

THE ROLE OF SMEs IN SAUDI ARABIA IN LIGHT OF VISION 2030

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Abstract

The goal of this research is to provide illuminating insights on the contribution of SMEs towards the actualization of Saudi Arabia's Vision 2030. The current study adds to the extant body of knowledge. This study details a breakdown of the varied contributions of SMEs to the fruition of the goals, objectives, pillars, ideals, and themes of Saudi Arabia's Vision 2030. For this, the study employs a meticulous review of literature that spans a comprehensive variety of primary, secondary, and tertiary sources. This study finds that the SMEs have a great potential to support the attainment of the end-results of Saudi Arabia's Vision 2030.

Keywords: SMEs, Small and medium enterprises, Saudi Arabia, Vision 2030

INTRODUCTION

Where there is no vision, people perish due to lack of direction. A clear vision helps to concentrate the focus, energy, willpower, and determination of people towards the attainment of a clear goal. A vision gives a sense of purpose. A vision unifies the spirit of the collective courses of action that must be taken to realize an end-result. It is impossible to be successful without having a vision. Every success begins with a vision. A vision can apply in a personal setting, a group setting, an enterprise setting, or even a national setting. To distinguish a vision from mere wishful thinking, a vision is broken down to actionable goals. The goals act as performance measures that help evaluate the progress made at various points in time towards the actualization of the envisaged end-results. These performance measures help to highlight where corrective action is necessary, in the case of deviations, to prevent the worsening of existing problems.

While the underlying connotation of the phrase small and medium enterprises conjures up some-what similar images in the minds of most people, there are varied definitions of a small and medium enterprise. Lordache (2013) while referring to OECD (2005)'s definition of SMEs that is endorsed by the United Nations Development Organization (UNIDO), defines small and medium-sized enterprises as independent commercial establishments that have a small number of employees and do not usually have subsidiaries or are not subsidiaries. The number of employees in an SME varies from country to country. In the European Union, the maximum number of employees in a commercial entity that is recognized as an SME is capped to 250 (Lordache, 2013). Companies that have less than 500 employees qualify to be referred to as small and medium enterprises in the United States of America as well as in Canada (Lordache, 2013). According to the definition of small and medium enterprises given by the OECD, small enterprises are those commercial entities that have less than 50 employees; while the micro-enterprises have a maximum of 10 employees. The medium enterprises are taken to be those companies that have between 50 and the upper cap– depending on the respective country of location (Lordache, 2013). According to the European Commission, there are three categories of SMEs. The micro-enterprises are enterprises with less than 10 employees and an annual turnover or capital of less than 2 million Euros. The small enterprises are businesses that have between 10 and 49 employees with an annual turnover or capital of less than 10 million Euros. The medium enterprises are those commercial entities that have between 50 and 249 employees and an annual turnover of less than 50 million Euros or capital that is less than 43 million Euros (Lordache, 2013).

The Small and Medium Enterprises (SMEs) are a critical contributor to the modern economies of most countries of the world. The SMEs play a host of tasks and functions that ultimately lead to the creation of job opportunities, the harnessing of resources, the promotion of talent development, sources of revenue to the government in form of taxes, and the growth of the economy as well as the general well-being of people in the social fabric of a country. The SMEs are main avenues for channeling economic growth and development in most nations as they provide significant contributions to most sectors of a modern economy. At the level of the local economy, the SMEs are the vehicles through which growth and innovation flow to the grassroots level. It goes without saying that the SMEs are the major category of formalized businesses in most countries of the world. The SMEs should not be necessarily viewed as competitors to the large well-established businesses such as the multinational corporations. The big businesses, like international conglomerates, benefit from a vibrant SME sector as some of the large enterprises depend on the SMEs for the completion of various business-critical stages of operations, for instance through outsourcing. The SMEs are not without their fare share of

