubators	KACST	Riyadh	20/01/2015
12	Forum industrial opportunities - the fourth session	MODON	Riyadh	03/03/2015
13	2nd Entrepreneurship Forum	SBIN	Riyadh	01/04/2015
14	International Conference on Entrepreneurship and the leaders of tomorrow	Abha Chamber of Commerce	Abha	07/04/2015
15	Madina Young Businessmen Forum	Madina Young Businessmen Forum	Jeddah	07/04/2015
16	Start-up Weekend	Badir-KACST	Riyadh	16/04/2015
17	Entrepreneurship week	Alimam University	Riyadh	19/04/2015
18	Jeddah Youth Exhibition	Chamber of Commerce in Jeddah	Jeddah	21/04/2015
19	Innovation and Entrepreneurship Forum	Um Alqura University	Makkah	30/04/2015
20	Entrepreneurship Platform	Princess Norah University	Riyadh	01/05/2015
21	Entrepreneurship Forum	Albaha University	Albaha	04/05/2015

Source: SBIN (2015)

5. Use of radio, print media and webcasting

Each of the agents visited has its printed publications that contain information about the services provided to entrepreneurs. Moreover, they used twitter accounts to advertise events, share the agent's news, broadcast information and provide advice on entrepreneurship in general (see Table 5-4).

Table 5-4: Twitter Accounts for Intermediate Agents

	Agent	Twitter account	Start date	Tweets	Followers	note
1	BRJ	@BabRizqJameel	Oct,2009	57.2K	371K	01/10/2009
2	Badir	@Badirprogram	Aug,2010	6.9K	32.1K	01/08/2010
3	Riyadah	@Riyadah	Feb,2011	2.7K	19.7K	01/02/2011
4	PSFW	@psf_info	Jun,2011	10.3K	7.4K	01/06/2011
5	IDC	@IDC_rc	Sep,2011	2.1K	2.5K	01/09/2011
6	TCF	@tcf_sa	Oct, 2011	1.7K	17.3K	01/10/2011
7	SCTA	@SctaSa	Dec, 2011	10.7K	174K	01/12/2011
8	SCSB	@SCSBcare	Nov, 2012	54.7K	108K	01/11/2012

Source: Twitter (2015)

5.3.2. Individuals' Attributes

1. Concept one: Society perception about entrepreneurship

The rationale behind this concept is to investigate the participants' impression of the society perception about entrepreneurship. This concept is associated with "fear of failure" since: "*entrepreneurship is affected by the wider population's view on risk, since entrepreneurs rely on the participation of stakeholders*" (Kelley et al., 2010,p20). Therefore, I posed the following question, with three response options (see Table 5-5): **"How do you evaluate the society's opinion about starting a new business as a career choice?"**.

Table 5-5: Society Perception about Entrepreneurship

Society perception about entrepreneurs	no business N=533	potential entrepreneurs N=110	business owners N=218
Appreciate it and encourage it	46.3%	34.5%	41.7%
They consider it risky	41.8%	55.5%	53.2%
Do not differentiate between him and the employee	11.8%	10.0%	5.0%

Source: the researcher

There was no significant variation between the answers of the three types of respondents. However, it seems that the society's perception about entrepreneurship as a favoured career choice varies between 35% and 46%. This is much less than what GEM shows for the entrepreneurship as 'Desirable Career Choice' measure in 2010 for KSA, which is 86.8% (see Table 5-6). This could be ascribed to the way I asked the question and gave respondents more options. In contrast, GEM simply used a yes/no question with the statement, "*In your country, most people consider starting a new business a desirable career choice*" (Kelley, Bosma & Amorós , 2010, p.63).

Table 5-6: GEM Statistics about Entrepreneurship in KSA in 2010

Some Entrepreneurial characteristics of Factor-Driven Economies in 2010				
	Fear of Failure	Entrepreneurship as a Good Career Choice	Perceived Opportunities	Entrepreneurial Intentions
Average (unweighted)	28.9	75.3	61.8	42.6
Saudi Arabia	39	86.8	75.8	1*
Angola	32.2	70.1	67.3	54.5
Bolivia	28.4	62.9	53.2	49.3
Egypt	25.3	77.7	38.8	24.3
Ghana	10.4	91.1	75.7	68.8
Guatemala	23.2	73.8	62.9	30.7
Iran	30.1	63.6	41.6	31.4
Jamaica	33	85.1	56.1	38.1
Pakistan	34.3	76.3	51.9	32.4
Uganda	20.7	81.1	80.5	77.1
Vanuatu	46.9	55.6	73.6	50.5
West Bank & Gaza	40	85.3	44	28.2
Zambia	12.8	69.9	81.4	67.1

* the number is very strange and could be a typing mistake in the report, since in 2009 the number was 34

Source : Kelley et al. (2010)

2. Concept two: Availability of business opportunities

This concept is similar to the “Perceived Opportunities” measure used in GEM. However, I used the following question, with yes/no answers to measure this concept: **“Do you think there are many opportunities in KSA to start a new business?”**

Table 5-7: Availability of Business Opportunities

Availability of business opportunities	no business N=569	potential entrepreneurs N=119	business owners N=231
yes	77.3%	86.6%	96.5%
no	9.3%	6.7%	2.2%
I don't know	13.4%	6.7%	1.3%

Source: the researcher

This result is consistent with perceived opportunity figure found by GEM about KSA in 2010 which is 75.8% (see Table 5-6).

3. Concept three: willingness to do business

This concept is similar to the GEM measure, “Entrepreneurial Intention”, which asks individuals about their intention to start a business alone or with others in the coming three years. However, the figure reported in 2010 for KSA is 1, which I suspect to be a typing mistake in the 2010 GEM report, since it was 34 in the 2009 report. In contrast, I used two questions to measure people’s willingness to do business as follows.

Question one: If you were presented with a business opportunity, would you take advantage of it?

Table 5-8: Willingness to do Business

Willingness to do business	no business N=569	potential entrepreneurs N=119	business owners N=231
Yes	59.6%	71.4%	79.2%
No	8.4%	1.7%	2.2%
I don't know	32.0%	26.9%	18.6%

Source: the researcher

Again I notice a link between entrepreneurial level and willingness to do business; 79.2% of business owners were willing to capture the business opportunity, compared to 60% of people without either a business or an intention to do business in the coming six months (see Table 5-8).

Question two: Do you think business opportunities should be explored and presented to individuals?

Table 5-9: Motivation Factors

Motivation factors	no business N=569	potential entrepreneurs N=119	business owners N=231
Yes	81.0%	87.4%	84.8%
No	7.6%	4.2%	8.7%
I don't know	11.4%	8.4%	6.5%

Source: the researcher

The results were not surprising since this factor was found to be important to motivate people to consider entrepreneurship as a career choice or even to expand an existing business. My assumption regarding this point is based on a similar role that COC play

by marketing business opportunities to businessmen either in the country or even internationally (see Table 5-9).

5.3.3. Motivation Reasons for Individuals

1. Concept one: Barriers to start business

To investigate the reasons that prevent individuals from doing business, I asked this question, which has the answers in Table 5-10: **If you don't have a business, what is the main reason?** Then, I gave participants the choice to fill in other reasons in an open question. After analysing their inputs for this open question, I found that most answers can be categorized into 'no time' or 'government regulations'. 'No time' was answered by people who were busy because they were full time students or employees. Further, 'government regulations' was raised as a barrier by people who worked in the government sector, since they are not allowed to own a business (see Table 5-10).

Table 5-10: Barriers to Start Business

Barriers to start business	no business N=569	potential entrepreneurs N=119
1 I do not have enough money for that	50.7%	61.5%
2 I have no desire to do business	14.7%	0.0%
3 I prefer to be an employee	11.2%	5.5%
4 fear of failure stop me trying so	10.4%	15.4%
5 No time	6.4%	11.0%
6 I think it is high risky	4.3%	5.5%
7 Government regulations	2.3%	1.1%

Source: the researcher

2. Concept two: Motivation factors

This concept aims to examine the factors that can motivate individuals to be entrepreneurs. Accordingly, I used two questions to measure this concept.

Question one: Which of these things can motivate you more to start a new business?

Based on the interviews, I prepared six answers for this question consisting of soft and hard motives (see Table 5-11). They can be categorized into promotions (choices one and two), skills (choice three) and opportunities (choices four, five and six).

Table 5-11: Motivation Factors

	Motivation factors	no business N=558	potential entrepreneurs N=118	business owners N=230
1	Listen to the success stories , attending exhibition and seminars on business start and support entrepreneurship	7.0%	13.6%	12.6%
2	Family support and encouragement	6.5%	11.0%	8.3%
3	To have a knowledge or skill or experience from which I could start a business	32.6%	23.7%	20.0%
4	To discover a business opportunity in the market which I think I am able to turn it into a business	19.0%	16.1%	27.4%
5	To know about real support from support centres (e.g. fund, training and incubation)	21.9%	28.0%	22.2%
6	To have a long leave form my job enables me to workout a business with guaranteed job	13.1%	7.6%	9.6%

Source: the researcher

The effect of these six factors differs based on the entrepreneurial status of respondents. Firstly, people without business viewed improving their capabilities as the most important factor. This was followed by knowing about real support from support centres, including funds and training. Secondly, the most important motives for potential entrepreneurs were options five (business support services) and three (improving their capabilities). Finally, discovering business opportunities was the most important motivation factor for entrepreneurs. In summary, motivation factors differ, depending on people’s entrepreneurial status. Furthermore, the most important three factors to motivate people are increasing people’s capabilities, providing them with support services and helping them to explore business opportunities.

5.3.4. Motivation reasons for Entrepreneurs

1. Concept one: driver to start business

I asked business owners about their drivers for starting business. This is related to the GEM classification of entrepreneurs as necessity and opportunity. However, I provided four answers for respondents to choose from, which can be categorised to the three GEM categories (see Table 5-12).

Table 5-12: Driver to Start Business

Main Driver to Start a Business	potential entrepreneurs+ business owners (N=313)
I don't have a job	15.2%
I have a job but I found a business opportunity to be utilized	19.7%
I have a job but I would like to be independence with a business	32.8%
I have a job but I would like to improve my financial situation	32.3%

Source: the researcher

The results show that necessity entrepreneurs represented only 15.2%, compared to 84.8% who were opportunity driven. In 2010, the GEM report shows that necessity driven entrepreneurs in KSA represented 10%, which is close to the findings of this study. This concept is very important since one of the government objectives in fostering entrepreneurship is to generate jobs for the unemployed and to reduce poverty.

2. Concept two: business objectives

This question aims to explore the ultimate business objectives based on owners' perspective and how they are related to the government objectives of supporting entrepreneurs. Therefore, I asked this question: **“How can you describe the big advantage of your running or planning business?”** Then I gave five choices, four of which were related to government objectives and one was personal, which is to gain personal financial income (see Table 5-13).

Table 5-13: Business Objectives

Business Objectives	potential entrepreneurs + business owners (N=350)
Improve my financial situation and to gain financial income for me or my family	64.7%
Transfer of technology or new services to Saudi Arabia	14.9%
Develop Saudi Economy (e.g. reducing imports or increasing export)	9.8%
The development of less developed areas, such as rural areas and villages and some small towns	6.0%
Generate new jobs for Saudis	4.7%

Source: the researcher

The results were expected since 65% sought personal financial income. In contrast, 6% only of respondents wanted to develop rural areas while 4.7% thought of

businesses that can generate jobs for Saudis. This implies that the government needs to provide more incentives to direct new businesses towards its national objectives.

3. Concept three: importance of business location

I asked business owners about the importance of their businesses' location:

Is there any competitive advantage in this place where you have your business that is related to your business (for example agricultural business in an agricultural area)? The question is a yes/no question but I gave two choices for no, as shown in the result (see Table 5-14).

Table 5-14: Importance of Business Location

importance of business location	potential entrepreneurs + business owners (N=350)
yes very much	37.2%
no	39.0%
no, But the availability of infrastructure and logistics is an advantage here	21.1%
other	2.8%

Source: the researcher

The results show that 58% of business owners claimed to benefit from their locations, either because of the nature of their businesses or the facilities available in the location. This question is related to another objective of government, to foster entrepreneurship by developing less developed areas. This question is related to the 'willingness to do business' concept discussed above.

Further, I asked participants about their willingness to do business in another location: **Would you accept to move to a small city or a rural area to take advantage of a business opportunity and more government support to start a business there?** (see Table 5-15)

Table 5-15: Willingness to do Business in Different Location

willingness to do business in different location	no business N=568	potential entrepreneurs N=119	business owners N=231
Not attracting me and I do not prefer moving there	22.2%	21.0%	21.2%
I will move to establish the business and come back to manage it remotely	35.6%	41.2%	40.7%
I do not know	11.6%	12.6%	6.1%
Yes and will settle there	30.6%	25.2%	32.0%

Source: the researcher

This question is associated to one of the government objectives to foster entrepreneurship by developing less developed locations. Moreover, it indirectly measures the willingness of individuals to search for opportunities even in different locations than where they live. The results show similar figures among the three types of participants. In short, thirty per cent were prepared to move and settle, while twenty rejected the idea. Further, about forty per cent would move to establish the business and manage it remotely.

4. Concept four: part-time entrepreneur

I found through the interviews that doing business while working is a common phenomenon, either temporarily until entrepreneurs reach a certain stage in the business or by staying all the time as employees and owning a business. For example, entrepreneurs E18, E24 and E21 were employees, while E3 and E4 became employees after I interviewed them. Therefore, I posed this question about the reasons behind this phenomenon: **If you are an employee and have a business at the same time, what is the reason for having both?**

Table 5-16: Drivers of Being Part-time Entrepreneur

Part-time entrepreneurship	business owners N=223
NA	29.6%
Job provides me with security that makes me feel safe because the business is risky	24.7%
I have enough time to do both	13.9%
I like the social status of the job as a prestige	1.8%
I can get more facilities as an employee (personal relationships or bank loans)	4.5%
I want to test my business idea before being full time working on it if it succeeds	25.6%

Source: the researcher

The results show that part-time entrepreneurs represented seventy percent, which is a significant number (see Table 5-16). This is consistent with Acs et al.'s (2005) findings that most people in all countries who start a business have jobs at the same time. They represent 91% of all entrepreneurs in middle income countries, 81% in high-income and 77% in low-income countries. The results show that the most important factors for doing so are related to business risk. Seventy per cent of the part-time entrepreneurs considered being full time entrepreneurs to be risky. Therefore they preferred to keep their jobs either temporarily until they had tested their business ideas in the market, or permanently, to feel safe all the time, since doing business was risky for them. Finally, fourteen per cent found that their jobs provided them with more time that could be utilised to do business.

Use of the crosstabs function revealed that in terms of working status, the part-time entrepreneurs were working in the government (52%), working in the private sector (32%) or others, including retired and students (16%). However, as mentioned before the government forbids its employees to do business while my findings show that 52% of part-time employees and 38% of business owners in general were employee in the government.

5.4. Discussion

The aim of this section is to answer the main research question in this chapter about the appropriate policy measures to foster entrepreneurship promotion for individuals to start their own businesses in KSA. Therefore, I will discuss the results in the same order.

1. Promotion policy measures

I have this comment related to the suggested policy measures found in the adopted framework. By recalling the “entrepreneurship policy” definition, the “entrepreneurship promotion policy” should focus more on encouraging individuals to start businesses, not just increase awareness about entrepreneurship as a career option (see Table 5-17).

Table 5-17: Objectives of Entrepreneurship Policy

Concepts	Phase	Objective
entrepreneurship promotion	awareness	“aims to create widespread awareness of the role of entrepreneurship and small business in the economy, to increase the visibility and profile of entrepreneurship, to generate more favourable attitudes towards it in society, and to reward and recognise entrepreneurs as role models, p64”
entrepreneurship policy	pre-start-up (nascent)	“aims to encouraging more people in the population to consider entrepreneurship as an option, move into the nascent stage of taking actions to start a business and proceed into the entry and early stages of the business, p47”
	start-up	
	post-start-up	

Source: adopted from Lundstrom and Stevenson (2005)

This implies that this policy should cover the pre-start-up phase. However, all the policy measures provided by Lundstrom and Stevenson (2005) and even the definition they provided of entrepreneurship promotion were limited to the awareness role in the awareness phase. Therefore, I think the role of entrepreneurship promotion policy needs to be expanded to cover both phases: awareness and pre start-up and to play two roles, entrepreneurship awareness and encouraging starting a business.

Moreover, the findings show that there is no stated policy to promote entrepreneurship in KSA, which represents a policy gap. Therefore, the first thing to recommend is to have a concrete policy to promote entrepreneurship in the country. Such a policy has existed in Germany since the 1990s to encourage individuals to start businesses (Audretsch & Beckmann, 2007). Moreover, Lundstrom and Stevenson (2005) found stated EP in 85% of 13 developed countries. Recommending a policy is the main output for this chapter, to fill the EP gap in KSA. However, this policy requires suitable measures for the Saudi context, which will be discussed next. Thus, I will discuss next the individuals’ attributes and motivations reasons that can be used as policy measures.

2. Individuals’ Attributes

This construct was measured through three concepts. Firstly, the impression about entrepreneurship in KSA can be considered as positive according to about 60% of participants. The rest of the participants thought that the society considers being an entrepreneur is risky. This is normal, as it is the nature of such a career since it was first

defined by Cantillon (Praag,1999). Moreover, this positive impression is consistent with GEM's findings about KSA. Entrepreneurship as a good career choice" scored 80 and 87 for KSA in the 2009 and 2010 GEM global reports (Bosma & Levie, 2009; Kelley et al. , 2010).

Secondly, perceived opportunities are found to be very positive in KSA (77%). Further, this positive impression increases as individuals move forward in the entrepreneurial stages (potential entrepreneurs:87%; entrepreneurs: 97%). This rate is also found to be compatible with the GEM findings for KSA in 2010 (76%). Thirdly, with this positive attitude, it was not surprising to find 60% of participants were willing to start a business for proposed opportunities. In contrast, more than 30% hesitated and just 8% refused. Therefore, these hesitant people can be targeted by the promotion policy to encourage them to be entrepreneurs.

Moreover, most of the participants (more than 80%) wanted such opportunities to be presented to them. This takes us to a historical concept in the theory of entrepreneurship about perceiving entrepreneurship. According to Casson (2005,p. 424) "*the idea that opportunities are objective, but that perception of opportunity is subjective, has a long history in the theory of entrepreneurship. It is most clearly expressed in Hayek (1937)*". Further, Shane, (2000) defined entrepreneurs as individuals who "*discover these opportunities, and develop ideas for how to pursue them, including the development of a product or service that will be provided to customers*" (p. 10). However, Shane opposed provision of support to start-ups except high-growth ones, by applying a "pick winners" concept (Shane, 2000). In this regard, for the Saudi case, I found that individuals want opportunities to be provided to them. Moreover, the government through SCSB started an initiative to promote opportunities to entrepreneurs. This finding will be explored in details in Chapter Nine²⁵.

In short, entrepreneurship has a positive image in KSA and people are willing to be entrepreneurs. The next point of discussion is the factors that can help them to be entrepreneurs.

3. Motivations reasons for individuals

I used two concepts to investigate the motivations factors that can encourage individuals to start businesses. The first concept measures the barriers to starting

²⁵ Subsection 9.4.1 "Provide business opportunities to entrepreneurs".

business. This concept was used to see if promotion activities can help to overcome these barriers. However, the results show that only 15% of barriers were related to fear and risk, that can be treated through promotion policy measures. In contrast, the barrier to starting business according to 50% of participants is absence of seed funds, which is a very similar figure (50.6%) to that found for individuals in the UK between 2005 and 2010 (Levie & Hart, 2011). Further, 35% showed no desire to be entrepreneurs. Access to finance will be investigated in details in Chapter Eight. However, it is interesting to find this link between different EP areas. This strengthens the importance of the adopted framework.

The second concept measures the motivation reasons that can encourage individuals to be entrepreneurs. The least important factors were entrepreneurship promotion activities and family support, with about 7% each. In contrast, the most influential factor was the capability to do business, which is related to the “Skills” concept. Again this takes us to two other policy areas: Entrepreneurship Education (Chapter Six) and Business support services (Chapter Nine). Therefore, strengthening individuals’ skills is the most important factor found in KSA to encourage individuals to be entrepreneurs. This is consistent with the role of entrepreneurship education that covers awareness about entrepreneurship as a career option and improves knowledge about establishing and managing new businesses (Hills, 1988). Two more factors found to be essential to encourage individuals to be entrepreneurs, which are related to the “Opportunity” concept, are finding business support and discovering business opportunity, which represent 22% and 19% respectively. Both of them are related to the business support services policy area, which will be investigated in Chapter Nine. In summary, the findings show that Saudis are influenced to do business by Skills and Opportunity factors more than promotion activities. This supports my comment regarding the promotion policy measures discussed at the beginning of the discussion section.

5. Motivation reasons for Entrepreneurs

Although this chapter focuses on individuals to encourage them to be entrepreneurs, learning about the factors that motivated entrepreneurs to start businesses can provide us with useful insights. Therefore, this construct was investigated through four concepts. Firstly, the rate of necessity entrepreneurship had increased from 10% in 2010 (Kelley et al., 2010) to 15% according to this research. Secondly, most

entrepreneurs (65%) aimed to improve their financial situation as the main objective for starting their businesses. In contrast, satisfying the government objectives (generate jobs, develop regions or economy) was limited to 20% of entrepreneurs' objectives. Thirdly, 60% of entrepreneurs reported location advantages for their businesses. Such advantages were found to be related either to the nature of the business or logistic support and infrastructure. Thus, an indirect entrepreneurship promotion factor would be to invest in local community infrastructure (Reynolds et al., 1994). Accordingly, only 30% of individuals were willing to relocate in another location to do business. This highlights the importance of the location to encourage firms' birth. This feature can be provided easily in KSA in MODON²⁶. In fact, I visited MODON and suggested that they dedicate a portion of their industrial cities for entrepreneurs, to encourage them to start their businesses more easily. The idea is related to the incubation principle, which will be discussed further in Chapter Nine.

Finally, I investigated the phenomenon of being a part-time entrepreneur. 70% of entrepreneurs had jobs either in the government or in the private sector. This is consistent with the finding of Acs et al. (2005) that most people in all countries who start a business have jobs at the same time. They represent 91% of all entrepreneurs in middle income countries, 81% in high- income and 77% in low-income countries. However, in the case of KSA, the government prohibits worker in the government sector from owning business, but the results show that about 40% of business owners worked in the government. This shows a contradiction between government and individuals' objectives. However, Chapter Seven will discuss further the regulatory issues related to entrepreneurship.

5.5. Conclusion

This chapter investigated the first policy in the adopted framework, which is the entrepreneurship promotion policy. This policy has a unique feature, since it differentiates EP from SME policy by targeting individuals with the aim of encouraging

²⁶ MODON is the Saudi Industrial Property Authority which is a government agents responsible for managing the industrial cities in the country. It has currently 32 industrial cities but aims to reach 40 cities with total area of 160 million square metres of developed industrial lands (www.modon.gov.sa).

them to be entrepreneurs. Moreover, the effect of this policy area is limited to the motivation concept.

The framework was useful in two ways. First, it pointed to an important policy area that was found to be needed in the Saudi context. Secondly, the analysis of the context showed initiatives matched with the five policy measures (see Table 5-1). However, there is no concrete entrepreneurship promotion policy, which shows a policy gap and the founded initiatives are not well organised and discontinuous. Moreover, promotion activities are considered by just few respondents as a motive to start a business. Further, the framework defined this policy area in the awareness phase. However, I recommended extending the scope of this policy to cover the pre-start-up (nascent) entrepreneurial stage to be compatible with the definition and aims of the EP used in this research (see Table 5-17).

Apart from the promotion policy measures, the investigations of the motivation concept in the Saudi context provide us with more details. Further, these findings linked this chapter with the coming chapters as follows. Firstly, entrepreneurship has a positive image in KSA and people are willing to be entrepreneurs. However, Saudis wanted business opportunities to be presented to them. Indeed, there is a planned initiative to promote opportunities to individuals which will be explored in Chapter Nine. Secondly, the most important factors to motivate Saudis to start business are: having skills (Chapters Six and Nine), finding business support and discovering business opportunity (Chapter Nine). These three motivation factors should be given higher priority by the policymakers for the following two reasons:

1. They were found by this research to be the most important motivation factors for Saudis to be entrepreneurs.
2. Each one of these factors belongs to another policy area as explained above. This means that they play a double role and do not require more investment.

Thirdly, lack of seed fund is the main reason for 50% of respondents to not have a business (Chapter Eight). Finally, I found indirect motivation factors to encourage respondents to do business, such as infrastructure services and logistic support (Chapter Nine) and allowing employees to own a business, which is related to regulations (Chapter Seven).

6. CHAPTER SIX: ENTREPRENEURSHIP EDUCATION

6.1. Introduction

This chapter focuses on the entrepreneurship education policy area as the second pillar of the adopted framework. Entrepreneurship education is defined as: “*the process of providing individuals with the concepts and skills necessary to recognize new business opportunities and to provide self-confidence to enact upon such opportunities*” (Tan & Ng, 2006, p. 172).

Entrepreneurship education is found to be among the business support services provided by entrepreneurship support centres, which will be discussed in Chapter Nine. However, this chapter will focus on the entrepreneurship education in the education institutes. Thus, this chapter will contribute partially to answering the following research question:

“What are the appropriate policy measures to foster entrepreneurship education in KSA?”

The full answer will be combined in the conclusion chapter based on the discussion in this chapter and Chapter Nine. Consequently and based on the research scope, this chapter focuses on research quadrant three, which covers entrepreneurship education in the education institutes (see Figure 5-1). In contrast, research quadrant four will be discussed in Chapter Nine: “Business Support Services”.

The aims of entrepreneurship education include enhancing awareness about entrepreneurship as a career option and improving the knowledge about establishing and managing new businesses (Hills, 1988). The findings of the previous chapter showed that having skills and knowledge is an important factor to promote entrepreneurship by encouraging individuals to start businesses, which is consistent with the first aim of entrepreneurship education. This increases the importance of entrepreneurship education since its effect is extended to both the “Motivation” and “Skills” main components of the framework (see Figure 5-2).

The “Skills” concept is used here to refer to: “*the knowledge, skills and ability that people can gain to have enough confidence in their own ability to do business*” (Lundstrom & Stevenson, 2005, p45). “Skills” is operationalised to technical, business

and entrepreneurial skills and know-how (Lundstrom & Stevenson, 2005). Moreover, the range of entrepreneurship education spans two entrepreneurial stages: pre-start and start-up, which increases the importance of this policy area. Furthermore, entrepreneurship education is linked to many entrepreneurial activities. For example, there is much research that links between entrepreneurship education and: entrepreneurial self-efficacy, entrepreneurial intentions, venture creation, need for achievement and locus of control, entrepreneurial orientation, opportunity recognition and other entrepreneurial knowledge (Raposo & Paco, 2011).

Accordingly, this chapter will use the framework measures (see Table 6-1) as a guideline to investigate the existing efforts in KSA in the area of entrepreneurship education using qualitative methods. Moreover, the skills level in the country will be assessed through a set of questions as part of the quantitative methods. Furthermore, documentary data will be used to support both methods.

The next section will explain the methods used in this chapter in specific. Then, the findings will be presented and followed by discussion section then conclusion. However, the rest of this introductory section will explore some related works about entrepreneurship education to help in answering these two questions: 1) what is entrepreneurship education? and 2) what are the impacts of entrepreneurship education?.

6.1.1. What is entrepreneurship education?

Research on the entrepreneur is one of the three entrepreneurship streams, in addition to research on the enterprise and the environment of entrepreneurship. Research on the entrepreneur focuses on the traits that differentiate entrepreneurs from non-entrepreneurs. Moreover, this stream tries to answer the question, “are entrepreneurs born or made?” (Lundstrom & Stevenson, 2005). This debatable question led to another question: “can entrepreneurship be taught?” which was discussed in much research. For example, Henry et al. (2005, p98) concluded that “*at least some aspects of entrepreneurship can successfully be taught*”. Moreover, since entrepreneurs and their businesses face different challenges and needs while developing and growing, each phase requires a certain type of entrepreneurship education or training (Henry et al., 2005).

But what does “entrepreneurship education” mean? Although entrepreneurship education is a growth industry, it does not have a clear-cut definition. However, some researchers define it as “*the process of providing individuals with the concepts and skills necessary to recognize new business opportunities and to provide self-confidence to enact upon such opportunities*” (Tan & Ng, 2006 , p. 172) .

Furthermore, Jamieson (1984) categorizes entrepreneurship education into education “about”, “for”, “in” enterprise. First, education about enterprise is a theoretical perspective which includes modules taught in universities and aims to educate students about setting up and running a business. The second type is education for enterprise, which covers practical skills for small business such as “start your own business” and “prepare a business plan” training courses. Third, education in enterprise targets established entrepreneurs and aims to support them with skills, knowledge and attitudes that help them to develop, grow and build their future. In this respect, Hisrich and Peters (1998) argue that entrepreneurs need to have three types of skills: technical skills such as communication and organising; business management skills, for instance, marketing and accounting; and personal entrepreneurial skills including innovation and inner control.

6.1.2. What are the impacts of entrepreneurship education?

Despite the fact that entrepreneurship education occupies a high place in the policy agenda, assessment of its impact suffers from lack of research. However, there are studies that found positive impacts, while others reported negative effects. This variation in results may be ascribed to methodological reasons (Graevenitz, Harhoff, & Weber, 2010). For example, Peterman and Kennedy (2003) examined the effect of the Young Achievement Australia enterprise programme on the entrepreneurial perceptions of Australian high-school students. The results showed positive impact of the programme on the students’ perceptions of entrepreneurship desirability and feasibility. In contrast, Oosterbeek et al. (2010) investigated the impacts of the well-known Junior Achievement programme on entrepreneurial intentions of a vocational college’s students in the Netherlands. They found a negative effect of the programme on students' intention to be entrepreneurs.

Souitaris, Zerbinati, and Al-Laham (2007) tried to answer the question “does entrepreneurship education increase the intention to start a business?” using a sample of science and engineering students from two European universities. They found a positive

impact of entrepreneurial programmes on students' attitudes and entrepreneurial intention, which supports a theory of entrepreneurial emotions and accordingly teaching entrepreneurship.

However, the impact of entrepreneurship education differs from one country to another based on the cultural context. For example Lee, Chang, and Lim (2005, p. 36) examined the impact of entrepreneurship education on students in the U.S. and Korea, in terms of "the intention of venture creation and confidence in it," "knowledge and ability of venture creation," "recognition of the importance of entrepreneurship education" and "intention of overseas venture creation with teamwork". They found that positive impact in Korea is much higher than in the U.S. They concluded that entrepreneurship education has higher impacts in countries which have a poor or still developing entrepreneurship oriented culture. In a similar study but with more students from China and Fiji in addition to the US and Korea, Lee et al. (2006) state the same conclusion regarding the importance of cultural context consideration when adopting entrepreneurship education.

Moreover, Lim and Envick (2011) examined the effect of gender and culture regarding entrepreneurial emotions among students in 389 universities in the U.S., Korea, Fiji and Malaysia. Based on the difference in gender and culture, they found significant difference in the following emotional factors: autonomy, innovativeness, risk taking and competitive aggressiveness. Their findings raise the importance of customizing entrepreneurial programmes based on gender and cultural context.

Regardless of the important role of entrepreneurship education to motivate individuals and build or enhance their entrepreneurial skills, venture creation is the ultimate goal that can lead to job generation, innovation and economy growth in general. Therefore, much research has been conducted to explore the relationship between entrepreneurship education and venture creation and I will explore some of these studies here. Lim and Envick (2011) compared between entrepreneurship and non-entrepreneurship graduates from Arizona University between 1985 and 1998. They found that entrepreneurship graduates were three times more likely to start a new business, 27% higher in income and had 62% more assets than non-entrepreneurship graduates. Moreover, on the one hand, sales and employment grew more in small firms which hired entrepreneurship graduates. On the other hand, entrepreneurship graduates

earned higher salaries in large companies, while firms owned by entrepreneurship graduates were larger and higher in sales compared to their counterparts.

In a similar study, Charney et al. (2000) found a positive correlation between students who studied entrepreneurship and new venture creation, among a sample of business school graduates from Bodø Graduate School of Business in Norway between 1987 and 1994.

6.2. Method

Since this chapter partially answers the research question and based on Jamieson's²⁷ (1984) classification, this chapter is limited to entrepreneurship education about enterprises. This includes entrepreneurship education in educational institutes (see Table 6-1). In contrast, the other two types of entrepreneurship education will be discussed in Chapter Nine.

The data used in this chapter were collected using semi-structured interviews and a questionnaire, in addition to documentary data from secondary sources.

Table 6-1: Entrepreneurship Education Policy Measures

Concept	Entrepreneurship Education
Measures	<ol style="list-style-type: none"> 1. Development Strategy, approach, definition, plan, budget, promotion 2. Taking Stock International best practice Students' attitudes Curriculum gaps 3. Evaluation Student assessment, learning outcomes, impact 4. Education Resource Centre Databases, materials, websites, references 5. Teacher Exchanges Symposia, conferences, networks, newsletters 6. Entrepreneurship Awards Programmes Students, teachers, schools, communities 7. Student Venture Programmes Support students to start their own real businesses 8. Student Venture Activities Projects, mini ventures, competitions 9. Teacher-in- Servicing Pedagogies, content 10. Resources and Teaching Materials All levels of education

Source: adopted from Lundstrom and Stevenson (2005)

On the one hand, the qualitative data is used to explore the existing activities related to the entrepreneurship education concept. Education in KSA can be categorised into three sectors: general, vocational and higher education. Therefore, I prepared specific questions related to entrepreneurship education for semi-structured interviews that targeted representatives from the first two sectors (see Appendix B). However, since

²⁷ As explored in the introduction section which categorized entrepreneurship education into education “about”, “for” and “in” enterprise.

each university has its own way of building curricula, it was beyond the scope of this research to explore entrepreneurship education in 25 universities. Instead, I put a question in the questionnaire about attending or studying entrepreneurship course (see Table 6-2 question one). It was followed by an open question to give the participants the chance to enter the name of the institute that provided it, including universities. This is an example of the complementary role of using mixed methods research. Moreover, I interviewed a representative from the Injaz programme which teaches entrepreneurship skills in schools.

On the other hand, four questions related to the “Skills” concept were included in the questionnaire (see Table 6-2). The first question was about entrepreneurship education, as mentioned above, while the remaining three aimed to measure the level of knowledge, skills and experience. In contrast, GEM used only one question to ask about these three concepts under the umbrella of “perceived capabilities”, which is defined as “*the percentage of individuals who believe they have the required skills, knowledge and experience to start a new venture*” (Amorós & Bosma, 2014, p. 31). However, I think it is more accurate to have separate questions for each of them.

Table 6-2: Questions used to describe the "Skills" concept

	Concept	Questions for all participants
1	Entrepreneurship Education	Have you attended any course or training about entrepreneurship or establishing a new business?
2	Knowledge	Do you think that you have enough knowledge to start a new business?
3	Skills	Do you have skills that you think allow you to start a new business?
4	Experience	Do you have an experience to start a new business?

Finally, I used the Chi-square test to examine the relationship between entrepreneurship education and individuals’ capabilities (skills, knowledge and experience) and their entrepreneurial status (no business, potential entrepreneurs and business owners (entrepreneurs)). Accordingly, four hypotheses were tested as follows:

1. H1: there is a relationship between (attending a course in entrepreneurship education) and (entrepreneurial status).
2. H2: there is a relationship between individuals’ perception of (knowledge to start a business) and (their entrepreneurial status).

3. H3: there is a relationship between individuals' perception of (skills to start a business) and (their entrepreneurial status).
4. H4: there is a relationship between individuals' perception of (experience to start a business) and (their entrepreneurial status).

6.3. Results

The main finding in this chapter is that there is no concrete policy for entrepreneurship education in KSA, which represents another policy gap. This reduces the importance of policy measures, in the absence of an entrepreneurship education policy itself. However, there are some activities and initiatives related to this policy area that are worth being explored. Therefore, this section consists mainly of two parts. Firstly, I will describe the situation of entrepreneurship education in the educational institutes according to the interviews conducted and the documentary evidence found in the official websites and reports (subsections 6.3.1 to 6.3.3). Secondly, I will describe the capabilities' level among respondents. Then, I will explain the dependency status between entrepreneurship education and perceived capabilities of people and their entrepreneurial status, using the chi-square test (subsection 6.3.4).

6.3.1. Entrepreneurship Education in General Education:

According to interviewee SCR18, entrepreneurship education is not yet embedded in the national education curriculum for schools and it is not clear if the Ministry plans to include it in the future. However, in high schools, students can specialize in one of three fields; one of them focuses on management and accounting studies. However, it is not available yet in all schools. Moreover, there is a course called "Life skills", which contains in its curriculum some work skills. This course is taught in 450 schools, which represents only 1% of all schools in the country (see Table 6-3) but will be expanded every year to cover more schools. However, the Ministry has started cooperating with the Saudi Injaz programme to teach entrepreneurship skills in schools.

Table 6-3: Statistics of schools in general education

	pre-school	primary	intermediate	high-school	other	total
number of schools	2,559	13,801	8,325	5,725	4,374	34,784
number of students	182,556	2,570,334	1,230,577	1,214,084	76,654	5,274,205

Source: MOE (2014)

Injaz received the approval of the Ministry of Education to teach its initiatives in all Saudi regions, in 28 cities. However, although Injaz has conducted 2,070 courses in 651 schools with about 63,789 pupils (see Table 6-4), this represents only 1.2% of students in fewer than 2% of all schools. These figures are consistent with the questionnaire results, which show only 4.2% of respondents attended entrepreneurship courses at school (Injaz-Saudi, 2014).

Table 6-4: Injaz achievements

District	Number of Pupils	Courses	Schools
Jeddah	23,794	776	214
Sharqiyah	14,427	475	139
Asir	5,606	194	54
Makkah	4,739	130	48
Tabuk	2,721	89	34
Riyadh	4,173	123	28
Jazan	1,338	50	25
Jouf	1,429	46	22
Ahsaa	1,328	43	19
Madinah	717	28	11
Qaseem	565	19	11
Baha	546	18	11
Najran	593	21	10
Taif	762	27	9
Hail	549	15	9
Northern Borders a	502	16	7
Total	63,789	2,070	651

Source: Injaz-Saudi (2013)

6.3.2. Entrepreneurship Education in Vocation Education:

The Technical and Vocational Training Corporation (TVTC) is the governmental body that manages all vocational education in KSA and it is linked administratively to the labour ministry. TVTC has 35 men's technical colleges, 18 women's technical

colleges and 63 industrial institutes²⁸, all of which aim to provide the local market with Saudi technicians based on the market needs (TVTC, 2014).

TVTC offers a Know About Business (KAB) programme as an optional course for students in all of its colleges; but TVTC is planning to make it a required course instead of being optional. Moreover, TVTC has another entrepreneurship course called “Managing small business” for its students in industrial institutes. However, this course is just an introductory course, according to interviewee SCR17.

6.3.3. Entrepreneurship Education in Higher Education

The Ministry of Education gives universities academic autonomy that allows each one to set a suitable curriculum. Thus, it was beyond the scope of this research to check each university regarding teaching entrepreneurship education. However, based on a question in the questionnaire, 7.6% of respondents had attended courses about entrepreneurship in universities. This was followed by an open question to find out which universities provide such education. This revealed that participants had attended such courses in 14 institutes (13 universities and one technology college).

In general, it was assumed that if there was any entrepreneurship education in these universities, then it would be supported by the existence of either business schools or entrepreneurship centres; thus their availability was checked in the 25 government universities. I found that all universities have business schools except two. Furthermore, 13 universities have entrepreneurship activities but with different names, such as support centres, entrepreneurship centres or incubators (see Table 3-4).

6.3.4. Relationship between Perceived capabilities and entrepreneurial status

This subsection will explain the relationship between entrepreneurship education and perceiving capabilities (knowledge, skills and experience) and the entrepreneurial status by testing the four hypotheses set out in the method section.

Firstly, according to the chi-square test, there is significant evidence of a relationship between attending a course or training about entrepreneurship and entrepreneurial status ($\chi^2 = 48.9$, $df = 2$, $p < 0.001$). Thus, the null hypothesis is rejected. Although the percentage of all people who have attended any course about

²⁸ These are equivalent to high school. Students can join them after intermediate school, which is three years after primary school.

entrepreneurship is limited to 28% (see Table 6-5), this proportion among business owners (44.2%) is double that among people without a business (20.2%).

Table 6-5: Attending Entrepreneurship Training and Entrepreneurial Status

Entrepreneurship Education	no business N=569	potential entrepreneurs N=119	business owners N=231	all
Did not attend any entrepreneurship course	79.8%	66.4%	55.8%	72.0%
Attended a course about education	20.2%	33.6%	44.2%	28.0%

Furthermore, exploring the providers of such entrepreneurship courses revealed there are three main sources: schools, universities and COC (see Figure 6-1). It is noticeable that business owners attended such entrepreneurship courses in COC. In contrast, potential entrepreneurs benefited from the courses provided by universities. Finally, the role of schools was the least among the three providers.

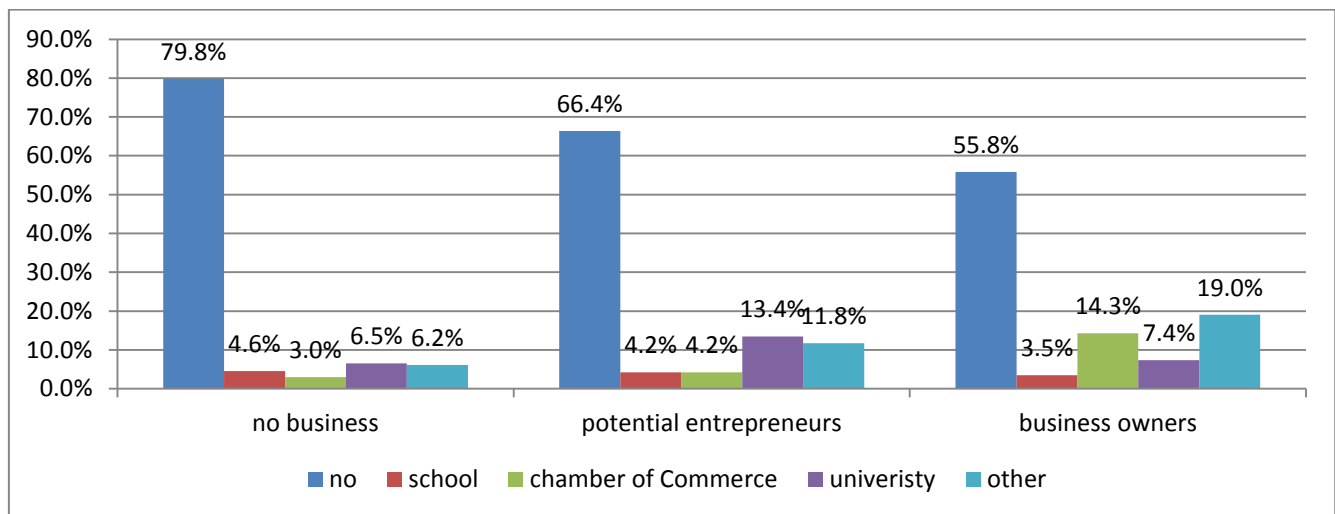


Figure 6-1: Statistics about Attending Entrepreneurship Education Courses

Source: the researcher

Secondly, there is a significant association between perceived knowledge and owning a business ($\chi^2 = 161.8$, $df = 2$, $p < 0.001$). Therefore the null hypothesis is rejected. The results show that 78.7% of people without a business thought they did not have enough knowledge. In contrast, 68.8% of business owners had knowledge about doing business. Finally, it is interesting to see that the perceived level of knowledge is

related to the entrepreneurial level, since the percentage of people with perceived knowledge increases as we move from individuals with no business to business owners (Table 6-6).

