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When SMEs fail as an economic source of income and employment: Evidence from Kuwait*

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Abstract

This paper investigates the reasons behind Kuwait's failure to promote small and medium size enterprises (SMEs) as a source of employment and national income. The outcome of this research is based on two-stage data collection and analysis. In the first stage, data was obtained from Kuwaiti entrepreneurs' responses on a scaled questionnaire adopting the fourteen-pillars of Global Entrepreneurship Index (GEI) on SMEs healthiness. To examine causality, exploratory data reduction as well as structural equation modeling (SEM) techniques were applied. In the second stage, data was acquired from interviewing entrepreneurs, relevant regulators, legislators, and economists. The results reveal that the country has failed to promote SMEs as a source of national employment and income. Corruption among public officials and weak public policy are the main reasons, implying no foreseeable alternatives to either the subsidized national employment programs or the shaky single-sourced national income. To remedy the problem, drastic actions must be taken at the highest level to, sincerely, fight corruption, fix employment regulations including the country's constitution, and encourage clean energy projects to mitigate the risks of lower demand for fossil energy: the only source of our national income.

Introduction

Developed and developing countries rely heavily on SMEs to achieve two objectives. First, to add to the growth of the economy measured by the value of gross domestic products (GDPs) and second, to create jobs in the private sector (see, for example, Thurik, 2009, Link & Scott, 2012, Simón-Moya et al., 2014, and Dixit & Kumar Pandey (2011). Hall (2002) reported that 20 - 30 million SMEs were operational in East Asia representing over 95% of all enterprises. They were contributing to 30% of total export and 70% growth in employment. In fact, SME's share of China's GDP is currently over 95%. In Indonesia, they account for over 90% of all firms and are the main source of employment (Tambunan, 2007). Many countries achieved these objectives, but others did not. Among which is the state of Kuwait which is the subject country of this research.

Realizing SMEs as a vehicle to drive the growth of the GDP and promote employment in the private sector, the government of Kuwait established a national fund of about US $7 billion, for SMEs' development in 2013. The main objectives were to diversify sources of national income away from oil and its byproducts and provide jobs for Kuwaitis outside public payroll. Till today, the country is no way near achieving these objectives. The World Bank reports that, despite the generous government funding of new ventures and the growth in their numbers, SMEs are contributing no more than 3% to the country's GDP and unattractive to Kuwait job hunters. Sales of crude oil and its byproducts are still the sole source of the country's GDP.

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The main question arising is that, why would a wealthy country like Kuwait fail in reaping all the benefits of a fast-growing entrepreneurial business? Why do not SMEs contribute significantly to the country GDP? And why do not they create new jobs for Kuwaitis? To the best of our knowledge, no one has attempted to study this major subject and provided answers and practical solutions. In this research, we strive to do so.

Our approach starts with a section on the review of the literature with the objective of developing a practical conceptual framework that can be used to guide this investigation. This section should help uncover the research variables, hypotheses, and the proper methodology to be adopted. In the methodology section, we present and discuss the methods used in the investigation. Research data are also discussed and statistically tested and validated here. This is followed by a section on models' estimation and testing along with a discussion of the results. The paper concludes with remarks highlighting the main results and the practical and theoretical contribution of the study.

Literature Review

Entrepreneurship is, simply, defined as the process of undertaking and operating a small business with the objective of maximizing owners' wealth. The investor is usually called an entrepreneur. An entrepreneurial business usually starts small or medium in size. When referring to entrepreneurial business, the terms entrepreneurship and small-medium-enterprise (SME) are often used interchangeably. A rigorous attempt to define Entrepreneurship can be found in Ahmad & Seymour (2008).

The literature on entrepreneurship determinants/barriers is extensive. In general, detrimental factors such as the lack of finance, government support, public corruption, and regulations were, regularly, identified by scientific research. For a country like Kuwait, SMEs might be successful in making money for the owners but they do not have a significant contribution to the country's GDP or offer new jobs at the national level. Therefore, as the main concern in this paper is to identify the factors that prevented Kuwait as country to succeed in its SMEs endeavor, the literature review will be narrowed down to that related to the question of why would a country fail in achieving the main purpose of SMEs. In this context, we focus on how other countries dealt with this subject.