hindrances. Some of the challenges facing SMEs include rising costs due to inflationary pressures in the national economy as well as global economy for those SMEs engaged in international trade; mounting competition from peers as well as giant international conglomerates that provide substitutes for the products and services created by the SMEs; lack of clear policies and dedicated legal infrastructure that facilitate the operations of the SMEs; poor national utility infrastructure that adversely adds to the cost of doing business; scarcity of labor supply; difficulties in accessing critical support services such as professional advisory services; lack of economies of scale; lack of adequate all-round business skills on the part of the managers and entrepreneurs of SMEs; financial constraints arising from limited access to adequate funding of capital and liquidity needs; lack of adequate incentives from the national government; and barriers to entries in markets located in other regions that hinder the expansion of the SMEs. These challenges are so palpable as some SMEs succumb to the heavy stubborn difficulties and this leads to a relatively higher mortality rates for SMEs. However, the dynamic, swift, strategic, and innovative SMEs weather the challenges to become truly great success stories that inspire the local community as well as win international accolades. In the context of Saudi Arabia, the SME sector constitutes well over 99 percent of the commercial establishments and these statistics are likely to remain at around the same level in the near future (Arab News, 2015).

SAUDI ARABIA VISION 2030: THE ROLE OF SMEs

Overview

“Where there is no vision, people perish” so goes the adage. All success stories begin with a vision. The Kingdom of Saudi Arabia seeks to make large progressive socioeconomic strides in a bid to secure the future and hence codified its plans to attain socioeconomic developments to be attained within a decade and half in the now popular document known as ‘Saudi Arabia’s Vision for 2030’ or ‘Saudi Arabia’s Vision 2030’ or just ‘Vision 2030’. Saudi Arabia’s Vision 2030 was drafted by the Council of Economic and Development Affairs under the instructions of the Custodian of the Two Holy Mosques (King Salman bin AbdulazizAl-Saud) and Endorsed by the Council of Ministers (Saudi Gazette, 2016). The ambitious blueprint that is Saudi Arabia’s Vision 2030 communicates the long-term goals, plans, and expectations expressed by the Government of Saudi Arabia on behalf of the citizens of the country. Saudi Arabia’s Vision 2030 has three pillars that represent the unique competitive advantages of the country (Alarabiya, 2016). The first pillar touches on the status of the Kingdom of Saudi Arabia as the heart of the Arab and Islamic Worlds. This pillar recognizes Allah as the Almighty God who has bestowed upon Saudi Arabia the Land of the Two Holy Mosques that are the most sacred sites on earth and to which

direction more than a billion Muslims face during the time of prayer (Saudi Gazette, 2016). This gift is more precious than oil (Alarabiya, 2016). The second pillar of Saudi Arabia's Vision 2030 is the determination of Saudi Arabia to become a global investment powerhouse (Saudi Gazette, 2016). Saudi Arabia's Vision 2030 recognizes that the country has strong investment capabilities that can be effectively harnessed to stimulate and diversify the economy. The third pillar of Saudi Arabia's Vision 2030 is the unique transformation of the strategic location of the nation into a hub connecting the three continents of Asia, Europe, and Africa (Vision 2030, Kingdom of Saudi Arabia).

There are three overarching themes of Saudi Arabia's Vision 2030 which are a vibrant society, thriving economy, and ambitious nation (Vision 2030, Kingdom of Saudi Arabia). The SMEs in Saudi Arabia can contribute positively towards augmenting the three primary mainstays of Vision 2030 (Oxford Strategic Consulting, 2017). The SMEs can help establish and sustain a vibrant society by improving the quality of life, standard of living, and well-being of the society. The SMEs are incorporated and run according to the provisions of the Islamic jurisprudence that is known as the Shariah. The Shariah provides that all businesses must support the positive progress of the society by banning all the business practices that may lead to moral degradation, stunting of intellectual and holistic wellbeing of all the people in the society. When it comes to supporting a thriving economy, the SMEs can support this strong foundation of Vision 2030 as they stimulate the level of economic development in the Kingdom of Saudi Arabia by providing avenues for the creation and distribution of wealth through halal means. The SMEs in Saudi Arabia support the ideal of an ambitious nation since success in business requires the virtues of hard work, "can-do" mentality, discipline, perseverance, and prudence while discouraging vices like laziness and inaction. The significant role played by SMEs towards creating a prosperous post-oil future in Saudi Arabia cannot be gainsaid.