Table 6-6 : Perceived Knowledge and Entrepreneurial Status

Knowledge	no business N=569	potential entrepreneurs N=119	business owners N=231	total
NO	78.7%	59.7%	31.2%	64.2%
YES	21.4%	40.3%	68.8%	35.8%

Source: the researcher

Thirdly, the differences between the three types of respondents in terms of perceived skills were significant ($\chi^2 = 102.4$, $df = 2$, $p < 0.001$). Therefore, the result of chi-square test confirms the association between perceived skills and the entrepreneurial status of respondents. Although about 50% of people without a business thought they had enough skills to do business, 88.3% of business owners perceived that they had the skills required to do business. Again, potential entrepreneurs fall between the other two types of respondents, as in the case of the knowledge concept (see Table 6-7).

Table 6-7: The relationship perceived Skills and entrepreneurial status

Skills	no business N=569	potential entrepreneurs N=119	business owners N=231	total
NO	48.9%	27.7%	11.7%	36.8%
YES	51.1%	72.3%	88.3%	63.2%

Source: the researcher

The result related to working experience is very similar to the previous two concepts, following the trend that the level of potential entrepreneurs is in between those of entrepreneurs and people without a business. The results of chi-square test show significant evidence of the association between working experience and entrepreneurial status ($\chi^2 = 114.1$, $df = 2$, $p < 0.001$). 80% of business owners had working experience that enabled them to do business. In contrast, working experience was absent among 62.2% of people without a business or intention to start one in the coming six months (see Table 6-8).

Table 6-8: The relationship between perceived working experience and entrepreneurial status

working experience	no business N=567	potential entrepreneurs N=119	business owners N=230	total
NO	61.7%	47.9%	20.0%	49.5%
YES	38.3%	52.1%	80.0%	50.5%

Source: the researcher

Furthermore, participants were asked about the sources of their working experience and given four options to choose from (see Figure 6-2). The dominant source was current or previous work, while voluntary work was the least cited source, and working part-time or in a family business came in between. Finally the GEM report in 2010 showed a result of 70% for the perceived capabilities concept (Kelley et al., 2010). In contrast, taking the average of the three concepts (knowledge, skills and experience) then the findings of this study show 50% for the perceived capabilities concept.

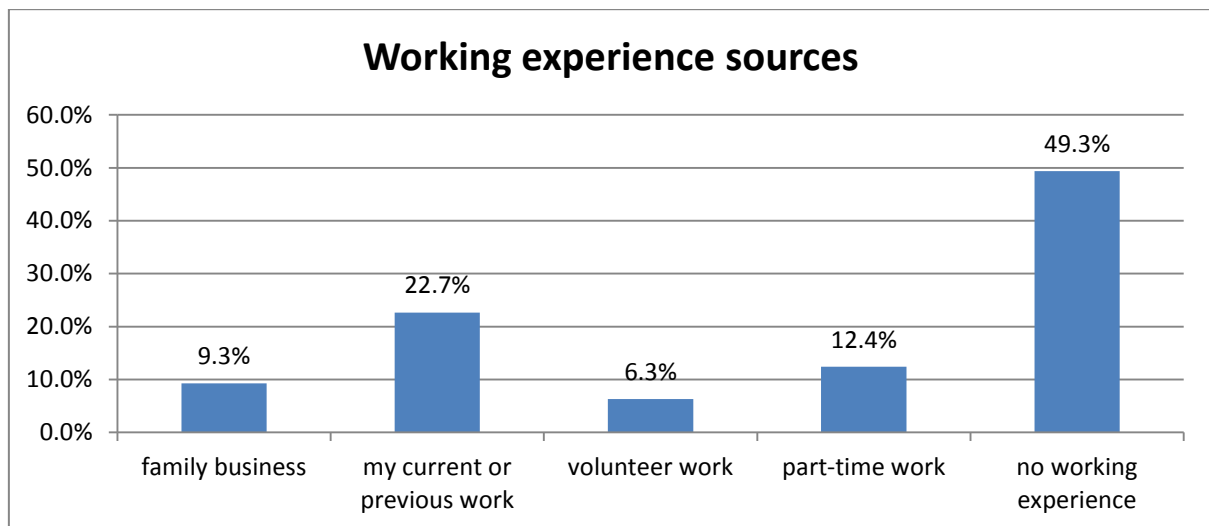


Figure 6-2: Sources of Working Experience

Source: the researcher

In summary, I found that being an entrepreneur is associated to individuals' level of knowledge, skills and working experience. Entrepreneurship education can help to increase the level of knowledge and skills. However, work experience can be gained through working full time, part-time, in a family business or through voluntary work.

6.4. Discussion

This chapter focuses on the second area of the framework, which is entrepreneurship education, which affects both Motivation and Skills concepts. The aim was to inform recommendations for appropriate policy measures based on the Saudi context and the findings in literature in this field. However, as said before, the business support services policy is another policy area that contributes to the same concept. Therefore, this chapter will provide part of the answer to this chapter's research question, while Chapter Nine will complete the other part of the answer.

Firstly, the most important finding in the chapter is the absence of a concrete entrepreneurship education policy. Accordingly, the first recommendation is to have a concrete entrepreneurship education policy. This policy should cover both entrepreneurial stages: pre-start and start-ups. According to Lundstrom and Stevenson (2005) 77% of the 13 governments they studied had concrete objectives to enhance entrepreneurship education in the education system. Moreover, the impact of entrepreneurship education in the Saudi context can be very positive, according to Lee et al.'s (2005) findings that in developing countries entrepreneurship education has positive impact. Indeed, significant evidence was found of a dependency between being an entrepreneur and having knowledge and skills to do business or even attending a training course about entrepreneurship. Moreover, this association was found even among potential entrepreneurs who were planning to do businesses in the coming six months. This supports the recommendation to establish a concrete entrepreneurship education policy that covers the nascent and start-up stages.

Secondly, since entrepreneurship education can have many meanings, it is recommended that Jamieson's (1984) classification of entrepreneurship education is adopted. This includes:

1. Theoretical entrepreneurship education about enterprise which can be taught in educational institutes. This aims to promote entrepreneurship and increase entrepreneurship knowledge.
2. Education for enterprises, which covers practical skills to start a business and prepare business plans. This type can be provided by universities and different support centres that will be covered in chapter nine. This aims to prepare individuals in the nascent stage to start a new business.

3. Education in enterprises, which targets existing firms. This type can be provided by support centres and special institutes in SME sector to help them develop and grow.

Thirdly, since entrepreneurship education activities have already started in the country and been running for some years, they need to be evaluated to examine their impacts on students' intentions, abilities to do business and actual ventures created by these programmes' graduates. Literature reports contradictory results about the impact of entrepreneurial programmes on students in different countries such as Netherlands and Australia (Peterman & Kennedy , 2003 ; Oosterbeek et al., 2010). Moreover each entrepreneurial stage has its needs for a certain entrepreneurship education type (Henry et al., 2005). Therefore, choosing the appropriate entrepreneurship programme for individuals in KSA is an exercise worth further research and investigation beyond the scope of this research.

Fourthly, with the current institutional structure in the country, the entrepreneurship education policy can be implemented by different education institutes that belong to three ministries²⁹ and many other private bodies and NGO's. This increases the important role of a central agent to coordinate, manage and approve entrepreneurship education programmes and training courses. In contrast, since most of the agents are governmental or linked to the government, then it is within the policymakers' authority, which increases the rationale for having an entrepreneurship education policy.

Finally, the results highlighted the importance of working experience because of its association with being an entrepreneur. However, this is not related to entrepreneurship education but can be discussed in the coming chapter related to entrepreneurship regulations. Working in a family business or part-time can be enhanced through certain regulations managed by the Ministry of Labour. However, it is also apparent that the Injaz initiative tries to enhance the volunteerism culture, which is another advantage of such initiatives related to entrepreneurship education.

²⁹ Schools and universities belong to the Ministry of Education, TVTC colleges report to the MOL and Chambers of Commerce are independent institutes but linked indirectly to the MIC.

6.5. Conclusion

This chapter focused on entrepreneurship education in education institutes by exploring the available activities of entrepreneurship education in KSA. The entrepreneurship education policy is considered a curial aspect of the EP from different perspectives. Firstly, this policy area has a double role to play in enhancing awareness about entrepreneurship as a career option and improving knowledge about establishing and managing new businesses (Hills, 1988). Therefore, it affects the Motivation and Skills concepts, which increases its importance. Secondly, the findings of the previous chapter showed that having skills to do business is the most important factor to encourage Saudis to be entrepreneurs. This is consistent with Lee et al.'s (2005) findings about the positive impact of entrepreneurship education in developing countries. Thirdly, the findings showed that the level of skills, knowledge, experience and attending entrepreneurship education courses are higher among entrepreneurs compared to people without a business.

However, there is no stated entrepreneurship education policy found in KSA, which represents a policy gap. Moreover, most of the policy measures provided by the framework (see Table 6-1) were not found in the Saudi context. Further, the only two entrepreneurial education initiatives found in general and vocational education are very limited in size. However, their effectiveness needs to be examined in further research. Therefore, all of these factors confirm the importance of having a stated entrepreneurship education policy. This policy should cover three types of entrepreneurship education (Jamieson ,1984): firstly, theoretical entrepreneurship education about enterprise, which can be taught in educational institutes; secondly, education for enterprises, which covers practical skills to start a business and prepare business, plans; thirdly, education in enterprises, which targets existing firms. Accordingly, the policymakers in KSA are encouraged to evaluate the existing entrepreneurship education initiatives found in the educational institutes to assist them before expanding them to cover more institutes. It is highly recommended to utilize the existing entrepreneurship education initiatives in KSA and encourage the government universities to contribute to these for their students and other individuals in the society. This utilisation of existing capabilities and resources can save time and money.

Finally, this policy area is linked to other policy areas as follows. First, entrepreneurship education is an important promotion factor (Chapter Five). Secondly, (Chapter Nine) business support services play a complementary role to this chapter because they cover the latter two types of entrepreneurship education mentioned above. Thirdly, entrepreneurial experience, which was found to be greater among entrepreneurs, can be facilitated through entrepreneurship regulation (Chapter Seven).

7. CHAPTER SEVEN: ENTREPRENEURSHIP REGULATIONS

7.1. Introduction

This research adopts a framework that targets three concepts: Motivation, Skills and Opportunity. The previous two chapters focused mainly on policy areas that affect motivation and skills. In contrast, this chapter about entrepreneurship regulations is the first of three chapters that affect opportunity. However, entrepreneurship regulation has indirect effect on motivation, in the sense of encouraging more individuals to start new businesses or existing firms to grow (see Figure 5-2).

This chapter contributes to this research through answering the following research question about entrepreneurship regulations : **What are the appropriate policy measures to foster entrepreneurship regulations in KSA?** Therefore, the scope of this research covers research quadrants five and six in the nascent and start-up entrepreneurial stages respectively (see Figure 5-1).

Further, the “Opportunity” concept is operationalised in terms of *“the support environment for entrepreneurship - the availability of information, advice, capital, contacts, technical support and business ideas, as well as the ease of access to these resources. It also encompasses the regulatory environment and processes of government administration”* (Lundstrom & Stevenson, 2005, p. 46). However, the government is the only player in this policy area, which is a unique characteristic of the entrepreneurship regulation policy area.

Entrepreneurship regulation refers to the following four areas of regulations related to entrepreneurship: 1) Ease of starting a business; 2) Legislation affecting entry and exit; 3) Labour issues; and 4) Taxation (Lundstrom & Stevenson, 2005).

Documentary data are used heavily in this chapter to assist the availability of related regulations. Interviews were used as a complementary data source. The next section will explain the data collection procedures. Then the results section will present the findings, which will be followed by the discussion section, then the conclusion. However, the rest of this section will explore some related works in the areas of entrepreneurship regulation.

There is much research conducted about entrepreneurship regulation across countries. For example, using data from 85 countries, Djankov et al. (2002) studied the regulation of entry for start-up ventures. The data covered number of procedures, time and cost required to establish a business. Their results show that entry regulations are difficult in countries with a high corruption level and large unofficial economies. In contrast, democratic countries with limited governments have easier entry regulations. Further, Klapper, Laeven, & Rajan (2006) tested the effect of market entry regulations using a database of European firms. The test examined the impacts of such regulations on the creation of new limited-liability firms, entrants' average size and incumbent firms' growth. The results showed negative effects of costly regulations on firms' birth and growth. This impact is much worse in industries that were assumed to be easy to enter.

Moreover, using a two-equation model, Stel, Storey, and Thurik (2007) examined the relationship between regulations and entrepreneurship in 39 countries. They reported three results. Firstly, there was no significant effect of entry regulations on firms' births in terms of cost, time or number of procedure. However, the entrepreneurship rate was lowered because of the required capital to start a new venture. This affected the decision of entrepreneurs whether to establish their ventures formally or keep them part of the informal economy, which is consistent with Baumol's (1990) view about the distribution of entrepreneurs in society. Secondly, necessity entrepreneurs in developing countries mostly start their businesses in the informal economy. Thirdly, Stel et. al (2007) found a strong effect of labour market regulations on both nascent and existing recently businesses.

However, Kitching, Hart, and Wilson (2013) criticized studies that examined the impacts of regulations on small business, since they consider regulations as a static and negative factor. Instead, these authors consider regulations as a dynamic force that can have positive or negative impact, which shows contradictory results. Accordingly, they recommend future studies to consider the direct and indirect relationships of regulations on small business stakeholders.

In addition to the above, there is much research that focuses on specific regulations or laws such as labour market, intellectual property rights or Bankruptcy Law. For example, Moog & Backes-Gellner (2005) examined the impact of labour market regulations and their constraints in Germany on young people's willingness to establish

new businesses. They found significant evidence of a negative impact for such regulations on individuals' perception of being entrepreneurs and accordingly on the entrepreneurship rate.

The impact of intellectual property rights (IPRs) on self-employment activities can be either positive or negative, which makes it very sensitive. On the one hand, the positive effect could be encouraging innovation to create new opportunities for entrepreneurs. On the other hand, IPR laws could limit access to innovative and technological tools used to set up a new business. However, the importance of IPR laws for small firms is limited to the small niche of innovative firms, while the majority are marginal firms in terms of innovation or economic value (Burke & Fraser, 2007). This study was followed by another one in 2011 when Burke and Fraser (2011) examined the impact of IPR laws on self-employment using a dataset from 33 countries between 1995-2000. They found a positive impact of applying strong IPR laws on the activities of self-employment, consistent with the findings of Burke and Fraser (2007).

Finally, business risk is one of the barriers that can differentiate between entrepreneurs and others who seek wage jobs. However, many start-ups fail to survive and end up in bankruptcy. Therefore, bankruptcy laws that are more entrepreneur-friendly may serve as a lifeline to small businesses and encourage more to enter. Lee et al. (2011), examine the relationship between bankruptcy laws and the rate of new business entry which is used to measure the entrepreneurship development. Based on data for 19 years in the period (1990-2008), covering 29 countries, they found that the entrepreneur-friendly bankruptcy laws increased the entry rate.

7.2. Methods

According to the adopted framework, there are four areas of policy measures associated with this chapter as illustrated in Table 7-1. The nature of this chapter made documentary data appropriate as the main data collection method to explore the existing regulations related to doing business in KSA (see Table 7-2). Therefore, the nature of this chapter made documentary data appropriate as the main data collection method to explore the existing regulations related to doing business in KSA (see Table 7-2). Firstly, I used the World Bank's 2014 'Doing Business' report to explore the 'ease of starting business' in KSA. Secondly, the website of the 'Bureau of Experts at the

Council of Ministers in KSA’ was used to collect the existing Saudi regulations related to the concept of legislation affecting entry and exit. Furthermore, I posed some questions about regulations when I interviewed representatives from Ministries of Municipal and Rural Affairs, Labour and Industry and Commerce.

Table 7-1: Measures of Entrepreneurship Regulations

Concept	Entrepreneurship Regulations
Measures	1.Ease of starting a business and Simplified reporting 2.Legislation affecting entry and exit: Competition Acts; bankruptcy laws and insolvency rules; company laws; patent laws/IP 3.Labour issues 4.Taxation

Source: Lundstrom and Stevenson (2005)

Table 7-2: Data Sources and Types Used in Chapter Seven

Concept	Data source	Data type
Ease of starting business	World Bank’s Doing Business 2014 report	documentary data
Legislation affecting entry and exit	1-The web site of “bureau of experts at the council of ministers”	documentary data
	2-Interviews with representative from MIC and Ministry of Municipal and Rural Affairs	primary qualitative data
Labour issues	1-The Website of Ministry of Labour (MOL)	documentary data
	2-Interview with a representative from MOL	primary qualitative data
Taxation	The website of “department of Zakat and Income tax”	documentary data
All concepts	Interviews with entrepreneurs	primary qualitative data
	Interviews with representatives from business support centres	

Source: the researcher

Thirdly, the official website of the Ministry of Labour is a rich source for all labour issues. Finally, the Department of Zakat's³⁰ website answered questions related to the taxation area. Moreover, "regulations" were one of the concepts that I discussed with the entrepreneurs in the semi-structure interviews. The entrepreneurs' perspectives played an important role to reflect the perceived impact of these regulations from the beneficiaries' perspective.

7.3. Results

The main finding of this chapter is the absence of a concrete policy about entrepreneurship regulations, which represents an EP gap. According to representatives from the ministries of Industry and Commerce, Labour and Municipal and Rural Affairs, there are no specific regulations for nascent or small business per se. The following is a report of the findings according to the four main areas that construct the entrepreneurship regulation concept as follows.

7.3.1. Ease of Starting a Business

The World Bank's Doing Business 2014 report about KSA provides measures and benchmark regulations for domestic SMEs (WorldBank, 2014). However, it is important to consider the assumptions used to collect these data for different countries including KSA:

1. All the required information is available to the entrepreneur without any previous inquiry.
2. No bribes need to be paid.
3. The business is :
 - a. A limited liability company
 - b. located in the largest business city
 - c. 100% owned by a Saudi entrepreneur.
 - d. The number of employees ranges between 10 and 50.
 - e. Works either in general commercial or industrial sectors.

³⁰ Zakat: "a religious wealth tax, is assessed on taxable income and on certain assets" (IFC, 2010, p. 53).

- f. The start-up capital equals 10 times the income per capita.
- g. The sales equal 100 times the income per capita.
- h. No special benefits or real estate are owned for this business

Starting a new business in KSA will take 20.5 days, using nine procedures and cost 5% of income per capita but does not require a minimum paid-in capital. Further, the ranking of KSA is better than the regional average of MENA countries but lower than two of the GCC countries, as shown in Figure 7-1. Although ease of doing business in KSA has improved over time since 2004 in terms of number of procedures, time, cost, and paid-in minimum capital, Saudi Arabia’s global ranking is 84 out of 189 countries.

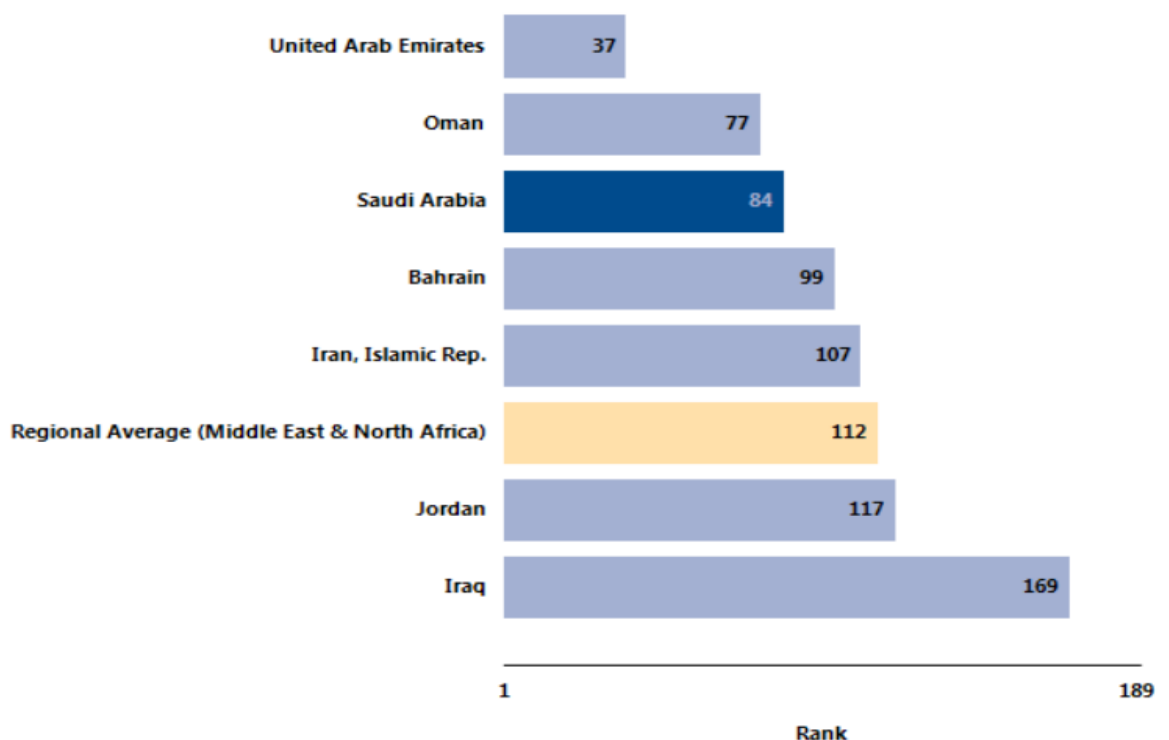


Figure 7-1: Comparison between KSA and other Countries in terms of Ease of Starting a Business

Source: WorldBank (2014)

Neither one-stop-shop (or single entry point) nor online portal services are available yet in the country. This was confirmed by most of the entrepreneurs and agents’ representatives. However, it was interesting that entrepreneurs E11 and E14 said that they were willing to pay up to SAR 10, 000 if this service was available and could

save their time and effort³¹. In fact, it could save more, since for example E11 who worked in plastic manufacturing, took three months to get a licence from the environment department in addition to the normal licences required for businesses in services or commerce. However, the process differs based on the business sector.

7.3.2. Legislation affecting entry and exit

This concept covers some laws that affect the continuity of an existing business such as: patent law, bankruptcy law, competition law and company law (Lundstrom & Stevenson, 2005). Accordingly, the following is an account of the existing laws in these areas according to the Bureau of Experts at the Council of Ministers which call them regulations instead of laws.

1. Patent Regulation

The Saudi patent regulation aims to provide full protection inside KSA for inventions, layout designs of integrated circuits, plant varieties and industrial designs. The first Saudi patent regulation was issued in 1989 then modified in 2004. The regulation authorized KACST to apply the regulation (BOE_PS, 2014).

This regulation was not important to all the entrepreneurs that I met because the nature of their business ideas did not require patenting. However, this regulation is important in the academic context, since Saudi universities give priority to patents and innovative entrepreneurship as confirmed by interviewee SCR10.

2. The protective settlement from the Bankruptcy Regulation

This regulation aims to manage issues related to bankruptcy of traders or companies. The regulation has 18 items that explain the procedures for the settlement with the coordination of two government bodies: the MIC and the Office of Grievances (BOE_BL, 2014). The regulation does not differentiate between small and large companies.

None of the entrepreneurs whom I met knew about this regulation. It was interesting to notice that more than one entrepreneur considered the idea of such a regulation as pessimistic, since they were inclined to think only of a successful bright future of their ventures.

³¹ It is a way of quantizing the value of the service although it could cost them more and the service can be provided to them for free by the government.

3. Competition Regulation

This regulation aims to protect and encourage fair competition and anti-monopoly practices that affect legitimate competition. It exempts government companies and Public Institutes but does not specify any details regarding SMEs. Moreover, the competition regulation authorizes the Council of Competition Protection, which is headed by the MIC, to manage competition issues in the country (BOE_CS, 2014).

Entrepreneurs reported two types of competition they face in the market. Firstly, entrepreneurs E10 and E19 suffered from unlicensed foreign labour who could provide the same service or product at lower prices. This is part of the informal economy in which foreign labour prefer to work, this being one of three options for them. The others are either being foreign investors and paying taxes to the government or using a Saudi as a fake business owner and doing the business themselves. However, they consider the former choice costly, while the latter is classified by the government as a crime, called 'Tasatur', since June 2004 (MCI, 2004). The second competition problem was raised by entrepreneurs E25 and E26, who said that the government procurement regulation does not differentiate between small and large companies. It is neither allows small firms to compete in certain projects based on their classification and nor protects them from large companies' competition, if the latter can bid in small projects.

4. Companies Regulation

The Companies Regulation was set in 1965 and has 234 items that cover eight types of company including the limited liability company (LLC). The LLC consists of at least two shareholders with a minimum capital of SAR 50,000 (BOE_CS, 2014).

5. Other regulations

Some entrepreneurs raised other regulation issues worth discussing here as emerging results. Entrepreneur E5, who worked in the e-commerce sector, had trouble with payment method. The Saudi banks do not provide online payment for small or even medium companies, he claimed. This forced him to collect money at delivery time, which had a negative impact on the whole business transactions and operations. Moreover, other entrepreneurs such as E3, E4 and E5 asserted the need for a regulation to allow them to give their employees share options, to encourage them to stay working with them as small businesses. However, they could not do it in a legal way that could protect the rights of both parties and motivate workers.

On the other hand, the findings in Chapter Five show that part-time entrepreneurship is a Saudi phenomenon where employees own businesses. This is not a problem except for government employees, who are not allowed to own a business according to the regulation number 13 from the Government Employee Regulations. The Shura council discussed this case recently and refused the suggestion to allow government employees to own businesses (AlriyadhNP,2016). Moreover, the MOL encourages part-time employment (MOL, 2013) which could increase individual working experience as found in Chapter Six as a characteristic found more in entrepreneurs.

7.3.3. Labour issues

Labour regulations were the most annoying regulations that most of the entrepreneurs interviewed complained about. They had a variety of complaints, as follows:

1. Saudization was considered by E10, E12 and E16 as a barrier because their business was of kind not favoured by Saudis, either because they were not socially acceptable (E16), required high efforts (E10) or required high engagement and working even on weekends (E12)³².
2. All entrepreneurs complained about the new fees they were required to pay by MOL: SAR 200 monthly for each non-Saudi worker. However, it was announced recently that the MOL has exempted micro businesses (fewer than 10 employees) from these fees (MOL, 2015).
3. E14 claimed that she lost about SAR 300,000 revenue yearly because of shortage of workers, because MOL would not agree to give her enough visas to import foreign labour and she could not find Saudis. To circumvent this problem, she said that she imported workers as baby sitters, then hired them to work in her business, although doing so is illegal.
4. According to E13, foreign labour accept lower wages and can be more skilled. He shed light on an important point that MOL has not been

³² The businesses of E10, E12 and E16 were: AC installation and maintenance, a restaurant and a beauty shop respectively.

regulated yet, which is the minimum wage³³. In fact, the MOL through HADAF, established a programme to support ventures that hire Saudis by paying them a portion of their monthly salaries for two years. However, the purpose of this regulation is to encourage hiring unemployed people, not to support start-ups. For example, E17 complained of this problem, since he was trying to hire people with experience, but HADAF does not support them³⁴.

7.3.4. Taxation

The Department of Zakat and Income Tax is the government body in KSA that is responsible for arranging taxes. However, payment of taxes is limited to six categories of people, but only two of them are applicable to Saudis who are working either in the field of natural gas investment or of production of oil and hydrocarbons (DZIT, 2014).

Therefore, it seems that taxation is not an issue facing Saudi entrepreneurs, since they are exempted from it unless they invest in production of oil and gas, which would probably require capital beyond the capabilities of small businesses. However, entrepreneurs based on their business sector have to pay certain fees to different governmental agents, either to get licences or as annual fees. There are about 20 different government agents involved in the process of licensing a business, depending on the business sector (Alhunaishel,2013). Not all of them are required for every business, but each business sector requires a set of government agents to approve its licence. Therefore, it is not possible to ascertain exactly the required fees that can be taken to found a firm.

However, two issues related to this matter were raised by entrepreneurs. On the one hand, entrepreneur E12 raised the problem of variation in fees demanded by the same government agent in different cities. For example, he said that it is required to pay SAR 1,000 per employee to obtain a health card from the branch of the Ministry of Municipal and Rural Affairs in Dammam, while it is free in Riyadh. On the other hand, entrepreneur E21, an accountant, agreed that absence of a taxation system in the country

³³ As indicated in Chapter Three, average wages for Saudis and non-Saudis workers in the private sector are SAR 5,519 and 1,636 respectively.

³⁴ HADAF is a government agent called the Human Resource Fund. It pays up to 50% of a Saudi worker's salary to a maximum of SAR 2,000 for two years when he first works, to encourage the private sector to hire Saudis (HADAF,2015).

led to neglect of the role of official accountant reports and financial statements within small firms. He said that one of his clients lost 60% of the value of his company in an acquisition operation. He ascribed this loss to the absence of official historical accounting records that could show the actual business transactions and growth. This problem can be linked to other policy areas as follows. First, this explains the gap between financial institutes and small business, which shows low transparency of transactions. This problem is linked to financing entrepreneurs, which is the subject of Chapter Eight. Second, it shows also the impact of a low level of knowledge about managing businesses in a professional way. This is related to the Skills concept which is part of Chapters Six and Nine about entrepreneurship education.

7.4. Discussion

This chapter is intended to provide answers to the research question about the appropriate regulations to help individuals to start ventures and to support existing ones to stay and grow. The unique feature of this chapter is that it concerns a policy area that is 100% controlled by the government as a regulator. Therefore, the first recommendation is to have a concrete entrepreneurship regulation policy to fill the policy gap in this area. This requires a clear definition of entrepreneurship that can give an advantage to entrepreneurs. For this purpose, in general, the 42-month threshold set by Lundstrom and Stevenson (2005) to differentiate EP from SME policy would be suitable. Start-ups within this period can enjoy exemption from some of the government regulations to encourage them to start, then grow. Further, the entrepreneurship regulation policy needs to cover the following four parts:

7.4.1. Ease of Starting a Business

The main objective of this policy area is to reduce the cost and time required by potential entrepreneurs to start a new business (Lundstrom & Stevenson, 2005). This concept is important in the pre-start stage to help individuals start their own businesses. The main regulatory support that could be provided to potential entrepreneurs in this stage is:

- 1) A one-stop-shop to facilitate business registration and
- 2) Information centres or online portals to educate individuals about conducting business and required procedures and regulations.

Since a one-stop-shop service is provided to foreign entrepreneurs (investors) in KSA, then providing this service to citizens is a must to motivate Saudis. This could be done easily since the concept is already established in the country. Such a service was found by Lundstrom and Stevenson (2005) in 92% of the 13 countries they examined. Moreover, it is provided partially in KSA, but only for entrepreneurs who apply through the TCF intermediate agent, which has an alliance in this matter with the Saudi Arabian General Investment Authority (SAGIA). This leads to another recommendation of having a central agent for entrepreneurship and SME similar to SAGIA that specializes in providing services and facilities to foreign investors in KSA. In fact, the establishment of such an agent was announced in October, 2015 after years of waiting.

The 'Doing Business' report, shows that an entrepreneur needs 20.5 days to register a business (WorldBank, 2014). However, the report did not include micro businesses of fewer than ten employees and assumed ideal conditions such as information availability, no bribes and doing business in the largest business city. Therefore, the actual process of doing business is still an area for improvement, to avoid forcing entrepreneurs to work in the informal economy as found by Stel et al., (2007). Finally, according to Alhunaishel (2013b) the government through the SCSB is planning to start the process of setting up one-stop-shops that will accomplish all required licences in a single day. MOL claims that they have started the process of founding this service. However, since the role of SME issues has been transferred to the new authority, the plans of both SCSB and MOL are uncertain. However, it could be suggested that this would be one of the first missions for the SME Authority announced in October, 2015, which has become the main government agent to look after this sector.

7.4.2. Legislation affecting entry and exit

This theme focused on four regulations that affect ventures in general: patent regulation, bankruptcy regulation, competition and companies' regulation. However, their effect on new businesses can be more critical since new ventures start weak and need more support. The results show that such regulations exist in the country but without consideration to small or new businesses. Therefore, this is an area where the E-

extension policy can fit. According to Lundstrom and Stevenson (2005, p. 119), “*the E-extension policy approach describes the situation where a government introduces entrepreneurship-oriented measures within their SME policy framework*”. Therefore, these existing regulations need to be extended to consider the new businesses situation. Again, it can be suggested that the 42-month period is required to differentiate entrepreneurship from other businesses.

Furthermore, the results show that entrepreneurs do not realize the importance of bankruptcy law. However, Lee et al. (2011) found that entry rate is increased with entrepreneur-friendly bankruptcy law. Their study was based on 29 countries and about 19 years of data. Furthermore, Chapter Five revealed that part-time entrepreneurship is a common phenomenon in KSA; individuals prefer to keep their jobs while doing business. Therefore, an entrepreneur-friendly bankruptcy law is recommended to encourage more individuals to start new business.

Moreover, the findings show that entrepreneurs suffer from two types of competition. The first one is from unlicensed foreign labour who could provide the same service or product at lower prices. It is considered as illegal business and already banned by the government as part of the general government regulations. However, it is part of the informal economy that affects small business specifically. The second competition problem came from existing firms, especially the large ones. This problem could be addressed by the government. The government could increase the business opportunities for small and new businesses through government procurement (OECD, 2004; Noor, Shariff, & Peou, 2010). Such an incentive was proposed in Jamaica, where 20% of government procurement is dedicated to micro and SME (Ministry of Industry, 2013). Moreover, in the USA, 5% of all federal government contracts are dedicated to women entrepreneurs (OECD, 2012).

Therefore, small businesses in KSA could be motivated by dedicating a portion of the government procurement to the SME sector. This recommendation is based on the role of government spending to develop the Saudi economy:

The Saudi economy continued its growth during 2014 as a result of ongoing government expenditure on development projects and continues structural and regulatory reforms aimed at achieving sustainable economic growth through diversifying the production base and increasing the contribution of non-oil sector (SAMA, 2015, p. 30).

Moreover, this portion should be divided between small and medium businesses. However, the exact portion requires further details and studies beyond the scope of this research. The contribution of the private sector as part of the non-oil GDP represents 71% (SAMA,2015). However, the contribution for the SME sector is not known exactly but it is known that 99.7% of all firms in the private sector (85.6% very small, 12.1% small, 2% medium) are SMEs. Since this research focuses on entrepreneurship, specifying a portion of government procurement to small businesses can help them to grow and motivate more firms' birth. Accordingly, such a regulation would affect both the "Motivation" and "Opportunity" concepts.

Finally, the stock option for employees is considered as an innovation management system. It is related to Drucker's entrepreneurial management. It works as an incentive for employees that helps in career planning. This can satisfy the objectives of both the employee and the company (Hsueh & Tu, 2004). Therefore, I recommend having a regulation for such an "employee stock option". It could help more firms working in technology with high potential to grow to hire very skilful employees, especially Saudis, who can get much higher salaries in large companies.

7.4.3. Labour issues

The main point to be asked here is if the employment policies are in favour of paid employees versus self-employment (Lundstrom & Stevenson, 2005). In the case of KSA, the results show a trade-off between the labour regulations objectives. On the one hand, MOL's main objective is to increase the number of Saudis in the private sector, to reduce unemployment rate. This has been achieved partially by increasing the rate of Saudis in private sector from 10% in 2011 to 15% in 2013. In contrast, forcing small and new business to hire Saudis increases their cost because of the big difference in salaries. The number of small and micro firms was declined by 10% between 2012 and 2013. Although the MOL explains this decline by other reasons, Saudization is a challenge for this segment of business, for the following reasons. Firstly, as shown in Chapter Five (Entrepreneurship Promotion) part-time entrepreneurship is a phenomenon in the country, where employees establish small business to increase their income. This segment cannot register themselves as workers in their firms because they already have jobs. Instead, they have two choices: either close the business or hire Saudi employees, based on the Saudization level required to fulfil the MOL requirement. Secondly, such

businesses are not attractive to Saudi workers, as mentioned by entrepreneurs. Moreover, big differences in wages make Saudis very expensive to hire compared to foreign labour. Thirdly, existence of informal businesses and illegal ones owned by foreigners increases the competition in the market for this segment. It seems that the MOL may have realized the negative effect of its regulations on this segment. For example, the MOL recently exempted micro businesses from paying the SAR 200 monthly (MOL,2015).

Therefore, given this complexity and trade-off between objectives, I recommend treating new business for the first 42 months in a special way that encourages them to settle then grow. This can happen by exempting them from the Netaqat programme, especially in the sectors that the government wants to encourage entrepreneurs to invest in.

7.4.4. Taxation

Taxation is not a problem in the country, but its absence causes a problem for firms that neglect financial records. This negatively affects firms' transparency, causing banks to be very cautious about lending to them. This issue will be discussed in more details in Chapter Eight (Seed and Start-up Finance). However, there is a need to educate business owners to pay more attention to their financial records in a professional way as part of their attitude change to be professional entrepreneurs. This is also an important matter that will be discussed in Chapter Nine (Business Support Services).

7.5. Conclusion

This chapter about the regulations that affect the life of entrepreneurs was the first chapter to discuss issues affecting the "Opportunity" concept. It is the only area that is wholly controlled by the government, which gives it higher importance to the policymakers. Entrepreneurship regulations, based on the adopted framework, consist of four main areas related to starting, running and closing a business, in addition to labour and taxation issues. However, there is as yet no stated regulations policy in the country. This represents a third policy gap, in addition to the previous two policy areas.

The findings varied among missing measures, compatible ones and measures that are not applicable to the Saudi context as follows. Firstly, one-stop-shop and online

portal are two important policy services to help starting new business. These two measures are recommended by the framework but missing in the Saudi context. Secondly, the framework contains four regulations that affect business entry and exit. These four regulations are found in the country but no indications show that they consider small or new businesses. Therefore, such regulations need to be extended to cover this segment of businesses in specific. Thirdly, the Saudization regulation has caused a contradictory situation. Hiring Saudis is a national objective to reduce unemployment rate; but this condition is difficult for small firms to satisfy. Therefore, I recommended exempting new firms in the first 42 months of their life from Saudization to help them settle and grow. Finally, taxation is not applicable to the Saudi context, which confirms that “one size does not fit all”.

In addition, this chapter has more findings apart from the framework measures which could be considered as emerging results. Firstly, entrepreneurs suffer from competition from foreign labour who could provide the same service or product at lower prices. The MOL had an initiative called the “Access to Market Programme”, which will be described in Chapter Nine. Secondly, entrepreneurs suffer from competition from larger companies. Therefore, I recommended dedicating a portion of the government procurement to the SME sector, which is an idea found in literature in different countries (Ministry of Industry, 2013; OECD, 2012). Thirdly, entrepreneurs ask for more dynamic regulations that satisfy the need for small business. For example, online payment needs to be activated for small businesses. Moreover, entrepreneurs want to attract talented employees by offering them stock options. Finally, absence of taxation caused Saudi entrepreneurs to neglect accounting reports for their small businesses, because they are not required officially. This has a negative effect on the transparency of firms, which will be discussed more in Chapter Eight.

Finally, the recommendations provided in this chapter gained higher importance since they are controlled only by the government. The policymakers can utilize the existing initiatives in the country to support entrepreneurship. For example, the one stop shop which is provided for foreign investors can be expanded to serve Saudis as well. Moreover, the recommendations listed above such as the payment methods, competition and bankruptcy law need to be extended to cover small and new businesses, which would be easier than establishing new ones.

8. CHAPTER EIGHT: SEED CAPITAL AND START-UP FINANCING

8.1. Introduction

This chapter is about the fourth pillar of the EP framework adopted in this research, which is about financing entrepreneurs. It is also the second policy area that affects the opportunity component of the framework (see Figure 5-2).

However, this long chapter with more details is given more consideration because of its high importance, which comes from many reasons, including:

1. Access to finance is a historical and international problem that has faced small and new business for decades, which encourages governments to provide financial support to this segment (Murray, 1994; Lundstrom & Stevenson, 2005).
2. Financing entrepreneurs is a main area found in different EP frameworks such as the GEM entrepreneurial framework (Reynolds et al., 1999), the OECD/EUROSTAT Entrepreneurship Framework (Ahmad & Hoffman, 2008) and UNCTAD's EP Framework (United Nations, 2012).
3. Among the six pillars of the framework, financing small and new business is one of the two areas explicitly supported in government policy statements in KSA. However, the finance policy is the only one implemented, which is worth more discussion in this research.

Based on the definition of entrepreneurship policy, which covers three entrepreneurial stages: pre-start, start-ups and early post-start-up, there are three main types of funds needed by entrepreneurs as follows:

1. Seed fund: which is the initial capital required to start new business³⁵ which is needed in the pre-start (nascent) stage (Murray & Cowling, 2012).
2. Start-up financing: which is the finance needed by firms already in existence in the start-up stage to help them either to survive and run their business in the start-up phase or grow and expand in the early post-start-up phase.

³⁵ However, it is sometimes used interchangeably with pre-seed fund or to fund technology firms only.

3. Pre-seed fund: for scientists or inventors to develop prototypes to test their products and decrease the barriers facing innovation entrepreneurship and encourage commercialisable R&D (Lundstrom & Stevenson, 2005). However, it is also necessary for existing firms to develop new products. For instance, in Austria, start-up programmes provide pre-seed funds for high-tech firms (European Commission, 2008).

However, this chapter will focus on the first two types of funds –seed fund and start-up finance- found in research quadrants seven and eight respectively, as illustrated in Figure 5-1. Accordingly, this chapter aims to answer the following research question:

What are the appropriate policy measures to foster entrepreneurship financing in Saudi Arabia?

This chapter will contain six more sections after this introduction. Related works will be explored in section 8.2 before explanation of the data collection method in section 8.3. The results will be divided into two sections: qualitative results in section 8.3 and quantitative results in 8.5. The discussion and conclusion will be found in the last two sections, 8.6 and 8.7 respectively.

8.2. Literature Review

Access to finance is considered one of the major barriers facing start-ups and small business to exist and grow (Beck & Demirguc-Kunt, 2006; Klapper, Laeven, & Rajan, 2006). The equity gap, for example, is an old problem facing small business in general; for instance, it has been recognised as a significant problem for SMEs in the UK since 1931 (Murray, 1994). Therefore, it is not surprising to find SME policy supporting this problem for more than 60 years. For example, the US government set the Small Business Act of 1953 to provide loans to small firms; and the Canadian government passed the Loan Guarantee Act in 1961 to provide loans to small business (Riding & Haines, 2001). Therefore, since there are many constraints facing small and new business to get finance, this section will explore literature related to two topics: 1) sources of finance and; 2) constraints on obtaining finance for small and new business.

8.2.1. Sources of finance

Sources of finance can be classified into two types based on the source’s nature as follows: internal finance and external finance. While internal finance depends on the business owner’s money, family and friends, external finance has many sources, including grants, debt, equity and corporate investments (see Figure 8-1) (Cooper ,2003; Denis ,2004; Wilson & Silva, 2013). However, the choice of each source has its rationale and impacts. For example, Vos et al. (2007) found that young and less educated SME owners prefer external finance, while older and more educated owners are less likely to use external finance. However, in principle, the choice between debt and equity to finance a start-up has its effects on the future of the business through its operations, failures risk, performance and the ability to grow and expand (Cassar, 2004).