In an attempt to address SMEs promotion in Indonesia, Tambunan (2005) reported that, in many cases, the lack of a government development policy was a key factor in entrepreneurship failure, suggesting more attention should be given to cluster development. An additional support for this argument was provided by Bhasin & Venkataramany (2010). They suggest that Indonesia should consider new policies that are market-oriented, demand-driven with less governmental control. However, the idea of less-role in economy development in Indonesia is rejected by Kusumawardhani et al (2015)

For Gambia and Ghana, Kamara (2018) found that, poor government policies render SMEs growth and development. The same conclusion is provided by Venkataramany (2016) for India.

In attempt to compare between the UK and Nigeria regarding SMEs failure factors, Ihua (2009) reported for the UK, the factors are internal (an entrepreneur-related factors). For Nigeria, however, failure factors are external, related to weak economic conditions and the lack of government and social support. Focusing on the factors hindering SMEs growth in the South African market, Mbonyane & Ladzani (2011) identify three main external reasons, lack of legal knowledge, lack of finance, and improper judgment. For the Malaysian market, Arham et al (2013), reported that ineffective leadership behavior is key to SMEs' failure. Studying the contribution of SMEs to the GDP of Nigeria, Oba & Onuoha (2013) suggested that the government should provide "*technical, technological, financial assistance and infrastructures*" to help entrepreneurs to seize viable investment opportunities. These arguments are supported by Yukhanaev et al (2015) for Russia. They found that SME growth and development are rendered by political, economic, and regulatory factors.

Nistotskaya et al (2015) conducted an important study on the effect of corruption SMEs growth and found that " where governments are perceived by their citizens as impartial and free from corruption have on average significantly more SMEs." They also found that *spatial distribution* of SMEs is more even in less corrupt countries. Another important study on the same subject was done by Mendoza et al (2015) for the Philippines. They found evidence of "*greasing the wheels*" practice among SMEs to bribe public officials to get thing done. They also report a positive effect of this practice at the firm level. Their investigation however was at the micro level. Investigating the relationship between government corruption and SMEs performance and growth in the developing country of Sierra Leone, Kanu (2015) provided evidence of a negative association between corruption on one side and growth,

productivity, and employment on another side. Similar conclusions, wer made by Moses (2018) for Nigeria and Van Vu et al (2018).

Williams & Martinez-Perez (2016) analyzed the data of 132 countries included in the World Bank Enterprise Survey to investigate the effect of corruption on SMEs performance and found that bribing public official increase firm performance but concluded that corruption has a significant agency cost on at the country level implying *inefficient public administration and the weak rule of law*.

The conclusion of the literature reviewed is that poor government policies and support as well as corruption are the main factors hindering entrepreneurship growth and development. Unfortunately, none of the literature available, tackles the odd issue of SMEs being successful at the micro level (benefiting the owners) but unsuccessful at the macro level (contributing to national employment and GDP). This is, exactly, the situation of SMEs in Kuwait. They take advantage of the government financial generosity and support but provide very little to the national GDP and employment. The majority of SMEs in Kuwait are of non-industrial nature, therefore, they provide no contribution to exports. Although the owners are Kuwaitis, the majority of their manpower are non-Kuwaitis, hence, a minor contribution to the problem of employment. A recent study was done by Aldeehani & Ahmed (2020) on the determinants of SMEs' innovation in Kuwait. They provide evidence of government inefficiency and corruption being the main barriers to growth and innovation lending support to "*greasing the wheel*" notion. The question of why SME's of Kuwait were unsuccessful in contributing to the country's GDP and employment was addressed by Ramadhan & Girgis (2018) in a report rather than a scientific research supported by Kuwait Institute for Scientific Research (KISR). Although the results of the report are not supported by scientific and statistical evidence, they deserve some attention. The main argument is that Kuwait's SMEs do not contribute significantly to the country's GDP and employment of Kuwaiti nationals. Reasons, implications, and recommendations were driven by judgmental arguments which can be summarized as follows:

1. The private sector is unsuccessful in creating jobs for Kuwaiti nationals. Kuwaitis are still more attracted to jobs provided by the government.
2. SMEs contribution to national GDP is marginal.
3. Typical interpretations include unqualified entrepreneurs and poor public policies.
4. These interpretations imply the importance of qualifying entrepreneurs and improving public policies.

In the next section we set out our method to answer a straight forward research question; why couldn't Kuwaiti entrepreneurs contribute significantly to the country's GDP and employment?

Methodology

To answer the previous question, an established conceptual framework is needed for the initial investigation. Therefore, data will be collected using a questionnaire to survey the perceptions of a sample of existing Kuwaiti entrepreneurs. These perceptions are tailored to cater for the proposed research framework. The elements of the conceptual framework will then be investigated for possible significant associations and effects. To do this, we follow Aldeehani & Ahmed (2020) by adopting the fourteen-pillars developed by Global Entrepreneurship Index (GEI) as an initial conceptual framework. These pillars are structured to reflect three sub-indexes. Table 1 below depicts this framework.