Goals of Saudi Arabia's Vision 2030 that SMEs Can Contribute to Furtherance Thereof Either Directly or Indirectly

For pragmatism purposes, Saudi Arabia's Vision 2030 is structured into goals that fall under the three overarching themes of a vibrant society, a thriving economy, and an ambitious nation (Vision 2030, Kingdom of Saudi Arabia). The goals serve to facilitate the measurement of the degree of progress achieved towards the actualization of the Vision 2030. Under the theme of a vibrant society, the envisaged goals are "To increase our capacity to welcome Umrah visitors from 8 million to 30 million every year" (p. 19); "To more than double the number of Saudi heritage sites registered with UNESCO" (p. 19); "To have three Saudi cities be recognized in the top-ranked 100 cities in the world" (p. 25); "To increase household spending on cultural and

entertainment activities inside the Kingdom from the current level of 2.9% to 6%”(p. 25); “To increase the ratio of individuals exercising at least once a week from 13% of population to 40%” (p. 25); “To raise our position from 26 to 10 in the Social Capital index” (p. 31); “To increase the average life expectancy from 74 years to 80 years” (p. 31). On the theme of a thriving economy, the stipulated goals are “To lower the rate of unemployment from 11.6% to 7%”; (p. 39) “To increase SME contribution to GDP from 20% to 35%” (p. 39) “To increase women’s participation in the workforce from 22% to 30%” (p. 39) “To move from our current position as the 19th largest economy in the world into the top 15” (p. 47); “To increase the localization of oil and gas sectors from 40% to 75%”(p. 47); “To increase the Public Investment Fund’s assets, from SAR 600 billion to over 7 trillion” (p. 47); “To rise from our current position of 25 to the top 10 countries on the Global Competitiveness Index” (p. 53); “To increase foreign direct investment from 3.8% to the international level of 5.7% of GDP” (p. 53); “To increase the private sector’s contribution from 40% to 65% of GDP” (p. 53); “”(p. 61) “To raise our global ranking in the Logistics Performance Index from 49 to 25 and ensure the Kingdom is a regional leader” (p. 61);and “To raise the share of non-oil exports in non-oil GDP from 16% to 50%” (p. 61).The goals falling under the theme of an ambitious nation include, “To increase non-oil government revenue from SAR 163 billion to SAR 1 Trillion” (p. 67); “To raise our ranking in the Government Effectiveness Index, from 80 to 20” (p. 67); “To raise our ranking on the E-Government Survey Index from our current position of 36 to be among the top five nations” (p. 67); “To increase household savings from 6% to 10% of total household income” (p. 75); “To raise the non-profit sector’s contribution to GDP from less than 1% to 5%” (p. 75);and “To rally one million volunteers per year (compared to 11,000 now)” (p. 75).

In this section, the paper discusses how the SMEs can contribute towards the attainment of the various goals of Saudi Arabia’s Vision 2030, whether directly or indirectly.

Goal: To increase our capacity to welcome Umrah visitors from 8 million to 30 million every year

Umrah denotes a non-mandatory pilgrimage to Mecca, Saudi Arabia, that can be undertaken at any time of the year by a Muslim. The SMEs can facilitate the attainment of this goal of Vision 2030 in various ways. A surge in the number of SMEs offering hospitality-related services will ensure that the Umrah visitors have secure and comfortable places to stay at the time that they pay a visit to the Ka’bah. SMEs offering catering services as well as tour guide services will facilitate a smooth journey for the Umrah visitors. SMEs that offer translation services will help the Al’Umrah visitors have a pleasant stay in Saudi Arabia as they help those Muslims from those countries that do not have Arabic as the native language.

Goal: To more than double the number of Saudi heritage sites registered with UNESCO

There is more to this goal than meets the eye. In order to ensure that the primary objective of realizing the original objectives informing the doubling of heritage sites registered with UNESCO, the Kingdom of Saudi Arabia must ensure that the visitors to the heritage sites have easy access to supporting services such as transport and accommodation. SMEs can support the fulfillment of this goal by offering support services to the heritage sites.