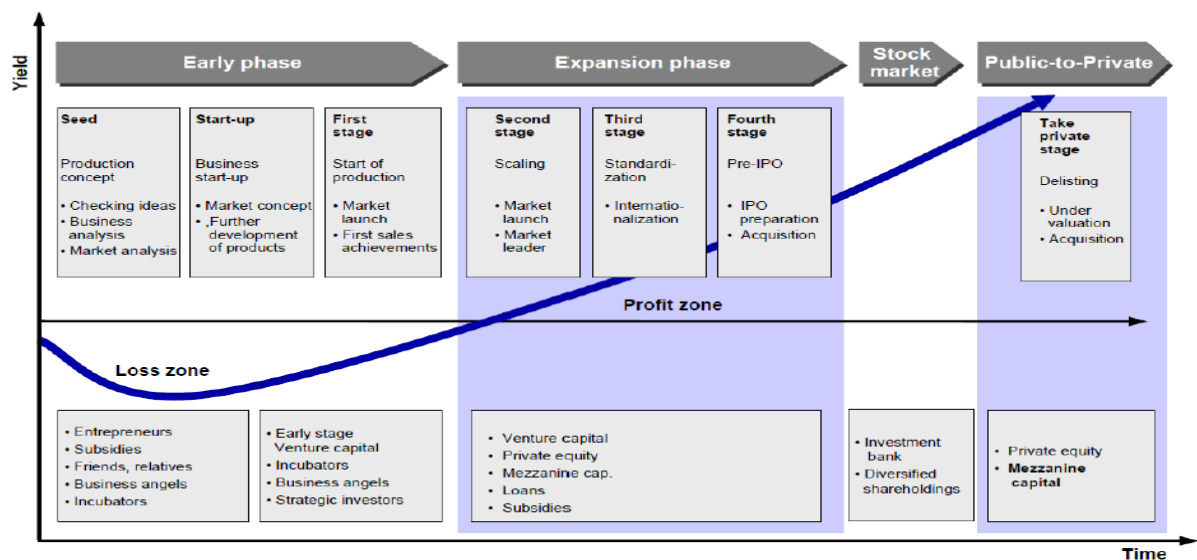


Figure 8-1: SME finance Life-cycle

Source: Wilson and Silva (2013)

Internal finance, also called insider finance or bootstrapping, is defined by Winborg and Landstrom (2001, p. 1) as “the use of methods for meeting the need for resources without relying on long-term external finance from debt holders and/or new owners”. This definition implies that bootstrapping utilizes personal sources of financing, improves cash flow and decreases the requirement of overall capital. Berger and Udell (1998) found that the largest source of finance for small business regardless of age and size is the principal owner with 35%. Although it is considered as stemming

from the principal owner, it is classified to 31% equity and 4% debt. However, “*The principal owner is typically the person who has the largest ownership share and has the primary authority to make financial decisions*” (Berger and Udell ,1998, p. 6). This is consistent with Harrison and Mason (1997) who found that 95% of software ventures in Northern Ireland use bootstrapping techniques. However, there are many methods for practising bootstrapping. For example, Winborg and Landstrom (2001) identify 32 bootstrapping techniques used by small Swedish firms. These techniques were further analysed and then firms classified into six clusters. Each cluster was described by a list of firms’ characteristics and bootstrap techniques. Furthermore, Ebben and Johnson (2006) linked between firm age and the use of certain bootstrapping techniques described in Winborg and Landstrom’s study.

In contrast, external finance is still needed even at later stages. For example, Schwienbacher (2007) examined the choices facing entrepreneurs who do not have enough money to complete their projects. Two choices were proposed: not to start the project until finding a large investor such as a VC (conservative choice); or to start bootstrapping until reaching a certain achievement level then raise further funds (adventure choice). He showed that the latter choice is better if: the business is profitable, there is a high chance of achievement, there is a large market of VCs and the money needed to reach achievement is small. Furthermore, entrepreneurial firms that do not show profitability yet and have a shortage of tangible assets are not able to get debt financing. Therefore, there are three alternative equity sources of finance: angel investors, VCs, and corporate investors. However, corporate investment might take the form of acquisitions and strategic alliances or indirectly through VC funds (Denis, 2004).

Although Berger and Udell (1998) found that the contribution to financing small business of VCs and angel financing is a relatively small portion (1.85% and 3.59% respectively), the importance of financing through these equity sources is evident from the success of the firms that receive the funds. Assuming that the most successful firms are the ones that go public via Initial Public Offering (IPO), 15% of all IPOs in 1980 were backed by VC and this percentage was doubled in 1990 taking into consideration that most companies that got VC funds already had angel finance previously. Baum and Silverman (2004) investigated the role of VCs towards start-ups as either being scouts if picking winners by just identifying those likely to exhibit growth or as coaches if

building start-ups by providing management expertise and connections. They found that VCs use a combined logic of both scouting and coaching. Although their data focused on the biotechnology industry, their finding was consistent with other studies about start-ups in Silicon Valley (Hellmann & Puri, 2002). Hellmann and Puri find a significant role of VC in increasing the professionalism of start-ups. For example, VCs help play a role in establishing human resource policies, planning for stock options, hiring a VP for sales and marketing and replacing founders by the CEO. Moreover, the development of start-ups in early stages is positively affected by the role of VCs.

Furthermore, business angels can fill the equity gap before accessing VC since they could invest a smaller amount compared to VCs, whose interest is in financing large amounts (Schwienbacher, 2007). Since angel investors are not required to publicly disclose and have little institutional infrastructure, data on angel investments are not found easily (Denis, 2004). Shane (2012) considers angel investment as either a debt or equity source: *“An angel investor is a person who provides capital, in the form of debt or equity, from his own funds to a private business owned and operated by someone else who is neither a friend nor a family member”* (p. 4). Shane found that between 2001 and 2003, 40.2% of angel investments were debt, while the typical investment amount was \$10,000. However, angel investors could be accredited or unaccredited investors where accreditation is limited by the net worth. He found that only 23% of angels were accredited investors. For example, in the US, *“an accredited investor is an individual who has a net worth of more than \$1 million or an expected individual (household) yearly income of more than \$200,000 (\$300,000)”* (Wong, Bhatia, & Freeman, 2009, p. 222).

Finally, loan guarantee schemes play an important role as a government support policy to help finance SMEs (Riding, Madill, & Haines, 2006). Accordingly, loan guarantee schemes are adopted by policy makers in developed and developing countries to help small business to overcome the imperfection of the capital market (Cowling & Mitchell, 2003). For example, in 1981, the UK government founded a loan guarantee scheme (SFLGS) to alleviate the constraints facing small firms (Cowling, 2010). On the other hand, Rocha et al. (2010) examined the partial credit guarantee schemes in ten MENA countries. Although the overall size of guarantees was in line with the international average, smaller firms seemed not to benefit from them since the number of guarantees is small and their values were large. Moreover, it is found that the

proportion of lending from banks to SMEs in the MENA region is less than 8%. Moreover, although the lending target for SMEs in the GCC was 12%, it was found to be just 2%. Furthermore, in KSA, the actual SME lending was 1.7% although the target was 8.9%.

8.2.2. Barriers to accessing finance

The previous subsection explored different sources of finance. However, the main problem is the existence of barriers that prevent individuals or firms from accessing finance. Therefore, this subsection will shed light on related works on this problem.

Using data from 91 banks in 45 countries, SMEs were found to be less attractive to banks although banks charge them higher interest rates and fees compared to large firms. Moreover, the picture is much worse in developing countries in terms of lower loan percentage and higher cost (Demirgüç-Kunt, 2008). According to Rocha et al. (2010), the problem of weak lending in MENA has three reasons worth considering by policy makers: low transparency of SME³⁶, lack of credit information and weak rights for lenders.

To improve the credit availability for SMEs, Berger and Udell (2006) suggest a conceptual framework. In the framework, the credit availability for SME is affected by government policies and financial structure through the lending technologies as the main channels. However, the financial structure consists of different types of financial institutes with different operational conditions while lending technologies cover transaction technologies and relationship lending. In contrast, Beck and Demirguc-Kunt (2006) argue that improving the business environment for all firms is more effective than focusing on the SME sector specifically. However, although improving the legal and financial institutions lead to more growth and finance accessibility for all firms sizes, SMEs in specific will benefit more as a result of such institutional developments.

Furthermore, there are other factors that can increase the difficulty for SMEs to access finance, such as innovation and gender discrimination. Despite the evidence that shows that the market to finance SMEs is imperfect, the innovation and growth of

³⁶ This problem is found more in KSA since there are no taxes. Thus, I recommended in the last chapter educating entrepreneurs to increase transparency of their firms through official accounting reports to improve finance access.

SMEs are limited as a result of financial constraints (Hyytinen & Toivanen, 2005). Moreover, Lee, Sameen, and Cowling (2015) determine three constraints facing small innovative firms. First, innovation is more risky since returns on innovation are uncertain. The second problem is information asymmetry, which is common for most SMEs. Third, innovations could be context based where a new process innovation is related only to the firm's sector. In the same manner, Carpenter and Petersen (2002) find that most US small high-tech firms used little debt finance for the same reasons described above. Therefore, government support is justified to finance innovative businesses. For example, in the US, SBIR programme was founded to fill the finance gap (Connell, 1988). SBIR addresses five finance gaps related to a firm's lack of information, firm size, paying back the capital, sector and locations (see Table 8-1) (Cooper, 2008).

Table 8-1: Five Finance Gaps Addressed by SBIR

Dimension of the gap	How the SBIR program addresses the gap
Inadequate information on small firm innovation ventures	An SBIR award offers valuable recognition for the recipient firm (certification effect)
Size of financing-venture capital ignores small projects	The program provides small amounts of capital appropriate for new start-up innovative activities
Time frame-venture capital requires exit in 1-3 years	The capital does not have to be paid back, exit is not an issue
Technology areas invested in by venture capital is narrow	SBIR grants are awarded in a broad range of technology areas
Location -venture capital is geographically concentrated	SBIR program serves firms in geographic areas that have been ignored by venture capital and administers outreach programs

Source: adopted from Cooper (2003)

From another perspective, Bellucci, Borisov, and Zazzaro (2010) found that if the business owner is female, she would face more difficulty in obtaining finance but no discrimination in interest rates. Moreover, female officers in lending organisations are more risk-averse than males regarding lending to new borrowers. This is consistent with the findings of Roper and Scott (2007) who found that women are less likely than men to get external start-up finance, based on the GEM 2004 database.

However, the reason for that could be related to the nature of female entrepreneurs and their business as an indirect effect, rather than gender discrimination

as a direct effect. Verheul and Thurik (2001) found that female entrepreneurs prefer part-time work, are less likely to work in the service sector, do less networking, are more risk averse and have less experience in financial management.

In summary, literature shows that access to finance is an international and historical problem for small and new business, which gives this matter higher importance for policymakers. Sources of finance can be classified as internal, using owners' money, or external through debt or equity, each type having different instruments. The choice of a finance source depends on many factors either related to owners' characteristics or the availability of sources, but each has its impact on the firm structure that affects its future. Market failure, low transparency of SMEs and lack of other regulations are the main barriers to accessing finance for SMEs. Moreover, women and innovative entrepreneurs can face more difficulties. Therefore, for decades, governments have intervened to provide financial support to SMEs through a variety of solutions, which vary from one country to another.

8.3. Methods

This section will describe the data collection and analysis for both data types: qualitative and quantitative. The framework provides ten policy measures as illustrated in Table 8-2. The sources of finance from the supply side were investigated through qualitative data. In contrast, individuals' ability and experience to access finance were explored using both data types: qualitative and quantitative.

Table 8-2: Measures of Entrepreneurship Financing concept

Concept	Entrepreneurship Financing
Measures	1.Small business banks 2.Government small business loan guarantee programmes 3.Micro-loan funds 4.Growth loan funds 5.R&D seed capital programmes 6.Venture capital programmes; 7.Investment tax credits 8.Support for angel investor networks 9.Financing databases 10.Investment match-making programmes

Source: Lundstrom and Stevenson (2005)

8.3.1. Qualitative Data

The qualitative data were collected from primary and secondary sources as follows:

- Semi-structured interviews with entrepreneurs.
- Semi-structured interviews with representatives from financial institutes and intermediate agents.
- Documentary data from official reports and websites.

I prepared specific questions to interview representatives from financial institutes and I inserted a set of questions about finance in the interviews with entrepreneurs and representatives from intermediate agents (see Appendix B). However, after approaching representatives from three commercial banks, they refused to sign the consent forms, which prevented the use of any data. However, they recommended communication with the Kafalah programme instead, since Kafalah is the intermediate agent between them and SMEs. Therefore, I relied on the Kafalah website, which has rich information about its contribution in this matter. Moreover, I tried to interview the general manager of SCSB as the main government institute to provide seed funds to entrepreneurs. However, he declined to be interviewed and referred me to an employee who answered some of the questions by email, since he refused to allow recording of the interview. I was lucky to find on YouTube three recent TV interviews with the SCSB's general manager, which were about the role of the bank in supporting entrepreneurs. These interviews, although they were secondary sources, provided very rich data about the bank's role. Moreover, the bank website and annual reports contained detailed information and accurate statistics.

The qualitative data that came from interviewing the entrepreneurs were analysed using content analysis. I focused only on the finance related aspects. This led to the emerge of three themes, as will be described in subsection 8.4.1. In contrast, external sources of finance is a major theme in this chapter which required information collection from different data sources. I describe them in details using the qualitative description technique.

8.3.2. Quantitative Data

The questionnaire contains specific questions about sources of finance for seed and start-up financing as follows:

1. How did you manage to get the money that you established your business with – seed fund-?
2. If you need funds to grow or expand your business, then what is the most appropriate way –start-up finance- ?

Respondents had the same options for both questions:

1	I could fund it using my money or by borrowing from my family or friends.
2	I could get a loan from a commercial bank since I'm an employee
3	I could get a loan from a commercial bank even if I'm not an employee
4	I could get a loan from government banks such as credit bank or agricultural bank
5	I could get money through Kafalah programme
6	I could get money from investors
7	I can't get money and this is a barrier for me
8	other (please specify)

Source: the researcher

Furthermore, the opportunity was given to respondents to choose the “other” (option eight) to avoid forcing them to take the suggested options. Then they were asked another open question to enter an answer for “other”. Accordingly, these answers were analysed to update the final results. These two questions gave general statistics about each source of finance. The answers can be classified into either able to get finance (options one to six) or not (option seven). Further, the finance sources are of two main types: internal (option one) and external (options two to six). Finally, external finance is classified into governmental (option four), commercial banks (options two, three and five) and investors (option six).

The descriptive statistics of the questionnaire results were not deep enough to provide strong evidence about the relationships. Accordingly, binary logistic regression was used to control more factors that might affect the ability to get finance. Moreover, the choice between internal and external finance sources was examined. The logistic regression can provide the following two important functions (SAGE, 2015):

- Build a model to predict entrepreneurs' ability to get finance.

- Examine the relationship between the ability to access finance and many other factors that are called predictors or independent variables. This function is the main concern in this chapter.

As the dependent variables of interest are expressed in binary form (1,0), I ran two models of the logistic regression for each fund type as follows:

Seed fund models:
Model A: to examine the determinants that affect the ability to get seed fund (1=able, 0 = not able).
Model B: to examine the determinants that affect choosing external finance for seed fund (1=choosing external finance, 0 = choosing internal finance).
Start-up finance models:
Model C: to examine the determinants that affect the ability to get start-up funds (1=able, 0 = not able).
Model D: to examine the determinants that affect choosing external finance (1=choosing external finance, 0 = choosing internal finance).

For each model, I used ten independent variables related to the firm and the owner. Each one represented a hypothesis to be tested. This resulted in 40 hypotheses to test ten variables, using four logistic regression models. Eight of the independent variables were the same in the four models. These were the demographic characteristics, 1) gender, 2) age, 3) education level, and 4) working status, and the firm related variables, 5) monthly income, 6) location, 7) sector and 8) innovation level. However the remaining two independent variables are different from one fund type to another. While the seed fund model includes 9) entrepreneurial experience and 10) driver to start business, the start-up finance model includes 11) firm age and; 12) firm size.

Although most of these variables are standard, I will justify my choice for them according to either other research or the Saudi context. Then they will be followed by the related hypothesis for each variable. Finally, Tables 8-2 and 8-3 illustrate the operationalization of key variables used for the seed fund and start-up finance models respectively.

1. Independent variable one: Gender

There is much research studying the gender effect on SME ability to get finance. For instance, Watson, Newby, and Mahuka (2009) found no evidence of any discrimination based on gender to apply for loans, waiting time to approve loans or interest rate

charged. This is consistent with Fraser (2006) for the UK and Treichel and Scott (2006) for the USA. In contrast, Bellucci, Borisov, and Zazzaro, (2010) found that if the business owner is female, she would face more difficulty in obtaining finance but no discrimination in the interest rates.

Proposition one: entrepreneurs’ gender affects their ability to get finance

H1a: There is a relationship between entrepreneurs’ gender and their ability to get seed fund.
H1b: There is a relationship between entrepreneurs’ gender and their choice to get seed fund either from internal or external sources.
H1c: There is a relationship between entrepreneurs’ gender and their ability to get start-up finance.
H1d: There is a relationship between entrepreneurs’ gender and their choice to get start-up finance either from internal or external sources.

2. Independent variable two: Age

Age and education level were found by Vos et al.(2007) to be determinants for selecting between internal and external sources of finance. They found that external financing is preferred for young and less educated business owners.

Proposition two: entrepreneurs’ age affects their ability to get finance

H2a: There is a relationship between entrepreneurs’ age and their ability to get seed fund.
H2b: There is a relationship between entrepreneurs’ age and their choice to get seed fund either from internal or external sources.
H2c: There is a relationship between entrepreneurs’ age and their ability to get start-up finance.
H2d: There is a relationship between entrepreneurs’ age and their choice to get start-up finance either from internal or external sources.

3. Independent variable three: entrepreneurs’ education level

Proposition three: entrepreneurs’ education level affects their ability to get finance

H3a: There is a relationship between entrepreneurs’ education level and their ability to get seed fund.
H3b: There is a relationship between entrepreneurs’ education level and their choice to get seed fund either from internal or external sources.
H3c: There is a relationship between entrepreneurs’ education level and their ability to get start-up finance.
H3d: There is a relationship between entrepreneurs’ education level and their choice to get start-up finance either from internal or external sources.

4. Independent variable four: Entrepreneurs' working status

The initial results in this research show a big difference between the loans provided from commercial banks to employees compared to non-employees (see Tables 8-12 and 8-16). Moreover, government support for seed funds requires applicants not to be employees. Therefore, working status is an important factor to be considered when analysing access to finance.

Proposition four: entrepreneurs' working status affects their ability to get finance

H4a: There is a relationship between entrepreneurs' working status and their ability to get seed fund.
H4b: There is a relationship between entrepreneurs' working status and their choice to get seed fund either from internal or external sources.
H4c: There is a relationship between entrepreneurs' working status and their ability to get start-up finance.
H4d: There is a relationship between entrepreneurs' working status and their choice to get start-up finance either from internal or external sources.

5. Independent variable five: Monthly income

In the models, monthly income can be seen from two angles. On the one hand, it could be the firm's income that is used to forecast its cash flow, which affects the lending decision making process (Edwards, 1994). This is applicable to models C and D for start-up financing.

On the other hand, if the business owner has a job, then his monthly income will affect the size of the loan that he can get from the bank. This also justifies the use of previous independent variable. According to Acs et al. (2005) most people in all countries who start a business have jobs at the same time. They represent 91% of all entrepreneurs in middle income countries, 81% in high- income and 77% in low-income countries. In KSA, I found that 56% of business owners are employees. Therefore, I control for working status.

Proposition five: entrepreneurs’ monthly income affects their ability to get finance

H5a: There is a relationship between entrepreneurs’ monthly income and their ability to get seed fund.
H5b: There is a relationship between entrepreneurs’ monthly income and their choice to get seed fund either from internal or external sources.
H5c: There is a relationship between entrepreneurs’ monthly income and their ability to get start-up finance.
H5d: There is a relationship between entrepreneurs’ monthly income and their choice to get start-up finance either from internal or external sources.

6. Independent variable six: Business Location

Entrepreneurs in rural areas face difficulties to access bank finance (Deakins, Whittam, & Wyper, 2010). In KSA as a large country, there is a big variation in service availability based on location; for instance, 60% of the population live in six cities including Riyadh, the capital city, with about 20% of the population. Therefore, developing rural areas is one of the Saudi government’s rationales to support entrepreneurs and increase business’s priority to get government loans.

Proposition six: entrepreneurs’ business location affects their ability to get finance

H6a: There is a relationship between entrepreneurs’ business location and their ability to get seed fund.
H6b: There is a relationship between entrepreneurs’ business location and their choice to get seed fund either from internal or external sources.
H6c: There is a relationship between entrepreneurs’ business location and their ability to get start-up finance.
H6d: There is a relationship between entrepreneurs’ business location and their choice to get start-up finance either from internal or external sources.

7. Independent variable seven: Business sector.

An entrepreneur can face difficulties to access finance just because his business belongs to a specific sector. For instance, the finance credit gap is a problem facing UK entrepreneurs in the manufacturing sector (Deakins et al. ,2010). Moreover, the initial qualitative results of this study show that entrepreneurs in the IT related sectors are not able to access finance, either from the government or commercial banks (see sub-section 8.4.1).

Proposition seven: entrepreneurs’ business sector affects their ability to get finance

H7a: There is a relationship between entrepreneurs’ business sector and their ability to get seed fund.
H7b: There is a relationship between entrepreneurs’ business sector and their choice to get seed fund either from internal or external sources.
H7c: There is a relationship between entrepreneurs’ business sector and their ability to get start-up finance.
H7d: There is a relationship between entrepreneurs’ business sector and their choice to get start-up finance either from internal or external sources.

8. Independent variable eight: Innovation Level of Business Idea

Innovation can be measured by input measures such as R&D or scientists or by introducing new products and services (Freel, 2007). Therefore, in this study the definition of innovation is whether the business idea is about producing a “totally new service or product that is considered a pioneer in the industry”.

Since the knowledge-based economy is associated with technology and innovation, such businesses are of high importance to the policy makers and an important driver to adopt entrepreneurship in KSA. However, according to Lee, Sameen, and Cowling (2015), innovative firms are less likely to access finance.

Proposition eight: entrepreneurs’ business innovation level affects their ability to get finance

H8a: There is a relationship between innovative businesses and the ability to get seed fund.
H8b: There is a relationship between innovative businesses and the choice to get seed fund either from internal or external sources.
H8c: There is a relationship between innovative businesses and the ability to get start-up finance.
H8d: There is a relationship between innovative businesses and the choice to get start-up finance either from internal or external sources.

9. Independent variable nine: Entrepreneurial experience of the entrepreneur

Entrepreneurial experience is an important variable that attracts much research. Entrepreneurs are classified into novice, serial and portfolio; and the information about their experience affects the trust given by lending institutes to entrepreneurs (Erikson, 2003). However, this variable and the next one are used only for the seed fund models. Therefore, I have only two hypotheses.

Proposition nine: entrepreneurs' entrepreneurial experience affects their ability to get finance

H9a: There is a relationship between entrepreneurs' entrepreneurial experience and their ability to get seed fund.
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H9b: There is a relationship between entrepreneurs' entrepreneurial experience and the choice to get seed fund either from internal or external sources.
--

10. Independent variable ten: Entrepreneur's driver to start business

The drivers to start a business variable are classified into opportunity, improvement-driven opportunity and necessity driven entrepreneurs (GEM ,2015). The last represents unemployed people, which is another rationale to support entrepreneurship in KSA that gives importance to this variable. Moreover, government financial support is conditional on applicants not being employed.

Proposition ten: entrepreneurs' drivers to start a business affect their ability to get finance

H10a: There is a relationship between entrepreneurs' drivers to start a business and their ability to get seed fund.
--

H10b: There is a relationship between entrepreneurs' drivers to start a business and the choice to get seed fund either from internal or external sources.
--

11. Independent variables eleven and twelve: Firm's Size and Age

These two variables are used only with start-up fund models. Firm size and age are two important determinants of finance obstacles for SMEs. Beck, Demirgüç-Kunt, Laeven, and Maksimovic (2006) found that a firm's age and size are proportional to the ability to get finance, which represents an obstacle for young and small firms. This is

due to lack of information transparency and risk (Rocha et al., 2010). The definitions of firm's size and age are illustrated in Table 8-4.

Proposition 11: entrepreneur firms' age affects their ability to get finance

H11c: There is a relationship between firm's age and the ability to get start-up finance.

H11d: There is a relationship between firm's age and the choice to get start-up finance either from internal or external sources.

Proposition 12: entrepreneur firms' size affects their ability to get finance

H12c: There is a relationship between firm's size and the ability to get start-up finance.
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H12d: There is a relationship between firm's size and the choice to get start-up finance either from internal or external sources.
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Table 8-3: Operationalization of Key Variables for Seed Fund Model; N=336

Concept	Operational measure	Percentage in the sample
Independent variables		
Gender	0 = Female	23.6%
	1= Male	76.4%
Age	0 = 50 or more	5.8%
	1 = 15-24	7.4%
	2 = 25-29	21.0%
	3 = 30-34	25.2%
	4 = 35-39	20.4%
	5 = 40-44	13.5%
	6 = 45-49	6.6%
Education level	0 = More than BS	26.5%
	1 = Less than BS	23.1%
	2 = Bachelor degree(BS)	50.4%
Working Status	0 = Employee in the government	48.0%
	1 = Employee in private sector	21.5%
	2 = Entrepreneur	11.9%
	3 = Not working	18.6%
Monthly income	0 = More than SAR 20,000	18.0%
	1 = Less than SAR 5001	24.9%
	2 = Between SAR 5,001 and 20,000	57.0%
Location	0 = Riyadh	34.2%
	1 = Jeddah	16.7%
	2 = Large cities	19.6%
	3 = Medium Cities	19.9%
	4 = Small Cities	9.5%
Industry	0 = Services	28.6%
	1 = Manufacturing	8.0%
	2 = Commerce	32.4%
	3 = E-commerce/IT/website/e-platform	14.1%
	4 = Vocational, craft or maintenance	17.0%
Innovation level	0 = Innovative business	8.5%
	1 = Not innovative business	91.5%
Entrepreneurial experience	0 = Had experience	76.7%
	1 = No experience	23.3%
Driver to start business	0 = Opportunity	41.1%
	1 = Improvement-driven opportunity	40.3%
	2 = Necessity	18.6%

Source : the researcher

Table 8-4: Operationalization of Key Variables for Start-up Finance Model; N=169

Concept	Operational measure	Percentage in the sample
Independent variables		
Gender	0 = Female	23.8%
	1= Male	76.2%
Age	0 = 50 or more	6.3%
	1 = 15-24	10.3%
	2 = 25-29	23.0%
	3 = 30-34	24.6%
	4 = 35-39	20.2%
	5 = 40-44	11.1%
	6 = 45-49	4.4%
Education level	0 = More than BS	30.6%
	1 = Less than BS	18.7%
	2 = Bachelor degree(BS)	50.8%
Working Status	0 = Employee in the government	42.2%
	1 = Employee in private sector	16.3%
	2 = Entrepreneur	23.5%
	3 = Not working	17.9%
Monthly income	0 = More than SAR 20,000	16.7%
	1 = Less than SAR 5001	27.4%
	2 = Between SAR 5,001 and 20,000	56.0%
Location	0 = Riyadh	33.3%
	1 = Jeddah	17.9%
	2 = Large cities	21.5%
	3 = Medium Cities	17.5%
	4 = Small Cities	9.8%
Industry	0 = Services	22.4%
	1 = Manufacturing	9.0%
	2 = Commerce	31.0%
	3 = E-commerce/IT/website/e-platform	20.5%
	4 = Vocational, craft or maintenance	17.1%
Innovation level	0 = Innovative business	9.5%
	1 = Not innovative business	90.5%
Business Age	0 = Less than 6 months	34.1%
	1 = 6 months =< and < 24 months	43.3%
	2 = 24 months =< and < 42 months	22.6%
Business Size	0 = working alone	29.0%
	1 = 1 < and <= 5 employees	44.8%
	2 = 5 < and <= 9 employees	8.7%
	3 = 9 < and <= 49 employees	14.7%
	4 = 49 < and <= 499 employees	2.8%

Source : the researcher

8.4. Qualitative Results

The most important finding in this chapter is the existence of a concrete policy statement to provide financial support to small and new businesses as seed funds. This policy was created in 2006 and assigned to SCSB to implement it (BOE, 2014). Implementation of this policy takes place through various initiatives, which will be explored further in this section. Furthermore, a well-known loan guarantee scheme is found in KSA since 2004, under the name of the Kafalah programme. This programme can be classified as a source of start-up finance for existing firms. Thus, there are two government policies to support both seed fund and start-up finance.

Therefore, the findings in this section will be described starting with the finance related themes extracted from the entrepreneurs' interviews, followed by a description of the available external sources of finance found in the country.

8.4.1. Entrepreneurs' interviews

This subsection will explain the main themes related to finance based on the interviews with the set of entrepreneurs. These themes are: sources of finance, rationales and impacts of using a finance source.

1. Theme one: Sources of finance

The 20 entrepreneurs can be classified based on the source type into two groups (see Figure 8-2). On the one hand, group one, which consists of entrepreneurs E10, E11, E12, E16, E17, E19 and E24, obtained their seed funds from two intermediate agents funded by the government through SCSB. Entrepreneur E16 was funded through the TCF³⁷, and the rest through Riyadhah. They were all able to start their businesses immediately once they received the seed fund. However, all of them established businesses similar to ones found in the market, which are considered as low risk businesses compared to innovation-based businesses.

³⁷ TCF, Riyadhah and other agents will be explored in details in Chapter Nine "Business Support Services".

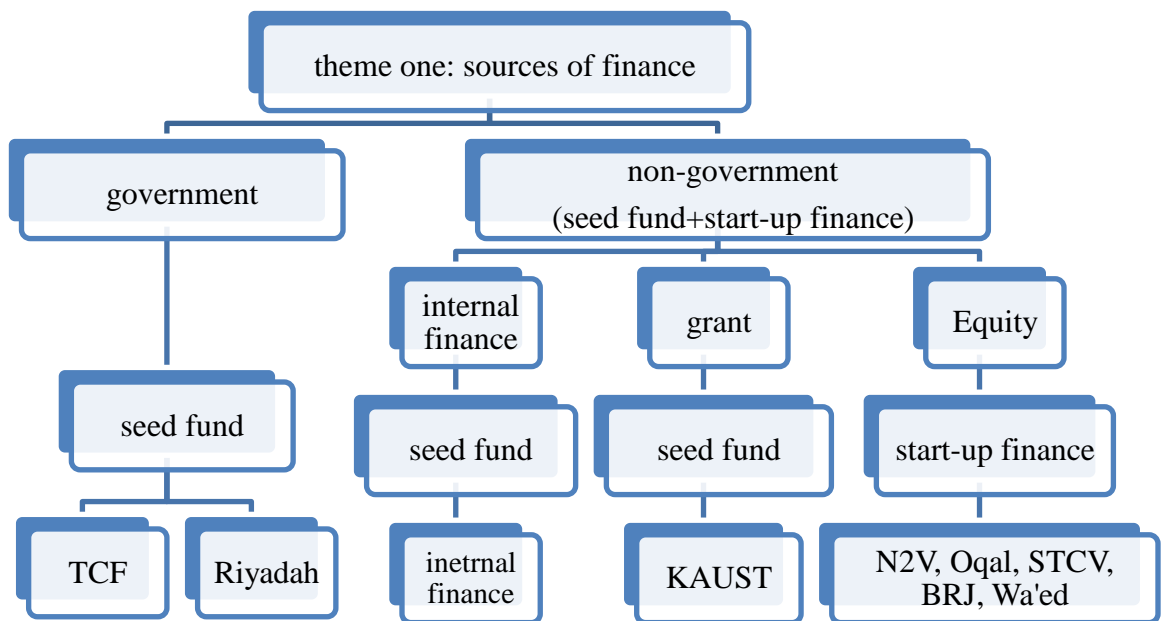


Figure 8-2: Theme One about Sources of Finance for Entrepreneurs

Source: the researcher

In contrast, group two, which consists of entrepreneurs E1, E2, E3, E4, E5, E6, E7, E8, E13, E14, E18, E21 and E25 did not receive any funding from the government, neither seed nor start-up. They all started their businesses gradually by using their free time after work, by trying from home or selling to relatives and friends. Then they converted to be full time entrepreneurs after different periods of time. Moreover, all of them used internal financing as a seed fund to start their businesses. However, some of them could not be full-time entrepreneurs until they received external funds in a later stage. For example: entrepreneurs E5 and E3 got equity funding from N2V³⁸; entrepreneur E2 received a grant from KAUST then got equity funding from STCV at a later stage. Furthermore, entrepreneur E4 received funding from three investors³⁹ through the Oqal Angel Investor group and E13 received equity funding from an investor, then a loan from Wa'ed. This theme provides more insight into sources of finance in the country.

³⁸ N2V, STCV, Oqal and Wa'ed will be explained in the "external sources of finance" below.

³⁹ One of them is entrepreneur E8.

2. Theme two: Rationales for using a finance source

Although the government loans require entrepreneurs to work full time in their businesses, the opportunity cost for group one was either low or zero. For example, E11 was retired, entrepreneurs E16, E19 and E24 were unemployed, while entrepreneurs E10 and E12 sought higher income from their new business than their previous jobs.

In contrast, there were many reasons for group two to use internal finance instead of the government loans. For instance, entrepreneurs E6, E8, and E13 started their businesses before the government established its loan programme in 2006. Moreover, the nature of business for entrepreneurs E3, E5, E6, E7, E13, E25 and E26 was more technological, without tangible assets, since they worked in IT, web-based and e-commerce areas. All of these projects were incompatible with SCSB lending conditions and not welcomed by commercial banks, entrepreneurs claimed. Further, the entrepreneurs themselves did not favour debt funding, because it would increase the risk for their businesses. Instead, they preferred either internal finance or equity funding (see Figure 8-3).

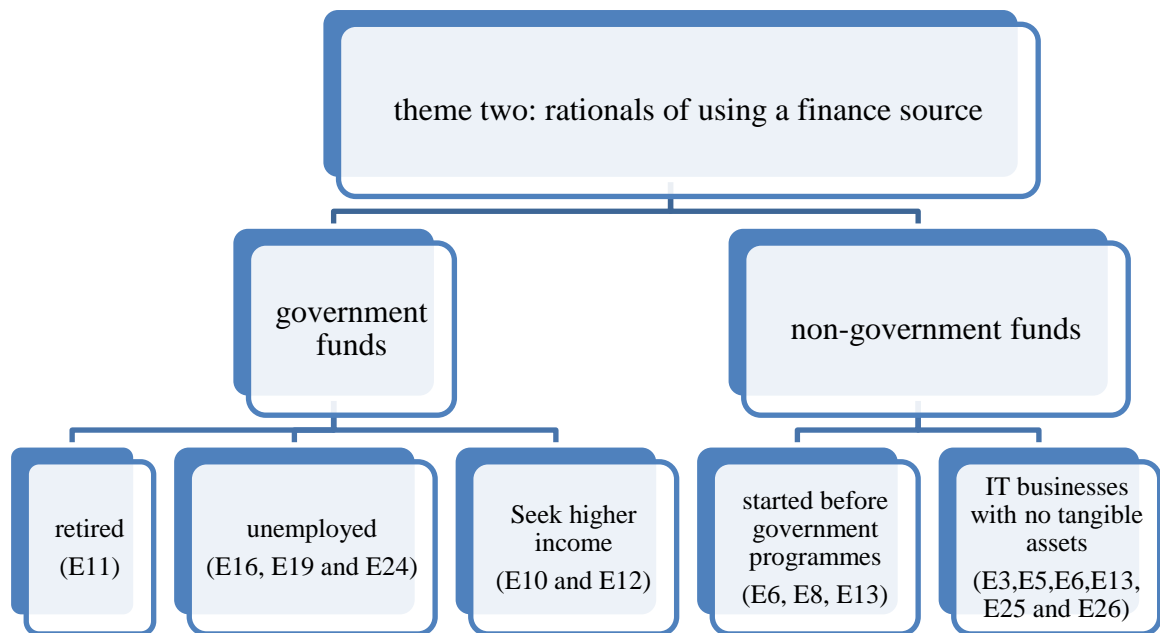


Figure 8-3: Theme Two about Rationale behind Selecting a Finance Source

Source: the researcher

3. Impact of using a finance source

Entrepreneurs who received seed funds through government loans felt very lucky to have captured such an opportunity and had started thinking of expanding their businesses. Loans are interest-free, up to SAR 300,000 and must be paid back in eight years, from three years after starting the business. As examples of recipients of such funding, E11 was looking for investors to expand his factory and E10 and E16 had started planning to open branches. Moreover, E12 had encouraged his brother to apply for a government loan and they opened another restaurant, bought a third one and were planning to open branches in another city.

In contrast, lack of funding was a barrier for most of the entrepreneurs in group two. For example, entrepreneurs E3 and E4 could not devote themselves fully to their businesses until they obtained external finance to support them financially. Conversely, E5 left his small business and joined a bigger company as an employee, then they had a partnership as a spin-off.

In short, government funds are available as seed funds only but I could not find evidence of any governmental fund in the start-up phase. Group one of traditional businesses could not start until they received seed funds from the government. However, group two of more technological businesses used internal finance to start gradually. Then, some of them obtained equity funding either through VCs or angel investors. Moreover, two factors were found to be the determinants of using a finance source: nature of business and lender conditions. For instance, full time entrepreneurs with traditional business ideas can get government support. However, entrepreneurs working in IT related fields did not favour debt financing in general and could not satisfy the lending condition of lenders, either government or commercial banks. Finally, this subsection has shed light on some sources of finance which will be explored next, to paint the picture.

8.4.2. External sources of finance

According to the literature in the field and the interviews above (see Figure 8-3), the main external sources of finance to fund entrepreneurs include: government agents, commercial banks and equity funding. All of these agents were described in Chapter

Three; however, this chapter will shed more light on their contribution as sources of finance.

1. Government agents

In 2006, the government assigned the role of funding and supporting small and nascent business to SCSB with an explicit policy statement. However, SCSB only provides seed funds to start a new business. The government recently increased the bank's capital to SAR 36 billion (SCSB, 2012).

Moreover, in 2010, the bank launched the "Masarat"⁴⁰ programme -which consists of five tracks (see Table 8-5) to manage the process of lending to small business (Alhunaishel, 2013b). Furthermore, in 2011 the bank launched a programme targeting graduates with education qualifications or medical diplomas to help them start their own business in their field of study. This programme was in pursuance of the Government decree to find short and urgent solutions to address the unemployment among university graduates. Therefore, the bank established the graduate programme that offers loans of up to SAR 2.5 million (SCSB, 2014).

Table 8-5: Masarat Programme to Support Entrepreneurs

Masarat programme	Loans in SAR		
	Maximum	Minimum	entrepreneur's contribution* %
1 Nascent Business	300,000	50,000	0
2 Excellence	4,000,000	300,000	from 8% to 50%
3 Invention	4,000,000	300,000	from 0% to 50%
4 Micro business and productive families	50,000	NA	0
5 Taxis	80,000	NA	0

[*] It means that the business owner should contribute with these percentages of the total estimated cost of the business capital.

Source : SCSB (2014)

SCSB has 29 branches distributed in the main Saudi regions, including three branched for women, in addition to 21 offices distributed among Saudi cities. However, it cooperates with other intermediate agents as a third party regarding productive families and nascent project. However, the bank deals directly with individuals in the taxis, excellence and invention tracks, in addition to the graduate initiative.

⁴⁰ Masarat is an Arabic word meaning tracks.

SCSB empowers agents to deal with individuals who seek productive family loans according to the track and the general bank conditions. In contrast, the bank delegates to agents the task of receiving applications from individuals for the nascent project track, but the bank reviews them for final approval. For example, the bank signed six agreements with different agents to provide this service. However, the bank stays as the loan provider and each agent must follow the bank requirements while the bank pays them certain incentives for their efforts. These agents, which will be discussed in detail in the next two chapters, include: 1) Riyadhah; 2) TCF; 3) Badir Incubator; 4) SCTA ; 5) BRJ in some of its initiatives; 6) King Salman Institute for Entrepreneurship; and 7) IDC. Although the loans are interest-free, the bank allows these agents to charge up to SAR 3,000 per loan as a managerial fee, which actually represents 1% minimum⁴¹ (Alhunaishel, 2013a; Alhunaishel, 2013c; SCSB, 2014).

Table 8-6 shows the number of loans that have been provided by the bank since it was established. Also the table contains statistics about loans between 2011 and 2013 (SCSB ,2012; SCSB ,2013). The results show that more than 90% of funds went to two tracks only: nascent businesses and taxis. This encouraged further investigation of other tracks. According to the interviewee SCR7, the low number of invention projects was ascribed to four reasons:

- Inventors do not have business skills and refuse to learn them.
- Absence of specialized support centres to prepare patents to the business start-ups stage.
- Low number of inventions in the country;
- Inventors have jobs and refuse to leave them to be full time entrepreneurs.

However, there was no available information about such applicants, to enable hearing about these claims from their perspective. The invention track sets three main requirements to start evaluating projects as follows:

- To have a patent either ready or in progress.
- To have passed the stage of prototype development.
- To need funds to commercialize the patented item.

⁴¹ This percentage could be higher than 1% if the loan is less than SAR 300,000 while the agent charges SAR 3,000. According to Islamic finance principles, the interest-free loan is called Qard-Hasan (Siddiqui,2001).

Table 8-6: Total and (Values in SAR million) of Productive Loans

Masarat Tracks	2011	2012	2013	total until end of 2013	total % until end of 2013
Nascent Business	1,087 (164)	1,027 (216.2)	1,503 (327)	8,976 (1312.4)	36.7% (36.1%)
Excellence	23 (53)	55 (97.2)	72 (134)	709 (1276.2)	2.9% (35.1%)
Invention	0 (0)	2 (3.3)	2 (2)	4 (5.3)	0.0% (0.1%)
Micro business and productive families	NA	41 (0.36)	52 (0.7)	1438 (71.5)	5.9% (2.0%)
Taxis	1318 (104.0)	234 (17.9)	466 (41)	13,299 (970.3)	54.4% (26.7%)
Total for 2012	2,428 (321)	1,359 (335)	2,095 (504.7)	24,426 (3,635.7)	100.0% (100.0%)

Sources: SCSB (2012) and SCSB (2013)

Another track, the graduate initiative, had low numbers of applicants but no deliverables as yet, although it was established in 2011. The micro business track requires third party agents to deal with beneficiaries, but, there are not enough agents qualified to increase the number of funded projects. As for the tracks receiving most funding, the bank is developing the process of funding the taxis track based on the new transportation strategy in the country. On the other hand, the nascent business track had approved more loans than entrepreneurs could establish businesses, which means there was a surplus in this track. According to interviewee SCR7, there were three reasons explaining why entrepreneurs with approved loans could not start their projects:

- An entrepreneur might not be able to provide a guarantee from a payment and performance bondsman, which is an SCSB requirement.
- An entrepreneur might find a job or obtain a scholarship to study, which he/she preferred instead of starting a business.
- An entrepreneur might fail to get the required licences to do the business.

There are no official percentages for each reason but the bank provided interesting statistics that link the failure rate and working experience of the business owner (see Table 8-7).

Table 8-7: Relationship between Working Experience and Failure Rates

Number of working years for applicants	Percentage
Not available or no experience	27.0%
Two years or less	21.0%
Three to six years	23.0%

Source: interviewee SCR7

Finally, although SCSB is the main and official agent to fund entrepreneurs, the Agricultural Development fund (ADF) also provides small agricultural projects with loans of up to SAR 200,000. The fund can provide loans to cover 75% of the cost of projects requiring investment between SAR 200,000 and SAR 3 million (ADF, 2014). Further, the Social Charity Fund (SCF) provides funds for micro business. SCF will be discussed in Chapter Ten, about target group strategies, since it targets a certain segment.

2. Kafalah programme

Kafalah issues financial guarantees up to 80% of the total loan value with a maximum of SAR 1.6 million for each guarantee and SAR 10 million of total guarantees per enterprise with many activities. However, Kafalah targets SMEs with less than SAR 30 million annual revenue. Moreover, it requires acceptable collateral to be pledged before it approves loans. Such collateral could be either assets owned by the business owner or related to the business. The contribution of the Kafalah programme between 2006 and 2013 is illustrated in Table 8-9 (Kafalah, 2014). The Kafalah programme represents both the government and the commercial banks' contribution to financing SMEs. However, since it requires pledging assets, it excludes businesses that do not fulfil such requirements. Kafalah's loans as a percentage of the total loans given by Saudi banks to private sectors declined from 2.1% in 2010 to 1.3% in 2012 (see Table 8-8). This figure is not far from the findings of Rocha et al. (2010) that the actual SME lending in Saudi through credit guarantee schemes is limited to 1.7%.

