



The Reality of SMEs and Sustainable Development from the Perspective of Innovative Economic Vision of the Kingdom of Bahrain 2030

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ABSTRACT

The study aimed to identify the reality of SMEs and the sustainability of their development from the perspective of innovation in light of the economic vision of the Kingdom of Bahrain 2030. The study used the descriptive analysis approach, based on the published reports of small and medium enterprises. In addition, the survey has been used to find out the size of the obstacles and challenges facing these small and medium enterprises in the Kingdom of Bahrain. The sample consists of 270 small and medium enterprises in the Kingdom of Bahrain as the population of this study was 829 company, were the data collected has been analyzed using the SPSS version 27. The study's findings highlight the significance of institutions' long-term viability and growth in light of their central function in the advancement of the economic development cycle. Another significant factor is the requirement for the company to grow and innovate in its operations, as well as the financial and marketing help that the state may provide as a partner in the economy's growth. Furthermore, Companies greatly contribute to the strategic and economic planning of governments due to their significant impact on the economy and involvement in it. In order to achieve the maximum levels of the economy, which in our day has become the most important priority, the researchers advised enhancing the activation of institutional processes and working toward the creation of creative and smart institutions crucial for nations, which in turn promotes the growth of entrepreneurship initiatives and their operations. Additionally, he exhorted small and medium-sized businesses to step up their support by investing in the creation of their cutting-edge goods in order to keep up with the market and achieve the goals of the Kingdom of Bahrain's Vision 2030.

1. INTRODUCTION

Small and medium enterprises are an essential pillar of the economy of any country, whether developed or developing, due to their success in contributing to employment, income generation,

contribution to the gross domestic product and the wheel of economic development, at a low financial cost compared to large enterprises (Kata et al., 2020). In OECD countries, small and medium-sized

enterprises constitute about 99% of all and are considered the most important main sources of employment and provide about 70% of jobs, as well as contribute to the creation of added value by 50% to 60% (Feasibility investment, 2019). On the other hand, in China, for example, small and medium-sized enterprises constitute about 99.7% of all enterprises, and it is believed that 80% of jobs are available in urban areas, 90% of new jobs are available, and they contribute 60% of GDP, and they also hold 65%. From patents to innovations, finally provides 75% of technological innovations in small and medium enterprises with periodic development of more than 80% of new products. (International Council on Small Business, 2018: 54) (Cecilia Igwemeka et al., 2015).

While in the Arab countries, the number of micro, small and medium enterprises reaches about 5.5 million enterprises, and the percentage ranges between 90% and 99% of the total number of enterprises, and the emphasis here is that most of them are in the Arab state of Egypt, at a rate of 44%, while in the Kingdom of Saudi Arabia, the percentage reaches 18 %, Tunisia 11%, about 9% in Morocco, 6% in the United Arab Emirates, and the rest is divided into the rest of the Arab countries. Despite the huge size of these sectors, their contribution to the GDP is still weak in the oil-exporting countries (Abdel Moneim, 2005).

The texts of the economic vision of the Kingdom of Bahrain 2030, which was launched by His Majesty King Hamad bin Isa Al Khalifa, the great king of the country, may God protect and preserve him in October 2008, is "to provide a comprehensive economic vision for the Kingdom of Bahrain that would set a clear direction for the continuous development of the Bahraini economy, and it reflects the goal The main goal is to achieve the principle of competition, justice and sustainability in order to build a better life for all Bahraini citizens. The success of the economic project casts a shadow over the markets, as it improves the national income, increases the diversity of sources of income, leads to the emergence of new institutions that increase investment opportunities in the Kingdom of Bahrain, and helps reduce economic and social problems and unemployment problems in society "Economic Vision 2030".

1.1. Problem Statement

In the foregoing, the formation of the research

problem involved the existence of some divergence of views on the reality of small and medium enterprises in general and their reality in the Kingdom of Bahrain about their reality and how to improve them to reach the realization of the vision of the Kingdom of Bahrain 2030. And the need to increase attention and objective evaluation of it, and therefore the formulation of this problem in the form of the following questions:

1. What is the reality of small and medium enterprises in the Kingdom of Bahrain?
2. What are the challenges and obstacles facing small and medium enterprises in terms of the opinion of owners of small and medium enterprises in the Kingdom of Bahrain?
3. What are the roles played by business incubators that support small and medium enterprises in the Kingdom of Bahrain?
4. What are the available opportunities in Bahrain Vision 2030? What is the extent to which they are used to develop this type of small and medium enterprises in the Kingdom of Bahrain?

2. REVIEW OF THE LITERATURE

Today, most rising nations rely on the expansion and creation of new businesses to boost their economies and generate employment. One of the most popular methods for promoting the formation of new businesses and boosting entrepreneurial activity is the establishment of business incubators. Through business incubation, entrepreneurs may get knowledge and support to launch successful start-ups.

