
Success factors of SMEs: The case of Jordan

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Our Presentation:

- Introduction.
 - Objectives of the study.
 - Methodology.
 - Importance of the study.
 - Review of literature.
 - Data analysis.
 - Success factors.
 - Conclusions
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Introduction:

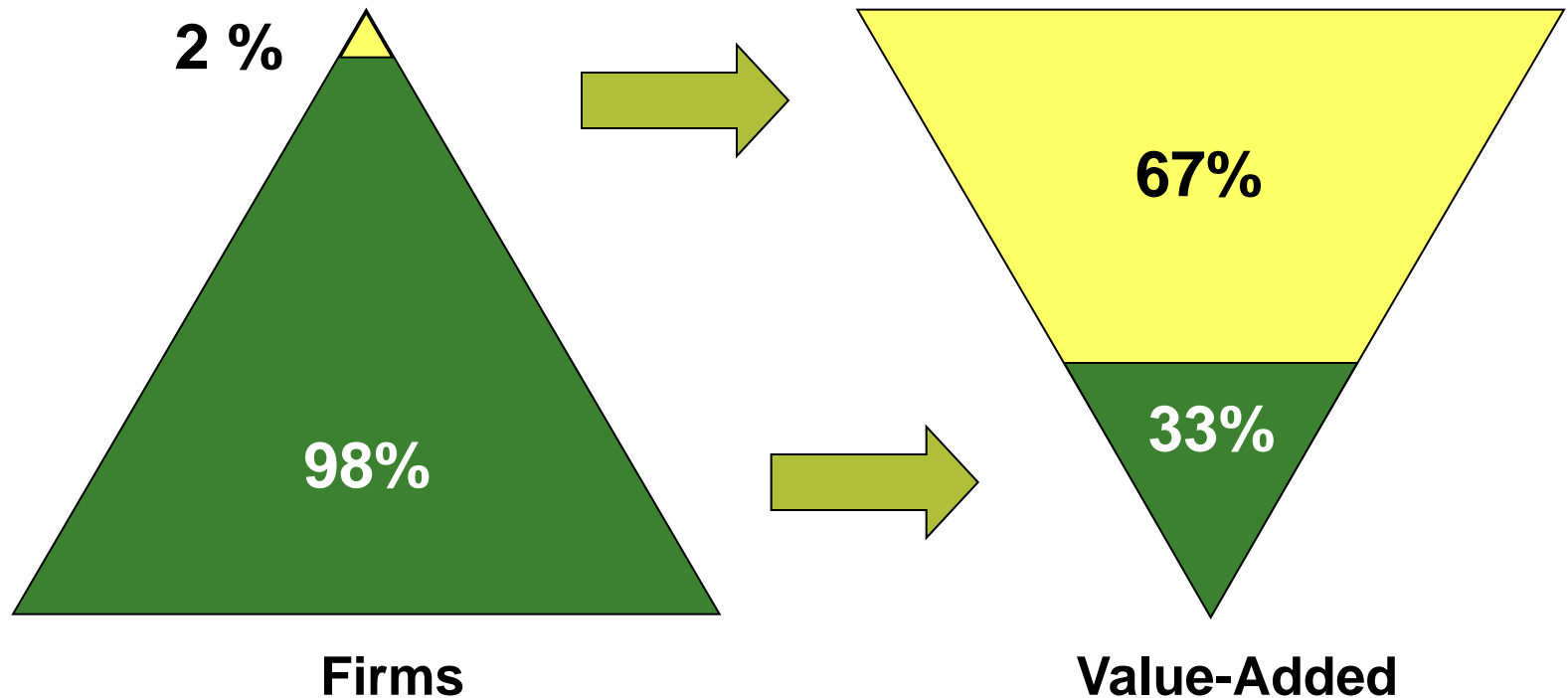
- SMEs have been a major engine in the economic growth, innovation and technological progress, so it's the field of entrepreneurship.
 - The importance of SMEs lies in their role in growth at various stages of economic development.
 - SMEs contribute to the development process due to:
 1. SMEs are more labour-intensive and tend to lead to a more equitable distribution of income.
 2. more efficient allocation of resources in developing countries.
 3. support the building of systemic productive capacities.
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SMEs in Jordan