Finally, commercial banks might have other lending activity direct to SMEs without Kafalah. However, information on this was not easy to obtain, as explained in the method section.

Table 8-8: Loans Provided by Saudi Commercial Banks (SAR million)

	1.Kafalah loans	2.Individuals loans	3.Private sector loans	4* = 1/2	5**=1/3
2010	715	18,916	33,304	3.8%	2.1%
2011	1,283	43,411	79,978	3.0%	1.6%
2012	1,768	49,768	136,034	3.6%	1.3%

* percentage of Kafalah to total loans given to individuals

** percentage of Kafalah to total loans given to private sector

Source: SAMA (2014) and Kafalah (2014)

Table 8-9: Kafalah Contribution between 2006 and 2013 (SAR thousands)

year	number of financial guarantees	values of financial guarantees SAR) (thousands	value of fund SAR) (thousands	number of enterprises	average value of guarantees SAR) (thousands	percentage of the guarantee to the fund	average number of guarantees per enterprise
2006	51	22,166	49,143	36	434.6	45.10%	1.42
2007	262	123,003	268,709	211	469.5	45.80%	1.24
2008	293	122,345	287,755	207	417.6	42.50%	1.42
2009	504	180,787	463,973	315	358.7	39.00%	1.6
2010	777	271,230	715,489	480	349.1	37.90%	1.62
2011	1,208	635,419	1,283,053	742	526	49.50%	1.63
2012	1,670	949,413	1,767,942	918	568.5	53.70%	1.82
2013	2,515	1,285,505	2,348,225	1,173	511.1	54.70%	2.14
total	7,280	3,589,868	7,184,289	4,082		Avg =47.6%	

Source: Kafalah (2014)

3. Individuals borrowing from commercial banks

Business owners have another finance source if they are employees. They can get individual loans from commercial banks up to 17 times their monthly salary, according to entrepreneur E18. However, such loans are limited to employees either in government or in the private sector, where banks use the salary as a pledge of payment. According to SAMA, individual loans including credit cards increased from SAR 174 billion in 2008 to SAR 307.4 billion in 2013 (SAMA, 2014). However, there is no evidence about the portion used to finance business, since such loans are taken as individual loans and can be used for any purpose.

4. Equity financing

The third source of financing is through investors, either angel investors or VCs. Equity funding that targets start-ups in KSA is a new and very limited source, both in quantity and the type of businesses targeted. For example, Table 8-10 illustrates the contribution of two angel investor groups and two VCs through investing in 50 start-up companies in the period between 2009 and 2014 (Oqal, 2014; Sirb ,2014).

Table 8-10: Equity Funding Contribution (2009-2014)

	Sirb	Oqal	N2V	STCV	total
Investments	9	20	16	5	50

Source: Oqal (2014), Sirb (2014), N2V (2013) and stcventures (2014)

5. Other sources of finance

Wa'ed and BRJ are two examples of private owned agents that provide loans to new or existing firms. Wa'ed is owned by a state-owned company: Saudi Aramco. Wa'ed provides loans as seed funds while start-up finance could be loans or equity funding. However, each finance method target certain sectors (see Table 3-8) (WAED, 2014).

BRJ has many initiatives including the “supporting small business” programme which was established in mid 2004. This programme aims to offer interest-free loans ranging from SAR 10,000 to SAR 300,000, to be paid back in five years. The programme has funded 23,315 entrepreneurs since it was founded. Moreover, BRJ has similar initiatives to what SCSB has such as: productive families, taxis and trucks programmes (BRJ, 2012). BRJ had an alliance with SCSB as an intermediate agent.

8.5. Quantitative Results

With an ultimate objective of exploring the supply side, the previous section shed light on the sources of finance that are available in the country, with more focus on the government agents and public provision of capital. Nevertheless, despite the fact that the previous section started by exploring 20 of financing entrepreneurs, this number is not enough to explore the demand side of entrepreneurs in the country. Therefore, this section reports on the participants' ability to get finance and the determinants affecting it, for both seed funding to start a business and start-up finance for growth businesses.

Moreover, the chance was given to participants to tell about other sources of finance, as a complementary role to the qualitative data, which satisfied one of the objectives of using mixed methods in this research. This section consists of two subsections following the same approach, but one for seed funds and the other for start-up finance.

8.5.1. Access to seed fund

It is clear from Table 8-11, that most of the entrepreneurs (88.3%) were able to get finance to start their businesses.

Table 8-11: Entrepreneurs' Choices of Finance Sources for Seed Fund; N=350

Internal finance	Government' agents	Employee's loans	Non-employee's loans	Kafalah program	From investors	Not able to get finance	Total
58.0%	4.4%	20.4%	0.8%	1.0%	3.7%	11.7%	100.0%

Source: the researcher

However, the distribution of sources of finance shows that 78.4% were very personal channels through internal finance (58%) and loans provided by commercial banks to employees (20.4%). In contrast, loans from commercial banks through the Kafalah programme or non-employees' loans were the least used sources of finance, as both represent less than 2%. Finally, 4.4% of entrepreneurs expected to get finance through government agents, and 3.7% from investors through equity funding. However, these results could be either from respondents' experience with these sources or their expectation, if they had not tried them before. By recalling the qualitative results about sources of seed fund described earlier (see Table 8-12), these results show high compatibility with them. This match between results increases the confidence in the conclusion as one of the advantages of using mixed methods (Curran & Blackburn, 2001).

Table 8-12: Comparison between Qualitative and Quantitative Results of Seed Fund

Sources of seed fund	Qualitative Data	Quantitative Data (Table 8-11)
Government' agents	4.7% of applicants get approval from SCSB in nascent track	4.40%
Kafalah program	no evidence of seed fund contribution	1%
Internal financing	Not found but individuals loans in 2012 reached SAR 50 Billion compared to SAR 0.3 Billion from SCSB	78.4% personal financing
Equity funding	about 50 investments through equity funding	3.70%

Source: the researcher

1. Determinants of ability to access seed fund

Logistic regression was used to examine the determinants of entrepreneurs' ability to get seed fund as described above in the method section. However, multicollinearity can affect regression results. Therefore, I used three measures to examine the existence of the multicollinearity problem. First, a bivariate correlations test was conducted using the ten independent variables (see Table 8-13).

Table 8-13: Correlation of the Independent Variables

	1	2	3	4	5	6	7	8	9	10
1. Gender	1									
2. Age	.187**	1								
3. Education level	.020	.070**	1							
4. Working status	-.37**	-.29**	-.16**	1						
5. Monthly income	.467**	.585**	.291**	-.58**	1					
6. Location	.018	-.036	-.11**	-.025	-.08**	1				
7. Business sector	-.095*	-.12**	-.074*	.051	-.12**	.024	1			
8. Innovation level	-.063*	-.062	.040	.092**	-.059	-.07*	-.01	1		
9. Entrepreneurial experience	.319**	.168**	.050*	-.15**	.247**	.003	.026	.001	1	
10. Driver to start business	-.28**	-.109*	-.043	.639**	-.36**	-.013	.006	.010	-.05	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: the researcher

The correlations varied between 0.001 and 0.639 which is less than 0.8. According to Menard (2010), a low level of collinearity is acceptable but high levels such as 0.8 or more may cause problems, while levels of 0.9 will certainly cause insignificant

coefficients. Second, linear regression was used to measure both the tolerance and the variance inflation factor (VIF). The tolerance values ranged between 0.519 and 0.983, the VIF between 1.017 and 1.928. A collinearity problem exists if the tolerance value is less than 0.1 (Field, 2009) ; while ten is the threshold for concern about a collinearity problem between variables for the VIF indicator (O'Brien, 2007). Therefore, it is clear that there is no multicollinearity among the independent variables.

In model A (see Table 8-14), the logistic regression model was statistically significant (chi square = 53.23, $p < 0.002$ with df 26). The goodness of fit of the model is accepted since the model R^2 is 20.87% which means that the model could explain 20.8 per cent of the variation in the dependent variable (Ramdani, Kawalek, & Lorenzo, 2009). Moreover, the Nagelkerke R^2 is 26.78%, which is an indication of a reasonably acceptable level of relationship between predictors and prediction (SAGE, 2015). The model succeeded in predicting with 90.7% accuracy.

In model B (see Table 8-14), the logistic regression model was also statistically significant (chi square = 74.19, $p < 0.0001$ with df 26). The model R^2 is 16.54% and the Nagelkerke R^2 is 26.78%. This model scored a reasonable improvement rate, with prediction of 72.3%, which represents 17.96% improvement in accuracy compared to before using the predictors.

Table 8-14: Results of the Logistic Regression test for Models A and B

	Model A	Model B
number of cases	377	336
Omnibus Tests		
Chi-square	53.23	74.19
df	26	26
Sig.	.001	.000002
Classification table 1*	89.40%	61.31%
Classification table 2	90.70%	72.30%
Improvement	1.5%	17.96%
Nagelkerke R2	26.78%	26.78%
-2LL (initial model)	255.07	448.46
-2LL (final model)	201.83	374.27
R ² **	20.87%	16.54%

Classification Table 2 for model A

	ability to get finance		Correct Percentage
	not able	able	
not able	7	33	17.5
able	2	335	99.4
Overall Percentage			90.7

Classification Table 2 for model B

	internal vs external sources		Correct Percentage
	internal	external	
internal	172	34	83.5
external	59	71	54.6
Overall Percentage			72.3

Notes:

* this classification table before using predictors in the model

** $R^2 = 1 - [-2LL \text{ (final model)} / (-2LL \text{ (initial model)})]$

Source: the researcher

2. Results of running Models A and B

The general results for access to seed fund (model A) show only four significant predictors (see Table 8-15). With the control of the rest of predictors, each one of these factors will increase the chance to get seed funding: being a full time entrepreneur, having entrepreneurial experience, doing non-innovative business and being an opportunity-entrepreneur. The remaining predictors were not significant. These were the results for the determinants affecting entrepreneurs to access seed funds to start their businesses.

Consequently, the analysis was taken one step further and another model was run using logistic regression (model B) to examine the same determinants about entrepreneurs' decisions to choose external finance instead of using internal finance. Five independent variables were found to be significant to determine entrepreneurs' choice of external finance instead of internal finance. Men were more likely to go for external finance than women. Entrepreneurs with higher education preferred external finance, which conflicts with Vos et al. (2007) who found that younger and less educated SME owners preferred external finance. As expected, government employees found it easier to access external finance than entrepreneurs with jobs in the private sector or without jobs, such as students or retired people. Moreover, entrepreneurs who lived in large and small cities preferred external sources of finance more than entrepreneurs in the capital city, Riyadh. Further, entrepreneurs working in the IT sector were less likely to go for external finance than entrepreneurs working in the service sector. Finally, it is just marginally evident that opportunity entrepreneurs are more likely to access external finance than improvement-driven opportunity entrepreneurs.

Table 8-15: Results of the Logistic Regression Test (Seed Fund)

Independent Variables	ability to get finance			use of external finance		
	B	Sig.	Exp(B)	B	Sig.	Exp(B)
1 Gender: reference is (female)						
male	-.37	.50	.69	.90	.02	2.47
2 Age: reference is (50 or more)		.75		.84		
15-24	.49	.64	1.63	.26	.78	1.30
25-29	1.07	.25	2.93	.64	.38	1.90
30-34	1.12	.22	3.05	.75	.28	2.12
35-39	.76	.40	2.13	.32	.66	1.37
40-44	1.75	.12	5.75	.26	.71	1.30
45-49	1.06	.38	2.90	.46	.56	1.58
3 Education level : reference is (more than BS)		.61		.09		
less than BS	-.22	.73	.80	-.95	.03	0.39
Bachelor degree	-.49	.35	.62	-.31	.33	0.73
4 Working Status: reference is (Employee in the government)		.05		.00		
Employee in private sector	-.66	.20	.52	-1.3	.00	0.28
Entrepreneur	2.58	.04	13.14	.06	.90	1.07
not working	1.30	.21	3.66	-1.2	.03	0.29
5 Monthly income: reference is (more than 20,000)		.50		.20		
less than SAR 5001	-.90	.35	.41	1.04	.08	2.83
between SAR 5,001 and 20,000	-.87	.24	.42	.32	.41	1.38
6 Location: reference is (Riyadh)		.70		.03		
Jeddah	.02	.97	1.02	-.22	.57	0.80
large cities	-.58	.28	.56	.77	.04	2.15
Medium Cities	-.48	.38	.62	.26	.49	1.29
Small Cities	-.65	.37	.52	1.18	.01	3.26
7 Industry : reference is (services)		.29		.06		
manufacturing	-	.17	.37	.58	.28	1.78
commerce	-.24	.63	.79	.25	.44	1.28
e-commerce/IT/website/e-platform	1.01	.22	2.74	-.96	.04	0.38
vocational, craft or maintenance	.01	.99	1.01	-.25	.52	0.78
8 Innovation level: reference is (innovative business)						
not innovative bus	1.75	.01	5.76	.30	.59	1.35
9 Entrepreneurial experience: reference is (no experience)						
had entrepreneurial experience	1.47	.00	4.33	-.48	.16	0.62
10 Driver to start business: reference is (opportunity)		.01		.11		
improvement-driven opportunity	-.49	.33	.61	-.56	.06	0.57
necessity	-2.9	.00	.05	-.78	.17	0.46
Constant	1.01	.45	2.74	-1.1	.27	0.33

Source: the researcher

8.5.2. Access to start-up finance

It is clear from Table 8-16 that most of the entrepreneurs (86.3%) were able to get finance to expand their businesses.

Table 8-16: Entrepreneurs' Choices of Finance Sources for Start-up Finance; N=350

Internal finance	Government' agents	Employees' loans	Non-employees' loans	Kafalah program	From investors	Not able to get finance	Total
46.8%	6.9%	19.7%	1.3%	1.3%	10.3%	13.7%	100.0%

Source: the researcher

However, the distribution of sources of finances shows that 66.5% were very personal channels through internal finance (46.8%) and loans provided by commercial banks to employees (19.7%). In contrast, loans from commercial banks through the Kafalah programme or non-employees' loans were the least used sources of finance, which each represented only 1.3%. Finally, 6.9% of entrepreneurs expected to get finance through government agents, and 10.3% from investors through equity funding. However, these results could be from respondents' experience with these sources or their expectation, if they had not tried them before.

1. Determinants of ability to access start-up finance

There was no multicollinearity problem between the independent variables used in the current models, as illustrated in Table 8-17.

Table 8-17: Three Measures of Correlation

Measure of multicollinearity	Minimum	Maximum
Correlation	0.006	0.585
Tolerance	0.543	0.98
VIF	1.021	1.842

Source: the researcher

In model C (see Table 8-18), the logistic regression model was statistically significant (chi square = 64.39, $p < 0.0002$ with $df = 29$). The goodness of fit of the model is accepted since the model R^2 is 38.1% which means that the model could explain 38.1 per cent of the variation in the dependent variable (Ramdani et al., 2009).

Moreover, the Nagelkerke R^2 is 48.2%, which is an indication of a reasonably strong relationship between predictors and prediction (SAGE, 2015). The model succeeded in predicting with 89% accuracy.

In model D (see Table 8-18), the logistic regression model was also statistically significant (chi square = 46.9, $p < 0.02$ with df 29). The model R^2 is 20.1% and the Nagelkerke R^2 is 32.3%. This model scored a high improvement rate with prediction of 73.4% which represents a 39.3% improvement in accuracy compared to before using the predictors.

2. Results of running Models C and D

The general results for access to start-up finance (model C) show that most of the predictors used in the model are significant (see Table 8-19). Among personal demographic characteristics, the results show a significant gender effect, with women finding it much easier to access start-up finance than men. Further, the working status of business owners is also very important, since having a government job increased the likelihood of accessing finance compared to employees in the private sector or full time entrepreneurs. Moreover, the amount of monthly income is positively proportional to the ability to access finance. For example, entrepreneurs with a monthly income of more than SAR 20,000 have a greater chance of obtaining finance than entrepreneurs of SAR 5,000 or less. Location is also found to be a significant factor. For instance, entrepreneurs from the capital city, Riyadh, found it relatively easier to access start-up finance compared to entrepreneurs living in medium-sized cities.

On the other hand, some features related to the nature of business are found to be important. In general, non-innovative businesses find it much easier to access finance. However, by considering the business sector then businesses in the fields of commerce or vocational, craft or maintenance are more likely to get finance than entrepreneurs working in the service sector.

Finally, a firm's size is found to be very significant. Self-employed entrepreneurs working alone found it very easy to get finance, unlike micro businesses of fewer than 10 employees and small firms of 10 to 49 employees.

In contrast, a firm's age is only marginally evident, though the results show that nascent firms younger than six months found it easier to access finance than older firms of more than two years. Business owner's age and education were unimportant.

These were the results for the determinants affecting entrepreneurs, access to start-up finance to expand their businesses. Further, analysis with another model using logistic regression (model D) was used to examine the same determinants of entrepreneurs' decisions to choose external finance instead of using internal finance. The results show that only three variables are important: working status, location and business size. Entrepreneurs who had government jobs preferred external finance more than entrepreneurs working in the private sector. Furthermore, entrepreneurs from Jeddah, which is the second biggest city in the country, were more likely to get external finance than entrepreneurs in the capital city, Riyadh. Finally, micro businesses with between two and five employees were more likely to choose external finance than self-employed entrepreneurs working alone.

Table 8-18: Results of logistic Regression for Start-up Finance (Models C and D)

	Model C	Model D
number of cases	200	169
	Omnibus Tests	
Chi-square	64.39	46.9
df	29	29
Sig.	0.00019	0.019
Classification table 1*	85.00%	52.70%
Classification table 2	89.00%	73.40%
Improvement	4.70%	39.30%
Nagelkerke R2	48.20%	32.30%
-2LL (initial model)	169.084	233.804
-2LL (final model)	104.697	186.909
R ² **	38.10%	20.10%

Classification Table 2 for model C

	ability to get finance		Correct Percentage
	not able	able	
not able	12	18	40
able	4	166	97.6
Overall Percentage			89

Classification Table 2 for model D

	internal vs external sources		Correct Percentage
	internal	external	
internal	68	21	76.4
external	24	56	70
Overall Percentage			73.4

Notes:

* this classification table before using predictors in the model

** $R^2 = 1 - [-2LL \text{ (final model)} / (-2LL \text{ (initial model)})]$

Source: the researcher

Table 8-19: Results of the Logistic Regression Analysis (Start-up Finance)

Independent Variables	ability to get finance			use of external finance		
	B	Sig.	Exp(B)	B	Sig.	Exp(B)
1 Gender: reference is (female)						
male	-2.7	0.02	0.07	0.41	0.42	1.51
2 Age: reference is (50 or more)		0.39			0.19	
15-24	0.36	0.81	1.43	-0.9	0.45	0.42
25-29	0.88	0.57	2.40	1.23	0.21	3.43
30-34	-1.4	0.33	0.26	1.12	0.24	3.07
35-39	-1.0	0.46	0.36	0.37	0.69	1.45
40-44	-0.7	0.66	0.49	-0.04	0.97	0.96
45-49	-0.4	0.81	0.65	1.30	0.33	3.65
3 Education level : reference is (more than BS)		0.37			0.52	
Less than BS	0.91	0.40	2.49	0.37	0.56	1.45
Bachelor degree	-0.4	0.54	0.65	0.55	0.25	1.74
4 Working Status: reference is (Employee in the government)		0.03			0.09	
Employee in private sector	-2.0	0.02	0.13	-1.4	0.02	0.24
Entrepreneur	-2.2	0.01	0.11	-1.1	0.09	0.34
not working	-0.6	0.58	0.54	-0.7	0.27	0.49
5 Monthly income: reference is (more than 20,000)		0.00			0.20	
less than SAR 5001	-3.3	0.01	0.04	-0.2	0.83	0.82
between SAR 5,001 and 20,000	0.25	0.76	1.29	-0.9	0.15	0.39
6 Location: reference is (Riyadh)		0.08			0.18	
Jeddah	-1.3	0.12	0.27	1.32	0.04	3.76
large cities	0.65	0.54	1.91	1.05	0.07	2.87
Medium Cities	-2.2	0.02	0.11	0.23	0.71	1.25
Small Cities	-1.2	0.27	0.30	0.61	0.40	1.84
7 Industry : reference is (services)		0.06			0.38	
manufacturing	1.36	0.23	3.89	0.80	0.38	2.22
commerce	2.65	0.00	14.17	0.64	0.25	1.89
e-commerce/IT/website/e-platform	1.19	0.20	3.29	-0.41	0.51	0.67
vocational, craft or maintenance	2.13	0.03	8.43	-0.17	0.79	0.85
8 Innovation level: reference is (innovative business)						
not innovative bus	3.10	0.00	22.28	-1.14	0.20	0.32
9 Business Age: reference is (nascent : <6 months)		0.25			0.65	
6 months =< age < 24 months	-0.3	0.66	0.72	0.40	0.38	1.49
24 months =< age < 42 months	-1.2	0.13	0.31	0.06	0.91	1.06
10 Business Size: reference is (working alone)		0.04			0.04	
Less than 5 employees	-3.2	0.00	0.04	1.55	0.00	4.72
Between 6 and 9 employees	-3.9	0.00	0.02	0.46	0.56	1.58
Between 10 and 49 employees	-2.9	0.02	0.05	1.05	0.13	2.87
Between 50 and 499 employees	-3.4	0.05	0.03	1.69	0.19	5.45
Constant	6.60	0.00	733.13	-0.96	0.54	0.38

Source : the researcher

8.6. Discussion

In this chapter I explored how entrepreneurs finance their businesses and the role that public funding agencies play. The findings show the clear intention of the government to provide financial support to small and new businesses. Such support for new and small business has only recently started but with a concrete policy to support them and dedication of SAR billions to offer interest-free loans, in addition to legalizing a financial-guarantee programme –Kafalah-. Such efforts could paint a positive picture about government financial support. However, the findings in the previous two sections showed many details worth discussion to answer the main research question of this chapter about the appropriate policy measures to foster entrepreneurship financing for individuals to start their own businesses (seed fund) and for existing firms to grow (start-up finance).

Accordingly, this section will consist of two main parts to discuss results based on the two main funds required for entrepreneurs: seed fund and start-up finance. In each part, the demand side to accessing finance in general and external finance specifically will be discussed. Then the focus will turn to the supply side by analysing sources of finance: government agents, commercial banks and equity funding. Moreover, there will be a consideration of the two main rationales of the Saudi government to adopt entrepreneurship which are: 1) move to knowledge-based economy; and 2) to generate jobs in order to reduce unemployment.

8.6.1. Seed Fund

Although 88.3% of respondents were able to get seed funding, this does not reflect the actual availability of finance for two reasons. First, 57% of them already had a business, since this question targeted entrepreneurs and potential entrepreneurs. Second, lack of finance was found to be the biggest barrier (50.7%)⁴² to having a business. On the other hand, the results of the logistic regression show more specific factors that negatively affect the ability of entrepreneurs to access finance, as follows.

⁴² Concept one: Barriers to start business in section 5.3.3

Firstly, non-innovative businesses found it 5.7 times easier to access finance than innovative ones, which is consistent with the findings of Lee et al. (2015). More specifically, entrepreneurs who worked in IT related industry faced more difficulty to access external finance compared to entrepreneurs working in the service industry. This was not a surprise since it confirms the other findings from interviewing entrepreneurs E3, E5, E6, E7, E13, E25 and E26. Moreover, these entrepreneurs could not fulfil SCSB lending requirements since their businesses did not have assets to be pledged as collateral. Further, debt financing increases the risk and so was not suitable for the nature of their businesses, which was already uncertain. This is consistent with Audretsch and Feldman (1996) who argue that evaluating knowledge, which is uncertain, asymmetric and results in more transaction cost, is more difficult than traditional production factors that depend on land and labour

Secondly, having entrepreneurial experience increases 4.3 times the likelihood of getting seed funding. According to Ucbasaran et al. (2003) human capital is characterized mostly by education and entrepreneurial experience, and the latter can increase the ability to access finance institutions.

Thirdly, opportunity entrepreneurs are 18.5 times more likely to access seed funds compared to necessity entrepreneurs. These three findings are important since they conflict with the government rationales for fostering entrepreneurship. For instance, innovative businesses are more related to the knowledge-based economy, while necessity entrepreneurs are the unemployed that the government plans to support. Moreover, lack of entrepreneurial experience could be related to both, since innovation is novel businesses while unemployed people include a significant portion of fresh graduates.

In short, lack of finance is found to be a barrier to starting new business in KSA. However, there are certain factors increasing the difficulty of access to seed finance, which are worth considering by the policymakers. To paint the picture, the rest of this subsection will discuss the sources of finance from the supply side, with more focus on the government role.

1. Government agents

Based on the general results found above, there is initially this finance gap (FG):

- FG1: equity gap for seed fund: all financial support provided by the government is debit through loans, with zero equity funding.

Although government financial support for new businesses as seed funds was established in 2006 through SCSB, the maximum contribution of SCSB total loans, which was in 2013, was eight per cent while the rest went to social loans⁴³. The average annual loans of seed funding provided between 2011 and 2013 was SAR 387 million. Regardless of this small percentage, I will discuss the deliverables of SCSB based on the government rationales to support entrepreneurship.

- **Knowledge-based economy:** Acs et al. (2004) argue that transforming inventions to viable products is the main contribution of entrepreneurship in the economy. Accordingly, it is probable that the invention track was founded by SCSB to achieve the government's main objective of building a knowledge-based economy. According to Carlsson and Fridh (2002), 3.3% to 6.6% of patents in the US universities yield income. If the same percentage is applied to KSA, then the expected patents that should generate income including new businesses are between 8 and 15 per year because the average number of patents issued in KSA between 2011 and 2013 was 233 (KACST, 2015). However, the average number of businesses funded in the invention track was 1.3 per year in the same period. Despite the fact that SCSB gives high priority to the invention track, only four projects were funded in this track up to the end of 2013; two per year in 2012 and 2013. SCSB admits the existence of this problem and listed the following four reasons for it:

1. Inventors lack business skills and refuse to learn them.
2. Absence of specialized support centres to prepare patents for the business start-ups stage.
3. Low number of patents in the country
4. Inventers have jobs and refuse to leave them to be full time entrepreneurs.

⁴³ Although the total loans dedicated for seed funds have increased since 2011 with annual rate of 3%, it just reached its maximum of 8% in 2013.

Firstly, lack of skills supports my choice of this framework, based on the MOS model, where skills is a crucial pillar for a person to be an entrepreneur (Stevenson,1996). Secondly, lack of specialized support centres also strengthens the importance of business support services, which is one of the six pillars of the adopted framework in this research (Lundstrom & Stevenson, 2005). These two problems are addressed in Chapters Six and Nine respectively. Thirdly, the findings of this study contradict SCSB on the third point, since more than 233 patents per year were found to be registered through KACST in KSA. However, questioning the quality of these patents is beyond the scope of this research and could be a topic for future research. Finally, the fourth point is based on the bank's lending conditions, which I recommend to be relaxed to encourage more inventors to start their businesses without losing their jobs. In short, the government financial support for new businesses towards a knowledge-based economy is very limited and needs to be improved based on the recommendations set out in the conclusion.

Furthermore, the excellent track gives more priority for innovative business ideas, although innovation is not defined clearly. However, considering this track supports the knowledge based economy, then the banks' contribution – in value of total loans– through the excellence track is significant. It represented one third of total productive loans at the end of 2013 with an average of SAR 1.8 million per project. However, the average number of approved projects in this track between 2011 and 2013 was 50 per year. This means an average of only 52 entrepreneurs per year were funded in these two tracks related to innovation and invention, in the whole country, which represents less than 3% of total loans approved by SCSB up to 2013.

In short, although the government provides financial support to enhance entrepreneurship towards the knowledge based economy, this support is very difficult to access and shows a clear gap with evidence on the supply side.

- **Generate new jobs to reduce unemployment:** since this objective is both important and urgent, SCSB set four tracks to handle it: the nascent business, taxis, and micro tracks and the graduate initiative. However, no loans have been approved yet through the graduate initiative. Moreover, the expected number of

jobs for Saudis in the other three tracks is one job per loan approved. According to the general manager of SCSB *"We are very thankful if the entrepreneur in the nascent track could generate one job for himself"* (Alhunaishel, 2013a). This means 1,909 jobs per year on average between 2011 and 2013. This represents only 0.3% of total unemployed persons (653,105) in 2014. Moreover, while 60% of unemployed are women (CDSI, 2014), only 19% of loans approved in the nascent track –as an example- were for women according to interviewee SCR7. Therefore, the contribution of SCSB support towards reducing unemployment is also very limited, especially for female unemployment.

Moreover, although the nascent business track is the most active one, with 63% of total loans, 40% of projects approved through Riyadh agent between 2011 and 2013 did not start. This was attributed by SCSB representative to reasons including the applicants' preference for jobs they found, instead of being entrepreneurs. In contrast, the Saudization regulation that MOL applies through the Netagat programme could hire 1,114,059 Saudis in two years (1433H and 1434H⁴⁴) (MOL, 2013). This result shows the big effect of a government regulation compared to motivating by providing interest-free loans. However, the quality of jobs that were generated through Saudization is a valid question but beyond the scope of this research.

Although SCSB provides the loans, it cannot run the nascent business and micro tracks without the support of third party agents that deal with applicants in both tracks. Therefore, absence of qualified agents weakens the micro business track and represents just 1.6% of total loans approved. In contrast, the availability of many agents could activate the nascent business track, which represents 63% of total loans provided by SCSB. This finding supports the main research framework, which includes the support centres as one of the main pillars to help generate more entrepreneurs.

⁴⁴ This is based on the Hijri calendar which is the period between 26-11-2011 and 3-11-2013.

2. Commercial Banks

The results related to commercial banks show the existence of more financial gaps as follows:

- FG2: commercial banks do not provide seed funding.
- FG3: commercial banks do not provide equity funding.

However, commercial banks can be a source of finance for entrepreneurs through loans provided to business owners as individuals. On the one hand, there is no evidence from the supply side about the portion of individual loans used for establishing new businesses. On the other hand, the demand side shows that respondents prefer the loans provided through commercial banks as the main external finance source (67%). However, these loans are provided only to employees. This result shows the following two problems.

The first problem is that full time entrepreneurs cannot get loans from banks because they do not have jobs. This segment includes the necessity entrepreneurs or unemployed who represents a high priority to the government. Moreover, the results show that opportunity entrepreneurs are 18.5 times more likely to get seed funding (from any source of finance) than necessity ones.

The second problem is that employees in government who can get these loans easily are banned from owning businesses. However, the results show that 40 per cent of business owners are employees in government. This shows a paradox, since the ability to access loans from commercial banks as seed funds is easier for people who are banned by law from owning a business. Therefore there is another finance gap regarding support for the unemployed and a legal problem facing entrepreneurs with government jobs.

3. Equity Funding

The results show that equity funding is absent from both the government side and the commercial banks, while it is found to be very limited from angel investors and VCs. On the one hand, the two angel groups completed only 29 investments between 2009 and 2015. In contrast, countries with a similar number of Business Angel Networks (BANs) such as Austria, Bulgaria and Greece, financed an average of 26 companies in 2013 alone. Moreover, countries with similar GDP to KSA, such as the Netherlands, Switzerland and Sweden, had an average number of BANs of 9.7 and

completed an average of 70.6 investments in 2013 alone (EBAN, 2014). Comparing to the same countries, venture capital investments in KSA should be around US \$ 218 million or 0.03% of its GDP (OECD, 2013).

8.6.2. Start-up finance

The results show that many factors affect firms' ability to access start-up finance. Among these factors is the innovation level of firms and the working status of the business owner.

Firstly, non-innovative business finds it 22 times easier to access finance to grow and expand. This problem is common between the two fund types, but found to be much worse for financing existing firms.

Secondly, working in government increases the likelihood of accessing start-up finance in general and to external finance specifically. However, as mentioned before, this conflicts with the labour law in KSA. Surprisingly, female entrepreneurs can get finance much more easily than male entrepreneurs. This is in contrast to Bellucci et al. (2010) who found that female business owners face more difficulty in getting finance.

Thirdly, facing difficulties to get finance for firms with low income or not founded in big cities was expected. Finally, firm size was a significant factor, since self-employed people working alone are most successful in getting start-up finance, unlike firms with up to 49 employees. In other words, businesses that provide more jobs suffer from a lack of start-up finance.

In summary, the evidence proves the difficulty facing entrepreneurs in the start-up phase, in accessing finance to grow their businesses, especially if the business is more innovative or has more than one employee. The rest of this subsection will discuss the contribution of different finance sources to providing start-up finance to existing firms.

1. Government agents

No government support was found to provide existing firms with start-up finance except through the ADF. However, the ADF's support is limited to the agricultural sector which represents only 4.2% of total occupations in KSA (CDSI, 2014). Therefore, the following finance gap exists:

- FG4: start-up finance gap: there is no government support provided to start-up finance for entrepreneurs or SMEs in general to grow their businesses, except in the agricultural sector.

2. Commercial Banks

In addition to the individual loans discussed earlier, commercial banks provide loans to SMEs either directly or through the Kafalah programme in partnership with the government. However, no direct contribution of commercial banks to SMEs was found in the data from the interviews, the questionnaire or the documentary data. Therefore, this discussion will focus on Kafalah as an international practice found in many countries. Evaluating the contribution of Kafalah from different perspectives, it was found to be a very limited source of finance as follows.

Firstly, according to Rocha et al. (2010), financing SMEs in KSA through loan guarantee schemes represents 1.7% which is much less than its target (8.9%) or the average SMEs lending in ten MENA countries (8%). Secondly, the maximum number of firms benefitting from Kafalah since it was founded was 2,515 firms, in 2013 (Kafalah, 2014). This number represents only 1% of small and medium businesses in 2013, which was 251,200 firms (MOL, 2013). However, including micro businesses of fewer than ten employees (1,523,152 firms), then the contribution of Kafalah in 2013 was 0.14%. Regarding the value of loans provided by Kafalah, in 2012 Kafalah provided SAR 1.8 billion, which represents 1.3 % of total loans provided to the private sector (SAMA, 2014). From the demand side, only 1.3% of respondents chose Kafalah as the preferable source of finance to grow their businesses. Finally, although the contribution of Kafalah has increased over time, the results show that it is a very limited source of finance from the supply perspective.

8.7. Conclusion

This chapter was given more attention because of its importance in theory and practice. On the one hand, *“lack of access to financing is viewed as one of the most significant barriers to the start-up and growth of small businesses”* (Lundstrom & Stevenson, 2005, p. 92). On the other hand, financing small and new business was the

oldest support found in KSA for entrepreneurship since 2004. Moreover, more than 50% of Saudis without businesses ascribed the reason to lack of enough money. Therefore, this chapter contributes to the research by investigating the appropriate practices and measures to foster entrepreneurship financing. Evidence has been provided that different sources of finance are available from government and the private sector. Further, it has been seen in this chapter that providing money is not enough in certain situations when skills or motivation are missing, which supports the choice of the framework. Finally, some finance gaps were highlighted that need to be bridged by the government to encourage more individuals to start new businesses and to help existing firms to grow. Thus, I have these eight recommendations to the policymakers to help solve these finance problems.

1. Increase finance instruments

I could not find any financial instruments other than loans from government or commercial banks, equity financing from angels or VC s in addition to the internal finance. Although respondents in the survey had the chance to enter any financial source, nothing was mentioned. In contrast, Berger and Udell (1998) compared 13 financial instruments used by small business in the US. Therefore, the government is encouraged to legalize more financial instruments such as crowdfunding and mezzanine financing.

2. Relaxing lending conditions

The government can easily increase the supply of entrepreneurs by relaxing some of the lending conditions set as a requirement to approve loans from SCSB: first, SCSB requires applicants (in all tracks) to neither have a job nor own another business, even partially. This excludes part-time entrepreneurs and increases the “opportunity cost” and either acts as a barrier to apply or reduces the advantage of “interest-free” government loans. This condition is very aggressive for poor people (productive family track) seeking micro-loans of less than SAR 50,000. In contrast, such a condition is not required for social loans with a similar amount (SAR 45,000). Second, in the “excellence track”, SCSB links the loan’s amount with the number of years of experience that an applicant has. For instance, three years are a minimum requirement to get SAR one million but five years to get up to SAR four million. Third, SCSB asks for collateral including project assets and others to guarantee payment of loans, which range from 30% for the excellent project track to 70% for the nascent project track.

Entrepreneurs who cannot provide such pledges are rejected. Fourth, the credit history of an applicant could be a barrier which excludes people with previous unsuccessful entrepreneurial experience, especially in the absence of a bankruptcy law. These four points have nothing to do with the entrepreneurship definitions found in the literature discussed earlier, but could shape a new definition of “SCSB Entrepreneurship”. Therefore, relaxing such conservative conditions can increase the supply of entrepreneurs if the government wishes.

3. Develop start-up financing

The government is encouraged to extend the role of SCSB to provide existing firms with finance to expand their businesses to fill this gap. Increasing access to “start-up financing” was addressed by governments of the Netherlands, Finland and the UK in 2001 to solve the market failure problem facing small business in this stage (Lundstrom & Stevenson, 2005).

4. Increase loans from commercial banks

The government as a regulator or as a major shareholder in most commercial banks can play a crucial role to increase the availability of commercial loans to new and small firms. Much evidence has been shown of the limitation of the loan guarantee programme –Kafalah- for a decade.

5. Fill the equity gap

The equity gap is an old problem facing small business in general, for instance, it has been recognised as a significant problem for SME’s in the UK since 1931 (Murray, 1994). However, all the financial support by the Saudi government is debt financing, with zero equity funding, which shows a clear “equity gap”. Venture capital can help fill the equity gap either by investing or legalization with incentives to develop private equity sector, as is the case in various other countries. For example, Papadimitriou and Mourdoukoutas (2002) explored interventions of some countries to solve the equity gap facing start-ups. First, in the US, the policymakers adopted an indirect role by providing funds and setting up a conducive system to foster the private venture capital industry. Second, in Ireland, the policymakers intervened directly by managing start-up venture capital. Therefore, the government can establish alliance with available VCs in KSA, legalize investing in VC or encourage foreign VCs.

6. Develop pre-seed fund

There is no pre-seed fund or pre-commercialized fund that can help innovators or scientists to develop their inventions to be ready for commercialization. This gap was reflected in the invention track supported by SCSB and both financial and operational support are needed to tackle this problem. For example, the Australian pre-seed fund (PSF) programme was founded in 2002 as a public-private partnership to foster high-tech entrepreneurial start-ups. The programme capital was \$104.1 million including \$72.7 million as government contribution, while the rest came from private sector investors, research agencies in the public sector and universities. However, the government role goes beyond designing the programme to selecting the VC managers. PSFs target nascent firms and are considered the main provider of the seed stage among Australian VCs. The programme consists of four funds that specialize in life science, information and communications technologies and two funds investing in different technologies (Cumming & Johan, 2009).

7. Educate entrepreneurs about bootstrapping

The findings show high percentage of entrepreneurs relies on internal finance for all types of funds. The government can provide professional training programmes about using bootstrapping methods. For example, Winborg and Landstrom (2001) identify 32 bootstrapping techniques used by Swedish small firms.

8. Encourage investing in entrepreneurship

The significant contribution of BRJ should be taken as a role model to encourage the private sector to start similar initiatives to support entrepreneurs. Moreover, the concept of the angel investor needs to be legalized to be another source of individual investment.

Finally, among all of these recommendations, I will give higher priority to the first four. Firstly, increasing finance instruments is a legalization issue that can help fill the finance gaps without asking the government to spend more. For example, legalising crowdfunding would add a new source of finance from either loans or equity for entrepreneurs and provide individuals with investment opportunities in the sector of small and new businesses. Secondly, the three recommendations of relaxing lending conditions, developing start-up finance and increasing loans from commercial banks could be implemented by re-managing existing initiatives found in KSA to make them

more efficient. Indeed SCSB has recently started to provide start-up finance (OKAZ_NP, 2016) which is compliant with this research recommendation (i.e. developing start-up finance). Moreover, the government can play an important role to increase the loans from commercial banks by motivating SMEs to increase their transparency. For example, an MIC founded Qawaem programme to help firms in KSA upload their financial statements online through Qawaem website to save time and effort (Qawaem, 2016). This facility should benefit SMEs, reduce their costs and increase their transparency.

9. CHAPTER NINE: BUSINESS SUPPORT SERVICES

9.1. Introduction

This chapter about Business Support Services (BSS) represents the third EP area that affects the Opportunity component of the framework (see Figure 5-2). BSS has different names in the literature such as “expert or professional services”, “professional business services”, “external assistance” or “business services” (Hurmerinta-Peltomäki & Nummela ,2004, p. 7). However, I will adopt the definition of the European Commission (2001) for BSS as: *“those services, originating in a public policy initiative, that aim to assist enterprises or entrepreneurs to successfully develop their business activity and to respond effectively to the challenges of their business, social and physical environment”*.

It was indicated in Chapter Six, about entrepreneurship education, that this current chapter will contribute to the concept of entrepreneurship education as part of the services provided to individuals and firms. Consequently, this chapter will cover the following three research quadrants: four, nine and ten (see Figure 5-1).

Therefore, the BSS policy area also affects the Skills concept, which increases its importance. Accordingly, the role of this chapter is to answer this research question: **What are the appropriate policy measures to foster the Business Support Services (BSS) in KSA?**

This chapter will investigate the existence of different policy measures related to this policy area. Then, it will describe the services provided to help individuals or existing firms. In line with other chapters, this chapter will help in answering the main research question about developing public policies to foster entrepreneurship in KSA.

The rest of this section will explore related works about the BSS concept. Then the data collection methods will be explained in section 9.2. However, since the results are categorised as framework-based and emerging results, they are presented in two sections, 9.3 and 9.4 respectively. Finally, section 9.5 will discuss both types of results, then will be followed by the conclusion section 9.6.

According to the European Commission (2001) BSS used to be one of the Chamber of Commerce functions and became part of economic policy in the last years of the 20th

century; but now there are different parties in society providing such services either in public or private sectors or even individuals. It is associated with support programmes, which are defined as:

A structured set of activities, encouraged by the public authorities, usually involving a well-defined set of objectives and actions and on the basis of funding provided to individuals or groups that meet specific criteria. Often access to the funding will be on a competitive basis and requires a response to a formal call for proposals or call for tender (European Commission 2001, p. 19).

Hurmerinta-Peltomäki and Nummela (2004) set out three characteristics of these services as follows:

1. To specifically develop a business or to solve a specific business problem.
2. To be received from outside the firm.
3. And to be received from field experts either as individuals or organisations.

In contrast, according to the European Association of Development Agents (EURADA), the support services for SMEs which are provided mostly by public or semi-public organisations include seven areas as follows: “(1) information, (2) awareness, (3) training, (4) advice, (5) assistance/hands-on management, (6) financing — other than by banks —, and (7) enterprise real estate” (EURADA, 2007, p. 7). However, EURADA differentiates between “support services” by government or semi-government and the “business services” provided by the commercial sector, but both are complementary. These support services need to be customized based on the company’s need, which could be analysed by auditing. For example, the services’ requirements could be for businessmen, start-ups, micro and small business or companies that will face ownership change. Moreover, the services provided to SMEs need to be appropriate to the life-cycle of the firm as shown in Figure 9-1 (EURADA, 2007). Finally, According to Lundstrom and Stevenson (2005), the main trends found in ten countries that adopt the concept of start-up business support are the following:

1. Establish "single entry points", or "one-stop shops" to provide information and simplify dealing with different government agents.
2. Provide national mentoring programmes.
3. Set standardized entrepreneurial training programmes.
4. Set professional standards for providing advices to businesses.