The goal of company incubation is to support entrepreneurs to nurture and build new and small businesses, products, and innovations in their early stages of development. It is a unique and highly flexible combination of business development techniques, infrastructure, and people. Small and medium-sized businesses (SMEs) are organizations that employ less than a specific threshold of personnel. There are many more small enterprises than large ones. Benefits from the improved employment opportunities as well as the additional revenue and wealth that these new firms bring to the area (Rifai et al., 2016). Together, these communities can assist a nation in developing a large portion and employ a lot more people. SMEs are responsible for fostering innovation and competitiveness in many economic sectors

(Akpoviro, Oba-Adenuga & Akanmu, et al., 2021).

Business incubators, according to (Oshewolo, 2010), support the growth of new businesses, employment growth or job creation, improved industry structure, the acquisition, commercialization, and/or transfer of technology owned by universities and research institutions, wealth creation, and the encouragement of techno-entrepreneurship culture (Keegan et al., 2022)

The importance of business incubators is undeniable, according to (Ayad et al., 2022); incubators are an essential stepping-stone for delivering investments in sectors that are practical for the national economy. incubators for technology, help for small firms, undertakings using information are among them. Business incubators display innovations and creativity in the form of projects that might be produced while considering the results of scientific research (Kata et al., 2020). By creating suitable conditions, the required competencies, and requirements for starting small projects are strengthened.

Business incubators support entrepreneurs with innovative ideas by offering startup capital, guidance, and consulting services, as well as by creating regulations for them, according to the OECD and the European Commission (2019). According to (Hunitie et al., 2022), the principle of incubation development promotes offering significant firms collective services including workspaces, funding, networking opportunities, and marketing. intervenes in the relationship between incubators and the outside world, including external networking services and other entities (Li et al., 2020)

According to (Meru and Struwig, 2011), business incubators are institutions that assist entrepreneurs in building their companies more quickly by offering resources, services, and contacts through their professional networks. For entrepreneurial enterprises to adequately contribute to the economy, they need the full assistance of business incubators (Hibah and Alhakimi, 2021).

The main goal of a business incubator is to promote the establishment of new businesses in a certain area. By supporting an entrepreneur in opening a new company in the region, the neighborhood gains from the increased job prospects, extra income, and wealth that these new businesses

bring to the area. Together, these groups can aid in the development of a country and bolstering its industrial foundation, leading to increased growth and development that is advantageous to all residents. The idea of business incubation has received praise from all around the world for its success in fostering an atmosphere that is conducive to the growth of small and medium-sized firms (SMEs) (Sanyal and Hisam, 2018). The goal of business incubation was to provide startup companies with guidance and venture funding. Many incubators have been in use on a global scale ever since the invention of incubation (Ara Shaikh et al., 2022; Lesáková, 2012).

Today, there are business incubators in practically every major city on earth, and the idea has spread globally. There are around 7,000 incubators worldwide, according to the National Business Incubation Association (NBIA) in the United States. "A business incubator is a facility with shared office space." according to Hackett and DLitts, "that seeks to provide it incubates with a strategic, value-adding intervention system (i.e., business incubation) of monitoring and business assistance" (2004:57). A business incubator is "a locally based institution meant to encourage and assist new business growth," according to Mian (1996). Muriithi and associates (Muriithi, 2018).

The success of firm incubation, according to (Ayatse et al., 2017), is governed by several variables rather than just one. The partnership between the incubator and the government comes first. The government must aggressively promote and distribute programs to increase the incubator's capability (Peters et al., 2004). It's probable that some money will be gathered to support incubation initiatives. Second, the incubation phase involves experts and prosperous entrepreneurs. To comprehend Startups, need mentors and advisers to succeed in their market. Participation of seasoned individuals from the same sector may help a young venture's survival. Third, the incubator must become more adept at collaborating with a range of financial opportunities, patent applications, and other legal backing (Famiola and Hartati, 2018).

Now that a large portion of the help is structured, entrepreneurs may create inventions in a standardized and organized way (Daub et al., 2020). (Azapagic, 2003) continues by stating that a standardized, rigorous approach is necessary for

the development of sustainable business models. Corporate sustainability, according to (Azapagic, 2003), can only be successful if it is integrated in the company's vision and strategy. Consequently, BIs often commit to tenant 14 businesses' sustained growth by integrating sustainability into the corporate core, you can support their growth. Because of this, incubation procedures are viewed as having a positive idea of nurturing and supporting startups and MSMEs, which may influence factors that determine socioeconomic growth (Hernandez Chea and Carrà, 2016). After further investigation, (Hackett and Dilts, 2004) found that incubators may be separated into three generations. The first generation's objectives are to enhance employment creation and create a tangible location where business owners and startups may lease space. The second generation is distinguished by a stronger focus on networking opportunities and business support services. Finally, the third-generation incubator is implementing and combining access financing as well as business mentorship (Alderhell and Hamad, 2021).