- They are around 98% of enterprises in Jordan.
 - They employed 2/3 of the labor force.
 - More than 1/3 of the GDP.
 - Creating more jobs comparing with their larger counterparts.
 - Its really a vital component of the socio-economic development in Jordan.
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SMEs in Jordan

- SMEs contribution to the GDP is around 33%.

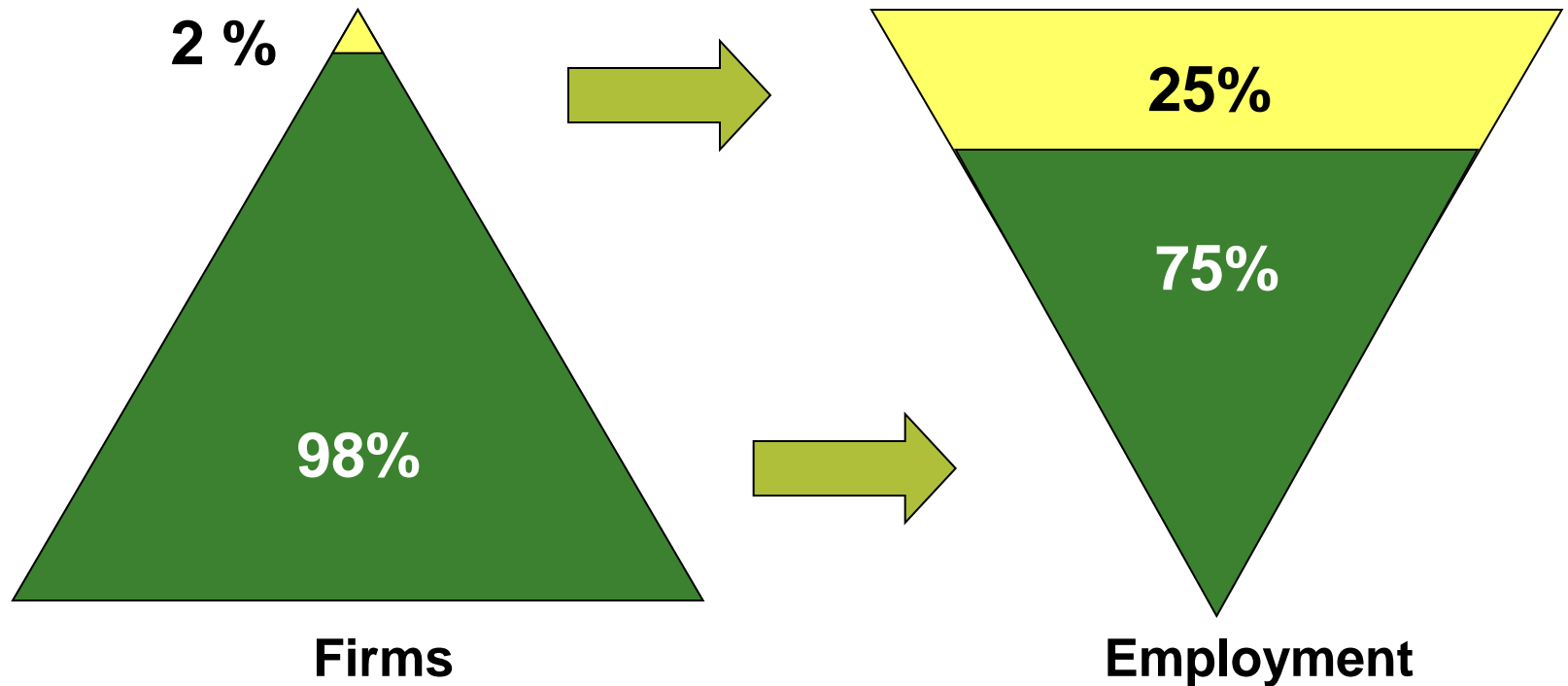


Source: NSO 2001

Source: NSO 2000

SMEs in Jordan

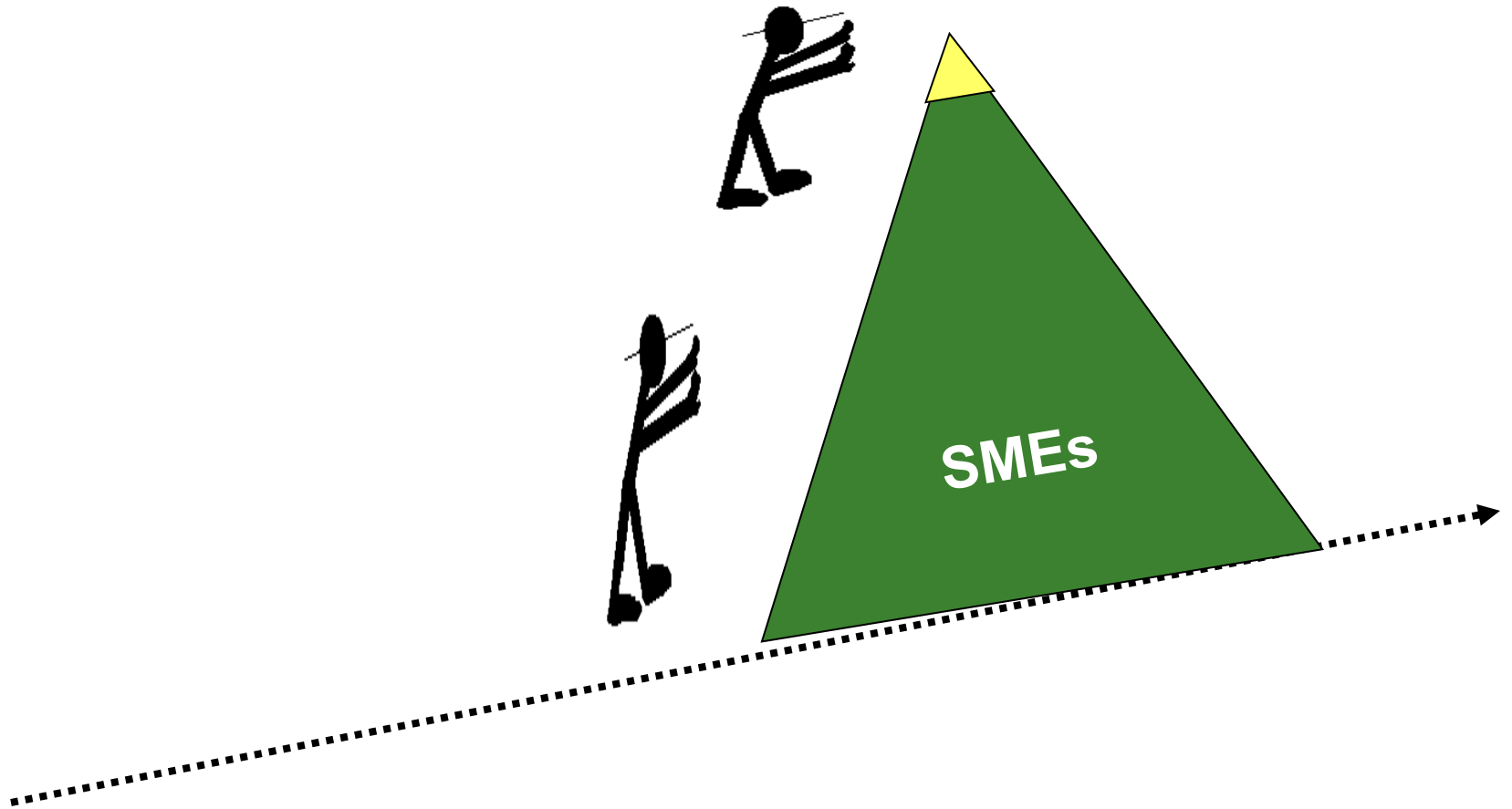
- SMEs generate 75% of all employment.