5. Adopt segmentation strategy to provide services to entrepreneurs based on business type, size, development stage and entrepreneurial phase.
6. Special support structures target either groups such as women and youth or industry such as new technology firms.

It is worth mentioning that the sixth trend about special support will be the main topic of the next chapter about Target Group Strategy, since it is the sixth pillar of the framework adopted in this research.

In Australia, home based business is considered the largest portion of micro business in the country. Their usage of advisory services was tested by Jay and Schaper (2003). The results show that financial and accountancy services are the most common services to be sought, while the advisory services to lawyers, government agencies, industry associations and management consultation were the least. More interesting was the positive correlation between the use of services and the firms that were managed by men.


Stage I	Stage II	Stage III	Stage IV	Stage V
Creation	Start-up	Growth	Maturity	Transmission Clustering Diversification
 time				
Awareness	Financial	Awareness of internationalisation		Awareness
Training	engineering	Financial engineering		Training
Business plan consultancy	Management and marketing consultancy	Advice		Business plan consultancy
Financial consultancy	Enterprise real estate	Training		Financial consultancy
Enterprise real estate	Assistance	Assistance		Assistance
Assistance				

Figure 9-1: Services Provided to SMEs Based on their Life Cycle

source:EURADA (2007)

Hurmerinta-Peltomäki and Nummela (2004) examined the needs of expert services for 400 Finnish SMEs from different industries. They found that “*there is a relationship between a firm’s life cycle and the need for expert services, and that the needs vary in the different phases of the life cycle*” (p. 239). For example, small firms at an early stage need basic services to manage financial, managerial and

jurisprudence issues to develop their business. However, when they grow they seek more advanced and sophisticated services such as strategic management. Moreover, the need for expert services differs based on the customer group as illustrated in Figure 9-2.

St-Jean and Audet (2007) examined the factors that affect the use of SME owners to the public support services using a survey of 70 managers in Gaspé town in Canada. They found a proportional relationship between the use of such services and both the level of knowledge and the perceived usefulness of public agencies. On the other hand, they found an inverse relationship between the experience of the owner-manager and the SME public support services they seek.

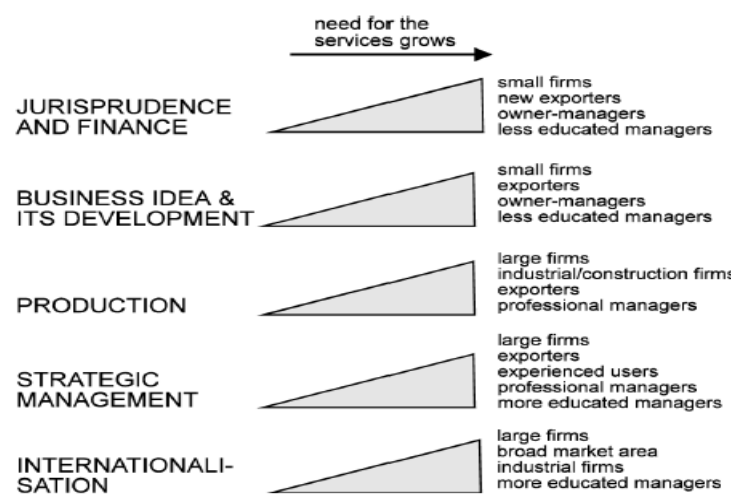


Figure 9-2: Need for Services and the Different Customer Groups

Source: adopted from Hurmerinta-Peltomäki and Nummela (2004)

The Business Link (BL) network that provides support services to small business in England was evaluated by Mole et al. (2009), and they found a general improvement in the BL's performance. They assumed four hypotheses then tested them using a survey that covered 3,000 English SMEs. They found an advantage of providing intensive support to younger firms and firms with limited liability, which is the result of BL's strategy of market segmentation. Moreover, the BL high profile operators play an important role in stimulating take-up. On the other hand, there was no significant effect on growth from other assistance services. However, the intensive assistance caused a significant boost in employment. For example, the employment growth was increased by 3%, ascribed to formal business planning.

The authors concluded that BL improved business growth in general, while the outcomes of intensive support were more significant.

In Malaysia, the government business support service (GBSS) was established to support entrepreneurs to overcome obstacles facing them to start a business such as lack of capital or any technical problems to convert an idea to a business. Hakimin Yusoff et al.(2012) studied these three factors: GPSS's awareness, product knowledge and procedural knowledge of acquiring the services to examine their impacts on the intention of potential graduates to establish a business. They found that all the factors except product knowledge affected the willingness of entrepreneurs to venture into their own business and the highest influence was for knowledge of procedure.

In summary, literature shows that BSS can be provided by government, the private sector or NGOs. Further it aims to provide different services such as information, advices, or training in different business stages. Moreover, BSS is a common practice found in many countries over the world in different forms.

9.2. Method

I used both qualitative and quantitative methods in this chapter but the former is dominant since the aim is to investigate the existing efforts related to the BSS concept first. Therefore, I used qualitative data collected through scheduled semi-structure interviews and documentary data. The interviews were used as a primary source, while the documentary data was a complementary source. The latter was helpful when interviewees either refused to have the interview, to record it or to sign the consent form. Moreover, the documentary data provided more accurate statistics and up-to-date information about the agents and the services provided. Further, it was interesting to find on YouTube recent TV interviews with key people that I could not reach, who were interviewed to talk about entrepreneurship.

Since I used semi-structured interviews, some questions were developed during the interviews while most of them were prepared in advance. However, all questions were related to the BSS policy measures found in the framework adopted in this research (see Table 9-1). These measures were used as codes or templates to collect then analyse the

data. However, other findings came out from the field in an inductive way. The pre-prepared questions for all interviews are found in Appendix B.

Table 9-1: Policy Measures for Business Support Services

Concept	Entrepreneurship Business Support Services
Measures	<ol style="list-style-type: none"> 1. Business and enterprise centres for advice, counselling, technical assistance & consultancy 2. Entrepreneurship training programmes for starters and growth firms 3. Mentoring initiatives 4. Support for entrepreneurial networks; associations 5. Business consultancy services for growth firms; "best-practice" transfer of management skills 6. Professional development for business advisers; performance standards 7. National incubator strategy; incubator funds 8. One-stop shops; points of entry; start-up portals; online counselling

Source: Lundstrom and Stevenson (2005)

I conducted interviews with two types of people: 1) representatives from different support centres and; 2) entrepreneurs. Firstly, the support centres vary between universities, chambers of commerce, government, NGO and a charity. These centres are distributed across more than 25 Saudi cities but I was able to visit centres in six cities (see Table 9-2).

Table 9-2: List of Interviews and Visits to Collect Qualitative Data for BSS

	Support Centre	Location	structure	note
1	KAUST University	Thuwal	government	interview
2	Badir Incubator	Jeddah	government	interview
3	Chamber of Commerce	Jeddah	linked to government	interview
4	Riyadah	Jeddah	NGO	interview
5	UmAlqura University	Makkah	government	interview
6	SCSB	Riyadh	government	interview
7	Riyadah Headquarter	Riyadh	NGO	interview
8	Riyadah	Riyadh	NGO	interview
9	Badir Incubator	Riyadh	government	interview
10	KSU University	Riyadh	government	interview
11	The TCF	Riyadh	charity	interview
12	Chamber of Commerce	Riyadh	linked to government	interview
13	KFUPM University	Dhahran	government	interview
14	Industrial Development Centre (IDC)	Jubail	government	interview
15	Chamber of Commerce	Dammam	linked to government	visit
16	Riyadah	Dammam	NGO	visit

Source : the researcher

The “qualitative descriptive” method will be used also in this chapter to describe the services provided by the intermediate agents. On the other hand, there were three questions in the main questionnaire related to this chapter as follows.

Firstly, I asked participants this question to measure the role of “support centres” in specific to help individuals to start business:

If you have a business idea and you want to convert it to a real business, from whom will you seek help? Then I gave them eight choices to choose from including “support centres”.

The second question was about the participants’ knowledge about support centres and if they benefited from their services. The aim of this question was to explore the popularity of these agents in society:

Which one of these agents do you know or have you dealt with?

The participants were given ten centres to evaluate by choosing only one answer that reflected their relationships with these centres. Finally, I asked participants about their evaluation of the services provided by these ten centres. Participants were given a scale from one (not good) to ten (excellent) in addition to an option of ‘I don’t know them (0)’. The following two sections will describe the results.

9.3. Framework-based Results

The objective of this section is to explore the existing measures related to the BSS policy as described in the method section (see Table 9-1). Moreover, a qualitative description will follow each measure found, to learn more about it.

The first finding of this chapter is the existence of a concrete government policy to provide support services to small and new businesses. This policy was created by the Council of Ministers in 2006 and assigned to SCSB to implement it. However, SCSB just started the process of implementation in 2013.

9.3.1. Business support centres

This is found to be the most important measure in this chapter for the following two reasons:

1. Many support centres, with tens of branches in different Saudi cities, claim to provide BSS to either potential entrepreneurs or existing firms. These centres belong to government, the private sector, universities and NGOs.
2. These centres provide or plan to offer other services found in other measures, such as one-stop-shops, mentoring and training.

The findings related to this concept led to classification of services into three categories: existing services, developing services and planned services.

1. Existing services

The existing services will be explained through two case studies of intermediate agents: 1) Riyadhah and; 2) TCF. According to interviewee SCR7, 90% of funded projects in the nascent track are accomplished through these two agents.

- **Agent one: Riyadhah**

The process at Riyadhah starts by filling in an online application, where the opportunity is open for any Saudi between 21 and 55 years old who has a business idea that can be converted to a real business. Then applications are filtered based on certain conditions set by SCSB. After that, Riyadhah schedules personal interviews for all participants to present and defend their business ideas, while the interviewers assess both the feasibility of the project and the entrepreneurial characteristics of each participant. Accordingly, SCSB approves the final list of entrepreneurs.

Riyadah aims to support potential entrepreneurs by providing them with consultation, mentoring, incubation, helping them to get licences from the government, training and helping them to get finance. However, in reality Riyadhah's role is limited to training and facilitating the loans through SCSB.

In terms of training, Riyadhah provides three types of training courses. First, Riyadhah offers a five-hour promotion course that aims to encourage individuals to think about starting a new business and to help them to determine the appropriate business for them. For instance, in 2013, Riyadhah conducted 348 courses that were attended by 5,708 people. Second, Riyadhah with the alliance of TVRC starts applying the

international KAB⁴⁵ training programme in 14 institutes belong to TVRC. Third, Riyadh offers to applicants who passed the interviews a 60-hour training programme with the title ‘Start your own small business’. Trainees learn how to conduct market research then how to accomplish feasibility studies supervised by experts (Riyadah, 2013).

In terms of contribution, 67.02% of SCSB’s nascent track projects were accomplished through Riyadhah, which makes it the most important agent working with SCSB. Table 9-3 provides detailed statistics about Riyadhah’s contribution between 2006 and 2014. It is noticed that the started projects represent only 5.4% of total applications. In contrast, although the projects with approved loans represent only 9% of total applications only, 59.6% of approved loans could start working. Interviewee SCR7 ascribed that to three main reasons as follows:

1. Applicants’ preference for jobs they found instead of being entrepreneurs.
2. Applicants could not get the licences for their business.
3. Applicants could not provide a guarantee from a payment and performance bondsman, which is an SCSB requirement.

These three reasons show the importance of entrepreneurship motivation and regulations to foster entrepreneurship, which were discussed in Chapters Five and Seven respectively.

Table 9-3: Riyadhah’s Contribution between 2006 and 2014

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total	Percentage*
Applicants	48	318	1728	7052	8537	12166	16634	20602	20643	87728	100.0%
Passed interviews**	11	348	472	949	1136	2128	3074	2841	4119	15078	17.2%
Complete training	10	317	387	710	885	1589	2187	1858	2752	10695	70.9%
Loans approved	11	113	234	575	536	1087	1381	1778	2163	7878	73.7%
Projects started	4	15	164	296	343	596	665	1310	1301	4694	59.6%
Failed projects	3	2	28	47	46	72	62	152	51	463	9.9%

*These percentages are calculated as part of preceding value (e.g.17.2% of applicants passed interviews then 70.9% of the ones who passed completed training and so on)

**Applicants are filtered first based on certain conditions before being qualified for interviews.

Source : Riyadhah (2013)

⁴⁵ KAB is “A training methodology to create awareness about entrepreneurship among youth, in use since the 1990s” (www.ilo.org).

- **Agent two: The Centennial Fund (TCF)**

TCF receives online applications from potential entrepreneurs then follows a certain process based on the conditions of the loans providers such as SCSB for the nascent track. Actually, 23.07% of SCSB nascent projects went through TCF, making it the second most important agent in this track. TCF follows the business model of The Prince's Trust's programme initiatives. TCF runs online and on hand training programmes to prepare entrepreneurs before approving their projects. Moreover, TCF cooperates with other agents to provide other training programmes such as Intilaagah⁴⁶. TCF provides one-stop-shop services by referring entrepreneurs to SAGIA which provides this service to foreign investors who start investing in KSA. Although TCF is the only support centre that provides this service in KSA for Saudi entrepreneurs, it is not effective, as described by a TCF representative in the interview. The TCF has received about 120,000 applications since it started until the first quarter of 2013 but only 3,460 projects were approved (2.9%) with SAR 730,339,994.50 in total loans. The projects vary among sectors as follows: 41% services, 2% agriculture, 4% manufacturing and 53% trading. Moreover, the projects are distributed among all the thirteen main Saudi regions, with big variations, from 0.5% and 0.8% in Albaha and Northern districts to 22.1% and 26.5% in Makkah and Riyadh respectively. The majority of beneficiaries are men (79%). In terms of the age, 30% were between 18 and 25; 24% between 31 and 35; and the majority (46%) between 26 and 40 years old, according to interviewee SCR2.

2. Developing Services

There are centres that have started developing and represent a future opportunity to provide many entrepreneurial services. These are the entrepreneurship and SME centres in universities and COC respectively. According to SCSB, the loans approved through Saudi COC represent 0.03%. Similarly, 0.03% of loans are approved through King Salman entrepreneurship centre, as the only centre in the Saudi Universities that has an agreement with SCSB (SCSB,2014). Although the contribution of these two agents as yet is very low, they represent a future opportunity to provide more services.

⁴⁶ It is the Saudi version of the Shell LiveWIRE programme that runs in 26 countries (www.intilaaqah-ksa.com).

- **Chambers of Commerce (COC)**

There are twenty-eight branches of chambers distributed in Saudi cities. It is common to find two departments in a branch of a chamber of commerce that are related to entrepreneurs, albeit indirectly; these are the SMEs Support Centre and Committee of Business Youth, but neither of them are available in all the 28 branches, nor are they directly related to start-ups. The websites of each branch of COC revealed 11 SME centres in the chambers' branches and the opportunity still exists to open more centres in the rest of the branches. Saudi chambers enjoy high autonomy but are still influenced by the direction of the MIC (CSC, 2013). The only obvious role of SME centres in COC is the awareness role by participating in exhibitions or providing training programmes about entrepreneurship.

- **Entrepreneurship centres in Universities (ECU)**

A search through the official websites of Saudi universities revealed that 13 universities offer entrepreneurship activities, but in different formats, for example, entrepreneurship centres, incubators, innovation centre, accelerator and science parks, mostly called 'valley'. The importance of such centres in universities comes from these points:

- 1) These universities target more than a million students studying in the universities. These students are mostly youth between 18 and 22 years old.
- 2) Since these universities are located in the biggest 20 Saudi cities, they can extend their services to benefit the society in the city by providing support to other individuals who are not their students.
- 3) All of these institutes can be affected directly by any government policy from the Ministry of Education.

However, the entrepreneurship experience in these universities is still growing and not mature enough to be evaluated in terms of deliverables. Further, the universities focus more on innovation and inventions, which is an overlap area between innovation policy, and entrepreneurship policy.

3. Planned Services

There are planned services announced by two government agents: SCSB and the MOL. Although these services do not exist yet, they are described here for two reasons. First, these planned services include very important services linked to the policy measures used for this chapter as explained before. Secondly, they are announced by two government agents, one of which is SCSB, which was appointed by the government to provide BSS to small and new businesses since 2006. Therefore, these services will be described based on the agents as follows.

- **Planned services by SCSB**

With a concrete policy statement, the government assigned to SCSB the role of providing support services to nascent and small businesses in 2006. However, SCSB only started some efforts in this respect in 2012. According to SCSB (2013) the bank has started planning for packages of very important support services that can make a huge difference if they are approved and accomplished. For example, as a clear business support service, SCSB established a “Business clinic programme”. This programme aims to provide consultation to entrepreneurs in order to solve the business problems facing them. The programme studied 198 failed projects and set recommendations to solve their problems. Further, the programme met with more than 20 international companies working in the field of entrepreneurship and SME to plan for future projects adopted by the centre, which will be implemented in all Saudi 13 districts.

- **Planned services by MOL**

Based on the 2013 annual report, MOL launched an SME support programme with the cooperation of related agents. The MOL set the objective for this programme as follows: “*to arrange and (Saudize) SME sector and to provide the support to youth to establish, manage and develop their small businesses*” (MOL, 2013, p. 25). This SME programme consists of 36 initiatives that belong to the following seven main programmes. Unfortunately, the report did not explain these initiatives. However, in interview, a policymaker PM3 from the MOL explained them as follows.

- 1) Unified Portal programme: it aims to provide the services that an online portal and the one-stop-shop can do at the same time.
- 2) Accelerators programme: it aims to found support centres with VCs to evaluate then fund viable business ideas.

- 3) Cooperatives programme: this programme aims to establish closed companies owned by the private sector in different fields such as: taxis, sales of mobile phones and groceries. Any potential entrepreneur who wants to start a business in any of these fields needs to apply to one of these mother companies, which will assist him. If his application is approved, the company will establish the business and hire him to work there as an employee for a certain period of time. Then he can own this business alone after it becomes mature.
- 4) The programme of reverse engineering the licensing procedure from all government agents.
- 5) The programme of reverse engineering of the funding process to SME's: it aims to increase the funding channels to new businesses and the SME sector through commercial banks.
- 6) Increase the awareness of entrepreneurship programme.
- 7) Access to market programme: this programme aims to provide support to entrepreneurs to be able to access markets where there is competition from large companies and unlicensed foreign labour. These are exactly the same problems that were raised by entrepreneurs E10, E19, E25 and E26 which were discussed in Chapter Seven (Entrepreneurship Regulations).

Finally, up to 2015, no further information was available about the implementation of any of these planned initiatives.

9.3.2. National incubator strategy:

Two incubation programmes have already been working for some years, which are worth describing as follows.

1. Badir Programme for Technology Incubators

Badir provides business coaching to incubatees in addition to sponsoring workshops including 'Start-up weekend' to promote entrepreneurship. However, the main service provided by Badir is the provision of free workspaces to entrepreneurs. Entrepreneurs E1, E3 and E7 were incubated by Badir. Badir has launched the following incubators:

- Information and communication technology.
- Bio-technology.
- Advanced manufacturing and materials technologies.
- Nano-technology and energy incubator (in the planning phase)

Moreover, Badir recently became one of the agents approved by SCSB, but no deliverables are reported yet about the funded projects (Badir, 2013)

2. Industrial Development Centre (IDC)

IDC provides almost free incubation services to projects in the technical and manufacturing fields, whether innovative or not. Up to 2013, the IDC had incubated 19 projects, 30% for women. IDC consists of 38 incubators with two sizes: 50 and 100 square metres each, in addition to the general service halls that have meeting rooms and managerial offices. IDC uses the competitive advantage of being part sponsored by the Royal Commission to provide services to entrepreneurs, like getting the required business licences (IDC, 2013). IDC signed an agreement recently with SCSB to fund potential entrepreneurs who apply through IDC (SCSB,2014). However, there were informal relationships before, as evidenced by the fact that entrepreneurs: E17 and E19 were funded through Riyadhah and incubated by IDC.

9.3.3. Other BSS policy measures

The remaining policy measures will be described here as follows:

1. **Mentoring initiatives:** a mentoring programme is one of the planned services that SCSB wants to do. However, a mentoring service is provided by Riyadhah and the TCF. Riyadhah's mentoring is very limited, while TCF claims that it offers it for years after entrepreneurs have established their businesses, through about 8,000 volunteer mentors (TCF,2013).
2. **Support for entrepreneurial networks:** in line with this measure, SCSB established the Council of SMEs' Agents. The council was established in 2012 and consists of 17 agents that work in the field of entrepreneurship and SME. The council aims to integrate the efforts provided by the council members by 2015 (SCSB,2014).
3. **Professional development for business advisers:** SCSB started a programme in 2013 to accredit agents working with entrepreneurs. This programme aims to prepare agents that work in this field, to raise the quality of the services they provide. Accordingly, the bank has accredited the following five agents: Saudi Commission for Tourism and Antiques, Badir, The Centennial Fund, Riyadhah and the Royal Commission in Jubail. However, no data was found about either the evaluation criteria or the agents' scores (SCSB,2014).

4. **Business consultancy services for growth firms:** this is a missing measure. Entrepreneur E25, for example who had a firm that was growing from small to medium size, faced a problem about growing. He was able to manage his small business but was struggling to build a growth strategy. He mentioned that he needed some help but it was not easy to find a suitable source, since large consultation companies are very costly. In contrast, start-up agents just deal with new businesses, not growing ones.
5. **One-stop-shop:** this is an overlap measure between this chapter and the regulation one (Chapter Seven). Therefore, I chose to discuss it in that chapter, since it is more related to the agents that provide licences and issue regulations.
6. **Entrepreneurship training programmes for starters and growth firms:** this is a missing area; no efforts could be found to fill this gap.

In summary, this section explored different findings in KSA which are related to the BSS policy measures. Although a concrete EP was found for this area, its effectiveness is questionable. Thousands of entrepreneurs have established their new businesses through Riyadhah and TCF. However, both centres play an intermediate role between potential entrepreneurs and financial institutes. They just apply the conditions set by finance providers, then train the selected applicants. Further, their services were limited to those business owners who applied through them and to the pre-start stage. In other words, they do not extend their services to other applicants, or to start-up stage for existing businesses to help them survive or grow. Moreover, evaluation of these agents, either by SCSB or third party agents, is a missing area.

9.4. Emerging Results

This section plays a complementary role to the previous one by exploring findings other than those set in the framework. Three sources were used to fulfil this objective as follows: visited agents, participants' answers to the questionnaire and the interviews with entrepreneurs.

1. Provide business opportunities to entrepreneurs

As a pull policy to motivate entrepreneurs to start business, I discussed the idea of marketing opportunities to entrepreneurs with many interviewees. My question was, ‘Since for example, COC markets big business opportunities to businessmen, why is there no similar exercise with entrepreneurs?’ In fact, this is also related to the proposed programme by MOL, ‘Access to market’, but from the motivation side. Unfortunately all interviewees, either entrepreneurs or agents’ representatives, were against the idea since they claimed that real entrepreneurs should search for opportunity themselves.

However, SCSB recently started such an initiative, called ‘Integration with major entities’. It aims to connect entrepreneurs and nascent businesses to different government and private agents. The initiative has seven objectives; one of them is to “determine real business opportunities that help entrepreneurs to select their businesses”. However, there are no available details about it since it has only just been announced, but it could strengthen the role of SCSB as a provider of support services. This theme was found in Chapter Five as an important area for the entrepreneurship promotion policy. Finally, cumulative evidence supporting the need for this service emerged from entrepreneurs I interviewed, participants who filled the questionnaire and from two government agents (SCSB and MOL).

2. Role of support centres to start new business

The previous section concerned the role of support centres as intermediate agents that helped individuals to start their businesses. However, a question arises as to the impressions of other people about these support centres. Accordingly, participants were asked, **If you have a business idea and you want to convert it to a real business, from whom will you seek help?** They had eight options to choose from, including support centres (see Table 9-4). The objective of the question was to measure the role of such centres in helping potential entrepreneurs to start new businesses. Only 10% of participants said they would seek the help of support centres, although three types of centres were listed: COC, entrepreneurship centre in a university and any other support centre. In contrast, the dominant sources that people trust are family and friends, the internet and other entrepreneurs, with percentages of 29.1%, 21.9% and 18.6% respectively. However, 16.5% of participants were not sure where they could find a trusted source to help them.

Table 9-4: Sources of Business Support; N=921

Support for Business Idea	Percent
Family and friends	29.1%
<u>Chamber of commerce</u>	2.9%
<u>A university...</u>	1.1%
I will search in the Internet	21.9%
Entrepreneurs or traders with experience	18.6%
<u>Entrepreneurship support centre....</u>	6.0%
I don't know	16.5%
Other...	3.9%
Total	100.0%

Source: the researcher

3. Popularity of support centres

It was not expected to find that some of these intermediate agents were not known to entrepreneurs questioned. For example, entrepreneur E11, who lived in the third biggest Saudi city, Dammam, did not know about Riyadh until his uncle, who worked in one of its branches, told him about it. Therefore, I set a question to explore the popularity of these agents in society. The question was: **Which one of these agents do you know or have you dealt with?** (see Table 9-5).

The answers to this question show both expected and surprising results. On the one hand, it was not surprising to see that more than 80% of participants knew nothing about:

- 1) Entrepreneurship centres in universities, because they were founded only recently;
- 2) IDC and Prince Sultan Fund for Women’s Development (PSFW), because they are located in only one city or;
- 3) Badir, since it targets a specific type of businesses and is located in only three cities.

However, it was not expected that 78% of participants did not know about Riyadh, which has 39 branches in Saudi cities, while only 12% “know a little about it”. Moreover, with the exception of SCSB, only one to two per cent of participants had benefited from these support centres, either through services provided or to start new businesses.

Table 9-5: Knowledge about Support Centres in the Society; N=921

		I don't know them	I know a little	I know a lot	I benefited from their services	main reason to start my business
1	SCSB	26.30%	47.80%	21.60%	2.80%	1.50%
2	Riyadah	78.30%	12.40%	7.40%	0.80%	1.10%
3	TCF	56.10%	31.80%	11.20%	0.40%	0.50%
4	CoC	54.90%	33.10%	9.70%	1.40%	0.90%
5	ECU*	88.80%	7.50%	2.70%	0.40%	0.60%
6	BRJ	20.40%	54.10%	23.70%	0.40%	1.40%
7	Badir	82.40%	10.40%	6.20%	0.40%	0.60%
8	IDC	86.60%	8.60%	3.00%	0.60%	1.20%
9	SCTA	59.00%	34.50%	5.80%	0.20%	0.50%
10	PSFW	87.30%	9.00%	3.00%	0.10%	0.50%
	Average	64.01%	24.92%	9.43%	0.75%	0.88%

**Entrepreneurship Centre in a university
Source: the researcher

9.5. Discussion

To be consistent with the previous sections, this section will follow the same structure used to present the results.

1. Business support centres

Both Riyadah and TCF work in almost the same way and have big similarities as business support centres. Over a decade with 72 branches, they have helped SCSB to process 90% of approved loans for the nascent business track (8,152 projects). Considering all the SCSB tracks, these two centres are the most active among intermediate agents. However, exploring other numbers reveals facts that raise other questions:

1. Number of projects approved represents only 5.5% of applicants to Riyadah and TCF.

2. 40% of applicants with loans approved through Riyadhah could not start businesses.
3. The failure rate among Riyadhah projects is only 10%.

The first point raised a question about the real role of these centres: do they prepare individuals to be entrepreneurs or just pick the best applicants? It seems that they just pick the best applicants based on the centre's judgement, using the SCSB conditions as a guideline. This conclusion is derived from the low number of approved projects, which is only 5.5%. In contrast, a 10% failure rate is very low, which could either support the point above or provide strong evidence of success in picking the best applicants. These numbers show that the government applies the "pick winners" concept adopted by scholars such as Shane (2009) which is against government support to typical start-ups. However, the government support for the nascent track is for typical start-ups, which is a contradictory position. This also calls into question the need for Entrepreneurship Promotion, since 95% of applicants are rejected. Instead, relaxing SCSB conditions as recommended in the previous chapter can be recommended as well in this chapter. Additionally, not all of the 95% would be ready and serious to start a business, but the number is still big enough to be considered for further investigation.

However, with this very conservative approach in choosing applicants, 40% of applicants with approved loans could not start their businesses. In addition to the three reasons explained by the SCSB, related to lack of motivations and regulatory barriers, there seems to be a question regarding the effectiveness of the process of choosing applications. Moreover, these centres limited their services to the approved applicants and mostly provided them in the pre-start phase only. This shows the following two gaps related to BSS:

- BSS Gap one: the start-up stage suffers from lack of support services, which reduces the likelihood of firms' growth.
- BSS Gap two: lack of BSS to entrepreneurs in general since these centres restrict their services to the entrepreneurs who applied through them.

Furthermore, since both of them are NGOs without stable income, their future is not clear, which affects their ability to grow or attract talents.

Furthermore, although the role of providing BSS is linked historically to Chambers of Commerce (European Commission, 2001), their role in KSA is found to

be limited to sponsoring training sessions. Moreover, despite the fact that Saudi universities are government funded universities, their role in entrepreneurship is limited to technology and innovative entrepreneurship. However, 40% of the unemployed are youth who either graduated from these universities or can benefit from any entrepreneurial activities arranged by them.

Finally, although the government issued a concrete policy statement in 2006 to provide BSS through SCSB, the implementation of this policy only started in 2013. This shows the following gap:

- BSS Gap three: authority gap: although a concrete policy about support services is found, it was noticed that:
 - a. There has been a six-year delay in starting planning to implement part of services.
 - b. SCSB does not have enough authority to implement part of the services, such as a one-stop-shop.
 - c. Despite the fact that both SCSB and MOL are members of the Council of SMEs Agents and the role of providing support services was assigned to SCSB, MOL has announced initiatives similar to those SCSB planned to do.

2. National incubator strategy

Badir and IDC provide free incubation service to entrepreneurs and both of them are sponsored by government agents. However, they are found only in four cities, which limits their services geographically to people in the same city. Further, both incubators were limited to providing free space locations, but they recently signed an agreement with SCSB to be part of its intermediate agents. However, it is not possible to discuss the new role until their deliverables are apparent. The incubation concept is defined as follows:

The incubation concept seeks an effective means to link technology, capital and know-how in order to leverage entrepreneurial talent, accelerate the development of new companies, and thus speed the exploitation of technology. Incubators assist emerging businesses by providing a variety of support services such as assistance in developing business and marketing plans, building management

teams, obtaining capital, and access to a range of other more specialized professional services. In addition, incubators provide flexible space, shared equipment, and administrative services (Grimaldi & Grandi, 2005, p. 111)

Moreover, Bergek and Norrman (2008) found in much research a focus on the following four components of incubators' role:

1. Rented office spaces.
2. Shared support services to reduce costs.
3. Coaching to incubatees by providing them with professional advice and business support.
4. Building internal and external networks.

However, both incubators confined their role to just providing free spaces, shared meeting rooms and facilities.

3. Other BSS policy measures

The rest of the policy measures set out in the framework are found to be very weak in KSA, these can be improvement areas for government policy. For example, the results show that SCSB has started planning for programmes about mentoring, supporting entrepreneurial networks and qualifying business advisors. However, support for growth firms is missing, as discussed before, since BSS in the start-up phase is not offered by any agent.

As for the one-stop-shop concept, discussed in Chapter Seven, it is not certain that SCSB is able to do it, since it is just a plan. However, it is a positive finding to see that there is an intention to implement this idea, especially for such an important concept, as discussed before.

Furthermore, provision of training programmes for existing firms, especially high-growth ones, is one of the missing services in the start-up stage. Therefore, the BSS concept in the start-up stage for existing firms is a policy area that needs to be filled by the government.

4. Provide business opportunities to entrepreneurs

The government in this matter tries to intervene directly by increasing the supply of big opportunities to encourage small businesses in three ways. Firstly, the results show that SCSB established an initiative to market business opportunities to entrepreneurs. This is found in Chapter Five as an important motive for individuals to start new

business. Secondly, the MOL established a programme intended to simplify the access of entrepreneurs to the market. This programme –in principle- could solve problems raised by entrepreneurs and realised by the government, about unfair competition in the market. These two interventions from the government are recommended, since they are consistent with the findings of this study and in line with its recommendations.

However, the third intervention that was described by Policymaker PM3 about franchise programmes is questionable from three sides. First, it is more important for MOL to focus on its main role as a regulator for the labour market than being a player through establishing partnership with the private sector to build small firms for individuals, as explained in the result section. Second, the MOL describes initiatives that overlap the roles of SCSB and other government agents. This calls into question the validity of these initiatives, although they were mentioned in the Ministry annual report. Third, there was a big failure of a franchise experience in the country⁴⁷. Its business model was very similar to the one PM3 described and it was supported by SCSB before it was stopped. According to many documentary sources, this case led to some entrepreneurs being jailed when they faced bankruptcy and were not able to pay back the loans. The case is under review by the Board of Grievances to consider the future of the remaining entrepreneurs (MBC, 2014;AldanahTV, 2013). Therefore, this intervention by the MOL could be risky and cause the same problem, especially in the absence of a bankruptcy law that can reduce the risk, as discussed in Chapter Seven.

5. Role of support centres to start new business

This theme supports the conclusion reached earlier, that support centres work more as intermediate agents rather than support centres that enable potential entrepreneurs. The results show that three types of support centres attracted only 10% of participants' trust to help them to start business. In contrast, 16.5% said they did not know instead of trying any support centres while the rest would try other sources including the Internet (22%). This suggests a need to increase the role of support centres in society instead of limiting their services to a portion of applicants. This result shows that these centres either were not known in society, not trusted enough for entrepreneurs to seek their advice or not capable of this mission. Future research could be conducted to investigate this problem of limited trust towards support centres.

⁴⁷ It is called the ManDivan case.

6. Popularity of support centres

The previous result could be explained by the finding of very low popularity of most of the support centres in society. The average percentage of participants who did not know of the support centres was 64% and that of people who knew a little was 25%. This means that about 90% of society does not know about these centres, which are responsible to promote entrepreneurship but they are not known themselves. This findings support the need for an entrepreneurship promotion policy, as discussed in Chapter Five.

9.6. Conclusion

This chapter investigated the fifth pillar of the adopted framework about business support services. Further, it represents the third policy area that affects the Opportunity concept. However, this policy area contributes also to the entrepreneurship education policy area, since providing enterprise training is among the services provided through support centres. There is a concrete policy statement about supporting small and new businesses in KSA, since 2006. However, the implementation of this policy by the assigned government agent just started in 2013. In contrast, other agents from the private sector, NGOs and charities provide a variety of services. In general, the policy measures suggested by the framework were very helpful in this chapter and mostly applicable to the Saudi context. However, the investigations show some gaps and weaknesses. Therefore, the following recommendations are offered to strengthen the BSS policy area as follows.

1. **Expand the role of support centres** as follows:
 - a. Provide BSS to more potential entrepreneurs in the pre start-up stage, since it is limited currently to approved applicants, who were found to be about 5% of applicants.
 - b. Provide BSS to existing firms in the start-up stage, whether funded through these centres or not.

This role can be extended to all the intermediate agents such as Riyadhah, TCF, SME centres in COC and entrepreneurship centres in universities.

2. **Set certain classifications to support centres:** based on the services they provide, the stage they work on and type of business or sectors supported. For example, Figures 9-1 and 9-2 show examples of different services based on time stage and services provided.
3. **Evaluate the performance of the support centres:** according to clear indicators that help to monitor them. The results of the evaluation can be used to determine the funds assigned to them and the quality rating, to motivate them more.
4. **Support the NGO centres with stable financial income:** the government can support the NGO support centres by establishing endowments to provide them with stable income for future, to avoid any financial crisis such as what happened to TCF before.
5. **Increase the number of incubators:** the basic role of incubation, which is limited to providing free spaces, can be generalized to different cities. The government has two options to apply this concept using its existing resources:
 - a. The IDC experience can be copied in the industrial cities: the government has 31 industrial cities and is planning to reach 40 cities with more than 160 million square metres of developed industrial lands. I have already suggested that MODON adopts the experience of IDC and copies it in each industrial city, in other words, to have a business incubator similar to IDC in each industrial city. Subsequently, the Minister of Industry and Commerce and the general manager of MODON visited IDC and I have been informed by the latter that they have started plans to build incubators in the industrial cities. This is an early impact of this research.
 - b. Badir's experience can be copied in COC branches and universities: indeed, Badir has already worked with some universities to establish incubators. However, this should be led by the Ministry of Education to have an incubation strategy in all universities.
6. **Increase the role of incubators:** to provide the other three roles as described above by Bergek and Norrman, (2008):
 - a. Implement shared support services to reduce costs.

- b. Provide coaching to incubatees by providing them with professional advice and business support.
 - c. Build internal and external networks.
7. **Establish “proof of concept” centres:** to help the SCSB in the invention track, which suffers from a gap between inventors and financial institutes. This can be implemented through the universities to increase the commercializing of higher education research (Mason & Brown, 2011). Therefore, the government through the Ministry of Education can direct universities to establish centres as “proof of concept”. However, their role should be extended to society as whole, not limited to their students.
 8. Provide one-stop shops in the intermediate agents, which is a service that was recommended in Chapter Seven. However, this service can be provided through the available support centres to utilize their wide distribution in cities.
 9. Provide business opportunities to entrepreneurs. This is one of the recommendations in Chapter Five, as it was found to be among the main motives for Saudis to be entrepreneurs.
 10. Advertise for BSS in the society. This is another motive found in Chapter Five, which can encourage more individuals to start businesses if they know about real support services.
 11. Provide a mentoring programme.
 12. Provide a standard package of entrepreneurship training. For example, the FastTrack Entrepreneurial Training Programme is developed in the US and used in many states and licensed in Australia, Sweden and other countries (Lundstrom & Stevenson, 2005).

In summary, the policymakers can consider these recommendations from three perspectives as follows. Firstly, recommendations one, two and three aim to utilise the existing 95 branches of support centres to increase their efficiency instead of establishing new ones that require more spending. Secondly, recommendations five, six and seven will support innovative projects that can help to diversify the Saudi economy and bridge the gap between innovators and finance sources. Finally, recommendations nine and ten play a double role since they were found in Chapter Five as important motivation factors to promote entrepreneurship; therefore, the choice is left for the policymakers to choose between these recommendations based on this classification.

10.CHAPTER TEN: TARGET GROUP STRATEGY

10.1. Introduction

The EP framework adopted in this research consists of six pillars, five of which were addressed in the previous chapters. In contrast, this chapter, about “Target group strategy (TGS)” is about the sixth pillar of the framework. However, this pillar is different from the previous ones, since it is about a policy strategy, while the rest are about policy areas. In other words, this TGS can be implemented in one or more of the five policy areas (promotion, education, regulation, finance and business support services) (see Figure 10-1).

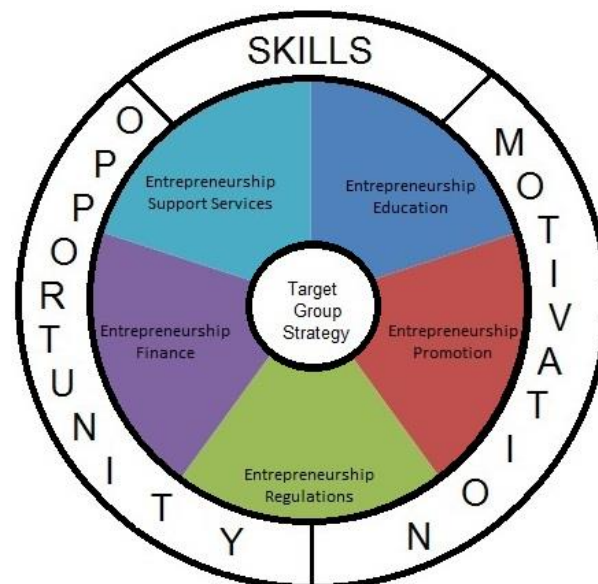


Figure 10-1: EP foundations

Source: the researcher based on Lundstrom and Stevenson (2005)

Moreover, the rationales behind this strategy are to provide specific support to either people under representative, undeveloped regions or a specific industry accorded more priority by the government. For example, targeting women or youth are examples of targeting people, while targeting rural areas or high-tech firms are examples of targeting regions and industry respectively (Lundstrom & Stevenson, 2005).

In KSA, there are applications of this strategy to support certain groups such as inventors, graduates and poor people. However, the motivation for adopting such a strategy varies among countries, depending on the context. For example, while the

motive on one country may be the low rate of women’s entrepreneurship, in another it could be reducing the unemployment rate in rural areas.

Accordingly, this chapter will explore the existence of any implementation of this strategy in KSA, either in financing, BSS, regulations, education or motivations. Moreover, I will explain the need for applying this strategy based on the context of the country. This chapter has the same mission as the previous ones of trying to answer the main research question about fostering entrepreneurship in KSA, but from the perspective of applying TGS. Therefore, the research question associated to this chapter is :**What are the appropriate policy measures to foster entrepreneurship in KSA using TGS?** Accordingly, this chapter is about research area 11, which can be part of any of the other ten quadrants (see Figure 10-2).



Figure 10-2: Research Scope

Source: the researcher

Section 10.2 will describe the methods used to collect the data. The results are divided into two sections 10.3 and 10.4. The discussion of results will be in section 10.5 before the chapter conclusion in section 10.6. The remainder of this introductory section will explore some related works

Focusing on a target group or targeting can be defined as: “*designing policy programs in respect of specific target groups*” (Cantner & Kosters, 2011, p. 1). The motivation to focus on target groups was ascribed to the differences in business ownership rates between different demographic segments in society. Therefore, much research has been conducted to investigate the challenges and barriers facing specific groups in the population (Lundstrom & Stevenson, 2005). Furthermore, government

intervention is an attempt to solve the market failure facing SMEs in general and specific groups in society in particular (Foundation for SME Development, 2002). These target groups could include women, youth, ethnic minorities, people with disabilities, senior citizens, the unemployed, veterans, aboriginals and immigrants. However, each country can set its definition of target groups based on its priorities. Moreover, the motivation to select the target group varies from one country to another, according to the context. For example, supporting youth entrepreneurship was stated as a clear objective in countries like Australia and Canada; reducing barriers facing women entrepreneurs in Finland and Sweden; encouraging ethnic minorities in the UK and the USA; stimulating technology entrepreneurs in Ireland and the Netherlands; however, most countries encourage the unemployed to be self-employed (Lundstrom & Stevenson, 2005).

The above refers to general support, but Green (2003) reported specific support of using government credit and guarantee schemes for target groups. For example, in Argentina, FOGABA's guarantee programme targets micro enterprises, which play an important role in poverty alleviation although they are less important than SMEs in economic growth. However, reducing social and political tensions between ethnicities was the motivation for the ASKRINDO scheme in Indonesia and the CGC scheme in Malaysia. On the other hand, the South African government tried to support women and the black population by launching a credit and guarantee scheme targeting them (European Commission, 2010).

10.2. Method

The TGS pillar is different from the rest of framework pillars since it is a policy strategy rather than a policy area. Thus, TGS could be adopted in any of the framework's policy area. Therefore, specific questions about this strategy were injected within the list of questions when asking about other areas in the semi-structured interviews. For example, while collecting the data about financing entrepreneurs, I asked if there is any specific support targeting certain group and so on for the other framework areas. However, the framework policy measures are used as the main guideline in the deductive journey to collect the data for this chapter. The policy measures have two strands: groups and services as illustrated in Table 10-1. However, I did not expect that all of these services would exist for all groups, but this was the range

of strategies investigated. On the other hand, I put two questions in the questionnaire about TGS.

