

The Jordanian Governments' Role in Supporting the Competitiveness of Small and Medium-sized Enterprises

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Abstract

This study aims to identify the role of the Jordanian governments in supporting the Small and Medium-Sized Enterprises in Jordan . This qualitative study was carried out in Salt city in Jordan . The findings of this study revealed that there were several main roles of governments' support to the competitiveness of Small and Medium-Sized Enterprises in Jordan . These four main roles were namely provision of access to capital for opening and improving the business, provision of access to capital for skills and knowledge development, improvement of entrepreneurs' relations, and promoting entrepreneurship . In accordance, it can be concluded that the governments' funds are the basic components in the success of the efforts to improve the competitiveness level of the Small and Medium-Sized Enterprises in Salt city in Jordan . Besides, it is recommended that the government and its related institutions have to implement efforts to fund and support the Small and Medium-Sized Enterprises as well as to improve their level of competitiveness.

Keywords: small and medium enterprises, government support, funds

Introduction

Success in reducing the poverty among the people in any country is generally made possible by the rapid economic growth of the nation (Bombak , 1989). One of the ways to improve the economic growth in any country is through the Small and Medium-Sized Enterprises. It is likely that there exists a positive correlation between reduction in poverty , economic growth, the presence of Small and Medium-Sized Enterprise and the provision of government's funds. The funds which are provided by the government, should be increased as it is likely to

be much needed especially in the rural areas. The existence of governments' funds for Small and Medium-Sized Enterprises in Jordan has been widespread . Therefore, the increase in the number of governments' funds in Jordan can be the landmark of its great roles towards the improvement in Small and Medium-Sized Enterprises competitiveness level. Specifically, the Jordanian governments have actively promoted funds' assistance to the Small and Medium-Sized Enterprises in many areas in Jordan. These efforts have motivated the process of an improvement in the competitiveness level of Small and Medium-Sizes Enterprises in Jordan. However, no one knows how such effort has improved the Small and Medium-Sizes Enterprises level of competitiveness. Whereas, it is believed that the roles of governments' funding towards the Small and Medium-Sized Enterprises in Jordan, if not checked properly and immediate action taken will lead to depletion of resources by the governments . These problems would bring about fast increase in the governments' financial problems and later lead to the increase in the level of poverty in the country. Besides that increase in the governments' financial problems will lead to further political instability .

In compliance with this, the current study aimed to examine the impact of the governments' funds towards the improvement in the Small and Medium-Sized Enterprises in Salt city in Jordan . Specifically, this study would focus on the roles of governments' funding in enhancing the competitiveness of Small and Medium-Sized Enterprise in general. Whether the government's funds significantly improve the Small and Medium-Sized Enterprises' competitiveness level is the most important point. Moreover, this study suggests that the role of governments' funding in enhancing the competitiveness of Small and Medium-Sized Enterprise in Salt city is very important and this information is needed by many institutions to take the needed action.

- An Overview of Small and Medium-sized Enterprises in Salt city in Jordan.

Small and Medium-Sized Enterprises or SMEs, are socially and economically vital and they provide a big number of jobs. It is normally privately owned and operated with a smaller number of employees. Moreover, in many countries, Small and Medium-Sized Enterprises or SMEs are much greater in number than large companies and likely to be responsible for driving competition in many economic sectors and areas. However, recently it was concluded that Small and Medium-Sized Enterprises were being less competitive than large firms. In Jordan , Small and Medium-Sized Enterprises is a very important part of the country's economic development and it is a big contributor to the total industrial sector's output . Small and Medium-Sizes Enterprises can be started at a very low cost and on a part time basis which makes it suited to many economic activities (Ali & Nelson, 2006).

In Salt city, the development of Small and Medium-Sized Enterprises are very slow as compared to

other cities an Zarqa and Amman cities in Jordan . This can be attributed to the low number of Small and Medium-Sized Enterprises being established in Salt city. However Abd-Almotaleb (2001) stated that Small and Medium-Sized Enterprises in Salt city as well as other Small and Medium-Sized Enterprises in the country are being pushed into the forefront to face up with intense competition from large organizations and multinational corporations driven by globalization and technology . Abd-Almotaleb (2001) also stated that in order to compete in the era of globalization , the Small and Medium-Sized Enterprises in Salt city have little option but to improve their competitiveness. This competitiveness improvement's effort can only take place through increased funding by the governments.

Thus, the provision of financial assistance for Small and Medium-Sizes Enterprises in Jordan in general is an important trend undertaken by the governments. It has been a distinguished effort to improve the SMEs competitive level in this era of globalized business .