2.1. Hypothesis

H1. small and medium enterprises in the Kingdom of Bahrain face challenges, including: (marketing - innovative - productivity - and financing).

H2. There are differences between the relative challenges of small and medium enterprises in the Kingdom of Bahrain in the aspects of the four challenges: (marketing - innovative - productivity - and financing).

3. METHODOLOGY AND PROCEDURES

This study will depend on the descriptive survey process on the topic: " The reality of small and medium enterprises and the sustainability of their development from the perspective of innovation in light of the economic vision of the Kingdom of

Bahrain 2030", explaining as follows:

First: Secondary sources: A comprehensive survey was conducted to collect data and information on small and medium enterprises, the sustainability of their development, and how they are valued in the gross domestic product, through reports from the period between 2019-2022 and research on that topic above.

Second: Primary Sources: A questionnaire was prepared by the researchers to extract the opinions of owners of small and medium enterprises on the ground and the data collected has been analyzed using the SPSS version 27. The Cronbach's alpha test was used for the testing of the reliability of the data and the test of the impact of the challenges faced by small and medium enterprises on the sustainability of these enterprises was done by the multiple linear regression.

Study community: In the Kingdom of Bahrain, there are 829 small and medium-sized businesses.

Research sample: 270 small and medium-sized businesses in the Kingdom of Bahrain make up the sample, which was chosen at random.

Survey design: Three sections made up the survey; the first was used to demonstrate broad information about small and medium-sized businesses, and the second was used to gauge the dimensions of the independent variable (marketing, innovation, productivity, financing). There were five questions in each section. Lastly, the third portion was designed to use 10 questions to assess the dependent variable (Project sustainability).

4. RESULTS AND FINDINGS

The study hypothesis states:

The table below shows Cronbach's alpha values for the dimensions of the questionnaire (marketing, innovation, productivity, financing, project sustainability).

Table 1: Check the stability of the search tool Cronbach's alpha values for the dimensions of the resolution

Variants		The number of paragraphs	Cronbach's alpha coefficient	Total summation
The independent variable Challenges facing	marketing	5	0.805	0.922
	innovative	5	0.675	
	Productivity	5	0.613	

small and medium enterprises	financing	5	0.913	
Dependent variable	Project sustainability	10	0.923	

Table 2: The results of the analysis of variance for Multiple Linear Regression To test the impact of the challenges faced by small and medium enterprises on the sustainability of these enterprises.

Source of contrast	Sum of squares	Degrees of freedom	Mean of squares	R	R square	Test value F	Indication level F
Regression	20.450	4	5.113	0.816	0.666	93.879	0.000
Residuals	10.238	188	.054				
Total	30.689	192					

Table 3: The results of the analysis of variance for multiple linear regression to test the size of the impact of the challenges faced by small and medium enterprises on the sustainability of these enterprises.

Dimensions	B	Beta	t-value	Sig	R square
Constant	.732		3.028	0.003	
Marketing challenges	.228	.221	3.832	0.003	0.433
Innovative challenges	.173	.179	3.739	.0000	0.013
productivity challenges	.048	.037	.756	0.451	0.036
Funding challenges	.530	.651	11.255	.0000	0.607

5. DISCUSSION

This study was intended to measure the current situation of the small and medium enterprises in the Kingdom of Bahrain and to measure the impact of the challenges of small and medium enterprises in the Kingdom of Bahrain in the aspects of the four challenges: (marketing - innovative - productivity - and financing) and its sustainability. The result of the study confirmed that all the challenges are impacting the sustainability of the projects and needs to be considered in the stage of planning and growing and the hypothesis of this result were accepted, the results were supported by (Azapagic, 2003).

6. CONCLUSION AND RECOMMENDATIONS

The study's findings highlight the significance of institutions' long-term viability and growth in light

of their central function in the advancement of the economic development cycle. However, it has come to the conclusion that a further significant signal is the necessity for the company to grow and innovate in its operations, as well as the financial and marketing assistance that the state may provide as a partner in the economy's growth. Furthermore, because of their significant influence on the economy and their involvement in it, companies significantly contribute to the strategic and economic planning of governments. In order to achieve the maximum levels of the economy, the researchers advised enhancing the activation of institutional processes and striving to create creative and clever institutions which now has taken on the biggest significance for nations, which in turn encourages the growth of entrepreneurial ventures and the extension of their

operations. Moreover, he exhorted small and medium-sized businesses to step up their support by investing in the invention of their cutting-edge goods in order to keep up with the market and achieve the goals of the Kingdom of Bahrain's Vision 2030.

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