Table 10-1: Framework Map of TGS Policy Measures

Concept	Policy Measures of the Target Group Strategy
Measures	<p>Suggested groups:</p> <ol style="list-style-type: none"> 1. Women 2. Youth, 3. Unemployed 4. Aboriginals 5. Ethnic minorities 6. People with disabilities 7. Senior citizens 8. Veterans 9. Immigrants
	<p><u>Suggested initiatives:</u></p> <ol style="list-style-type: none"> 1. Loan programmes; start-up financing; income support programmes 2. Special development agencies; resource and enterprise centres; incubators 3. Counselling; advisory services; technical assistance; targeted web portals 4. Entrepreneurial training and mentoring initiatives 5. Awards; events; target group role models 6. Procurement set-asides 7. Peer-group networks; support for associations

Lundstrom and Stevenson (2005)

10.3. Framework-based Results

This section will describe the results found in KSA, consistent with the framework policy measures for TGS. However, the main focus will be on three groups: the unemployed, women and youth, for two reasons. First, “generating jobs” to reduce unemployment is a main objective of the Saudi government in adopting entrepreneurship. Second, government statistics on the unemployed show by considering the age factor, forty per cent are youth while based on gender, sixty per cent are women⁴⁸.

⁴⁸ These numbers by chance total 100% but it is clear that 40% of youth and 60% of older people include both genders. Moreover, 60% who are women and 40% who are men include all ages between 15 and 65.

10.3.1. Women's initiatives:

The Global Competitiveness Report 2014–2015 put KSA in a very low rank in terms of female participation in the labour force; 141 out of 144 countries. The report used 2012 statistics to calculate the ratio of women to men in the labour force, which is 25% (Schwab, 2014). Moreover, although the percentage of women among Saudis of age 15 and above is 50.2%, they represent only 16.4% of employed, 60.3% of unemployed and 70.3% of those out of the labour force (see Table 10-2) (CDSI, 2014). This encouraged me to investigate more about the six million women who are unemployed or out of the labour force.

Table 10-2: Saudis of age 15 and Above based on Gender

	Employed persons			Unemployed Persons			Out of the Labour Force		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total	4,120,467	805,717	4,926,184	258,880	392,425	651,305	2,368,601	5,598,620	7,967,221
Percentage	83.6%	16.4%	100.0%	39.7%	60.3%	100.0%	29.7%	70.3%	100.0%

Source: CDSI (2014)

Firstly, Table 10-3 shows that most unemployed women are highly educated. More than 70 per cent of them have a bachelor degree or above, while diploma holders account for about six per cent. In contrast, only two per cent of them have intermediate education or less, while more than 20 per cent have a secondary or equivalent qualification. In short, the education level of 98% of unemployed Saudi women is secondary school and above.

Table 10-3: Education Level of Unemployed Women; N=258,568 women

Illiterate	Read & Write	Primary	Intermediate	Secondary or Equivalent	Diploma	Bachelor Degree	Higher Diploma / Master Degree	Doctorate
0.0%	0.2%	0.6%	1.4%	21.2%	5.8%	69.9%	0.8%	0.0%

Source: CDSI (2014)

Secondly, around 70 per cent (around four million) of women who are out of the labour force are classified as housewives. However, eight per cent (more than 300,000) of these housewives hold diploma degrees or higher, including Bachelor degree, Master's and PhD. Moreover, around 50 per cent of them (around 2 million) had a secondary or intermediate certificate (see Table 10-4).

In summary, there are more than 600,000 Saudi women holding diploma or higher degrees who are not working. This number is divided equally between unemployed and out of the labour force.

Table 10-4: Education Level of Saudi Women out of Labour Force

Education Level	Housewives	In school or training	Others	Total
percentage	68.9%	26.8%	4.4%	100.0%
total	3,855,035	1,497,861	245,724	5,598,620
Illiterate	11.0%	0.0%	27.2%	8.8%
Read & Write	15.3%	0.1%	15.6%	11.2%
Primary	16.4%	6.8%	6.5%	13.4%
Intermediate	20.0%	39.8%	6.8%	24.7%
Secondary or Equivalent	29.4%	51.1%	15.9%	34.6%
Diploma	1.1%	0.4%	5.4%	1.1%
Bachelor Degree	6.8%	1.7%	21.3%	6.1%
Higher Diploma / Master Degree	0.1%	0.1%	0.9%	0.1%
Doctorate	0.0%	0.0%	0.4%	0.0%

Source: CDSI (2014)

This information prompted inclusion of some questions in the questionnaire to examine participants' (including women's) willingness and ability to be entrepreneurs⁴⁹.

Table 10-5 summarizes women's answers to the following four questions:

1. Willingness: If you were presented with a business opportunity, would you take advantage of it?
2. Knowledge: Do you have sufficient knowledge to start a business?
3. Skills: Do you have sufficient skills to start a business?
4. Experience: Do you have working experience to start a business?

On the one hand, unemployed women show a high⁵⁰ level of willingness to be entrepreneurs, a medium level of skills and experience and low level of knowledge. On

⁴⁹ Questions two to four are part of the questions asked to all participants in the questionnaire as explained in Chapter Six (Table 6-2) to measure the 'Skills' concept.

⁵⁰ I assumed high is 66% or more, low is 33% or less and medium is between them to simplify the description.

the other hand, housewives reported a medium level of willingness and skills and low level of knowledge and experience.

Table 10-5: Saudi Women’s Willingness and Readiness to be Entrepreneurs

N=30 housewives and 49 unemployed

Question		Yes	No	Not sure
1.Willingness	Housewives	41.4%	17.2%	41.4%
	Unemployed	69.4%	4.1%	26.5%
2.Knowledge	Housewives	26.5%	55.9%	17.6%
	Unemployed	21.8%	65.5%	12.7%
3.Skills	Housewives	50.0%	50.0%	NA
	Unemployed	54.5%	45.5%	NA
4.Experience	Housewives	17.6%	82.4%	NA
	Unemployed	36.4%	63.6%	NA

Source: the researcher

In short, Saudi women represent half of the population but very few of them are working, although most of them are educated and show high willingness to be entrepreneurs. This raises another two questions worth more discussion:

1. Are there any entrepreneurship initiatives targeting them in specific in KSA?
2. If not, is there a plan to target women in an entrepreneurship initiative?

Despite the fact that there are women’s branches for many of the start-up business support centres in the country, these branches do not have full autonomy, but just pass papers to either the men’s branches or the central offices. For example, entrepreneur E16 mentioned that *“women’s branches are not effective because they don’t have authority, they just link between us and the male section, I wish they had the power to take the decision themselves”*. Therefore, women’s branches are not considered as women’s initiatives. In contrast, SCSB provides opportunities equally to both genders without discrimination in conditions, except for the taxi track⁵¹.

The PSFW is one of the few initiatives in KSA targeting Saudi women to prepare them to start new businesses. PSFW is a non-profit organisation aiming to support

⁵¹ Since women are banned from driving in KSA, the taxi track is not available for women.

Saudi women with different initiatives. One of them is the business support and funding centre. The centre provides women with training, funding and technical support to help them convert their ideas to real businesses or expand existing ones. The training programme of a 10-day training course is repeated four times a year, each with 40 seats. The course helps participants to prepare business plans that cover market, technical and financial aspects related to their business ideas. Moreover, the course covers some soft skills such as presentation skills. Moreover, PSFW provides loans from SAR 50,000 up to SAR 300,000 per project. The fund relies on donations coming from princes and businessmen in the eastern district where the fund is located. The fund is very selective, since it focuses on quality in its process of selecting projects to be funded each year, in the range of five projects or fewer per year (according to interviewee SCR9). However, PSFW is not listed among the agents that deal with SCSB, which could strengthen the concept of targeting women and expand it to other cities.

Finally, to answer the second question above, the general manager of SCSB was asked by a woman in a TV interview (Alhunaishel, 2013c) about targeting women with specific initiatives and his answer was “*The chance is provided equally for both genders without discrimination*”. This answer shows that the concept of TGS is not considered for dealing with women.

10.3.2. Youth initiatives:

Youth is defined as “*those persons between the ages of 15 and 24 years*” (UNESCO, 2015). Accordingly, there are more than four million Saudi youth representing 30.1% of total Saudi population of age 15 and above (CDSI, 2015). TCF was founded initially to support young Saudis between 18 and 35 years old, so it could be classified in a sense as a youth initiative. However, recently the TCF has expanded the age to 55 (TCF, 2013). Moreover, the range of age for applicants to government loans through SCSB does not support youth (see Table 10-10). For example, youth are excluded from the Excellence track, which starts at age 25. Moreover, the other four tracks start either from age 18 or 21. Therefore, I could not find any specific initiative targeting youth in specific. However, I will explore the status of Saudi youth, to see if there is any rationale to target them in specific with entrepreneurship initiatives.

Table 10-6 shows detailed statistics about the working status of youth in the country. The remarkable number is the percentage of youth among unemployed people, which is 40 per cent. These youth are neither studying nor working. However, they are

willing to work but cannot find jobs. They were classified as unemployed, not “out of labour force”, because they were searching for jobs. Moreover, the percentage of youth who are not willing to work is very low, 0.3% (Table 10-6).

However, there are no official statistics about the percentage of entrepreneurs among the employed persons. Therefore, I decided to investigate this point using a specific question in the questionnaire, which was answered by different ages including youth, who represented 21.6% of the respondents. Table 10-6 shows statistics about the entrepreneurial status of respondents including youth.

Table 10-6: Statistics about Saudi Youth

Working status		Youth	Percentage within youth	Percentage within working status
Labour force	Employed persons	364,842	8.9%	7.4%
	Unemployed persons	259,480	6.4%	39.8%
Out of labour force	In school or training	2,971,266	72.9%	96.2%
	Housewives	391,030	9.6%	10.1%
	Disable	27,142	0.7%	16.9%
	Unwillingness to work	14,457	0.3%	25.8%
	Others	48,618	1.2%	42.1%
Total		4,076,835	100.0%	NA

Source: CDSI (2014)

Table 10-7: Entrepreneurial Status of Respondents; N=202

	Youth							Total
	(15-24)	25-29	30-34	35-39	40-44	45-49	50 or more	
No business	28.0%	18.1%	19.1%	13.0%	9.3%	6.0%	6.5%	100.0%
Potential entrepreneurs	39.7%	17.5%	23.8%	7.9%	1.6%	3.2%	6.3%	100.0%
Entrepreneurs	6.9%	16.2%	23.4%	20.2%	15.3%	7.5%	10.4%	100.0%

Source: the researcher

The previous two tables present the following points about youth related to this research as follows:

1. Most youth are students (72.9%), and represent the majority of students in the country (96.2%). These students are under the supervision of the Ministry of Education, and entrepreneurship centres in universities can target them. However, most students are in general education, before universities.

2. Only 6.4% of youth are unemployed, which is a low number compared to the total Saudi unemployment rate 11.7%. However, 39.8% of all unemployed are youth, which is a significant number.
3. The percentage of youth entrepreneurs is less than that of other age groups, because most youth are students. However, youth showed the highest potential rate (39.7%) to be entrepreneurs, compared to the other age ranges.

The last point implies that youth are motivated to start businesses. However, what about their abilities to do business? To answer this question, I used the same four questions used with women above. However, the working status is not determined, since the measure just considers age.

Table 10-8: Willingness and Readiness to be Entrepreneurs in Sausi Arabia

N= 202 youth and 719 older

	Measure	Age group	Yes	No	Not sure
1	Willingness	youth	59.9%	8.9%	31.2%
		older	67.9%	5.1%	27.0%
2	Knowledge	youth	13.6%	75.9%	10.5%
		older	41.1%	48.7%	10.2%
3	Skills	youth	49.1%	50.9%	NA
		older	66.0%	34.0%	NA
4	Experience	youth	31.4%	68.6%	NA
		older	55.9%	44.1%	NA

Source: the researcher

The results in Table 10-8 show that youth suffer from a low level of knowledge and experience, which negatively affect their ability to be entrepreneurs. In contrast, they show a medium level of skills and willingness to do business.

10.3.3. Unemployment initiatives:

Unemployment has become a significant problem in KSA in the last few years. Moreover, it is an important driver that pushes toward adopting entrepreneurship to generate more jobs for Saudis. However, I could not find any entrepreneurship initiative specifically targeting unemployed people. Further, the data reported above show that 40% of unemployed are youth while 60% are women, but no government initiatives exist targeting either (see Table 10-9).

Table 10-9: Unemployment Structure in KSA Bbased on Age and Gender

Unemployed People			
Age	Male	Female	Total
Youth	20.9%	18.9%	39.8%
Elders	18.9%	41.3%	60.2%
Total	39.7%	60.3%	651,305

Source: CDSI (2014)

All the initiatives require the beneficiaries to be not employed, to increase the chances for the unemployed, however, none of them specifically targets unemployed people. This establishes a debate about classifying many of the entrepreneurship initiatives in the country, which target all people and specify no job conditions. Finally, I decided not to classify them as unemployment initiatives, for the following reasons:

- The chance is open for all oportune entrepreneurs who can leave their current jobs and fulfil the requirement of the initiative provider, just like any unemployed.
- There are no special training and preparation programmes targeting unemployed people, who usually suffer from a low level of skills, knowledge and experience.
- Some conditions set by these initiatives reduce the chances of unemployed people, such as the condition of experience, which faces the unemployed with a similar problem to the chicken-and-egg-problem and gives privilege to employed people who already have experience.

10.3.4. Other groups

In this section, I will comment on the other groups described by the framework based on the Saudi context. First, since this research is about fostering entrepreneurship for Saudis, it could in one way or another be related to “indigenous or aboriginals entrepreneurship”, since all the initiatives and policies discussed here are about Saudis.

Second, ethnic minorities or immigrants can be renamed as the non-Saudis. In 2000, the government established SAGIA, which is the governmental authority overseeing foreign investors’ affairs and providing them with needed facilities. For example, the one-stop-shop that all Saudi entrepreneurs wish to have is available for foreign investors through SAGIA offices (SAGIA, 2014).

Third, the government shows high sympathy to people with disabilities, either through its care from the Ministry of Social Affairs or by encouraging companies to hire people with a disability. However, there is not a single entrepreneurship initiative targeting disabled people, although the idea of targeting disabled people was applauded by the general manager of SCSB (Alhunaishel, 2013c).

Finally, despite the fact that there is no initiative targeting senior citizens specifically, the funding conditions set by SCSB, deprive senior citizens from three tracks (see Table 10-10). However, the percentage of older people of age 50 or more who are unemployed is less than 0.2%, which is insignificant (CDSI, 2014).

Table 10-10: Age Range to Accept Applicants for SCSB’s Loans

	Masarat programme	Age range	
		Minimum	Maximum
1	Productive Families track	18	NA
2	Nascent projects track	21	55
3	Taxi and School Transport track	21	60
4	The excellence track	25	55
5	The invention track	18	NA

Source: adopted from SCSB (2014)

10.4. Emerging Results

According to Lundstrom and Stevenson (2005), the TGS is inherited from a segmentation trend found in many countries that provide BSS to entrepreneurs and start-ups. In fact, a segmentation strategy has been adopted by SCSB since 2010, through the Masarat programme and graduate initiative. Further, poor people and business related to tourism and crafting are two implementations of this trend, as will be described below.

1. Masarat Programme

This programme was explained in Chapter Eight. However, I will describe the programme from the strategic perspective since it applies segmentation to deal with entrepreneurs.

Firstly, the programme was founded by a financial institute –SCSB- to provide different types of loans to satisfy government objectives. The five tracks can be classified into two categories based on the ultimate objective of each category:

1. To support unemployed and poor people for three tracks: nascent business, micro-business and taxi-drivers. This category aims to reduce unemployment and poverty.
2. To support inventors and innovative people in the invention and the excellence tracks. This is in compliance with the national plan towards moving to a knowledge-based economy.

Therefore, each track in the Masarat programme targets a specific segment of potential entrepreneurs with certain criteria and conditions. Accordingly, each track can be treated as a separate entrepreneurship initiative, even though they are managed by the same institute.

Secondly, the only service provided by SCSB for all tracks is funding. Thus, Masarat is a TGS example in the finance area. However, SCSB cooperates with intermediate agents in the nascent business and micro business tracks that provide other services. For example, Riyadh and TCF -as explained in Chapter Nine- provide training and mentoring services. In contrast, SCSB manages the other three tracks directly.

Thirdly, despite the fact that Masarat has adopted a segmentation strategy since it was launched, the contribution varies greatly between tracks. This could be ascribed to the difference between tracks in conditions, services provided or loan sizes (see Table 10-11).

Table 10-11: Segmentation Strategy in Masarat Programme

Masarat Tracks						
	1	2	3	4	5	
	Nascent Business	Excellence	Invention	Micro business	Taxis	total
Loans range in SAR						
Maximum	300,000	4,000,000	4,000,000	50,000	80,000	
Minimum	50,000	300,000	300,000	NA	NA	
Entrepreneur's contribution* %						
	0	8% to 50%	0% to 50%	0	0	
Service Provider						
Finance	SCSB	SCSB	SCSB	SCSB	SCSB	
Training	Intermediate Agents	NA	NA	NA	NA	
Mentoring	Intermediate Agents	NA	NA	Intermediate Agents	NA	
Contribution: Value (V) SAR million and Number (N) of projects						
V in 2011	164.0	53.0	-	NA	104.0	321.0
N in 2011	1,087	23	-	NA	1,318	2,428
V in 2012	216.2	97.2	3.3	0.4	17.9	335.0
N in 2012	1,027	55	2	41	234	1,359
V in 2013	327.0	134.0	2.0	0.7	41.0	504.7
N in 2013	1,503	72	2	52	466	2,095
Total until end of 2012						
total loans' values	1,312.4	1,276.2	5.3	71.5	970.3	3,635.7
total number of loans	8,976	709	4	1,438	13,299	24,426
percentage of total values of loans	36%	35%	0.1%	2%	27%	100%
percentage of total number of loans	36.70%	2.90%	0.02%	5.90%	54.40%	100%

Source: SCSB (2012) and SCSB (2013)

2. Financing Graduates

The SCSB announced in 2011 a new programme targeting graduates as a response to the Royal command to find urgent and quick solutions to the high volume of university graduates in education and holders of diplomas in Health. Consequently, the bank launched a new path targeting this segment, in addition to the other five paths in Masarat. SCSB offers loans for projects with capital ranging from SAR 500,000 to SAR eight million, while the bank can offer loans up to SAR four million (SCSB, 2012). This initiative targets partially unemployed people as indicated above but is limited to two types of graduates. However, up to 2015, this initiative had not funded any entrepreneur. The general manager of SCSB raised a serious problem common among applicants in this initiative. He said that applicants refused to start businesses in their field, but preferred other projects such as groceries, which violated the initiative's main objective (Alhunaishel, 2013c). However, there is a paradox that, although SCSB tries to encourage education graduates to start businesses in their field, it lists private schools among the blacklist of projects that the bank does not fund.

3. Financing poor people

Regardless of the poverty definitions⁵², there are many initiatives supporting poor people to start their own businesses to establish or increase the family income. These initiatives are named "productive families" and are supported by different providers. For example, SCSB established its micro business and productive families tracks. BRJ had an initiative to support the same segment, and there are many social charities which are supervised by the Ministry of Social Affairs such as Kafaf, according to interviewee SCR14.

However, I will focus in this section on the Social Charity Fund, which was founded by the Saudi government in 2002 to support poor people. This fund has a variety of initiatives including lending poor people to start new businesses. Table 10-12 summarizes statistics for 1,424 projects with a total SAR 16,835,189 of loans provided by the fund between 2006 and 2012, which shows an average of SAR 11,822 per project according to interviewee SCR15.

⁵² 8,000 is considered by the charity fund as the maximum limit for a household income to deserve support (see Chapter Three).

Table 10-12: SCF Contribution (2006-2012)

Year	projects Funded			total loans	average loan per project	number of intermediate agents
	male	female	total			
2006	80	86	166	400,000	2,410	2
2007	73	65	138	3,415,000	24,746	17
2008	100	112	212	4,309,500	20,328	17
2009	143	128	271	1,783,580	6,581	9
2010	114	148	262	1,694,569	6,468	4
2011	48	145	193	2,527,540	13,096	3
2012	28	154	182	2,705,000	14,863	3
Total	586	838	1,424	16,835,189	11,822	55

Source: interviewee SCR15

3. Targeting Tourism and Antiques sector:

SCTA encourages individuals to participate in craft initiatives like the Bar'e programme which targets 20,000 Saudis. Based on SCTA, in addition to the main objectives of simulating the tourism industry, the Bar'e programme can help individuals to reduce unemployment, poverty and migration from villages to cities. Therefore, SCTA has established regional centres for crafts people and run 45 training courses that benefitted 1,502 crafts men and women (MAS, 2013; SCTA, 2013).

4. The need for Target Group Strategy

It was interesting to explore the perspective of participants about adopting TGS to establish entrepreneurship initiatives targeting either group of people or sectors of industry. On the one hand, inventors scored higher than innovators, poor and youth equally (see Table 10-13). On the other hand, 90.1 per cent supported targeting a specific sector or industry (see Figure 10-3).

Table 10-13: Target Group Initiatives; N=810

women	inventors	innovators	poor people	youth	unemployed	disabled	retired
7.7	8.7	8.5	8.5	8.5	8.3	8.4	6.9

Source: the researcher

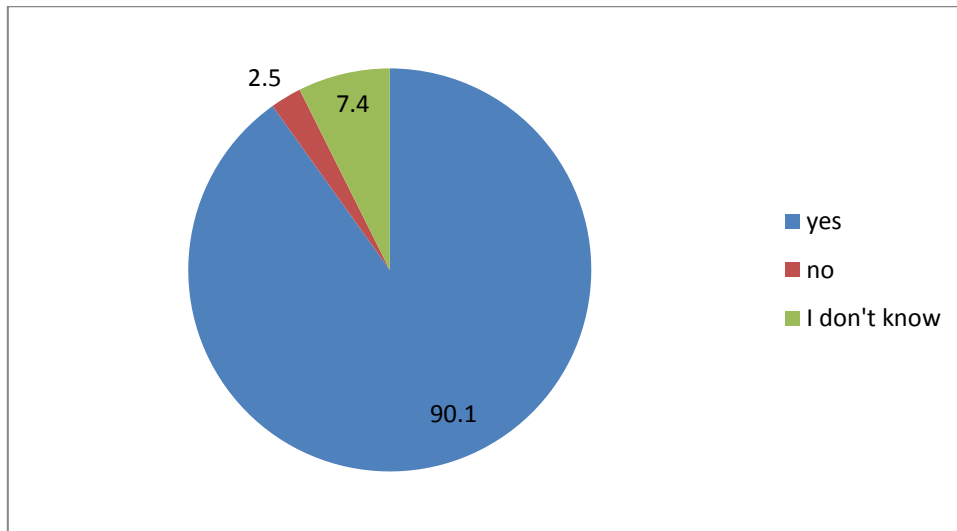


Figure 10-3: Target Industry Imitative; N=810

Source: the researcher

10.5. Discussion

The results show another policy area where the Saudi government had initiatives to target specific groups, either in the graduate, masarat programmes or the charity fund. Moreover, this policy was found to be implemented implicitly in different areas, such as PSFW to support women or SCTA to support the tourism and antiques sector. In contrast, the results show absence of government dedicated initiatives targeting women, youth and unemployed people, despite the importance of these groups. Further, although invention and innovation were targeted with two initiatives, their contribution remained very limited in terms of number of projects. This contradicts the main objective of adopting TGS which is to “*increase the start-up rates of under-represented groups*” (Lundstrom & Stevenson, 2005,p. 6).

10.5.1. Framework-based results

Using the policy measures found in the framework related to TGS, the results did not show any government initiative that targets any of the suggested nine groups. However, these groups vary among countries. Therefore, using the results found, the Saudi context and the literature, the following argument can be made for targeting groups in KSA: women, youth and the unemployed in KSA.

1. Women's Initiatives

The results did not show any governmental initiative that targets women. The only initiative that targets women in specific is PSFW, which is a charity that does not receive any direct government support. However, I recommended to PSFW to start communicating with the SCSB to qualify for their financial support, as in the case of other intermediate agents such as Riyadh and the TCF. Moreover, according to the general manager of SCSB, there is not even an intention to target women with specific initiatives, because he assumed that the opportunity is open for all Saudis, regardless of their gender. However, there is a case to be made that Saudi women deserve special support by targeting them for two reasons, based on the Saudi context and the literature as follows.

Firstly, the official statistics show there are about 600,000 Saudi women who have a diploma, bachelor degree or more, who are not working and classified as either unemployed or out of the labour force. However, the questionnaire shows that the willingness rates of women to have businesses are 70% and 41% for the unemployed and housewives respectively. Further, they suffer from lack of experience and low to medium levels of knowledge and skills. In other words, they are already motivated and targeting them with special initiatives can increase their abilities to start businesses, which supports my recommendation to apply the TGS for Saudi women.

Secondly, targeting women with more incentives is a common practice found in many countries, even the developed ones. Lundstrom and Stevenson (2005) found that the rates of female entrepreneurship in 13 countries are proportional to the level of government support to women entrepreneurs. For example, Ireland, which does not target women with entrepreneurial support, has the lowest percentage of women entrepreneurs among the 13 countries. However, the support can have different shapes. For example, in the US, five per cent of federal procurement is allocated for firms that owned by women. In Canada, there are micro-loan programmes for women and national networks of women's support centres funded by the government. In Finland, women have different targeted support such as mentoring, training, expert advice and micro-loan programmes (Lundstrom & Stevenson, 2005).

Finally, if women in such countries are targeted by special initiatives to support them regardless of their relatively high percentage of participation in labour force, then the need is even greater for Saudi women, given that KSA ranks 141 out of 144 in terms

of female participation in the labour force. Moreover, targeting women directly is also considered as targeting the unemployed, since women represent 60% of them.

2. Youth

Although reducing unemployment is a government objective behind supporting entrepreneurship, there is no single initiative targeting youth, who represent 40% of unemployed people. Moreover, youth are partially excluded from government financial support, which starts from ages 21 and 25. Furthermore, lack of experience is a barrier facing entrepreneurs either to start their own business or to apply for the government support that is available to all ages.

In contrast, most of the European efforts to make individuals more entrepreneurial focus on young people. For example, in Italy, Law 44 targets young unemployed in southern Italy; in the UK, the Shell Technology Enterprise Programme (STEP) and Prince's Trust are two initiatives that target young people with different services such as training, advice and finance (Storey, 2003). Accordingly, targeting entrepreneurs with training and special programmes can increase their percentage among business owners and reduce unemployment.

3. Unemployed people

Actually, targeting women or youth is considered as indirectly targeting unemployed people as discussed above. However, although generating jobs to reduce the unemployment rate is the most important objective of adopting entrepreneurship in KSA, it was very surprising that targeting unemployed people is not found explicitly in the country. Instead the current initiatives just require applicants to be without a job, which can be satisfied easily when applicants just resign from their work. Furthermore, the qualification and experience conditions reduce the likelihood of unemployed people being eligible. Accordingly, the policymakers in the government need to realize that unemployed people need to be targeted with special support to offer them more incentives than other people.

4. Other groups

The framework adopted in this research was very helpful to collect and analyse the data, although it is based on the context of 13 developed countries. However, there are evident differences when applying it to a developing country with a different context, such as KSA. Accordingly, I focused only on three groups which I think have higher

importance to the Saudi context. However, I found -as emerging results- other initiatives targeting other groups or industries, which will be discussed next.

10.5.2. Emerging results

The results show initiatives in the Saudi context that can be classified as other forms of TGS although these initiatives were not found in the TGS framework. Therefore, in this section I will discuss these initiatives in the same order they were presented in the results section above.

1. Masarat Programme

This financial programme is a clear example of the segmentation strategy on which TGS was based. However, the results show big variation in deliverables among the five tracks, although they are managed by the same institute, which claims to give them all the same priority and care. However, to be more precise in comparison, I will follow the same classification as in the results section, which categorizes the five tracks into two based on their ultimate objectives.

Firstly, the variation between the nascent track and micro business track can be ascribed to the availability of intermediate agents in both tracks. While these agents helped the nascent track to deliver more projects, lack of such agents prevented the progress of the micro business track.

Secondly, the variation between the excellent and invention track could be ascribed to the restricted conditions in the invention track and the absence of intermediate agents that can qualify inventors to start a business. Therefore, targeting by itself is not enough to increase the number of business owners, since other services and conditions need to be provided as well.

2. Financing Graduates

This programme is another explicit example of targeting strategy. However, its big failure to deliver anything since 2011 till 2015 proves the point raised above, that “targeting is not enough”. The government in this programme aimed to support graduates from health and education departments, who represent a portion of the unemployed youth. This programme just provides seed funds to start new businesses. This finding is very important since it supports the main principle behind the MOS model, which is the basis of the framework adopted in this research. This principle

assumes that increasing the number of entrepreneurs requires providing: motivation, skills and opportunities (Stevenson, 1996).

However, the graduate programme, for example, just facilitates the opportunity by providing seed funds, while the other two components are missing. This problem shows a gap between supply and demand. On the one hand, the government wanted to reduce unemployment among these people by providing them with seed funds to start businesses in their fields of study. On the other hand, individuals want to start businesses in different fields. Furthermore, the lack of experience of this group, either in doing business or working in their fields of study, was not considered, although it is likely to be a big barrier for them. Moreover, SCSB has created a paradox by asking teaching graduates to establish businesses in their field, but listing private schools among SCSB's blacklist of prohibited projects.

3. Financing poor people

The results show different initiatives targeting poor people, either by charities registered in the government or by government institutes. The available data just show the number of loans provided. However, targeting poor people can be better measured by knowing if these loans were used to provide sustainable income. However, such information was not found and is beyond the research scope.

4. Targeting Tourism and Antiques sector

SCTA provides an example of a government agent that adopts entrepreneurship to foster its sector through different initiatives. For example, SCTA provides technical training programmes for craft people, promotes business opportunities for investors and has signed agreements to provide loans for individuals who want to start business in the Tourism and Antiques sector. However, the finance support that SCTA receives from SCSB is limited to 0.06% of the nascent track. This shows clearly that this intermediate agent suffers from lack of government financial support dedicated to entrepreneurs, although it is a government agent itself.

10.6. Conclusion

This chapter about the TGS is the sixth and last pillar in the framework. However, it differs than the previous five chapters since it covers a strategy, not a policy area. This strategy is applicable to all the EP areas in all entrepreneurial stages. TGS is an international trend to provide support to entrepreneurs, which is partially implemented in the Saudi context. However, examples in the Saudi context show that targeting per se is not effective. To foster entrepreneurship, individuals need to be motivated, have the abilities and be provided with support such as finance, business support and regulations. Targeting can be very successful, either by providing these services to specific group or focusing on the missing service only. Therefore, I have the following recommendations based on the findings of this chapter.

1. Targeting initiatives should cover the five other policy area

This recommendation is compatible with the nature of this framework pillar, since TGS is a strategy while the remaining pillars are policy areas: promotion, education, regulation, financing and providing support services. Therefore, any targeted initiative should provide beneficiaries with measures from the five policy areas. For example, PSFW targets women and provides them with a full package of services such as promotion, training and funding, which results in producing female entrepreneurs. In contrast, the graduate programme, which targets a portion of unemployed graduates with seed funds only, has failed to produce any entrepreneurs in four years.

2. Targeting can shape the entrepreneurship policy

Since targeting is a strategy, it can shape the EP by determining the beneficiaries of each policy. Therefore, each policy of the five areas should specify its beneficiaries, either all people or a specific group. Although this strategy was inherited from the business support services policy area (Lundstrom & Stevenson, 2005), the findings show that targeting can be used in any policy area.

3. Unemployed, women and youth are three groups worth specific initiatives

Based on the findings in this chapter, I recommend having special initiatives targeting three groups of people: the unemployed, women and youth. However, such initiatives should follow the recommendation set above by providing a complete package of services.

11. CHAPTER ELEVEN: CONCLUSION

11.1. Introduction

The government support to entrepreneurship is inherited from the support to SMEs that started decades ago. Further, different frameworks have been developed between 1988 and 2012 to provide packages of policies to foster entrepreneurship. However, variation of context between countries and the dynamic nature of entrepreneurship make it inappropriate to generalize policy measures from other countries as best practice or use benchmarking. Therefore, this research investigated the Saudi Arabian context to recommend a set of entrepreneurship policies that are more suitable for this context. This was guided by the use of Lundstrom and Stevenson's (2005) EP framework and the OECD framework by Ahmad and Hoffman (2008) as the conceptual frameworks (subsection 4.2.3). Accordingly, I investigated the available entrepreneurial activities and the entrepreneurial level in the Saudi context. This led to recommending a set of policy measures to foster entrepreneurship in the following six EP areas: promotion, education, regulation, financing and business support services, in addition to the targeting group strategy.

According to Coles, Duval, and Shaw (2013, p.34): *“the key point is that aims, objectives and research questions have to be logically connected”*. Therefore, Figure 1-4 in Chapter One illustrated the connections between aims, objectives, research questions and research chapters. Accordingly, in this concluding chapter, the findings will be summarised based on the research objectives and research questions to be more connected to the main research aim (section 11.2). Further, section 11.3 describes the theoretical and practical contribution of this research. The limitations of this research and suggestions for future research will be discussed in section 11.4. and 11.5 respectively.

11.2. Research Key Findings and Recommendations

This section will summarize the key findings of this research through two ways. Firstly, the findings related directly to the research objectives will be summarized in subsections 11.2.1 to 11.2.4. Secondly, the investigation through the whole research

revealing more explanations of set of propositions, which will be summarized in subsections 11.2.5 and 11.2.6.

11.2.1. Research objectives one and two

- **Objective one**: To investigate the government objectives behind supporting entrepreneurship in KSA.
- **Objective two**: To investigate the Saudi context to learn about the indicators that can be used to measure ‘entrepreneurial performance’.

These two objectives are satisfied through answering the following research question:

- **Research question one**: What are the Saudi government objectives to foster entrepreneurship and how can they be measured?

Chapter Three shed light on the Saudi context. This showed that the Saudi government had four explicit objectives to foster entrepreneurship as follows:

- Move to a knowledge based economy.
- Generate jobs for Saudis
- Develop undeveloped regions
- Provide income to poor people

The findings in this research can be used to comment on these objectives as follows. Firstly, Audretsch and Thurik (2010) differentiate between EP and policy for the entrepreneurial economy. Therefore, entrepreneurship can contribute to the knowledge economy but such a change from a managed economy to entrepreneurial economy requires more policies and initiatives. Furthermore, the findings show that entrepreneurs and firms with innovative ideas or who work in technology are less likely to find financing either from the government or the commercial banks while equity funding is still very limited. Secondly, according to Storey (1994), creation of jobs in small business is one of the SME policy objectives. We learnt from Chapter Two about the differences between the two concepts: EP and SME policy. Further, the analysis of the Saudi labour market shows that business owners favour non-Saudis, given their lower wages and patience to work longer hours with the absence of regulations about minimum labour wage and working hours limit. Thirdly, the findings did not show any incentives to do more business in undeveloped regions. In contrast, the infrastructure

and logistics support in large cities encourage entrepreneurs to work there. Finally, many initiatives have been found to support poor people. However, the findings show that many regulations are against business for employees even if their income is within the poverty limit (i.e SAR 8,000).

In summary, the four objectives are not consistent and might lead to contradiction. For example, using more technology requires advanced infrastructures found mostly in large cities and can lead to reducing the number of jobs. Therefore, I recommend the following. Firstly, improve the working environment in the SME sector to attract more Saudis. However, this can be part of another research focus on SME policy in KSA. Secondly, provide more incentives to start businesses in undeveloped regions. Further, provide indirect support to improve the infrastructure in such regions. Finally, to focus on building ‘an enterprise culture’ as a main objective for EP to encourage entrepreneurship in the country. This is a very important objective and has been adopted in developed countries such as the UK (Bridge & O'Neill , 2013). Moreover, the government through the EP can direct the entrepreneurship to industries that comply with its strategic plans.

On the other hand, ‘number of firms’ and ‘number of Saudi employees’ are found to be the only indicators that can be used to measure entrepreneurship in KSA. However, each one of the objectives above require specific indicator. For example, number of inventions or amount of spending on R&D can be used as indicators for the knowledge economy objective (Freel, 2007). Therefore, it is essential to specify the suitable performance indicator for each objective. The C.O.T.E described in Chapter Two can help in setting precise and accurate objectives and measures that fill the ‘Impacts’ and ‘Entrepreneurial Performance’ components in the proposed framework in section 4.2.3.

11.2.2. Research objective three

- **Objective three**: To investigate the existence of the stated EP in the six areas of the EP framework: promotion, education, finance, regulations, business services and target group strategy.

Table 11-1 summarizes the status of stated EP in the framework’s six areas. They all were found to be needed in the Saudi context, but two of them had concrete policy statements. However, the only active policy is the one related to finance. The framework helped to identify the policy gaps in the remaining areas.

Table 11-1: Status of stated EP in KSA

Policy area	Availability	Note
Entrepreneurship promotion	not found	needed
Entrepreneurship education	not found	needed
Entrepreneurship regulations	not found	needed
Entrepreneurship financing	exists since 2006	needs improvement
Business support services	exists since 2006	not active but needed
Target group strategies	not found	needed

Source: Chapters Five to Ten

11.2.3. Research objective four

- **Objective four:** To investigate in a deductive way the existing policy measures and initiatives in each of the 11 research quadrants as illustrated in Figure 1-3.

This objective will be answered partially by providing checklists of the policy measures in each area as discussed in chapters five to ten. Further, the next section will provide more details about this objective. However, the absence of stated policy in certain areas does not imply absence of availability of its measures as will be shown below. For each measure, I will describe it as either available, not found, or not applicable (see Tables 11-2 to 11-7).

Table 11-2: Status of Promotion Policy Measures in KSA

Entrepreneurship Promotion Policy Measures	Status
1. Entrepreneurship awards programmes.	available
2. Sponsorship of television programmes and advertising campaigns.	available
3. Promotion of entrepreneur role models through print publications.	available
4. Sponsorship of national entrepreneurship-related conferences and regional events.	available
5. Use of radio, print media and webcasting.	available

Source: Chapter Five

Table 11-3: Status of Education Policy Measures in KSA

Entrepreneurship Education Policy Measures	Status
1.Development Strategy, approach, definition, plan, budget, promotion	not found
2.Taking Stock International best practice Students' attitudes Curriculum gaps	not found
3.Evaluation Student assessment, learning outcomes, impact	not found
4.Education Resource Centre Databases, materials, websites, references	not found
5.Teacher Exchanges Symposia, conferences, networks, newsletters	not found
6.Entrepreneurship Awards Programmes Students, teachers, schools, communities	not found
7.Student Venture Programmes Support students to start their own real businesses	available
8.Student Venture Activities Projects, mini ventures, competitions	available
9.Teacher-in- Servicing Pedagogies, content	not found
10.Resources and Teaching Materials All levels of education	not found

Source: Chapter Six

Table 11-4: Status of Regulations Policy Measures in KSA

Entrepreneurship Regulations Policy Measures	Status
1.Ease of starting a business and Simplified reporting	not found
2.Legislation affecting entry and exit: Competition Acts; bankruptcy laws and insolvency rules; company laws; patent laws/IP	not found
3.Labour issues	not found
4.Taxation	not applicable

Source: Chapter Seven

Table 11-5: Status of Financing Policy Measures in KSA

Entrepreneurship Financing Policy Measures	Status
1.Small business banks	available
2.Government small business loan guarantee programmes	available
3.Micro-loan funds	available
4.Growth loan funds	not found
5.R&D seed capital programmes	not found
6.Venture capital programmes;	available
7.Investment tax credits	not applicable
8.Support for angel investor networks	available
9.Financing databases	not found
10.Investment match-making programmes	not found

Source: Chapter Eight

Table 11-6: Status of Support Services Policy Measures in KSA

Entrepreneurship Business Support Services Policy Measures	Status
1. Business and enterprise centres for advice, counselling, technical assistance & consultancy	available
2. Entrepreneurship training programmes for starters and growth firms	not found
3. Mentoring initiatives	available
4. Support for entrepreneurial networks; associations	not found
5. Business consultancy services for growth firms; "best-practice" transfer of management skills	not found
6. Professional development for business advisers; performance standards	not found
7. National incubator strategy; incubator funds	available
8. One-stop shops; points of entry; start-up portals; online counselling	not found

Source: Chapter Nine

Table 11-7: Status of Policy Measures of the TGS in KSA

Policy Measures of the Target Group Strategy	Status
Suggested groups:	
1.Women	available
2.Youth,	not found
3.Unemployed	not found
4.Aboriginals	not applicable
5.Ethnic minorities	not applicable
6.People with disabilities	not found
7.Senior citizens	not found
8.Veterans	not applicable
9.Immigrants	not applicable
Suggested initiatives:	
1.Loan programmes; start-up financing; income support programmes	available
2.Special development agencies; resource and enterprise centres; incubators	available
3.Counselling; advisory services; technical assistance; targeted web portals	available
4. Entrepreneurial training and mentoring initiatives	not found
5. Awards; events; target group role models	not found
6. Procurement set-asides	not found
7. Peer-group networks; support for associations	not found

Source: Chapter Ten

In summary, the findings of this research show high compatibility between the framework measures and the Saudi context, since only a few measures were not applicable. In contrast, the remaining measures are either found in KSA and need more development or show gaps that can be developed. Although it is not easy to quantify this impression since some measures contain many items such as legislation affecting

entry and exit, which covers four regulations, I could give the following statistics about the above 53 policy measures. There were 19 measures available (36%), 28 not found (53%) and only six measures found not applicable to the Saudi context (11%). These findings were essential to build up the recommendations in the coming section.

11.2.4. Research objectives four and five

- **Objective four:** To investigate in a deductive way the existing policy measures and initiatives in each of the 11 research quadrants as illustrated in Figure 1-3.
- **Objective five:** To investigate in an inductive way the context-based measures that can be fitted in the 11 research quadrants as illustrated in Figure 1-3.

The previous section satisfied objective four partially by illustrating the status of the 53 policy measures provided by the framework. This section will present the research findings in terms of the recommendations for each policy area. Although these recommendations represent the answers to the research aim, it was not possible to reach them without satisfying the previous objectives. Accordingly, research questions two to seven will be used to present these recommendations.

- **Research question two: What are the appropriate policy measures to foster entrepreneurship promotion for individuals to start their own businesses in KSA?**

This promotion policy should play two roles:1) increase the awareness about entrepreneurship in society; 2) encourage potential entrepreneurs to start their own businesses. These two roles should take place in the awareness and pre start-up entrepreneurial stages respectively (see Table 11-8).

Table 11-8: Recommendations for Entrepreneurship Promotion Policy

Entrepreneurship Policy Area	Promotion	
Entrepreneurial phase	Awareness	Pre start-up (Nascent)
Policy measures	Awards	Entrepreneurship training
	TV programmes and Advertisement	Advertising business support

	Role Models	Marketing business opportunities
	Entrepreneurship events	
	Use of different media channels	

Source: Chapter Five

- **Research question three: What are the appropriate policy measures to foster entrepreneurship education in KSA?**

The answer to this question is derived from Chapter Six about entrepreneurship education and Chapter Nine about Business Support Services, which covers education partially. This policy area deserves more focus from the policymakers since there is no stated policy and most of the measures are not available. Further, this policy area is very important to strengthen the skills concept required in all the entrepreneurial stages from awareness till growth. Therefore, it is recommended for the education policy to cover three types of entrepreneurship education as follows (see Table 11-9):

1. Theoretical entrepreneurship education about enterprise, which can be taught in educational institutes.
2. Education for enterprises, which covers practical skills to start a business and prepare business plans. This type can be provided by universities and various support centres, which were covered in Chapter Nine.
3. Education in enterprises, which targets existing firms. This type can be provided by support centres and special institutes in the SME sector to help them develop and grow.

Finally, I recommend providing standard packages of entrepreneurship education as discussed in Chapter Nine.

Table 11-9: Recommendations for Entrepreneurship Education Policy

Entrepreneurship Policy Area	Education	
Entrepreneurial phase	Pre start-up(Nascent)	Start-up
Policy measures	Theoretical education	Education in enterprises
	Education for enterprises	
	Provide standard package for entrepreneurship education	

Source: Chapter Six

- **Research question four: What are the appropriate policy measures to foster entrepreneurship regulations in KSA?**

Chapter Seven about entrepreneurship regulations investigated the answers to this question. This policy area has a unique feature since it is controlled 100% by the government as a central regulator. It focused on four areas of business regulations. However, no specific regulations were found for small or new businesses, which represent a policy gap that needs to be bridged by a concrete entrepreneurship regulations policy. Such a policy should contain the following measures, which are summarized in Table 11-10.