Table 1. GEI pillars

Sub-index	Pillar	Comment
Attitudes	***Att1***: Opportunity perception	Recognition of opportunity/economic freedom
	Att2: Startup skills	Skills/qualifications
	Att3: Risk acceptance	Risk
	Att4: Networking	Connections/mutual groups
	Att5: Cultural support	Support/corruption
Ability	***Abi6***: Opportunity startup	Motivation/governance
	Abi7: Technology absorption	Potential for technology adoption
	Abi8: Human capital	Staff education/training
	Abi9: Competition	Competitive advantage
	Asp10: Product innovation	New products

Aspiration	***Asp11***: Process innovation	New technology/use of scientists & engineers
	Asp12: High growth	Availability of finance
	Asp13: Internationalization	Ability to export products
	Asp14: Risk capital	Informal investment/capital markets

Obviously entrepreneurs' responses to the fourteen items, may uncover a good deal of what we want to know, but definitely they do not provide a complete answer to the main question of this research. Therefore, our roadmap to provide a clearer and more complete answers to the questions goes as follows: first, we try to provide evidence on the applicability of the GEI model to Kuwait entrepreneurship situation. Factoring analysis procedure will be used to reduce the number of variables. In the case of an established theory, a confirmatory factor analysis (CFA) is more suitable. However, GEI proposition is yet to be validated. Therefore, an exploratory factor analysis (EFA) is proposed for the data reduction procedure. Structural equation modeling (SEM) procedure will be applied to examine causality directions and relationships among the newly extracted construct. Clearly, the GEI model proposition does not cater for some major and detailed macro-level factors which may provide the most important answers to the research question. These factor we will explore using the more detailed interview technique targeting relevant government officials, policy makers, and economic experts within the Kuwaiti market.

We start with the use a five-level Likert scale survey to solicit the perceptions of Kuwaiti entrepreneurs. The scale of the survey range from 1 for "strongly disagree" to 5 for "strongly "agree". A total of 268 responses were collected. The nature of the data collected, therefore, calls for nonparametric statistical tests and investigation tools. Methods of mean rank tests, assuming non-normality distribution will be adopted. To investigate causal relationships among the variables, EFA analysis will be adopted using SEM to investigate the applicability of GEI sub-index classification. Typically, a confirmatory factor analysis (CFA) method is used when there is an established theoretical proposition. No one, however, has provided scientific evidence of the viability of the GEI classification. There are many ways to do that. One way is examine the correlations among the components of each sub-index suggested by GEI. The assumption is that the components of each sub-index are significantly correlated. Exploratory data reduction analysis can provide evidence of the viability of the GEI classification when the same groups are produced. Unlike CFA, EFA does not assume prior hypotheses which is the case of the framework adopted in this paper. An evidence is established when it provides new factors compatible with those suggested by GEI. If it does not, then the factors resulting from the EFA will be adopted to examine the detailed causal relationship.

Testing and Estimations

We first apply the reliability test using the Cronbach's alpha which indicates a score of 82.6% suggesting that the 14 items are closely related. In terms of the individual groups, the test scores 55.7% for the attitudes group, 60.4% for the ability group, and, 78.5% for the aspiration group. The results of the Cornbach's alpha suggest lower consistency between the attitudes items and between the ability items. Further examination of the correlation values between the components of each of the groups provide an additional evidence to this conclusion. Table 2 shows the correlation values for each of the sub-indices.

Table 2. Non-parametric Kendall correlation among sub-indices components

a. Attitudes

	Att1	Att2	Att3	Att4
Att2	.235**			
Att3	.156**	.306**		
Att4	.204**	.146**	.207**	
Att5	.279**	.059	-.009	.107*

b. Ability

	Abi6	Abi7	Abi8
Abi7	.145**		
Abi8	.092	.449**	
Abi9	.033	.344**	.354**

c. Aspiration

	Asp10	Asp11	Asp12	Asp13
Asp11	.581**			
Asp12	.469**	.484**		
Asp13	.318**	.304**	.347**	
Asp14	.350**	.306**	.281**	.254**

**. Significant at the 0.01 level.

*. Significant at the 0.05 level.