Goal: To have three Saudi cities be recognized in the top-ranked 100 cities in the world

Various factors are taken into consideration by the ranking agencies that evaluate cities. The international grading of cities is ranked using, among other parameters, the level of commerce. The top-ranked cities churn out huge economic values of the myriad trading activities conducted in those cities. It is practically impossible to attain this goal without boosting the level of economic activity by opening up the pre-identified cities without opening them up to more activities that are enterprising. An increase in the number and significance of SMEs can facilitate the attainment of this goal, as a buoyant aggregate activity of SMEs will increase the level of commercial output in the earmarked Saudi cities.

Goal: To increase household spending on cultural and entertainment activities inside the Kingdom from the current level of 2.9% to 6%

Businesses generate personal income for the owners in terms of appropriations on profits and the employees in form of wages and salaries. The three major uses of personal income are savings, consumption, and investment. Consumption represents expenditure on personal needs and wants. To increase the level of aggregate consumption expenditure on cultural and entertainment activities, it is important for the policy makers to stimulate the economy so that in the personal income of most people, there remains enough to cater for other expenditure apart from the basic needs of food, clothing, and shelter. A lively SME sector that consistently grows in terms of success stories that have huge stellar performance backed by strong financial returns ensures that the personal income to the entrepreneurs in form of appropriations of profits and wages and salaries to the workers increases to create room for more personal expenditure on leisure, for instance through cultural and entertainment activities. A vibrant SME sector serves to cushion workers and entrepreneurs from the possible erosion in the power to undertake personal expenditure due to the influence of adverse factors like general increases in the cost of living and inflationary pressures in the economy. Consistent stellar performance of SMEs will ensure that people can maintain and even improve their spending ability with time. This will ultimately serve to increase personal expenditure on cultural and entertainment activities. Cultural and entertainment activities promote healthy lifestyles as they help people to

cool off from the pressures associated with work-life that are attributed to health problems like stress, depression, cardiovascular diseases, mental ailments, and a host of other maladies.

Goal: To increase the ratio of individuals exercising at least once a week from 13% of population to 40%

There is growing medical evidence that exercising improves the health and wellbeing of a person. An active body is a health body and consequently a productive body. All activities that promote health increase serve to increase life expectancy. Work demands may sometimes make it hard for a person to exercise. In addition, lack of enough money to pay for gyms and health clubs may deny a person the opportunity to exercise. SMEs in Saudi Arabia can facilitate the attainment of this goal by acting as sources of personal income, to people acting within the sector, the means through which people can afford to pay for the gyms and health clubs that avail the opportunity to exercise. Additionally, the SME sector can promote the actualization of this goal through the setting up of businesses that offer health-related services and opportunities like gyms for exercising.

Goal: To raise our position from 26 to 10 in the Social Capital index

The Social Capital index measures the degree of development of the networks of relationships among people who live and work in within a specified society, thus enabling that particular society to function effectively (Social Capital Research, 2016). Social capital represents mutually uplifting social relations. SMEs directly facilitate the attainment of this goal by providing employment opportunities to Saudi's and thus increase and extend the productive social relations.

Goal: To increase the average life expectancy from 74 years to 80 years

The level of life expectancy is influenced by several factors such as quality of life, standard of living, access to health, and level of education. SMEs promote an increase in life expectancy by affording the entrepreneurs as well as the employed with personal income that helps such people to better pay for necessities like health services and by consequence improve the quality of their lives.

Goal: To lower the rate of unemployment from 11.6% to 7%

SMEs form 99 percent of the formalized business establishments in the Kingdom of Saudi Arabia (Arab News, 2015). The SMEs in Saudi Arabia have provided millions of job opportunities to people residing in the country. The SMEs can create more job opportunities if the government of the Kingdom of Saudi Arabia offers more help to the SMEs to help them overcome some of the perennial teething problems that they face. To lower the rate of unemployment, it is necessary to increase the number of people actively participating in the

labor force by opening up more employment opportunities through the creation and expansion of new and existing small and medium enterprises.