Table 11-10: Recommendations for Entrepreneurship Regulation Policy

Entrepreneurship Policy Area	Regulations	
Entrepreneurial phase	Pre start-up (Nascent)	Start-up
Policy measures	One stop shop	
	Online portal	
		Bankruptcy law
		Improve competition regulation to protect small businesses
		Dedicate portion of government procurement to small businesses
		Allow the small business to use online payment methods
		Solve human resource problems facing small businesses

Source: Chapter Seven

- **Research question five: What are the appropriate policy measures to foster entrepreneurship financing in KSA?**

Chapter Eight investigated the financing issues related to seed funds and start-up finance to help individuals start new businesses and grow existing firms respectively. This chapter captured more importance and contained more analysis and discussion because of the importance of this policy area. The findings show that the Saudi government realized a decade ago the importance of this matter. In 2004, the government founded a guarantee loan programme –Kafalah- which was followed in 2006 by a concrete finance policy to support small and new businesses. Moreover, other sources of finance were available such as commercial loans, angel investors and VCs. However, the findings show many finance gaps for both fund types. Moreover, the finance source instruments were very limited, including angel investors and VCs. Therefore, I have these recommendations as policy measures as illustrated in Table 11-11.

Table 11-11: Recommendation for Entrepreneurship Financing Policy

Entrepreneurship Policy Area	Financing		
Entrepreneurial phase	Awareness	Pre start-up (nascent)	Start-up
Policy measures			Fill the equity gap
		Develop pre-seed fund	
		Relaxing lending conditions	
			Develop start-up financing
			Increase loans from commercial banks
		Add more finance instruments	
	Educate entrepreneurs about bootstrapping and financial accounting		
	Encourage investing in entrepreneurship		

Source: Chapter Eight

- **Research question six: What are the appropriate policy measures to foster the Business Support Services (BSS) in KSA?**

Chapter Nine investigated the business support services (BSS) policy area. This is another policy area that has had a concrete policy statement since 2006, which was assigned to SCSB but was not implemented. However, SCSB started in 2013 a plan to implement some related services, which I could not evaluate because they are still plans. In contrast, many other agents from government, private sector and some NGOs are active in providing a variety of services, including training, consultation and incubation. More services are found among plans or promises, which are described in this thesis but cannot yet be considered as existing services. Therefore, I have these recommendations in Table 11-12 to improve this important policy area, which covers three research quadrants.

Table 11-12: Recommendation for Entrepreneurship BSS Policy

Entrepreneurship Policy Area	Business Support Services		
Entrepreneurial phase	Awareness	Pre start-up (nascent)	Start-up
Policy measures		Expand the role of existing support centres.	
		Categorise support centres	
		Evaluate the performance of the support centres	
		Provide NGO support centres with endowments to provide them with stable income	
		Develop incubation	
		Found "proof of concepts" centres	
	Market business opportunities to entrepreneurs		
	Advertise for BSS in the society		
		Provide mentoring programmes	

Source: Chapter Nine

- **Research question seven: What are the appropriate policy measures to foster entrepreneurship using target group strategy in KSA?**

There are three rationales for adopting the targeting strategy: firstly, to support under-represented people in society; secondly, to develop undeveloped regions in the country; thirdly, to develop specific industries (Lundstrom & Stevenson, 2005). Chapter Ten investigated the targeting strategy, which is the sixth pillar of the adopted framework. While the other pillars represent policy areas, this one is a strategy that can be used to cover one or more policy areas. The findings show that targeting is not enough per se. Further, unemployed people, women and youth are three categories of people who deserve specific support based on the Saudi context and the government’s entrepreneurial objectives. Therefore, I have these three recommendations based on this research question as follows.

1. Targeting initiatives should cover the five other policy areas:

Any targeted initiative should provide beneficiaries with a package of services from the five policy areas: promotion, education, regulations, financing and business support services (see Table 11-6). However, the targeted group should be examined to provide them with the needed services. For example, if they are motivated to do business but suffer from low skills, then there is no need to motivate them, since they need training to gain the required skills.

Table 11-13: Package of Services for Target Group Strategy

Target Group Initiative (e.g.an initiative targeting female entrepreneur)				
Promotion	Education	Regulations	Financing	Business Support Services

Source: Chapter Ten

2. Targeting can shape the entrepreneurship policy:

Since targeting is a strategy, then it can shape the EP by determining the beneficiaries of each policy. Therefore, each policy in the five areas should specify its beneficiaries, either all people or a specific group. Although this strategy was inherited from the business support services policy area

(Lundstrom & Stevenson, 2005), the findings show that targeting can be used in any policy area.

3. Unemployed, women and youth are three groups worth specific initiatives: based on the findings in this research, I recommend having special initiatives targeting these three groups of people. However, such initiatives should follow the recommendation set above by providing a complete package of services.

11.2.5. Coherence between research questions

This research is grounded on a framework that consists of five policy areas and a strategy. This raises the question of coherence among these five areas. In other words, why not focus on one area only? The answer is related to the ultimate goal of this research, to recommend policies to foster entrepreneurship by increasing the number of individuals who start new businesses and take them to the next stage of growth. The adopted framework was built based on the MOS model. Therefore, adopting this framework brought the following proposition that was described in Chapter Four (Stevenson, 1996, p. 21):

To encourage more people to take the necessary steps to start a business and to improve their chances for success, three key aspects had to be addressed:

1.They have to be interested and motivated...

2.They have to come into contact with a range of ‘opportunity factors’...

3.They must have some skills.

Accordingly, this section aims to provide an interpretation of this proposition based on the investigation of the Saudi context which also will explain the coherence between different concepts in the MOS model and the framework policy areas. This coherence is shown from two perspectives as follows: On the one hand, there were many examples of linkage between the findings in different chapters.

- Entrepreneurship Education (Chapters Six and Nine), providing BSS and marking business opportunities (Chapter Nine) are the most important motivation factors respectively to encourage Saudis to start businesses (Chapter Five).

- Lack of seed fund (Chapter Eight) is the main reason for 50% of respondents not having a business (Chapter Five).
- Entrepreneurship education can be provided either in education institutes (Chapter Six) or as part of BSS (Chapter Nine).
- Unfair competition (Chapter Seven) caused entrepreneurs to ask for government support to be able to access market from support centres (Chapter Nine).
- Absence of taxation (Chapter Seven) caused Saudi entrepreneurs to neglect accounting reports, which reduced firms' transparency. This affects negatively firms' ability to get Start-up finance (Chapter Eight).
- Government employees are banned from owning business (Chapter Seven) but can easily get commercial loans (Chapter Eight).

On the other hand, I found that each policy area by itself is not enough to encourage starting new business, except if the remaining components are available. The following case studies explain the effect of missing one or more of these concepts.

1. Motivation and Regulations

I found that only 5% of applicants to Riyadhah were able to match the requirements and pass through the process until they gained the approval of SCSB to provide them with loans. These loans can be up to SAR 300,000 per project as interest-free loans that should be paid back in 11 years. Reaching this stage means that these individuals have enough qualifications either through education or working experience and they are provided with support services from Riyadhah in addition to the seed fund approved by SCSB. However, I found that 40% of these 5% of applicants whose loans were approved between 2011 and 2013 did not start their businesses. The SCSB ascribed this to two main reasons related to regulations and motivation as follows:

1. Applicants' preference for jobs they found instead of being entrepreneurs: **(Lack of Motivation)**.
2. Applicants could not get the licences for their business: **(Lack of Regulations)**.
3. Applicants could not provide a guarantee from a payment and performance bondsman, which is an SCSB requirement: **(Lack of Regulations)**.

2. Skills, Business support services and Regulations

The invention track gains the highest priority from SCSB, which provides interest-free loans up to SAR 4 million. However, I found only four projects were funded in this track between 2011 and 2013 with an average loan of SAR 1.3 million. It represents a very low number of approved projects in a track that has high priority. However, the general manager of SCSB ascribed this to the following reasons⁵³:

- Inventers do not have business skills and refuse to learn them. (**Lack of Skills**)
- Absence of specialized support centres to prepare patents to the business start-ups stage. (**Lack of support centres**)
- Inventers have jobs and refuse to leave them to be full time entrepreneurs.

(**Lack of Regulations**)

3. Regulations

The taxi track is one of the most active tracks in SCSB to help individuals to be self-employed. Up to 2013, it helped 13,299 Saudis to be self-employed instead of being unemployed. Moreover, BRJ helped more than 6,000 Saudis through the taxis and trucks tracks to be self-employed between 2003 and 2012. However, since women cannot drive in KSA yet, this regulation is the main barrier for any Saudi women to becoming self-employed through this track. Therefore, any Saudi woman who is motivated, has the required driving skills and is able to buy a car but without a driving licence cannot be self-employed.

4. Financing and support services

I found many evidences to show the importance of financing to start businesses immediately for people who are already motivated and have enough skills. For example, entrepreneurs E3 and E4 could not launch their firms until they received equity funds. Further, entrepreneurs E10, E11, E12, E16, E17, E19 and E24 are examples of individuals who could not start their businesses without the seed fund they gained from

⁵³ He mentions also “Low number of inventions in the country” but I disagree with him as discussed in Chapter Eight.

the government through SCSB loans. They benefited also from the services provided by Riyadh and TCF, such as advice, training and monitoring.

5. Business support services

Entrepreneur E2 is an example of an entrepreneur who started his business in a university entrepreneurship centre after attending weeks of training and workshops to convert his idea to a prototype. Then he and his partners competed with others to gain a grant that helped them to launch their business and leave their jobs. They had had the business idea since years before, but they were not able to convert it to a firm until they joined KACST's entrepreneurship centre.

6. Target group strategy

The segmentation strategy that was accomplished by SCSB to divide tracks can be considered as a form of targeting strategy. For example, the invention track targets inventors, while the graduate programme targets graduates from education and health colleges. However, targeting by loans was not enough to generate firms, because the other concepts were missing, as described above for the graduates programme. However, targeting women, youth or unemployed with specific initiatives that consider the three concepts of MOS model can help them to start their businesses.

11.2.6. Perceived Skills and Access to finance

A set of propositions came out of the investigation of the concepts of skills and ability to access finance in Chapters Six and Nine. The relationships in these propositions were examined using the Chi-square test and logistic regression for skills and finance matters respectively. This section will explain the propositions for which I found significant evidence of a relationship between their concepts after running these tests in the Saudi context.

- **Propositions related to Skills**

P1: there is a relationship between (attending a course in entrepreneurship education) and (entrepreneurial status).
The findings show that the percentage of entrepreneurs who attended such courses is double that among people without businesses.
P2: there is a relationship between individuals' perception of (knowledge to start a business) and (their entrepreneurial status).
The findings show that about 80% of people without business suffer from lack of knowledge needed to start business. In contrast, 70% of entrepreneurs have the knowledge to start businesses.
P3: there is a relationship between individuals' perception of (skills to start a business) and (their entrepreneurial status).
The findings show that about 90% of entrepreneurs think they have the skills required to do business compared to only 50% of individuals without businesses.
P4: there is a relationship between having (experience to start a business) for individuals and (their entrepreneurial status).
The findings also show a relationship between working experience and entrepreneurial status. About 80% of entrepreneurs had entrepreneurial experience. However, 62% of participants who do not have business also do not have entrepreneurial experience.

- **Propositions related to access to finance**

Proposition one: entrepreneurs' gender affects their ability to get finance

P1b: There is a relationship between entrepreneurs' gender and their choice to get seed fund either from internal or external sources.
The results show that men are more likely to go for external finance than women, to get seed funding.
P1c: There is a relationship between entrepreneurs' gender and their ability to get start-up finance.
The results show that firms that owned by Saudi women are more able to get start-up finance

Proposition two: entrepreneurs' education level affects their ability to get finance

P2b: There is a relationship between entrepreneurs' education level and their choice to get seed fund either from internal or external sources.
Entrepreneurs with higher education prefer external finance.

Proposition three: entrepreneurs' working status affects their ability to get finance

P3a: There is a relationship between entrepreneurs' working status and their ability to get seed fund.

Full-time entrepreneurs more able to get seed funding comparing to entrepreneurs who work in the government

P3b: There is a relationship between entrepreneurs' working status and their choice to get seed fund either from internal or external sources.

Entrepreneurs who work in the government are more able to get external finance than entrepreneurs work in private sector or entrepreneurs who are students or retired.

P3c: There is a relationship between entrepreneurs' working status and their ability to get start-up finance.

Part-time entrepreneurs who work in the government are found to be more able to access start-up finance for their businesses compared to entrepreneurs who work in private sector or being full time entrepreneurs.

P3d: There is a relationship between entrepreneurs' working status and their choice to get start-up finance either from internal or external sources.

Firms that owned by government employee are more likely to go for external finance than internal to get start-up finance compared to firms owned by private sector employees.

Proposition four: entrepreneurs' monthly income affects their ability to get finance

P4c: There is a relationship between entrepreneurs' monthly income and their ability to get start-up finance.

Firms of monthly income higher than SAR 20,000 are more able to get start-up finance compared to firms of SAR 5,000 income or less.

Proposition five: entrepreneurs' business location affects their ability to get finance

P5b: There is a relationship between entrepreneurs' business location and their choice to get seed fund either from internal or external sources.

Entrepreneurs live either in large or small cities are more likely to get external finance to start new businesses compared to entrepreneurs live in the capital city Riyadh.

P5c: There is a relationship between entrepreneurs' business location and their ability to get start-up finance.

Firms exist in the capital city Riyadh are more able to get start-up finance compared to firms in medium cities.

P5d: There is a relationship between entrepreneurs' business location and their choice to get start-up finance either from internal or external sources.

Getting external start-up finance is more common in Jeddah than Riyadh

Proposition six: entrepreneurs' business sector affects their ability to get finance

P6b: There is a relationship between entrepreneurs' business sector and their choice to get seed fund either from internal or external sources.

Entrepreneurs working in e-commerce/IT/websites/e-platform are less likely to get external finance comparing to entrepreneurs work in service sector

P6c: There is a relationship between entrepreneurs' business sector and their ability to get start-up finance.

Entrepreneurs working in commerce or vocational/craft/maintenance are more likely to get start-up finance compared to entrepreneurs work in service sector

Proposition seven: entrepreneurs' business innovation level affects their ability to get finance

P7a: There is a relationship between innovative businesses and the ability to get seed fund.

Entrepreneurs with non-innovative business type are six times more likely to get seed fund

P7c: There is a relationship between innovative businesses and the ability to get start-up finance.

Firms of businesses that are not classified innovative are 22 times more likely to get start-up finance compared to innovative firms.

Proposition eight: entrepreneurs' entrepreneurial experience affects their ability to get finance

P8a: There is a relationship between entrepreneurs' entrepreneurial experience and their ability to get seed fund.

Having entrepreneurial experience increases the odds for entrepreneurs to get seed fund.

Proposition nine: entrepreneurs' drivers to start a business affect their ability to get finance

H9a: There is a relationship between entrepreneurs' drivers to start a business and their ability to get seed fund.

The results show that opportunity-entrepreneurs more able to get seed fund comparing to necessity entrepreneurs.

Proposition ten: entrepreneur firm's size affects their ability to get finance

H10c: There is a relationship between firm's size and the ability to get start-up finance.

Entrepreneurs work alone without employees are more able to get start-up finance compared to small and micro businesses.

H10d: There is a relationship between firm's size and the choice to get start-up finance either from internal or external sources.

Micro businesses of less than five employees are more likely to get external start-up finance compared to entrepreneurs work alone.

11.2.7. Priority of the recommendations

The suggested recommendations in this research can be categorised into two types. The first type represents the recommendations that are compatible with the framework policy measures. These are either found in the Saudi context and need to be developed more or not found but the investigations showed their importance. The second type of recommendation is from the emerging results in the Saudi context with some found in the literature. As stated earlier, it is not easy to quantify this summary since some recommendations are more strategic like the ones in education and TGS. However, by using the recommendations in the other four policy areas, I arrived at the following statistics: there are 17 recommendations (55%) compatible with the framework policy measures and 14 recommendations (45%) derived from the Saudi context (see Table 11-14).

Table 11-14: Compatibility between Policy Measures and Recommendations

Two Sources of the Recommendations in Four Policy Areas		
<i>Source</i>	<i>Saudi Context</i>	<i>Policy measures based on the framework</i>
Number	14 Emerging	17 Framework-based
Percentage	45%	55%
Total	31 Recommendations	

Source: the researcher

On the other hand, a valid question can be asked at this stage: “among all of these recommendations, which ones are the most important recommendations that policymakers in KSA can start with?” This question is expected and justified, especially with the decline of oil prices which negatively affects government spending. However, I was clear from the beginning that this research is located in the second stage of the policy process (policy formulation) as described in section 2.4, whereas this question is about stage three (policy implementation). The accurate answer requires more information about allocated budget, clear entrepreneurship objectives, accurate statistics and the authority level for each policymaker. Further, this research is based on a framework that consists of five policy areas working as a chain in the process to foster entrepreneurship (see section 11.2.5). However, to answer this question, I would give higher priority to the recommendations related to the regulations and the BSS policy areas for the following reasons:

1. Entrepreneurship regulations: this policy area is 100% controlled by the government, which is a unique feature of this policy area and increases its importance. Furthermore, such regulations for small and new businesses can be accomplished through extending existing regulations or copying existing exercises. For example, a one-stop-shop is available for non-Saudi investors and can be extended for Saudi entrepreneurs. Moreover, legalising more finance instruments will increase the supply and the type of financing without asking the government to spend more money. For example, legalising crowdfunding can increase the supply of finance, reduce the equity gap and provide a pre-seed fund. Moreover, relaxing lending conditions and expanding the scope of existing

government programmes such as SCSB loans are regulation changes as described in detail in Chapter Eight.

2. **Business Support Services:** the findings show that there are 99 branches of different support centres and incubator branches that already exist in KSA such as the ones in the universities, COC, NGOs and the private sector. The recommendations in Chapter Nine focused on utilising these centres by developing their roles and expanding their scope of work which is lower in cost and time than establishing new centres. Moreover, these centres contribute to the other policy areas as follows. Firstly, they work as intermediate agents between individuals and finance providers. Secondly, they provide entrepreneurship training courses which play a double role to improve individual skills and to motivate them to start businesses. Moreover, their existence as centres that provide BSS is found in Chapter Five to be an important entrepreneurship promotion activity. Therefore, improving these centres has higher importance ascribed to the variety of services they can provide and because they are already found in KSA and are worth developing.

11.3. Contribution of the Research

This research brings a number of implications, both theoretical and practical, as follows.

11.3.1. Theoretical contribution

1. Contribution to literature:

Firstly, this research contributes to the body of literature in the area of developing entrepreneurship policy, which is still growing and seeks more evidence from different contexts. For example, Lundstrom and Stevenson (2005) call for more policy-oriented research to bridge the gap between research, policy communities and service providers. Moreover, the stage of EP formulation has attracted little attention compared to other stages such as policy implementation and evaluation (Arshed et al., 2014) because it is a complex and messy research area (Lundstrom and Stevenson ,2005 and Audretsch, Grilo, & Thurik ,2007).

Secondly, this research will be the first about developing EP in KSA to use Lundstrom and Stevenson's (2005) framework. I could not find any EP research about KSA even with other frameworks. Further, entrepreneurship in KSA suffers from lack of research even in GEM reports since 1999, except two reports of 2009 and 2010, despite the importance of KSA. Therefore, this research can be the base for further research about entrepreneurship in KSA.

2. Conceptual contribution:

Firstly, the findings of this research provide more empirical cases to support the validity of the MOS model. Moreover, I found that 89% of the policy measures provided by Lundstrom and Stevenson's (2005) framework are applicable to the Saudi context. According to Sassmannshausen and Gladbach (2009), PhD students are encouraged to contribute to existing concepts and frameworks instead of developing new ones. Accordingly, subsection 11.2.5 provides many cases from the findings showing that absence of any of the five policy areas found to be supported by Lundstrom and Stevenson's (2005) framework can prevent individuals from being business owners. At the same time this provides more evidence for the entrepreneurial MOS model set by Stevenson (1996). Furthermore, the findings in Chapters Five to Ten show that the framework is applicable to the Saudi context in its six pillars and most of the policy measures (see section 11.2). Therefore, this increases the reliability of the framework and the model and makes them international ones.

Secondly, this research contributes to developing Lundstrom and Stevenson's (2005) framework to make it more suitable for specific research about KSA. Accordingly, the framework was amended and developed in the following dimensions:

1. I added two layers to the framework by borrowing them from the OECD framework as illustrated in Figure 4-3 in subsection 4.2.3. These layers are the 'impacts' to help set the policy objectives and 'entrepreneurial indicators' to track the performance and measure it.
2. I arranged the recommendations for each policy area based on the entrepreneurship phases: awareness, prestart and startup. This step added a time dimension to the framework. Accordingly, the recommendations can be treated per stage according to the entrepreneurship phases. This has its impacts on assigning the roles to agents working in these stages.

Moreover, this complies with the “Categorise support centres” recommendation to manage BSS as illustrated in Table 11-12.

3. I added more measures based on the Saudi context as emerging results, which can be helpful for countries with similar contexts such as GCC countries. Table 11-14 shows that 45% of the recommendations in four policy areas emerge from the Saudi context. These recommendations were derived after investigating the Saudi context and then added to the list of the policy measures. For example, the framework suggests setting awards, sponsoring TV programmes and conferences and promoting role models to promote entrepreneurship (see Table 5-1). In contrast, the investigation of the Saudi context shows that individuals can be motivated more to do business by gaining skills, learning about the business support provided and the available business opportunities (see Table 11-8). A similar situation is found in the other five pillars of the framework. Accordingly, it is recommended for other researchers to consider the recommendations in this research, especially if a similar context to the Saudi one is studied.

Finally, the investigations in this research found significant evidence of 23 relationships between different concepts related to skills and financing as detailed in subsection 11.2.5. Such findings support the theoretical contribution of this research.

11.3.2. Empirical contribution

Since this research is an empirical one, all of its recommendations are based on the context of KSA and can be implemented according to the available budget and the strategic plan for entrepreneurship in the country. Thus, all the findings and recommendations in section 11.2 are examples of the empirical contribution of this research. However, I will give examples to avoid repeating.

The first example is about government incubation. IDC is a small government incubator in a medium sized city called Jubail. MODON is the government agent that manages industrial cities, which provides industrial land at reasonable prices to build factories. I visited both and I recommended that MODON apply the principle of IDC in its industrial cities to provide support to entrepreneurs. Later on, the general manager of

MODON and the Minister of Industry and Commerce visited IDC and I have been told that they have started the plan of incubation in MODON's industrial states based on my suggestion.

Secondly, the two examples of incubators in KSA Badir and IDC, are limited in their services to location incubation. This research recommends extending the services provided by incubators. Accordingly, I found recently that both of them have become among the intermediate agents that work with SCSB. It means that they can provide entrepreneurs with seed funds.

Thirdly, PSWF, as described before, is a women's support centre that does not receive any government support. They did not even know about the financial support provided by SCSB since 2010. Therefore, I recommended to them to apply to SCSB to be among the intermediate agents that receive seed funds.

Fourthly, many services are missing, which are among the measures that I searched for while collecting the data, and I recommend that they be introduced. Some of them are mentioned in 2014 and 2015 promises or plans to implement them. This shows how this research is related to practice. Examples of these recommendations are the one-stop-shop, online portal and the central government authority for entrepreneurship. Reports issued in 2014 contain promises by MOL and SCSB plans to implement the former two services, while the government in October 2015 launched the SME authority to be responsible for SME and entrepreneurship in KSA. This gives the research more importance as a timely research with actual impacts that started even before the end of the research.

Finally, if public policy is criticised because it is not based on empirical research (Bridge, 2010, p. 43), then this empirical research provides to the policymakers in KSA the foundations to set EP in the country. Actually, this represents a knowledge gap between policy makers and research as stated by many researchers. For example, Lundstrom and Stevenson (2005, p. 271) call for more policy-oriented research because *"there are inadequate linkages between the research and the policy community and between these communities and the network of service providers"*. Further, Mason and Brown (2011, p. 2) said:

"We argue that it is remiss for academic commentators to propose broad-brush policy strategies without being able to offer something of practical relevance"

and evidence-based to the policy community. Indeed, it is precisely this lack of detailed engagement with policy-makers which limits the influence of most academic research”.

11.4. Limitations

Like others, this research is not perfect and was nor conducted without difficulties. Therefore, this section will explore some limitations that faced me while conducting this research and the way I overcame them. These limitations are both conceptual and practical.

Firstly, defining entrepreneurship and its related concepts is known to be a research obstacle. On the one hand, there are tens of entrepreneurship definitions based on different schools and scholars' perspectives, since almost three centuries. This variation in definitions was found in both literature and practice when I collected the primary data either from individuals or agents. On the other hand, the EP concept, which was only developed in the 1990s, also suffers from ambiguity in defining the concept. I found overlap between EP and SME policy and between EP and innovation policy. Further, policies to build an entrepreneurial economy are different from entrepreneurship policy. Moreover, different definitions of EP are found in literature. Such confusion represents the first difficulty that faced me as a new researcher in entrepreneurship. Actually, this problem could be solved easily by just adopting any of the available definitions and sticking with it. However, this could lead to impact in developing the concept through the research. Therefore, by intensive reading in research, books and literature and discussing with my supervisor, I overcame this difficulty to determine exactly the definitions of concepts that I needed to satisfy the research aims and objectives. The details of this treatment are described in Chapter Two.

Secondly, the concept of EP is studied widely in literature with the focus on implementation, evaluation and assessment. However, policy making and development has received less attention, since it is messy and complex. Scholars who agree about the importance of the role of EP could not agree on the way to develop such policies. For example, between 1988 and 2012, many EP frameworks have been developed and used in different contexts. Moreover, adopting the best practice and following the

benchmarking concept is risky because of the variation in countries' contexts and rationales for adopting entrepreneurship. Accordingly, I merged two EP frameworks in a complementary way. Moreover, I adopted the deductive approach in using these frameworks to help in collecting and analysing the data. In contrast, the inductive approach is used to examine the context and the entrepreneurial levels of individuals. This helps to understand the research in a holistic way, to set the most suitable recommendations for the Saudi Arabian context.

Thirdly, although the online survey helped me to reach difficult-to-access groups and to find respondents from 122 locations in KSA, internet surveys have some limitations which can lead to non-response bias. Hudson, Seah, Hite and Haab (2004) raised the following two concerns about internet surveys. Firstly, respondents may not represent the population, since not everyone has internet access. Secondly, some respondents do not trust the internet and so are hesitant to provide personal information. Moreover, Saunders et al. (2009) suspect that the response rate for such surveys is very low. Indeed, these concerns are associated with the problem of conducting research in KSA as described earlier in the research. However, in October, 2015 the Saudi government converted the 'Central Department of Statistics and Information' (CDSI) to be the 'General Authority for Statistics' which was described by the Minister of Economic and Planning as an important step towards improving statistics and information in KSA (SPA,2016). Moreover, the SME authority that was founded also in 2015 can also help in this matter. Accordingly, I wish that the new authorities will be able to provide more accurate data to the researchers to increase the quality of research especially for entrepreneurship and small business.

Fourthly, the Saudi context was not an easy one in which to conduct such research for the following reasons. There is not enough entrepreneurship research about KSA to use as a foundation for this research. For example, the GEM reports between 1999 and 2014 did not include KSA except in 2009 and 2010 in their general reports. Moreover, the country did not have any SME policy and just launched the SME authority in October 2015. Further, there are many agents providing entrepreneurial support in the country, but they adopt different perspectives about entrepreneurship and confuse it with the SME concept. Also the concept of academic research, its objectives and impacts is not fully understood and appreciated in the country. Therefore, some interviewees either cancelled the interviews, objected to recording or refused to sign the

consent form. This problem forced me to collect a huge volume of data from different sources. I travelled between nine Saudi cities to conduct interviews with three layers of people: entrepreneurs, policymakers and representatives from different agents. I used primary data in general but documentary data was helpful to complement the role of primary data. For example, I found recent TV interviews on YouTube with people whom I could not meet face to face. Further, annual reports and official websites provided me with very accurate data. Finally, the use of mixed methods with the purpose of triangulation and complementarity helped me to bridge the gaps caused by such limitation.

Finally, I think the field of entrepreneurship suffers from the propaganda made by different agents in the media. I found many agents in the country claiming to provide many services to entrepreneurs, which one can read about in newspapers, as they think that they are the central agents of entrepreneurship in the country. Moreover, I found in the media stories about entrepreneurs who had been invited to events as role models. However, by meeting these people, whether agents or entrepreneurs, I discovered that they just advertised for themselves using entrepreneurship. For example, there is a governmental agency that claims to provide services to entrepreneurs. I used different ways to reach them through physical visit, by phone, internet search and finally through email. However, instead of answering my questions, they informed various newspapers that “a Saudi PhD researcher from the UK –including my full name- greatly appreciates their pioneer work in helping entrepreneurs”. Thus, I spent time to collect data about these agents and entrepreneurs but then I had to drop them because they were of no value to the research. Also, following the news and social media could help me to monitor the entrepreneurship situation in the country. This helped me to update my knowledge about individuals and services provided by the different agents.

11.5. Suggestions for Future Research

Based on this research, I have suggestions for future research, for myself as a researcher in entrepreneurship and in the field of entrepreneurship which can be conducted by other researchers.

On the one hand, I see the opportunity to extend this research in three dimensions. Firstly, since this research consists of six areas for entrepreneurship policy, each area can be extended more with more investigation, either theoretically or empirically. This was not necessary in this research because my focus was on the government role in increasing the number of entrepreneurs, which required studying the six areas together. Secondly, this research is about policy making, which can be followed by policy implementation and evaluation research. This represents complementary research that can bring useful feedback to improve policy-making process. Thirdly, since this research was conducted based on the Saudi context, similar research can be conducted on the GCC countries, which have context similarity with the Saudi one. This is similar to what Lundstrom and Stevenson (2005) did in the second phase of their research on Nordic countries that have a similar context.

On the other hand, although the research adopted frameworks used in developed countries and others with different contexts than the Saudi context, these frameworks were very useful to conduct the research. However, the findings based on the investigation in the Saudi context bring up cases that are worth further research as follows. Firstly, marketing opportunities to encourage individuals to start business are found to be an important factor in the Saudi context. This is consistent with some governments' practices of dedicating a portion of government procurement to either small businesses or women entrepreneurs. However, it contradicts "opportunity recognition" as a concept that differentiates real entrepreneurs in the society. Therefore, research could be conducted about "marketing or recognizing opportunities" for entrepreneurs.

Secondly, if I define part-time entrepreneurship as having a job and business at the same time, then based on the findings it is a phenomenon in KSA, as is the case in many countries, according to literature. However, in KSA, having a job will prevent entrepreneurs from receiving any entrepreneurial support and is considered illegal for government employees. In contrast, part-time entrepreneurs can easily get loans from

commercial banks, while it is almost impossible for full time entrepreneurs. This contradictory situation is worth further research about the phenomenon of part-time entrepreneurs. More specifically, research could compare risk between both types of entrepreneurs in KSA.

Finally, in many countries it is common to conduct research based on ethnicity. In contrast, this is not possible in KSA, since people are classified based on nationality only as either Saudis or non-Saudis. Therefore, conducting research about non-Saudi entrepreneurs is very important. However, it will not be easy because it is illegal business and is considered as a crime called “tasatur” as described earlier. Similarly, doing business informally –even by Saudis- is found to be another phenomenon in the Saudi context, to avoid bureaucracy. These two phenomena, although they are banned by the government, were found to be among the barriers facing entrepreneurship in the country.

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APPENDIX A: The online questionnaire

1. Arabic Version

1. ما جنسك؟

1. أنثى
2. ذكر

2. كم عمرك بالسنوات؟

1. 15-19
2. 20-24
3. 25-29
4. 30-34
5. 35-39
6. 40-44
7. 45-49
8. خمسون سنة فأكثر

3. ما جنسيتك؟ (الدراسة عن السعودية فهي خاصة بالسعوديين فقط)

1. سعودي مقيم في السعودية
2. سعودي أقيم خارج السعودية
3. غير سعودي مقيم في السعودية

4. ما مستواك التعليمي وفقاً لآخر شهادة حصلت عليها أو دراستك الحالية إذا كنت تدرس؟

1. لا أقرأ و لا أكتب) بافتراض أن هناك من يملأ الاستبيان للمشاركة)
2. الابتدائية أو جزء منها
3. المتوسطة
4. الثانوية العامة أو ما يعادلها
5. دبلوم بعد الثانوي
6. البكالوريوس
7. ماجستير أو دبلوم بعد الجامعة
8. الدكتوراه أو ما يعادلها

5. ما وضعك الوظيفي حالياً؟

1. موظف حكومي
2. موظف في القطاع خاص
3. رائد أعمال أو لدي عمل تجاري متفرغ له
4. متفرغ لعمل تجاري غير مؤسسي مثلاً مصمم أو سائق تاكسي- فري لانسر
5. طالب في السعودية
6. ربة منزل
7. غير موظف لكن أبحث عن وظيفة
8. متقاعد) حتى لو كان لديك أعمال أخرى تقوم بها)
9. لا أعمل بسبب الإعاقة أو المرض
10. لا أعمل و لا أرغب في العمل
11. أخرى _____
12. مبتعث

6. ما وضعك الاجتماعي؟

1. لم يسبق لي الزواج
2. متزوج
3. مطلق أو مطلقة
4. أرمل أو أرملة

7. كم عدد أولادك؟

1. لا يوجد
2. 1
3. 2
4. 3
5. 4
6. خمسة أو أكثر

8. كم معدل دخلك الشهري تقريباً بالريال السعودي؟

1. لا يوجد دخل
2. أقل من 2,500 ريال
3. بين 2,500 و 5,000 ريال
4. بين 5,001 و 10,000 ريال
5. بين 10,001 و 15,000 ريال
6. بين 15,001 و 20,000 ريال
7. بين 20,001 و 30,000 ريال
8. بين 30,001 و 40,000 ريال
9. 40,001 ريال أو أكثر

9. أين تقيم في السعودية؟

آمل تحديد اسم المدينة أو البلدة أو القرية _____

10. هل سبق لك أن حاولت بدء عمل تجاري سواء منفرغ له أو أثناء عملك أو دراستك ، أو حتى جربت أن تبيع بعض البضائع أو الخدمات؟

1. جربت ذلك و أنا صغير قبل دراسة الثانوي
2. جربت ذلك أثناء دراستي الثانوية أو مابعدھا
3. لم أجرب ذلك في حياتي
4. جربت ذلك لوحدي أو مع شركاء بعد أن أكملت دراستي
5. تجربة أخرى _____

11. اذا كنت تعمل الآن ففي أي القطاعات ؟

1. لا اعمل
2. الزراعة والغابات وصيد الأسماك
3. التعدين واستغلال المحاجر
4. الصناعات التحويلية
5. إمدادات الكهرباء والغاز والبخار وتكييف الهواء
6. إمدادات المياه وأنشطة المجاري وإدارة الفضلات ومعالجتها
7. التشييد
8. تجارة الجملة والتجزئة وإصلاح المركبات ذات المحركات والدراجات النارية
9. النقل والتخزين
10. أنشطة الإقامة والخدمات الغذائية
11. المعلومات والاتصالات
12. الأنشطة المالية وأنشطة التأمين
13. الأنشطة العقارية
14. الأنشطة المهنية والعلمية والتقنية
15. أنشطة الخدمات الإدارية وخدمات الدعم
16. الإدارة العامة والدفاع والضمان الاجتماعي الإجباري
17. التعليم
18. أنشطة الصحة البشرية والخدمة الاجتماعية
19. الفنون والترفيه والتسليّة
20. أنشطة الخدمات الأخرى
21. أنشطة الأسر المعيشية التي تستخدم أفرادا للعمل المنزلي أو الأسر المعيشية التي تنتج سلع وخدمات غير مميزة لاستعمالها الخاص

12. اذا كان لديك عمل تجاري أو تخطط فعلياً لبدء عمل تجاري خلال الستة أشهر القادمة فكيف يمكن وصفه؟

1. ليس لدي عمل تجاري و لا أخطط لبدء عمل تجاري خلال الستة أشهر القادمة
2. عمل تجاري مماثل لعدة أنشطة موجودة حالياً في السوق المحلي
3. عمل تجاري مماثل لأنشطة موجودة حالياً في السوق المحلي لكن سأقوم بتطويره ليبدو مختلفاً للزبون
4. عمل تجاري جديد على السوق المحلي لكنه موجود في أماكن أخرى
5. عمل جديد تماماً يعتبر إبداعاً ليس له مثيل في السوق المحلي أو الخارجي
6. أخرى) امل التحديد _____)

f ليس لدي عمل تجاري و لا أخطط Is Selected, Then Skip To... اذا لم يكن لديك عمل تجاري فما هو السبب...

13. كم عدد العاملين معك بدوام كامل بما فيهم أنت) للمعلومية 2 : عامل بدوام جزئي 1 = عامل بدوام كامل(؟)

1. أعمل لوحدي فقط
2. أقل من 5
3. بين 5 و 9
4. بين 10 و 49
5. بين 50 و 499
6. لم أبدأ بعد

14. من أين جاءتك فكرة عملك التجاري؟

1. احتياجات شخصية
2. القراءة-السفر-التفكير
3. خلفيتي الدراسية أو التدريبية
4. لدي شغف و حب لهذا المجال
5. مهاراتي الشخصية أو موهبة لدي أو حرفة أتقنها
6. أقترحت لي الفكرة من): امل تحديد اسم الجهة التي اقترحت لك ____
7. من خلال أبحاث و دراسات قمت بها (R&D) لوحدي أو مع فريق

15. هل هناك دعم حكومي مخصص للمشاريع المبنية على دراسات بحثية أو ابتكارات؟

1. نعم
2. لا
3. لا أعلم

16. كم عمر عملك التجاري؟

1. ليس لدي عمل الان
2. أقل من 6 شهور
3. بين 6 شهور و 12 شهر
4. أكثر من 12 شهر و أقل من 24 شهر
5. 24 شهر أو أكثر لكن أقل من 42 شهر
6. 42 شهر أو أكثر

17. كيف يمكن وصف الفائدة الكبيرة من عملك التجاري الحالي أو الذي تفكر في إنشائه مستقبلاً؟

1. توليد وظائف جديدة للسعوديين
2. إضافة قيمة للاقتصاد السعودي) مثلاً تقليل الواردات أو زيادة الصادرات)
3. تطوير المناطق الأقل تطوراً كالأرياف و القرى و بعض المدن الصغيرة
4. نقل التقنية أو خدمات جديدة للسعودية
5. إجابة أخرى _____
6. تحسين وضعي المادي و توفير دخل مالي لي أو لأسرتي

18. هل تعتقد أن عملك التجاري قابل للتوسع و الانتشار بشكل كبير في المستقبل؟

1. لا
2. نعم في السنوات الخمس القادمة
3. نعم لكن بين 5 و 10 سنوات تقريبا
4. لست متأكد
5. إجابة أخرى _____

19. إذا كان لديك وظيفة و عمل تجاري في نفس الوقت فما هو السبب في جمعك بينهما؟

1. لا ينطبق علي
2. الوظيفة توفر لي أمان وظيفي يشعرنني بالأمان لأن العمل التجاري خطر
3. لدي الوقت الكافي للجمع بينهما
4. يعجبني الوضع الاجتماعي للوظيفة كبرسنيج
5. أستطيع الحصول على تسهيلات أكثر كموظف) كعلاقات شخصية أو قروض بنكية)
6. أريد أن أختبر فكرة مشروع تجاري قبل التفرغ التام له إذا نجحت الفكرة
7. إجابة أخرى _____

20. كيف مولت رأس المال الذي " أسست به " عملك التجاري؟

1. استطعت تمويل ذلك بمالي الخاص أو الاستعانة بالعائلة أو الأصدقاء
2. استطعت الحصول على تمويل من البنوك التجارية لأنني موظف
3. استطعت الحصول على تمويل من البنوك التجارية رغم أنني لم أكن موظف
4. استطعت الحصول على تمويل من البنوك الحكومية مثل بنك التسليف أو البنك الزراعي أو غيرهما
5. استطعت الحصول على تمويل عن طريق برنامج كفالة
6. استطعت الحصول على تمويل من مستثمرين
7. لم استطع الحصول على تمويل و لذلك لم استطع البدء
8. ليس لدي عمل تجاري
9. استطعت الحصول على تمويل من).. أمل تحديد الجهة ()

21. كم كان رأس المال الذي " أسست به " عملك التجاري؟

1. أقل من 10,001
2. بين 10,001 و 50,000
3. بين 50,001 و 150,000
4. بين 150,001 و 300,000
5. بين 300,001 و 500,000
6. بين 500,001 و مليون
7. بين مليون و 4 مليون
8. ليس لدي عمل تجاري
9. بين 4 مليون و 8 مليون
10. أكثر من 8 مليون

22. هل ترغب لعملك التجاري أن يتوسع و ينتشر؟

1. لا
2. قليلاً
3. بشكل متوسط
4. بشكل كبير
5. ليس لدي عمل تجاري

23. ما السبب الرئيسي الذي دفعك لبدء عمل تجاري أو التخطيط لذلك؟

1. ليس لدي وظيفة
2. لدي وظيفة لكن وجدت فرصة تجارية و أردت استغلالها
3. لدي وظيفة لكنني أود الاستقلال بعمل تجاري
4. لدي وظيفة و لكن أرغب في تحسين وضعي المادي
5. أريد بناء ثروة
6. إجابة أخرى _____

24. ما مدى الترابط بين خبرتك العملية و فكرة مشروعك التجاري؟

1. خبرتي تتناسب مع المشروع التجاري في نفس المجال
2. خبرتي العملية تختلف عن مجال العمل التجاري أو الفكرة التي لدي
3. إجابة أخرى _____
4. ليس لدي خبرة عملية سابقة

25. إذا أردت " التوسع " في عملك التجاري و تطويره فما هي قنوات التمويل التي ستستخدمها ؟

1. استطيع تمويل ذلك بمالي الخاص أو الاستعانة بالعائلة أو الأصدقاء
2. استطيع الحصول على تمويل من البنوك التجارية لأنني موظف
3. استطيع الحصول على تمويل من البنوك التجارية حتى لو كنت غير موظف
4. استطيع الحصول على تمويل من البنوك الحكومية مثل بنك التسليف أو البنك الزراعي أو غيرهما
5. استطيع الحصول على تمويل عن طريق برنامج كفالة
6. استطيع الحصول على تمويل من مستثمرين
7. لا استطيع الحصول على تمويل و هذه عقبة تواجهني
8. استطيع الحصول على تمويل من (أمل تحديد الجهة _____)
9. إجابة أخرى _____

26. إذا أردت "التوسع" في عملك التجاري و تطويره فما هو رأس المال الذي تحتاجه حسب تقديرائك و دراساتك؟

1. أقل من 10,001
2. بين 10,001 و 50,000
3. بين 50,001 و 150,000
4. بين 150,001 و 300,000
5. بين 300,001 و 500,000
6. بين 500,001 و مليون
7. بين مليون و 4 مليون
8. بين 4 مليون و 8 مليون
9. أكثر من 8 مليون
10. إجابة أخرى _____

27. هل عملك التجاري له علاقة مميزة تنافسية في المكان الذي تقيم فيه) مثلاً مشروع زراعي في مدينة زراعية)؟

1. نعم بشكل كبير
2. لا
3. لا و لكن توفر البنية التحتية و الخدمات اللوجستية يعد ميزة هنا
4. ليس لدي عمل تجاري
5. إجابة أخرى _____

28. كيف تصنف مجال عملك التجاري الحالي أو الذي تخطط للبدء فيه؟) إذا كان لديك أكثر من نشاط فاختر الأساسي منها)

1. خدمات
2. تصنيع
3. تجارة
4. تجارة اليكترونية
5. موقع انترنت أو منصة اليكترونية
6. تقنية معلومات
7. أعمال مهنية أو حرفية أو صيانة
8. اجابة خرى) أمل التحديد _____)

29. هل عملك التجاري الحالي هو نفسه الذي بدأت به عند دخولك للسوق أول مرة؟

1. نعم نفس الفكرة حولتها إلى عمل تجاري و طورتها لكن في نفس المجال
2. بدأت بفكرة لكن غيرت المنتج أو الخدمة لكن مازلت في نفس القطاع
3. بدأت بفكرة ثم غيرت القطاع و انتقلت لقطاع آخر) مثلاً من مجال الخدمات إلى التصنيع)
4. بدأت بفكرة و مازلت في نفس المجال لكن توسعت عمودياً في مرحلة أخرى) مثلاً كنت تبيع منتجات ثم توسعت لكي تصنعها بالإضافة إلى بيعها و هكذا)
5. ليس لدي عمل تجاري
6. إجابة أخرى _____
7. بدأت بفكرة و مازلت في نفس المجال لكن توسعت أفقياً في مرحلة أخرى) مثلاً استحوذت على منافس)

30. إذا لم يكن لديك عمل تجاري فما هو السبب الرئيسي لذلك؟

1. لدي عمل تجاري
2. الخوف من الفشل يمنعي من تجربة ذلك
3. لا رغبة لدي في ذلك
4. أعتقد أنه عمل عالي المخاطرة
5. أفضل أن أكون موظف
6. ليس لدي مال كاف لذلك
7. سبب آخر _____

31. كيف تقيم نظرة المجتمع للأشخاص الذين يختارون أن يكون لديهم عمل تجاري بدلاً عن الوظيفة؟

1. يقدرون ذلك و يشجعونه
2. يعتبرونه مخاطرة
3. لا يفرقون بينه و بين الموظف
4. نظرة أخرى _____

32. أيا من هذه الأشياء سيحفزك أكثر لبدء عمل تجاري جديد؟

1. الاستماع لقصص نجاح عن تجارب آخرين - حضور معارض و ندوات عن بدء الأعمال التجارية و دعم ريادة الأعمال
2. أن أكتشف فرصة تجارية في السوق أعتقد أنني قادر على تحويلها إلى عمل تجاري
3. أن أتعرف على دعم حقيقي ممكن الوصول إليه من الجهات التي تدعم المشاريع الجديدة مثل التمويل و التدريب و توفير مكان العمل
4. أن يكون لدي معرفة أو مهارة أو خبرة عملية أتمكن من خلالها بدء عمل تجاري
5. دعم العائلة و تشجيعهم لي
6. أن أحصل على إجازة طويلة من عملي تمكيني من تجريب عمل تجاري مع ضمان وظيفتي
7. سبب آخر _____

33. إذا سبق لك ان أغلقت عمل تجاري أو تخطط لذلك فما هو السبب الرئيس لذلك؟

1. لم أغلق عمل سابقاً
2. كانت فرصة مربحة لبيعه
3. المشروع لم يكن يحقق أرباحاً
4. لم أجد أعداد عمال كافية أو بمهارة كافية للاستمرار
5. لم أستطع إدارة المشروع بنجاح
6. حصلت على وظيفة
7. تغيير في التنظيمات الحكومية (من أمل تحديد اسم الجهة _____)
8. إجابة أخرى

34. أي من هذه الجهات الداعمة لريادة الاعمال تعرف أو تعاملت معه؟) نحتاج اجابتك لجميع الجهات)

سبب رئيسي لأن أبدأ عمل تجاري	استفدت من خدماتهم	أعرف الكثير عنهم	أعرف القليل عنهم	لا أعرفهم
				بنك التسليف و الادخار
				معهد ريادة
				باب رزق جميل
				صندوق المؤوية
				حاضنة بادر
				مركز التنمية الصناعية بالجيبيل
				الغرفة التجارية و الصناعية بمدينة.....
				هيئة السياحة و الآثار
				صندوق الأمير سلطان لتنمية المرأة
				مركز ريادة الأعمال في جامعة.....