Except for the aspiration sub-index, the correlation values between the components of the other two sub-indices indicated some problems in the association. For the attitudes group, *Att5* correlation values with *Att2*, *Att3*, and *Att4* appeared to be insignificant indicating that it might belong to a different group. Similarly, the correlation values of *Abi6* with *Abi8* and *Abi9* looked to be insignificant at the 0.01 level and 0.05 level indication a strong possibility that they do not belong to the same group.

Applying factor analysis with Varimax rotation method while suppressing coefficients lower that 0.60 produced the results illustrated in Table 3.

Table 3. EFA results

GEI variables	New groupings (constructs)		
	Marketability	Support	Attitude
Att2			.840
Att3			.649
Att5		.837	
Abi6		.831	
Abi9	.684		
Asp10	.814		
Asp11	.773		
Asp12	.729		

As shown in Table 3, the rotation process of the Varimax with Kaiser normalization has excluded six variables of the fourteen suggested by GEI due to low loadings. The new groups suggested, with 53% total variance explained, are *marketability* which include four components: Abi9, Asp10, Asp11, Asp12, *support* which include Att5, Abi6, and *attitude* which include Att2, Att3. Frequencies of responses are presented in Table 4.

Table 4. Response frequencies for the selected variable.

a. Att2

Resp.	Freq.	%
1	19	7.1
2	33	12.3
3	99	36.9
4	66	24.6
5	51	19.0

b. Att3

Resp.	Freq.	%
1	23	8.6
2	47	17.5
3	102	38.1
4	52	19.4
5	44	16.4

c. Att5

Resp.	Freq.	%
1	77	28.7
2	50	18.7
3	46	17.2
4	33	12.3
5	62	23.1

d. Abi6

Resp.	Freq.	%
1	78	29.1
2	40	14.9
3	52	19.4
4	34	12.7
5	64	23.9

e. Abi9

Resp.	Freq.	%
1	19	7.1
2	38	14.2
3	101	37.7
4	66	24.6
5	44	16.4

f. Asp10

Resp.	Freq.	%
1	22	8.2
2	63	23.5
3	86	32.1
4	57	21.3
5	40	14.9

g. Asp11

Resp.	Freq.	%
1	19	7.1
2	42	15.7
3	114	42.5
4	56	20.9
5	37	13.8

h. Asp12

Resp.	Freq.	%
1	22	8.2
2	50	18.7
3	117	43.7
4	56	20.9
5	23	8.6

The correlation matrix of the all the new variables is depicted in Table 5 below.

Table 5. Non-parametric Kendall correlation matrix of the new variables

	Att2	Att3	Att5	Abi6	Abi9	Asp10	Asp11
Att3	.306**						
Att5	.041	.033					
Abi6	.030	.084	.581**				
Abi9	.083	.270**	.055	.043			
Asp10	.128*	.222**	.050	.073	.450**		

Asp11	.119**	.203**	.059	.068	.369**	.581**	
Asp12	.153**	.233**	.053	.106*	.352**	.469**	.484**

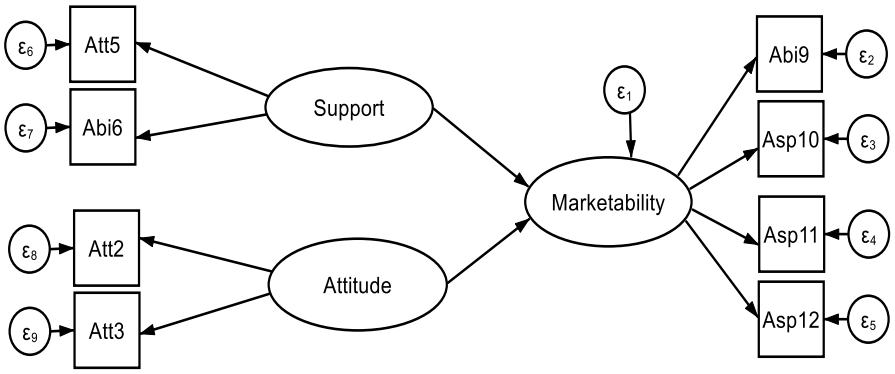
**. Significant at the 0.01 level.
*. Significant at the 0.05 level.

The main observation of Table 5 is the strong correlation values between the components of the new grouping. All of these values are significant at the 0.01 level.

Depending on the nature of each construct components, we consider *support* and *attitude* constructs as the independent variables determining changes in the *marketability* construct. In the case of Kuwait, and based on the earlier discussion on the low quality of government services and corruption, we expect a negative causal effect of the *support* construct on *marketability*. However, a positive effect of the *attitude* construct on *marketability* is expected.