Goal: To increase SME contribution to GDP from 20% to 35%

This goal directly puts SMEs on the picture of Saudi Arabia's Vision 2030 as it expressly highlights the SME sector. The current contribution of SMEs to GDP is lower as compared to that of some other countries of the world. For instance, in 2011, the SMEs contribution to the GDP of Spain was 64.3 while the contribution of SMEs to the GDP of Austria was 44 percent (Saudi-US Relations Information Service, 2011). Currently, the input of Saudi SMEs to the GDP of the country is 20% while in advanced economies the contribution can reach 70 percent (Alarabiya, 2016; Vision 2030, Kingdom of Saudi Arabia). SMEs contribute to economic growth and development by providing job opportunities, promoting innovation, and boosting exports that earn the much-needed foreign exchange. The Saudi SME sector can register an increased contribution to the GDP through increased governmental support to facilitate increased access to funding; set up business incubation centers; market and export products and services; stimulate the leveraging of business operations through e-commerce by improving the communication infrastructure; promote collaborations with international stakeholders; lessen the existing complex legal and administrative procedures; aid entrepreneurs in developing their skills and networks; and to remove obstacles (Vision 2030, Kingdom of Saudi Arabia).

Goal: To increase women's participation in the workforce from 22% to 30%

There is a need to engage women actively in the development of the economy. Educated women have a lot to offer to wealth-creation endeavors. The Kingdom of Saudi Arabia has expressed its commitment to educate girls as equal opportunity learners in the school system. It goes without saying that in order to tap into the knowledge and resourcefulness of the educated women, it is of imperative importance to provide avenues for employment of the womenfolk. To realize the goal of increasing increased participation in the workplace by women, there is a need to appreciate the room for women-owned SMEs in the Saudi society. The women-owned SMEs are more likely to employ more women and thus help reduce the discrimination of women in the market place. The women entrepreneurs who run the women-owned SMEs can act as role models for the younger generations (lordache, 2013).

Goal: To move from our current position as the 19th largest economy in the world into the top 15

That SMEs contribute to economic growth and development is not in doubt. Saudi Arabia can jump from the 19th position to the league of the top 15 economies of the world through an expansion in the level of output of the value of goods and services produced within the country.

SMEs provide multitudinous halal wealth-generating opportunities for the production, distribution, and consumption of goods and services that greatly boost the economy.

Goal: To rise from our current position of 25 to the top 10 countries on the Global Competitiveness Index

The Global Competitiveness Index is published annually by the World Economic Forum. The index ranks 138 economies of the world by assessing the performance of institutions, policies, and factors that determine the level of productivity of a country (World Economic Forum, 2017). The SMEs in Saudi Arabia can facilitate the attainment of this goal since they contribute to the economic performance and level of innovation in the country. The realm of business connotes competition since continued survival necessitates the outshining of competitors. The spirit of competitiveness is more pronounced in those sectors of the economy that are more open to more players as compared to the industries that are dominated by single players like monopolies. The emergence and existence of numerous SME establishments bolsters the level of competition in the economy and this leads to an increase in productivity since in any competitive environment those who perform well are those who are innovating and quick to adapting to the changing market conditions.

Goal: To increase foreign direct investment from 3.8% to the international level of 5.7% of GDP

Well-performing SMEs in Saudi Arabia can help attain this goal as they attract international strategic partners. These strategic international partners inject foreign direct investments in the country, thanks to their interest in the SMEs.

Goal: To increase the private sector's contribution from 40% to 65% of GDP

The SMEs fall into the broad category of the economy that is termed as the private sector. The private sector consists all those commercial establishments that are not government-owned. The private sector is the leading employer in most countries, and Saudi Arabia is not an exception. The private sector is an important contributor to the economy of a country. The SMEs in Saudi Arabia are facilitating the attainment of this goal as their output trickles to the GDP of the country.

Goal: To raise our global ranking in the Logistics Performance Index from 49 to 25 and ensure the Kingdom is a regional leader

The Logistics Performance Index is prepared by the World Bank. The index measures the performance of countries with regard to trade logistics (World Bank, 2017). The benchmarking index is drawn from a weighted average of the scores of a country based on six dimensions that include: the efficiency of the clearance process by border control agencies, the quality of trade and transport related infrastructure; ease of arranging competitively priced shipments;

competence and quality of logistics services; ability to track and trace consignments; and the timeliness of shipments in reaching destination within the scheduled or expected delivery time (World Bank, 2017). The SMEs in Saudi Arabia play a critical role towards the realization of this goal as some SMEs serve as transport operators and customs brokers who facilitate trade logistics. Additionally, some SMEs provide traceable postage and shipping and this helps Saudi Arabia to climb through the ranking.