Objectives of the study

The objective of this study is to find out the roles of governments' funding in improving the competitiveness of Small and Medium-Sized Enterprises in Salt city in Jordan.

Methodology of the study

This study was carried out to investigate the main roles of government funding to improve the competitiveness of Small and Medium-Sized Enterprises in Salt city in Jordan. The data for this qualitative study were collected through library research and field study . The effect of governments' funds was examined. In order to conclude either the government funds have positive effects on the level of Small and Medium-Sizes Enterprises competitiveness or otherwise, the provision of access to capital for opening and improving the business, provision of access to capital for skills and knowledge development, improvement of entrepreneurs relations, and promoting entrepreneurship were taken into account and later evaluated.

Results of the study

Small and Medium-Sized Enterprises in Salt city in Jordan were funded by the government and its institutions . The governments' funds which are normally awarded to local entrepreneurs would improve its competitiveness level. In accordance, in this study, several main roles of governments' funding to improve the competitiveness of Small and Medium-Sized Enterprises in Salt city were found. All these roles have been categorized into three main roles namely provision of access to capital for opening and improve the business, provision of access to capital for skills and knowledge development, improvement of entrepreneurs relations.

- Provision of Access to Capital for Opening and Improving the Business

This study found that the governments' funding is likely to improve SMEs competitiveness level through the provision of access to capital for opening and improving the business. The provision of access to capital for opening and improving the business among the Small and Medium-Sizes Enterprises is an important landmark to move the Small and Medium-Sizes Enterprises into a higher level of competitive level. The governments' efforts which are concerned with business capital provision is supportive of the Small and Medium-Size Enterprises competitive level improvement in nature and will be continuously needed. However, it is believed that the provision of capital for any activity can be the main effort to achieve success in Small and Medium-Sized Enterprises.

Financial support and business capital are important for starting Small and Medium-Sized Enterprises and improving their competitiveness level. According to Hasan (2002) the availability of the financial assistance will improve any business activity. It is believed that the governments' funds can give a boost to the Small and Medium-Sized Enterprises. If the entrepreneurs have easy access to financial capital , the entrepreneurs would be able to operate their Small and Medium-Sized Enterprises in a very competitive manner.

Hence, provision of access to the capitol for opening businesses would bring about improvement in the competitiveness level of the Small and Medium-Sized Enterprises in Salt city.

- Provision of Access to Capital for Skills and Knowledge Development

It was discovered that one of the vital roles of governments' funds to make Small and Medium-Sized Enterprises in Jordan in general and Salt city in particular more competitive is through the provision of access to capital for skills and knowledge development. Providing financial assistantship to the Small and Medium-Sized Enterprises in Salt city, the governments have helped improving the level of competitiveness among the Small and Medium-Sized Enterprises in Salt city. Moreover, the provision of access to the capitol for knowledge and skills improvement will improve the Small and Medium-Sized Enterprises in Salt which led later Salt city into better economic development. It was found that the Small and Medium-Sizes Enterprises improved when there is the financial assistantship provided by the governments in Jordan .

It is believed that the governments' efforts to provide the financial assistantship to the Small and Medium-Sized Entrepreneurship will strengthen the competitiveness level. The improvement of the Small and Medium-Sizes

Enterprises competitiveness level would contribute to the enhancement of the effectiveness of governments' funding in dealing with the poverty in Salt city.

Recommendations

Based on the results of this study , it was found that the financial assistantship by the government will greatly boost Small and Medium-Sized Enterprises competitiveness level. Besides, it is highly recommended that the government

adopt the efforts to provide financial assistantship to the Small and Medium-Sized Enterprises. The government should committed to provide the financial assistance to the Small and Medium-Sized Enterprises. The governments double the number of agencies that provide consultancy and expert services to explain about the financial assistantship and the governments should allocate the funds under its major development plans (budget) . Finally ,the governments have to make the financial assistantship easily accessible to the local people and make less strict the policies of the present financial assistantships.

Conclusion

This current study found that the governments' funds is needed by the Small and Medium-Sized Enterprises in Salt city as it will be the main impetus for change in the level of competitiveness for Small and Medium-Sized Enterprises. The SMEs have to be funded by many of the government's institutions to improve their level of competitiveness. Moreover, in short, government have to provide funds to the Small and Medium-Sized Enterprises. The increase in governments' funding improves Small and Medium Sized Enterprises competitive level especially in the era of business world globalization.

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