

# SME Development The Case of Jordan

Laith Al-Qasem  
CEO  
Arabian Business Consultants for  
Development

## General Conditions

- Like the rest of the Arab world, Jordan faces familiar challenges
  - Very young population
    - 37% < 15 years old
    - 50% < 18 years old
    - 74% < 44 years old
- Government has dominated the economy
  - Engine of growth
  - Swing employer

## General Conditions

- A new model of growth is required
- Not government dominated
- Arab world needs to create 110 million jobs by 2020 to accommodate new entrants into the workforce
- Private sector is the only other player

## Specific Conditions

- Private sector needs to help create a “bubbly” (i.e. dynamic) economy, where new entrants can easily enter.
- Economic dynamism attracts new players
  - Foreign investors (they see opportunity)
  - Local entrepreneurs

## Creating Entrepreneurs

- Entrepreneurs are key to creating a “bubbly” economy
- Creating your own job as an entrepreneur is the easiest way to create jobs
- Countries need to harness Arab youth
- They are either our biggest asset or biggest threat
- National entrepreneurial mindset is essential to sustainable SME creation

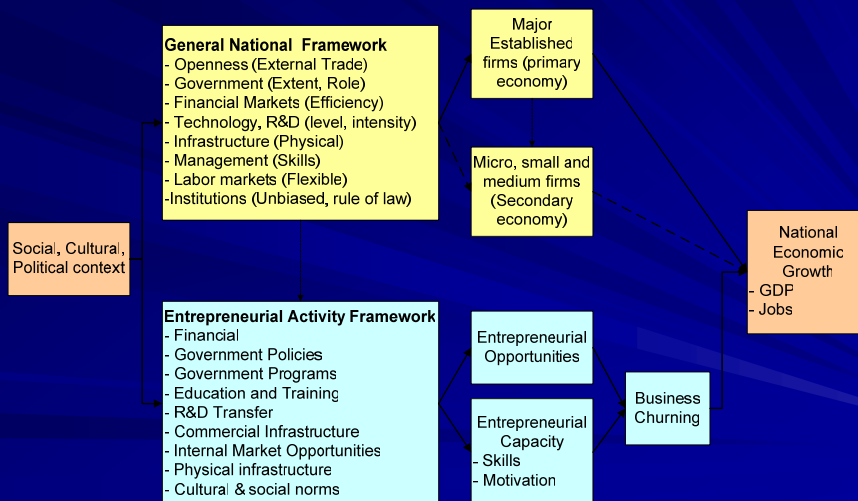
## Creating Entrepreneurs

- Need to harness the energy and creativity of youth
- Need to create a friendly environment to embark on the entrepreneurs’ path
  - Friendly environment includes removing social stigmas of failure.
  - Celebrate and recognize the effort of starting
- 60% – 90% of start up companies fail (in general)
- 70% of failed entrepreneurs go on to start again, therefore they are a good development or investment risk

# Jordan and the Global Entrepreneurship Monitor (GEM)

- Jordan was the first Arab country to become part of GEM
- Jordan was looking for an additional analytical framework
- GEM Identifies Nine Pillars that Affect Entrepreneurship
  - Financial Support
  - Government policies
  - Government programs
  - Education and Training
  - Research and Development Transfer
  - Commercial infrastructure
  - Internal market opportunities
  - Access to physical infrastructure
  - Social and cultural norms
- Must be taken into consideration with other national framework factors

## The Context of the GEM Framework



# GEM Findings

## ■ *Factors contributing to entrepreneurship*

### ■ **Entrepreneurial Activity Framework Factor**    **Effect**

– Financial Support	7%
– Government policies	9%
– Government programs	14%
– Education and Training	8%
– Research and Development Transfer	3%
– Commercial infrastructure	5%
– Internal market opportunities	16%
– Access to physical infrastructure	5%
– Social and cultural norms	7%
– Others	26%

# GEM Findings

## ■ *Factors limiting entrepreneurship*

### ■ **Entrepreneurial Activity Framework Factor**    **Effect**

– Financial Support	23%
– Government policies	14%
– Government programs	2%
– Education and Training	16%
– Research and Development Transfer	1%
– Commercial infrastructure	1%
– Internal market opportunities	11%
– Access to physical infrastructure	0%
– Social and cultural norms	18%
– Others	14%

## Recommendations using the GEM Framework

- All factors are important, but Jordan should focus on:
  - Developing appropriate government policies (capital requirements, IPR value, in-kind contribution, etc.)
  - Entrepreneurial education and training (Secondary and university)
  - Financial support (start up and seed capital, etc.)
  - Social and cultural norms (celebrate trying)
  - Government programs (training, mentoring, micro credits, etc.)

## Recommendations based on Observation

- Focus on Innovation
  - Intersections
- Focus on IP
  - Music
  - Software
  - Design
  - R&D
  - Digital Media
  - Concepts

Thank You