Goal: To raise the share of non-oil exports in non-oil GDP from 16% to 50%

Oil is a non-renewable resource whose revenue at the international market is susceptible to price movements. Now, more than ever, is there a pressing need for countries, like Saudi Arabia, that rely on oil to expand the degree of diversification of economic activities. It is of critical importance for Saudi Arabia to prepare for a post-oil future as the demand for oil plummets and the depletion of the non-renewable oil reserves looms large. Non-oil exports cushion the economy of Saudi Arabia against unfavorable fall in prices of oil at the global market. Some SMEs produce goods and services that are meant for export and this shields the economy from the risks of over-reliance on the 'black gold'. An increase in the number of SMEs that produce exports will help diversify the economy and boost the GDP by the targeted percentage points.

Goal: To increase non-oil government revenue from SAR 163 billion to SAR 1 Trillion

The government of any country gets revenue from tax amongst other sources. An increase in the number of successful SMEs that post stellar financial results increases tax revenue to the government since taxation is usually pegged as a specified percentage of the net income of a business entity.

Goal: To increase household savings from 6% to 10% of total household income

The three primary uses of personal income are savings, consumption, and investment. Consumption represents the expenditure of personal income to cater to the needs and wants of an individual. Investment represents expenditure on capital items or activities that are likely to pay off in the future by acting as streams of income. Savings represents the amount of money that is left after the consumption and investment needs and wants of an individual have been met. Where the needs of a person are not met, a deserving occurs and an individual resorts to borrowing money so as to satisfy a pressing exigency. Other factors constant, *ceteris paribus*, the amount of savings on personal income is likely to increase if there is an increase in the gross income. This is because, if the amount meant for consumption and investment remains constant, then the savings will go up. Better performance of SMEs in the Kingdom of Saudi Arabia is likely to lead to increased household incomes as the SMEs pass on the benefits of strong bullish performance to their owners and workers.

Goal: To raise the non-profit sector's contribution to GDP from less than 1% to 5%

Muslims are obliged to make zakat deductions from their earned income. The more income that one makes, the more person is expected to make. SMEs provide Saudi's with income that can be deducted to fulfill the zakat obligation to fund the activities of non-profit organizations that engage in charity work. Additionally, SMEs provide people with incomes that can be donated to Awqaf institutions. Awqaf institutions are an integral component of the non-profit sector of Saudi Arabia that engages the society in economically rewarding activities that help to lift up the lives of people, especially those people at the lower cadres of the society that are most likely to face financial exclusion.

Goal: To rally one million volunteers per year (compared to 11,000 now)

There is an increased likelihood for people to take up volunteering opportunities once they have satisfied their bread and butter issues. People who are worried about meeting the pressing basic needs may be more preoccupied with the primary goal survival while the consideration for volunteering takes the backstage. The SMEs facilitate the attainment of this goal by facilitating people to get the peace of mind that comes after the basic needs and auxiliary wants have been met through the personal income obtained as a compensation for offering labor at a commercial establishment. Additionally, some SMEs are true to their corporate social responsibility calls and mobilize their staff as well as members of the local community to engage in causes aimed at improving the well-being of the society.

Measures Taken by the Government of Saudi Arabia to Boost the Role of SMEs in Furthering the Attainment of Vision 2030

Now more than ever is there a pressing exigency for Saudi Arabia to divest in other sectors of the economy due to declining oil revenues as the global front. The economic planners for the government of Saudi Arabia have identified the pivotal sectors of the economy that need further support in order to bring to actualize Vision 2030. One of these strategic segments is the SME industry.