To examine the relationships, we propose three latent variables representing the constructs within the a structural equation model as in the diagram depicted in Figure 1.

Figure 1. The SEM causal conceptual model and the direction of effect.



Obviously, our proposition of the SEM model is based on the data reduction process of the EFA procedure. It is worth noting that the latent variables depicted in the Figure 1 do not take the values of the EFA constructs, they are rather inferred and unobserved. As such, the variables within the oval shapes are latent and the variables within the box shapes are observed.

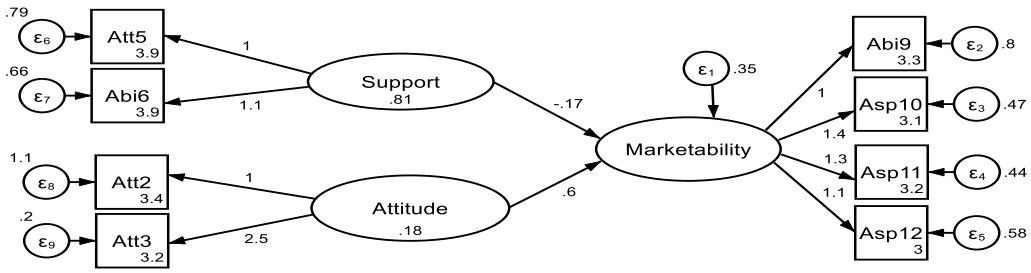
Given the research conceptual frame work we propose the following two null hypothesis:

Hypothesis 1: Cultural support has a significant positive effect on marketability.

Hypothesis 2: Attitude has a significant positive effect on marketability.

Figure 2 below depicts the model after the SEM estimation.

Figure 2. The SEM model after estimation.



As shown in Tables 6 and 7 below, the numbers outside the shapes are the resulting coefficients and the number within the boxes are the constant values.

Table 6. Structural results of the estimated SEM

Dependent	Independent	Coef.	Std. Err			z	P>|z|
Marketability	Support	-0.1677	0.0612			-2.74	0.006
	Attitude	0.5978	0.1564			3.82	0.000

Table 7. Measurement results of the estimated SEM

Latent	Measurement	Coef.	Std. Err	z	P>|z|
Marketability	Abi9	1 (constrained)			
	Asp10	1.2879	0.1436	8.97	0.000
	Asp11	1.2879	0.1436	8.97	0.000
	Asp12	1.0549	0.1266	8.33	0.000
Support	Att5	1 (constrained)			
	Abi6	1.1437	0.4029	2.84	0.005
Attitude	Att2	1 (constrained)			
	Att3	2.5354	1.1174	2.27	0.023

The SEM model exhibits a strong fit as indicated by the selected goodness of fit measures displayed in Table 8 below.

Table 8. Results of goodness-of-fit for the proposed model

Fit statistic	**Value**
Likelihood ratio. Fit is good *p*-value > .05	$\chi^2(18) = 23.31$ *p*-value = 0.1790
Relative index (χ^2/df). Fit is good when index < 2 (Ullman et al., 2001) and < 5 (Lomax & Schumacker, 2004)	1.296
Root Mean Squared Error of Approximation (RMSEA). Fit is good when RMSEA < .08	0.033
Comparative fit index (CFI). Fit is good when CFI > 0.93	0.990
Tucker-Lewis index (TLI). Fit is good when TLI > 0.90	0.984
Standardized root means squared residual (SRMR). Fit is good when SRMR < 0.08	0.041

All measures of goodness of fit are satisfied indicating a strong structural equation model.

Discussion of the Results

The results in the previous section of the paper indicate that there is strong consistency and reliability among the components of the GEI proposition. However, the relationships between the components of two of the sub-groups were weak as indicated by the correlation values. That was the first indication of the inappropriateness of the GEI proposition to measure the Kuwaiti entrepreneurship market. The results of the factoring analysis provided further evidence to this conclusion as the components of GEI index were grouped differently. The new groups proved more appropriate as indicated by the strong correlation among the components of each of the groups.

Our interpretation of the results of the causal relationships and direction is that the marketability of Kuwait's SMEs are determined, negatively, by cultural support as well as government quality of service, and positively, by entrepreneurs' qualifications and risk tolerance. Kuwaiti entrepreneurs perceive their own qualifications and risk tolerance are determinant of high marketability. Nevertheless, the perception, among Kuwaiti entrepreneurs is that the corruption in the government services has led to lower product innovation, lower growth and lower marketability

of products and services, hence, lower exports. With no exports from SMEs, there will be no contribution to national income and GDP.