35. هل تعتقد أن لديك المعرفة الكافية لبدء عمل تجاري؟

1. لا و أعتقد أن هذه مشكلة تواجهني
2. لا لكن أعتقد أنني أستطيع أن أتعلم ذلك
3. نعم و ذلك من خلال دراستي السابقة
4. نعم من خلال خبرتي العملية
5. نعم من خلال قراءاتي و اطلاعي و حضوري للدورات التدريبية
6. لست متأكد
7. إجابة أخرى _____

36. هل تعتقد أن لديك المهارات اللازمة لبدء عمل تجاري

1. نعم و أنا جاهز لبدء عمل تجاري
2. نعم و لكن أحتاج صقل تلك المهارات
3. لا
4. لا لكن أريد أن اتعلم ذلك
5. إجابة أخرى _____

37. هل لديك خبرة عملية لبدء عمل تجاري

1. نعم من خلال عملي في مشروع أو شركة للعائلة
2. نعم من خلال عملي الحالي أو السابق
3. نعم من خلال عمل تطوعي
4. نعم من خلال عمل جزئي كنت أقوم به
5. لا ليس لدي خبرة عملية
6. إجابة أخرى _____

38. هل سبق أن درست أو حضرت دورة أو برنامج عن ريادة الأعمال أو عن بدء عملك التجاري؟

1. نعم في المدرسة
2. لا
3. نعم في الغرفة التجارية بمدينة _____
4. نعم في جامعة: أمل تحديد إسم الجامعة _____
5. نعم في أمل تحديد الجهة _____

39. إذا كان لديك فكرة و تريد تحويل الفكرة إلى مشروع تجاري فألى من ستلجأ لمساعدتك ؟

1. العائلة أو الأصدقاء
2. الغرفة التجارية و الصناعية
3. جامعة (تحديد الاسم _____)
4. سأبحث في الانترنت
5. رواد أعمال أو تجار لديهم خبرة
6. مركز دعم الريادة أو المشاريع الصغيرة (تحديد الاسم _____)
7. لا أدري
8. إجابة أخرى _____

40. إذا كنت تعتقد أن التوجيه و الاستشارات مهمة لبدء مشروع تجاري ، فكم المدة التي تحتاج فيها توجيه و ارشاد و استشارات؟

1. حتى أبدأ مشروع
2. قبل بدء المشروع و خلال السنة الأولى
3. لا أحتاج أي استشارات
4. في مراحل مختلفة من عمر المشروع و قبل البدء به
5. لا أدري
6. إجابة أخرى _____

41. هل تعتقد أن هناك العديد من الفرص التجارية في السعودية لبدء عمل تجاري جديد؟

1. نعم
2. لا
3. لا أدري

42. هل تعتقد أن اقتناص الفرص التجارية هي ميزة لفئة خاصة من المجتمع تتمتع بذكاء تجاري و مهارات ريادية يتصفون بها؟

1. نعم
2. لا
3. لا أدري

43. لو عرض عليك فرصة مشروع تجاري فهل ستقوم باقتناصها و البدء بتحويلها لعمل تجاري؟

1. نعم
2. لا
3. لا أدري

44. هل تعتقد أنه من المفروض تسويق و عرض الفرص التجارية للناس ليستطيعوا البدء باعمال تجارية لم يكونوا يعلموا أنها متوفرة كفرص في السوق؟

1. نعم
2. لا
3. لا أدري

45. ماهو رأيك بدور العوامل التالية لتشجيع الناس على بدء عمل تجاري : (10) مهم جدا 0 - غير مهم ، و تستطيع اختيار لا أعلم،* الاحتضان هنا يقصد به توفير مكان للعمل مثل مكتب أو ورشة بسعر رمزي أو مجاناً لصاحب المشروع التجاري.

1. * _____ الاحتضان
2. _____ تخصيص نسبة محددة من المناقصات الحكومية للمؤسسات الصغيرة والناشئة
3. _____ التمويل
4. _____ تسهيل الأنظمة و التشريعات
5. _____ الاستشارات
6. _____ التدريب و التعليم
7. _____ توفر تأشيرات الاستخدام للعمالة غير السعودية

46. هل تؤيد أن يكون هناك برامج أو مراكز أو مبادرات خاصة تستهدف هذه الفئات المحددة من المجتمع لتنمأشى مع خصوصيتهم و احتياجاتهم

1. _____ المرأة
2. _____ المخترعون
3. _____ المبدعون
4. _____ الفقراء
5. _____ الشباب
6. _____ العاطلون
7. _____ المعاقون
8. _____ غير السعوديين
9. _____ المتقاعدون

47. هل تؤيد أن يكون هناك برامج أو مراكز أو مبادرات خاصة حسب النشاط أو القطاع مثلا مبادرات خاصة للصناعة أو الزراعة أو التقنية أو الانترنت أو التعليم...؟

1. نعم
2. لا
3. لا أدري

48. هل تقبل الانتقال إلى مدينة صغيرة أو بلدة لو وجدت فرصة تجارية مغرية ، و دعم أكبر من الحكومة مقابل اقامة المشروع هناك

1. لا يغيرني ذلك و لا أفضل الانتقال
2. سأنتقل لتأسيس المشروع ثم أعود و أديره عن بعد
3. لا أعلم
4. نعم و سوف أستقر هناك
5. إجابة أخرى _____

49. كيف ترى المنافسة في السوق ؟

1. السوق عادل و المنافسة طبيعية
2. أجد صعوبة نتيجة منافسة الشركات الكبيرة للمجال الذي أعمل فيه
3. أجد منافسة من أصحاب الاعمال غير المرخصة
4. إجابة أخرى _____
5. لا أعلم

2. English version

Q1. What is your gender?
1. Female
2. Male
Q2. How old are you?
1. 15-19
2. 20-24
3. 25-29
4. 30-34
5. 35-39
6. 40-44
7. 45-49
8. 50 and above
Q3. What is your nationality?
(This research is about Saudi Arabia, so it is for Saudis only please)
1. Saudi living in Saudi Arabia
2. Saudi living outside Saudi Arabia
3. Non-Saudi living in Saudi Arabia
Q4. What is your education level based on your last degree or if you are a student then what is your current level of study?
1. Illiterate (someone is filling the form in for him/her)
2. Elementary
3. Intermediate
4. High school or equivalent
5. Diploma after high school
6. Bachelor
7. Masters or diploma after bachelors

8. PhD or equivalent
Q5. What is your current working status?
1. Employee in the government
2. Employee in the private sector
3. Entrepreneur or full time with my business
4. Freelancer or self-employment (I have my own business but work alone like a designer, taxi driver...)
5. Student in Saudi Arabia
6. Housewife
7. Unemployed and looking for a job
8. Retired (even if you are studying or have your own business)
9. Not working because of disability or disease
10. Not working and not looking for work
11. Other (specify....)
12. Studying abroad
Q6. What is your marital status?
1. Never married before
2. Married
3. Divorced
4. Widowed
Q7. How many children do you have?
1. None
2. 1
3. 2
4. 3
5. 4
6. 5 or more
Q8. What is your average monthly income in Saudi Riyals
1. No income
2. Less than 2500
3. Between 2500-5,000
4. Between 5,001-10,000
5. Between 10,001-15,000
6. Between 15,001-20,000
7. Between 20,001-30,000
8. Between 30,001-40,000
9. 40,001 or more
Q9. Where do you live in Saudi Arabia?
Q10. Have you tried to start a business either full or part time or even sell a product or a service?
1. I tried that before reaching high school
2. During high school or later
3. Never in my life
4. I tried alone or with partners after I finished my study

5. Other experience
Q11. If you are working now then in which sector?
1. I don't work
2. Agriculture, forestry and fishing
3. Mining and quarrying
4. Manufacturing
5. The supply of electricity, gas, steam and air conditioning
6. Water supply and sewage activities and waste management and treatment
7. Construction
8. Wholesale and retail trade and repair of motor vehicles and motorcycles
9. Transport and storage
10. Activities of accommodation and food services
11. Information and Communication
12. Financial activities and insurance activities
13. Real estate activities
14. Activities of vocational, scientific and technical
15. Activities of administrative services and support services
16. Public administration and defence and compulsory social security
17. Education
18. The activities of human health and social service
19. Arts and entertainment
20. Other service activities
21. Activities of households using individuals to work at home or households that produce goods and services which are not distinctive for their own use
Q12. If you have a business or you are planning to start a business in the coming 6 months, then how would you describe it?
1. I don't have a business and am not planning to start a business in the coming 6 months
2. Similar to many existing businesses in the local market
3. Similar to many existing businesses in the local market but with modifications considered new and unfamiliar to potential customers
4. Exists in other markets but new to the local market
5. New business considered innovative in the market and does not exist in the market
6. other, please specify ..
<u>if (I don't have a business or am not planning to start a business in the coming 6 months) is selected then SKIP to Q30</u>
Q13. How many workers are in your business now including yourself? (full time equivalent : i.e.2 part-time=1 full time)
1. Working alone
2. Less than 5
3. Between 5 and 9

4. Between 10 and 49
5. Between 50 and 499
6. I don't have a business.
Q14. How did you get your business idea?
1. Personal needs
2. Reading, traveling, thinking
3. Background study or training
4. Passionate about this field
5. Personal skills or talent or craftsman
6. If suggested from any support centres, then please specify...
7. From R&D that I conducted alone or with a team
Q15-Is there governmental support for specific projects based on research or inventions?
1. Yes
2. No
3. I don't know
Q16. How old is your business?
1. I don't have a business now
2. Less than 6 months
3. Between 6 and 12 months
4. More than 12 months but less than 24 months
5. 24 months or more but less than 42 months (3.5 years)
6. 42 months or more
Q17. How can you describe the big advantage of your running or planning a business?
1. To generate new jobs for Saudis
2. To add value to the economy (e.g. reduce imports or increase exports)
3. To develop undeveloped regions such as countryside, villages and some small towns
4. To transfer technology or new services to Saudi Arabia
5. Other
6. To improve my financial situation and provide an income for me and my family
Q18. Do you think that your business has the potential to expand in the future?
1. No
2. Yes in the coming 5 years
3. Yes but from 6-10 years
4. I'm not sure
5. Other (specify)

Q19. If you are an employee and have a business at the same time, what is the reason for having both?

1. Not applicable
2. The job provides me with more security because doing business is risky
3. I have enough time to do both
4. I like the prestige of my job
5. I can have more facilities because of my job (such as personal relationships or getting loans from banks)
6. I want to test my business idea before fully committing to my business if it succeeds
7. Another answer

Q20. How did you manage to get the money that you established your business with?

1. I could fund it using my money or by borrowing from my family or friends.
2. I could get a loan from a commercial bank since I'm an employee
3. I could get a loan from a commercial bank even though I'm not an employee
4. I could get a loan from government banks like credit bank or agricultural bank
5. I could get money through the Kafalah programme
6. I could get money from investors
7. I could not get money and this is a barrier for me so I didn't start a business
8. I don't have a business
9. I can get money from support centres (please specify.....)

Q21. How much money was required for you to establish your business in SAR?

1. Less than 10,000
2. Between 10,000 and 50,000
3. Between 50,001 and 150,000
4. Between 150,001 and 300,000
5. Between 300,001 and 500,000
6. Between 500,001 and a million
7. Between 1 million and 4 million
8. I don't have a business
9. Between 4 million and 8 million
10. More than 8 million

Q22. Do you want to expand your business in the future?

1. No
2. A little
3. Modestly
4. A lot
5. I don't have a business

Q23. What was the main driver to start a business or plan to do so?
1. I don't have a job
2. I have a job but I found an opportunity that I think should be utilized
3. I have a job but seek independence
4. I have a job but I want to improve my financial income
5. I want to build wealth
6. Other (specify....)
Q24. What is the relationship between your experience and your business idea?
1. My experience matches the new business in the same field
2. My experience is different from the new business
3. Another answer
4. I don't have working experience
Q25. If you need a fund to grow or expand your business, then what is the most appropriate way to get one?
1. I can fund it using my money or by borrowing from my family or friends.
2. I can get a loan from a commercial bank since I'm an employee
3. I can get a loan from a commercial bank even if I'm not an employee
4. I can get a loan from some government agents like credit bank or agricultural bank
5. I can get a loan through the Kafalah programme
6. I can get money from investors
7. I cannot get money and this is a barrier for me
8. I can get money from support centres (please specify.....)
9. Another answer
Q26. If you need a fund to grow or expand your business, how much money is required for that?
1. Less than 10,000
2. Between 10,001 and 50,000
3. Between 50,001 and 150,000
4. Between 150,001 and 300,000
5. Between 300,001 and 500,000
6. Between 500,001 and a million
7. Between 1 million and 4 million
8. Between 4 million and 8 million
9. More than 8 million
10. Other (please specify)
Q27. Is there any competitive advantage in the place where you have your business that is related to your business (for example agricultural business in an agricultural area)?
1. Yes, very related
2. No
3. No but the available infrastructure and services here are a good advantage
4. I do not have a business

5. Other (please specify)
Q28. How would you classify your current or planned business (if you have more than one, then please select the main one)?
1. Services
2. Manufacturing
3. Commerce
4. E-commerce
5. Internet website or a platform
6. Information technology
7. Vocational, craft or maintenance
8. Other (please specify)
Q29. Have you stayed with the same business that you started with when you established your business?
1. Yes the same business idea which I converted to a business and then I developed it but in the same field
2. I have changed the product or the service but still in the same sector or industry.
3. I have moved to another sector (e.g. moving from services to manufacturing)
4. I am still in the same field but I have expanded vertically in the value chain (for example from selling a product to manufacturing it and selling it)
5. I don't have a business
6. Other (please specify)
7. I am still in the same field but I have expanded horizontally (for example acquiring a competitor)
Q30. If you don't have a business, what is the main reason?
1. NA: I have my own business
2. Fear of failure preventing me from starting a business
3. I don't want one
4. I think it is very risky
5. I prefer to be an employee
6. I don't have enough money
7. Other (specify.....)
Q31. How do you evaluate the society's opinion about starting a new business as a career choice?
1. They appreciate that and encourage it
2. They consider it risky
3. They don't differentiate between an entrepreneur and an employee
4. Another perspective
Q32. Which of these things can motivate you more to start a new business?
1. Listening to the success stories about the experiences of others- attending exhibitions and seminars about starting a new business

2. Discovering business opportunities in the market that I think I can convert into a business
3. To get to know about real support that I can get from agents that provide support to new business (e.g. funding, training and incubation)
4. If I have knowledge, skill or experience that I believe can be converted to a business.
5. Family support and encouragement
6. Taking a long holiday from my work to start a business without losing my job so I can try out my business idea
7. Other (please specify)
Q33. If you closed a business or are planning to do so, what is the main reason for that?
1. I have not closed a business before
2. An opportunity to sell the business with profit
3. The business was not making profit
4. I could not find good or enough labour
5. I could not manage the business
6. I found a job
7. Changes in regulation that caused me some difficulties
8. Other (please specify)

Q34. Which one of these agents that support entrepreneurs do you know or deal with (we need your answer for all of them)?					
	I don't know them	I know little about them	I know a lot about them	I benefited from their services	Main reason to start my business
Saudi Credit Bank					
Riyadah					
Bab Rizq Jameel					
The centennial fund					
Badir Program					
IDC in Jubail					
Chamber of commerce					
SCTA					
Prince Sultan Fund for Women (PSFW)					
Entrepreneurship centre in a university					

Q35. Do you think that you have enough knowledge to start a new business?
1. No and I think it is a barrier for me
2. No but I think I can learn it
3. Yes based on my education background
4. Yes based on my working experience
5. Yes based on my reading or the training that I attended
6. I'm not sure
7. Other (please specify)
Q36. Do you have skills that you think allow you to start a new business?
1. Yes and I am ready to start a business
2. Yes but I need to strengthen them more
3. No
4. No but I want to learn
5. Other (please specify)
Q37. Do you have experience starting a new business?
1. Yes from working in a family business
2. Yes from my current or previous job or business
3. Yes from volunteer work
4. Yes from working part-time
5. No, I do not have experience
6. Other (please specify)
Q38. Have you attended any course or training about entrepreneurship or establishing a new business?
1. Yes in the school
2. No
3. Yes in the Chamber of Commerce (please specify...)
4. Yes in the university (please specify...)
5. Yes in other agency (please specify...)
Q39. If you have a business idea but you need to convert it to a real business, then who will you seek help from?
1. Family or friends
2. Chamber of Commerce
3. University (please specify)
4. Search on the Internet
5. Entrepreneurs or traders with experience
6. An entrepreneurship support centre (please specify.....)
7. I don't know
8. Another answer

Q40. If you think that consultation is important to start a business, then, for how long do you think that you need advisory support and a mentoring programme?

1. Until I start my business
2. Before starting and during the first year
3. I don't need any advice
4. In many stages of my business (before-during-after)
5. I don't know
6. Another answer

Q41. Do you think there are many opportunities in Saudi Arabia to start a new business?

1. Yes
2. No
3. I don't know

Q42. Do you believe that only "special people" (entrepreneurial people) are able to spot opportunities?

1. Yes
2. No
3. I don't know

Q43. If you were presented with a business opportunity, would you take advantage of it?

1. Yes
2. No
3. I don't know

Q44. Do you think business opportunities should be explored and presented to individuals?

1. Yes
2. No
3. I don't know

Q45. What do you think about the importance of these factors to motivate individuals to start a new business?

(10 very important; 0 not important, you can choose: "I don't know") note: incubation here means providing a working area such as an office or a workshop for an entrepreneur either free or at cheap prices

1. Incubation (location only)
2. Specify certain percentage of government procurement to small business
3. Fund
4. Relaxing regulations
5. Consultation
6. Training and education
7. Availability of visas to import labour

Q46. Do you favour that there will be programmes or centres or special initiatives targeting these specific groups of society to conform to their privacy and needs?						
(10: strongly agree; 0: not agree; you can choose I don't know)						
	I don't know	0	1	...	9	10
Women						
Inventors						
Innovators						
Poor people						
Youth						
Unemployed						
Disabled						
Non-Saudis						
Retirees						
Q47. Do you think we should have special initiatives to support new business targeting specific industries to focus on their needs?						
(for example initiative for manufacturing, ITC, ...etc.)						
1. Yes						
2. No						
3. I don't know						
Q48. Would you move to a small city or a rural area to take advantage of a business opportunity and more government support to start a business there?						
1. I would not, this does not attract me						
2. I would move to establish the business then I would return and manage it from here						
3. I don't know						
4. I would and I would stay there						
5. Other (please specify....)						
Q49. How do you see the competition in the market?						
1. Fair market and normal competition						
2. It is difficult to compete with large companies in the same field as mine						
3. I face difficulties in competing with unlicensed businesses						
4. Other (please specify)						
5. I don't know						

APPENDIX B: The Interview Questions

1. Questions for support centres representatives (Arabic Version)

عام	
1	ما هو تعريفك لرائد الاعمال الذي تستهدفه بالدعم؟
2	ما هو الدعم الذي تقدمونه للمساعدة في وجود رواد أعمال؟ أي المراحل(قبل البداية-البداية-بعد البداية)؟
	تدريب الريادة
	تدريس الريادة
	تمويل الرواد
	تقديم الاستشارات
	الاحتضان
	المعلومات؟
3	ما هي الجهات الاخرى التي تتعاون او تنسق العمل معكم داخل و خارج السعودية
4	ما هي الجهات الحكومية التي تدعم أنشطتكم؟
	سم الوزارات او الاقسام الحكومية التي تدعمكم؟
	كيف يتم التنسيق و التواصل معهم؟
5	من وجهة نظرك، ما هو التنظيم الحكومي المثالي لتنظيم و تطوير عمل الريادة و المؤسسات الصغيرة و المتوسطة في السعودية؟
	التحفيز
6	ما هي محفزات و دوافع الحكومة لدعم الريادة؟
7	ما هي محفزاتكم لدعم الرواد؟
8	من خلال خبرتك مع الرواد، ما الذي يحفزهم لبدء اعمالهم التجارية؟
9	ما هي اشكال الترويج -التسويق- للريادة في السعودية؟
10	ماذا تقترح لزيادة الوعي بالريادة و تشجيع المزيد من الافراد للبدء بعمل تجاري؟ ما هو دور الحكومة في ذلك؟
	المهارات
11	ماهي المهارات الاساسية اللازم توفرها في رائد الاعمال؟
12	كيف تقيم مستوى مهارات الرواد من خلال خبرتك في التعامل معهم (منخفض-متوسط-مرتفع-نسبة مئوية)
13	كيف يمكن تحسين مهارات الافراد ليستطيعوا بدء عمل تجاري؟ ما هو دور الحكومة؟
14	ما رايتك بادخال مواد عن الريادة في المنهج الدراسي؟ اي مرحلة؟ (ابتدائي-متوسط-ثانوي-كلية-جامعة)
15	هل تدرسون الريادة في... (الجامعة-المعهد-الكلية)؟
	التنظيمات
16	كيف تقيم الاجراءات الحالية المطلوبة لبدء او اقبال عمل تجاري؟ الوقت؟ التكلفة؟
17	هل هناك نقطة اتصال و احدة أو بوابة الكترونية يمكن للرواد معرفة التنظيمات الحكومية و طلب استشارات من خلالها؟
18	هل هناك "محطة واحدة" لتزويد الرواد بالمعلومات و الاستشارات و المساعدة؟
19	ما هو تأثير هذه القوانين و التنظيمات على الرواد:
	قانون الإفلاس
	قوانين العمل
	براءات الاختراع و حقوق الملكية
	قوانين المنافسة مع الشركات الكبيرة او القطاع الحكومي
	نظام الامتياز

20	ما هي التنظيمات التي تقترحها و تهم الرواد : لكي تلغي؟ لكي تعدل؟ لكي تضاف؟ التمويل
21	هل تعتقد ان غياب التمويل يمثل عقبة لدى الكثيرين ممن يحملون الرغبة و القدرة لبدء أعمال تجارية؟
22	ما هي قنوات التمويل المتوفرة للرواد؟ كيف تقيم كل واحدة منها؟
23	هل هذه الخدمات المالية متوفرة في السعودية؟ القروض الصغيرة قروض خاصة بتمويل المشاريع الابداعية و الاختراعات تسهيلات الضمان الائتماني
24	ماذا تقترح من طرق لتمويل الرواد؟ ما دور الحكومة في ذلك؟ الفئات الخاصة
25	هل الحكومة لديها مبادرات ريادية تستهدف هذه الفئات: النساء الشباب الاقليات العاطلين المتقاعدين-كبار السن-ذوي الاحتياجات الخاصة المهاجرين
26	هل هناك مبادرات تساعد المبدعين من الرواد او الاقسام المستقلة عن الجامعات مثل الابحاث و التطوير؟ الغرف التجارية
1	هل لديكم احصاءات لنسبة الاعمال التجارية التي تبدأ سنويا؟
2	ماهي نسبة الاعمال التي تبدأ؟ التي تغلق؟ نسبة تراجع الشركات نموها؟ الوظائف الجديدة من هذه مؤسسات القطاع الخاص؟ الوظائف من اعمال الريادة؟ من الشركات الاكثر نموا؟

2. Questions for support centres representatives (English Version)

General
1. How do you define an entrepreneur that you target by your support?
2. What specific support do you offer to help create new entrepreneurs? Which phase (pre, start-up, small)? Any statistics?
a. Entrepreneurship training?
b. Entrepreneurship education?
c. Start-up financing?
d. Advisory services?
e. Incubation?
f. Information?
3. What other agents do you cooperate or coordinate with regarding entrepreneurs in/out Saudi Arabia?
4. (4A) -Which if any, government agencies support your activities?
a. P(we don't interact with any government agencies!)
b. P(we interact with a single ministry or department!)
c. P(we interact with more than one ministry or department)

4(B) If (4(a)=b or c),
d. Please name the ministries or departments that support your activities?
e. How do you coordinate your dealings with the ministries or departments?
i. P(a single point of contact with a senior official)
ii. P(a single point of contact with a low level official)
iii. P(multiple contacts)
5. What, in your opinion, would be the ideal structure for developing and delivering the SME and Entrepreneurship Agenda in a country or region?
a. A single overall agency
b. SME agency that coordinates with all ministries
c. SME department in each ministry
Motivation
6. What do you believe are the main drivers for the current government support for entrepreneurship?
a. P(job creation)
b. P(economic growth)
c. P(reduce unemployment)
d. P(technology)
e. P(Regional development)
7. What are your primary motivations for supporting entrepreneurs?
8. From your experience with entrepreneurs, what are the main motivations for them to start their own business?
9. What kinds of entrepreneurship promotion activity take place in your country or region?
10. What do you suggest to raise the awareness about entrepreneurship and encourage more people to try themselves in business? What is the government role in this process?
Skills
11. What are the essential skills required in an entrepreneur, that (s)he should have or be equipped with?
12. How do you evaluate entrepreneurs' level of skills from your experience with them (high- medium-low-percentage)?
13. How can we improve individuals' skills to start their own business? Government Role?
14. What do you think about embedding entrepreneurship courses in the school curriculum? Which stage? (Primary – intermediate - High school – college – university)?
15. Do you offer such courses in the University of.....?
a. If (no), do you have any plan to offer such courses in the future?
Regulation
16. How do you evaluate the current process and procedures required to start/close a new business in Saudi Arabia? Time? Cost?
17. Is there a single point of entry/ web portal where new entrepreneurs can access information about government regulations and obtain advice?
18. Are there “one stop shops” in place to provide new entrepreneurs with business start-up information, assistance and advice?
19. What is the effect of these laws and regulations on entrepreneurs:

a. Bankruptcy law?
b. Labour laws?
c. Patents or intellectual property rights (IPR)?
d. Competition policies with large business/public sector?
e. Franchise regulations?
20. Which regulations that affect entrepreneurs do you suggest to be:
f. Removed?
g. Modified?
h. Added?
Finance
21. Do you believe that there are many good potential entrepreneurs who would like to start a business but cannot because of lack of money?
22. What are the available channels to finance entrepreneurs? How do you evaluate each one of them from your experience with the entrepreneurs?
23. Is there available for entrepreneurs in Saudi Arabia:
a. Micro loans?
b. Pre commercial loans for special type of projects like innovative or high tech?
c. Government Credit guarantees facility?
24. What do you recommend or suggest for financing entrepreneurs? Government Role?
Target Groups
25. Does the government target initiatives for:
a. Women?
b. Young people?
c. Ethnic minorities?
d. unemployed?
e. Retired , senior citizens, people with disabilities?
f. Immigrants?
26. Are there policy initiatives in favour of innovative entrepreneurs and spin-offs from government-funded and university R&D?
Saudi Commercial Chambers
1. Statistics
1. Do you keep statistics on the business start-up rate, on an annual basis?
2. What is the <u>annual</u> start-up rate, exit rate, per cent of declining firms and expanding firms; resulting <u>job creation</u> from this activity in the private sector? <u>job creation</u> from new start-ups, solo entrepreneurs, growth companies, etc?

3. Questions for entrepreneurs (Arabic version)

	عام
1	معلومات عامة و ديموغرافية عن الرائد مستوى ثراء العائلة او الاقارب المدينة التعليم الخبرة العملية
2	كيف كانت الصعوبات في بداية تاسيس عملك؟ سهل جدا.....صعب جدا
3	هل مر عليك أوقات كنت تحتاج فيها الى دعم؟ نوع الدعم؟
4	كيف تعرف رائد الاعمال؟
5	ما هو نوع الدعم الذي حصلت عليه من الدولة او القطاع الخاص: التدريب؟ التعليم؟ التمويل؟ الاستشارات؟ الاحتضان؟ المعلومات؟
6	ما هو افضل تشكيل حكومي للجهة المسؤولة عن تطوير عمل المؤسسات الصغيرة والمتوسطة في السعودية؟ التحفيز
7	ما الذي يحفزك لبدء عملك الخاص؟
8	ما هي مظاهر الترويج للريادة التي لاحظتها في السعودية؟
9	ماذا تقترح لرفع الوعي عن الريادة و تشجيع مزيد من الناس لتجربة بدء عمل تجاري؟ ما هو دور الحكومة في ذلك؟
	المهارات
10	ما هي المهارات الأساسية التي ينبغي توفرها في رواد الاعمال؟
11	ما هو دور الحكومة في تطوير مهارات الافراد و تهيئتهم لبدء عمل تجاري؟
12	ما هو رايك في ادخال مواد في المنهج الدراسي عن ريادة الاعمال في المدارس؟ (ابتدائي-متوسط-ثانوي-الكلية-الجامعة)؟
13	هل سبق ان درست اي مادة عن الريادة؟
	التنظيمات
14	كيف تقيم الاجراءات المتبعة حاليا لبدء او اغلاق عمل تجاري في السعودية؟ الوقت؟ التكلفة؟

15	هل هناك نقطة اتصال واحدة يستطيع الرواد من خلالها التعرف على الأنظمة الحكومية و الحصول على النصائح؟
16	هل هناك "محطة واحدة" لتزويد الرواد بالمعلومات و الاستشارات و المساعدة؟
17	ما هو تأثير هذه القوانين و التنظيمات على الرواد:
	قانون الافلاس
	قوانين العمل
	براءات الاختراع و حقوق الملكية
	قوانين المنافسة مع الشركات الكبيرة او القطاع الحكومي
	نظام الامتياز
18	ماهي التنظيمات التي تؤثر على الرواد و التي تقترح:
	ازالتها؟
	تعديلها؟
	اضافتها.
19	ما هي أخرج مرحلة مر بها عملك؟ ما هي الصعوبات التي واجهتك؟
	التمويل؟
20	ما هي قنوات التمويل المتوفرة للرواد؟ كيف تقيم كل منها من خلال خبرتك في التعامل معها؟
21	هل هناك.....متوفر للرواد في السعودية:
	قروض متناهية الصغر
	قروض تستهدف المشاريع الابداعية و التقنية
	ضمانات حكومية كتسهيلات؟
22	ماذا تقترح لتمويل الرواد؟ دور الحكومة؟
	الفئات الخاصة
23	هل الحكومة لديها مبادرات تختص بهذه الفئات:
	النساء
	الشباب
	الاقليات
	العاطلون
	المتقاعدون-كبار السن-المعاقون
	المهاجرون
	هل هناك مبادرات حكومية لتشجيع المبادرين المبدعين ؟

4. Questions for entrepreneurs (English version)

General
1. Personal and demographic information about the entrepreneurs...
<input type="checkbox"/> His family wealth or relative
<input type="checkbox"/> City
<input type="checkbox"/> Education
<input type="checkbox"/> Experience
<input type="checkbox"/>
2. How easy did you find it to start your own business?
<input type="checkbox"/> (very easy.....very difficult)
3. Were there areas in which you would have liked to access support?
4. How do you define an entrepreneur?
5. What specific support did you get from the government or private sector in:
<input type="checkbox"/> Training?
<input type="checkbox"/> Education?
<input type="checkbox"/> Financing?
<input type="checkbox"/> Advisory services?
<input type="checkbox"/> Incubation?
<input type="checkbox"/> Information?
6. What, in your opinion, would be the ideal structure for developing and delivering the SME and Entrepreneurship Agenda in a country or region?
Motivation
7. What are the main motivations for you to start your own business?
8. What kinds of entrepreneurship promotion activity have you noticed in Saudi Arabia?
9. What do you suggest to raise awareness about entrepreneurship and encourage more people to try themselves in business? What is the government role in this process?
Skills
10. What are the essential skills required in an entrepreneur, that (s)he should have or be equipped with?
11. What is the government role in improving individuals' skills to start their own business?
12. What do you think about embedding entrepreneurship courses in the school curriculum? Which stage? (Primary – intermediate - High school – college – university)?
13. Did you study any entrepreneurship course?
Regulation
14. How do you evaluate the current process and procedures required to start/close a new business in Saudi Arabia? Time? Cost?

15. Is there a <u>single point of entry</u> / web portal where new entrepreneurs can access information about government regulations and obtain advice?
16. Are there “one stop shops” in place to provide new entrepreneurs with business start-up information, assistance and advice?
17. What is the effect of these laws and regulations on entrepreneurs:
a. Bankruptcy law?
b. Labour laws?
c. Patents or intellectual property rights (IPR)?
d. Competition policies with large business/public sector?
e. Franchise regulations?
18. Which regulations that affect entrepreneurs do you suggest to be:
f. Removed?
g. Modified?
h. Added?
19. What was the most difficult stage in your business-life? What are the difficulties that faced you?
Finance
20. What are the available channels to finance entrepreneurs? How do you evaluate each one of them from your experience with them?
21. Is there available for entrepreneurs in Saudi Arabia:
<input type="checkbox"/> Micro loans?
<input type="checkbox"/> Pre commercial loans for special type of projects like innovative or high tech?
<input type="checkbox"/> Government Credit guarantees facility?
22. What do you recommend or suggest for financing entrepreneurs? Government Role?
Target Groups
23. Does the government target initiatives for:
a. Women?
b. Young people?
c. Ethnic minorities?
d. unemployed?
e. Retired , senior citizens, people with disabilities?
f. Immigrants?
Are there policy initiatives in favour of innovative entrepreneurs and spin-offs from government-funded and university R&D?

5. Questions for representatives from education institutes (Arabic version)

التعريف	
1 ما هو تعريفك للريادة او الرواد؟	
تعليم الريادة	
التعليم العام - المهني و الفني	
2 هل الريادة متضمنة كعنصر او مخرج في نظام المنهج الدراسي؟	
3 هل هناك خطة او استراتيجيات لتضمين مواد عن الريادة في كل مراحل التعليم الدراسي؟	
الابتدائية؟ المتوسطة؟	
الثانوية؟	
التعليم الفني و التدريب المهني؟	
هل هناك برامج تدريبية تستهدف المعلمين لتعليمهم طرق تدريس مواد الريادة؟ العمل المؤسسي؟	
4 هل هناك لجان عمل مشتركة بخصوص تعليم الريادة من ممثلين من وزارة الصناعة و التعليم و القطاع الخاص لتعليم الريادة في المدارس؟	
5 هل هناك دعم حكومي لدعم نشاطات ريادية غير منهجية مثل المسابقات العالمية لدعم الرواد الاطفال؟	

6. Questions for representatives from education institutes (Arabic version)

1. Definition
1. What is your definition of entrepreneurship or entrepreneur?
2. Entrepreneurship Education
General/ Vocational/technical Education
2. Is entrepreneurship included as an element/outcome in National Education Curriculum Guidelines?
3. Is there a plan/strategy to integrate elements of entrepreneurship into all levels of the educational system in a cross-disciplinary fashion?
a. Elementary level?
b. Secondary level?
c. Vocational/technical level?
2. Are training programmes being delivered regionally to introduce educators to the Strategies of teaching courses/modules on entrepreneurship/enterprise?
4. Is there a Steering Group/Committee on Entrepreneurship and Education with representatives from the ministries of Industry and Education, and the private sector to oversee integration of entrepreneurship in the school?
5. Is there public funding support for extra-curricular entrepreneurial activities (e.g. JA, Young Enterprise) to support student venturing? (www.ja.org ^[1] , www.young-enterprise.org ^[2])

7. Consent form for interviews (Arabic version)

نموذج الموافقة على اجراء المقابلة (صوت ، صورة ، فيديو)

عن البحث

مدة البحث من شهر ديسمبر 2012 الى شهر اكتوبر 2014.

نحن نبحث عن اراء الافراد و الاساتذة الجامعيين و الرواد و المدراء و صناع القرار المسؤولين عن سياسات الريادة في السعودية كجزء من العمل في هذا البحث.

لماذا نطلب توقيعك على هذا النموذج :

هذه المعلومات التي نجمعها منك (ربما على صورة صوت او فيديو) ستحول الى نصوص او ربما نطلب أخذ صور لك أثناء الدراسة أو النشاطات لوحده أو مع اخرين. ربما نأخذ ملاحظات أثناء المحادثة لذلك نطلب اذنك بالسماح بتسجيل هذه المعلومات و حفظها في الحاسب الالى. الجزء (أ) يوضح موافقتك لفعل ذلك و استخدام المعلومات التي جمعناها لأهداف البحث العلمي. هذا مشروع بحث علمي برمته و النتائج لن تستخدم لأهداف تجارية.

الجزء (أ)

أنا أؤكد أنني قرأت و فهمت المعلومات عن المشروع و توفرت لي الفرصة للاستفسار. أنا أوافق أن يسجل صوتي و يحول الى نص و تؤخذ الملاحظات. كما أوافق أن النصوص المحولة من كلامي تستخدم لمشروع البحث متضمنة أي مقطع من الحديث. كما أعلم ان من حقي الانسحاب من المقابلة في أي وقت .

الاسم.....

التوقيع.....

التاريخ.....

إذا كان لديك أي أسئلة أو إذا أردت سحب معلوماتك لاحقاً، أمل التواصل مع:

سعيد القرني

s.algarny@exeter.ac.uk

8. Consent form for interviews (Arabic version)



Interviews' Consent Form (Image, Voice & Video)

About the research

The research will run from December 2012 to October 2014. As part of this work, we are seeking the views of individuals, scholars, entrepreneurs, operational managers and policy makers about entrepreneurship policies in Saudi Arabia.

Why we are asking you to sign this form

The information we collect from you may be in the form of an audio or video recording (which may be transcribed later, i.e. your words recorded as text), or we may ask to take your photograph, perhaps while engaged in a research or study activity, alone or with others. We may also take notes during our conversation. We require your permission to record this information and save it to a computer. Part (a) gives your permission to do this and to use the information we collect for the purposes of research. This is purely an academic research project and the results will not be used for commercial purpose.

Part (a)

I confirm that I have read and understood the information about the project and have had the opportunity to ask questions. I agree to my voice being recorded and to a transcription or notes being made. I agree that the transcription or notes may be used for research by the project, including anonymous quotation. I know that I have the right to withdraw anytime.

Participant's Name:..... (Please print)

Participant's Signature:

Date:

If you have any questions or if you wish to withdraw your data, please contact Saeed Algarny email s.algarny@exeter.ac.uk

APPENDIX C: The Interview Transcription Template

This template is used to transcribe the interviews of the entrepreneurs.

Entrepreneur name:.....				
Concepts		prestart	Start-up	
family support and entrepreneurial background				
business idea				
partnership				
pilot phase				
drivers to start business				
entrepreneurship promotion	motivation			
	activities in the country			
entrepreneurship education	education			
	skills			
	training			
	experience			
entrepreneurship opportunity	regulations	bankruptcy law		
		labour laws		
		patents and intellectual property rights		
		competition policies?		
	Business Support services	incubation		
		support centre		
		advisory support		
		other support		

	finance	Seed fund	
		Start-up finance	
target groups			
suggestions			
obstacles			
most difficult part			

This table provides examples of some points raised by the entrepreneurs in the interviews according to the six core chapters.

	Chapters					
	five	six	seven	eight	nine	ten
Entrepreneurs	promotions	education	regulations	financing	support services	target group strategy
E1				self-funding	Badir incubatees	
E2				received grant from a university entrepreneurship centre		
E3	part-time entrepreneur		ask for "employee stock option"	funded by a VC	Badir incubatees	
E4				funded by angel investor		
E5		role model		funded by a VC		
E6	growth problem			self-funding		
E7	role model				Badir incubatees	
E8				Angel investor		

E10			competition regulation/ labour regulation		Access to market programme	
E11	growth plans		one-stop-shop	seed fund from Riyadh/SCS B	Popularity of support centres	
E12			labour regulation/licenses fees			
E13	role model		labour regulation	funded by a VC		
E14	growth problem		labour regulation	self-funding	one-stop-shop	
E15	barriers to start					
E16	growth plans		labour regulation	seed fund from TCF/SCSB		need for women initiatives
E17	business plan competition			seed fund from Riyadh/SCS B	IDC incubatees	
E18	part-time entrepreneur			self-funding		
E19			competition regulation/labour regulations	seed fund from Riyadh/SCS B		
E21	part-time entrepreneur		small business accounting	self-funding		
E24	part-time entrepreneur			seed fund from Riyadh/SCS B		
E25			competition and government procurement regulations	self-funding	lack of support to existing business	
E26	growth problem				Access to market programme	