The SME sector in Saudi Arabia received a shot in the arm on October 2015 with the formation of the Public Authority for Small and Medium Enterprises (Arab News, 2015). As a body that has financial and administrative independence and overseen by the Ministry of Commerce and Industry, the Public Authority for Small and Medium Enterprises is tasked with boosting the activities of the SMEs in the Kingdom of Saudi Arabia by removing the bottlenecks facing SMEs so as to increase the creation of job opportunities and expansion of the economy (Arab News, 2015). The Public Authority for Small and Medium Enterprises also aims to attract more indigenous entrepreneurs into launching SME businesses. Currently, around 86 percent of

SME industry is composed of expatriates and this is not in line with the norms in other countries (Arab News, 2015). Additionally, the body will purpose to increase the financial support of the SME industry through the Saudi Industrial Development Fund (Arab News, 2015).

The Government of the Kingdom of Saudi Arabia established a USD 1.1 billion fund to shore up the activities of small and medium enterprises in August 2016 (Reuters, 2016). The fund will support the activities of venture capital firms that invest in SMEs.

The establishment of outreach programs that aim to encourage participation in the small and medium enterprises establishments by all and sundry in the society (Council of Saudi Chambers, 2017). The government of the Kingdom of Saudi Arabia is increasing campaigns aimed at sharpening the entrepreneurship skills of the young people in the country that have the innovative and energetic spirit of youth so that they can set up businesses that improve their standards of living.

RECOMMENDATIONS

It is of imperative importance for the government of the Kingdom of Saudi Arabia to accord more help to SMEs not only because they form 99 percent of the formalized businesses in the country but also because they have a great potential for actualizing the pillars, goals, and ideals espoused by Saudi Arabia's Vision 2030. The government should create and avail more funds for financing the long-term capital and working capital needs of SMEs.

It is critical for the SMEs in Saudi Arabia to open up to the emerging international best practices. Some of the SMEs are family-owned and this may present the problem of these commercial establishments lagging behind where the business owners may show hesitation to pursue new knowledge and skills. Lack of a huge appetite for the acquisition of the emergent knowledge and skills in the various disciplines that are helpful in the management and running of the affairs of an SME on the part of the owner or executive management may lead to static thinking that is limited to the experience of the entrepreneur or the officials that hold top management positions and that leads to a failure to adapt to new situations and challenges. SMEs in Saudi Arabia need to place a premium on the acquisition of more knowledge through commitment to lifelong learning. The owners of SMEs should take up as many seminars, training and development opportunities so that they can sharpen their business skills and be more suited to overcome most of the teething problems.

It is important to have an awareness that informs a prudent practice of demarcating the business objectives and personal objectives of the owners of the business. It is not uncommon to find a conflict of interest between the personal objectives of the owners of an SME and the long-term interests of the business. For instance, some owners of the SMEs are hesitant to

commit more funds for ploughing back into the business in preference to making more appropriations on the business-generated income in the current period.

The owners of SMEs in Saudi Arabia need to expand their horizons. There is need to open up to more business opportunities instead of focusing too much on the tried-and-tested existing business. Focusing too much on the traditional business is risky in the current modern world that tends to favor those fastest to innovate and adapt.

CONCLUSION

SMEs form 99 percent of the formal commercial setups in Saudi Arabia and these statistics are likely to remain at around the same level in the near future. The SMEs in Saudi Arabia have provided millions of job opportunities to people residing in the country. The SMEs can create more job opportunities if the government of the Kingdom of Saudi Arabia offers more help to the SMEs to help them overcome some of the perennial teething problems that they face. To lower the rate of unemployment, it is necessary to increase the number of people actively participating in the labor force by opening up more employment opportunities through the creation and expansion of new and existing small and medium enterprises. The SMEs are an effective vessel for boosting the level of economic and social development in the Kingdom of Saudi Arabia. SMEs create promote innovation, and boost exports. The SMEs promote the realization of nearly every goal in the Vision 2030 either directly or indirectly. From the above foregoing, it can be seen that the SMEs are indispensable to the actualization of Saudi Arabia's Vision for 2030. It is important for the government of the Kingdom of Saudi Arabia to help the SMEs overcome the teething problems that face their operations since efforts in this direction will translate to the achievement of some of the goals put forth in Saudi Arabia's Vision for 2030. This paper is exploratory in nature, there is a need for further empirical research on the topic.

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