Source: NSO 2001

Source: NSO 2001

SMEs in Jordan



Objectives of the study

1. To identify the main factors that most used to reflect the success factors of Jordanian small and medium-sized enterprises.
 2. To find out how these firms are creating, searching and utilizing the available success factors.
 3. Which are the most important factors of success for SMEs.
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Methodology

- ✓ The study population was around 4630 small and medium enterprises.
 - ✓ The questionnaire distributed were around 220 firms.
 - ✓ The valid questionnaires were 168.
 - ✓ The response rate 76%.
 - ✓ analysis methodology, it is descriptive. If the mean of the answers is high compared to the means of the other answers, the factor will be meaningful. This has been used by Sen and Taylor (2007), Rose *et.al* (2006) and Lin (1998).
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Importance of the study

1. It comes from the importance SMEs.
 2. No study to date has examined the success factors of SMEs in the Jordanian economy and this study can fill this void.
 3. Finding the main success factors could help the policy makers and financial institutions how to encourage establishing or expanding SMEs.
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Review of literature

- ✓ Some of SMEs collapse within the first few years of their start-up.
 - ✓ So its important such kind of research for developing countries because it would be useful for development planner as well as entrepreneurs.
 - ✓ Wijewardena and Zoysa (2005) in Sri lanka found that the main success factors of SMEs are:
 - 1.Customer orientation.
 - 2.Product quality.
 - 3.Effecient management.
 - 4.Supportive environment.
 - 5.Capital accessibility.
 6. Marketing strategy.
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Review of literature

- ✓ Lin (1998) in Taiwan found that the success factors are:
 1. Management founders.
 2. Customer focus.
 3. Resources creation, these factors were more important than the technical skills from the business owners point of view.

 - ✓ Rose et al (2006) in Malaysia found that the:
 1. Entrepreneurs educational level.
 2. Working experience.
 3. Whether their parents own business have a positive relationship with their success.
 4. Area of competency the entrepreneurs should focus on.
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Review of literature

- ✓ Walker and Brown (2004) in Australia show that both financial and non-financial lifestyle criteria are used to judge business success.
 - ✓ They found that the personal factors such as age and also business characteristics influenced perception on the importance of success factors.
 - ✓ In All Arab countries and in Jordan up to my knowledge there are no research have been done in this regard.
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Data analysis

- ✓ In this regard the data analysis will be carried in three stages:
 1. General descriptive statistics for the demographic data of the entrepreneurs and for the firms.
 2. Technique analysis of factors to reduce the number of variables to a few meaningful factors.
 3. Descriptive statistics were used for ranking the factors in their order of importance that would reflect the most important factors for SMEs to be considered as a success factors.
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SMEs Success factors in Jordan

Factor	No. of variables	Mean	St.d	Rank
Structure of the firm	9	3.91	0.83	2
Technical Procedures and Technology	5	4.13	1.03	1
Human resources at the firm	10	2.96	0.79	5
Financial structure of the firm	10	3.63	1.01	3
Marketing and Productivity	17	3.25	0.62	4

SMEs Success factors [SMEs SUCCESS FACTORS AND THEIR VARIABLES.doc](#) and their variables

Conclusions

- These also shows that strengthening of the SMEs come from its characteristics mainly, which would be encourageable for either the new entrepreneurs, the government and the financial institutions to support this sector.
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Conclusions

- Finally, it is important to note that there is a need to study this topic more so as to find more other factors that could be added to the success factors from one hand. Or to study the factors that causes failure from the other hand. **These factors could be vary from country to another for several reasons, so this investigation is very important specially for the developing countries.**
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THANK YOU SO MUCH