Although the results do not provide an answer to the research question, they, however, open a crucial window for further examination to pinpoint the reasons behind Kuwait's SME's failure to contribute to national employment and GDP. Therefore, we intended to dig deep into the nature of the cultural support barrier. This is an issue that is outside the scope of the GEI proposition. We, therefore, conducted a series of interview surveys among entrepreneurs, relevant regulators, legislators, and economists. The conclusion of these interviews are divided in four sections, national employment, government SMEs' stimulus program, regulations, and corruption.

Interviewees' collective opinion on the problem of national employment

Ideally, successful SME would contribute, at least, 90% to a country's exports. This means they have to be in the manufacturing whole sales business. Most of the successful SMEs in Kuwait, however, are in the services and small retail businesses. With the lack of proper employment regulations, lack of focus on manufacturing, and lack of taxation system, SME's contribution to national employment and GDP is very marginal.

The employment model adopted by the country takes two venues. The first venue is the assurance of a public job for every Kuwaiti. A queuing system is implemented by the government which is driven, only, by educational qualification supported by approved certificates. The higher the level of certificate you submit, the better the job you can get. The market of international fake educational certificates flourished with the high demand from Kuwait and other countries nationals. Therefore, some important jobs were assigned to unqualified people. For the past decade, Kuwait investigators have been extensively busy with falsified certificates and relevant frauds. People accused for such scandals range from members of the royal family to ordinary citizens. As such, public institutions are saturated with unproductive Kuwaiti as well as expatriate employees. Payment of salaries are guaranteed with risk free life-tenure-ship for the Kuwaitis.

The second venue is the subsidized private sector employment. With this employment option, if a Kuwaiti is hired by a private institution he/she is eligible for a government financial support covering a significant portion of his/her wage. In most cases this portion could be up to 67% of the total wage. However, this option is often misused and manipulated. To benefit from the government financial support, it is not uncommon to have a fake employment contract in the private sector and get enlisted on government payroll, indicating poor government control. Depending on educational qualification, the subsidy could be up to, the equivalent of, $3,000. This amount is more than enough to have a decent life in Kuwait. In addition to this crippled incentive system, Kuwaitis preferring less job restrictions and better wages are attracted more to public jobs. Obviously, this is not an employment model that would inspire the creation of real jobs for Kuwaiti nationals.

The solution to the employment problem is to change the whole model of employing Kuwaiti nationals. The first and foremost action the government should take is to stop being a provider of needless jobs. The problem with this solution is that it contradicts with the country's constitution which guarantees a job for every citizen. Amendment of the constitution requires a very lengthy process to achieve a unanimous agreement among the parliament and the Amir (ruler of the country).

Interviewees' collective opinion on the problem of SMEs' stimulus program

In 1997, and based on the notion of partnership with Kuwaiti entrepreneurs, the government of Kuwait, established a stimulus program led by the Kuwait Investment Authority (KIA). The mission of the program is to diversify the national income through encouraging SME businesses preferably in industrial and manufacturing sectors. According to this program, the government contributes up to around $1.5 million of any acceptable single project equity. Depending on the healthiness of the project's cashflows, the government agrees to a differed share sellout to the entrepreneur. In addition, the government has provided alternative venues of finance to entrepreneurs through the industrial bank of Kuwait. In 2013, the National Fund for the Promotion and Development of SMEs was established with a capital of around $6.5 billion. As reported by Aljarida, 2020, since then, only 11% of its capital was used to finance SME projects. The up-to-date report highlighted the failure of the SMEs' fund to achieve its goals to promote SMEs as a provider of jobs and a contributor to the country's national income. There are reasons for the failure of stimulus efforts. (1) Entrepreneurs with serious industrial and manufacturing ideas are disheartened by barriers to get an industrial piece of land for their projects. That is because the government is struggling to establish law an order regarding the use of public lands. Historically, most granted industrial lands provided for

entrepreneurs to be used for manufacturing projects were later converted to industrial properties leased to third parties running retail or service businesses. So the original entrepreneur became the de facto owner of the property collecting substantial income in the form of monthly rents. Ironically, the practice was and still is legitimized by the law system of the country. (2) Consequently, the government adopts a lengthy process before granting an industrial land. Most serious entrepreneurs get frustrated and then abandon their big industrial ideas. (3) Kuwait, as a country is too small to incubate manufacturing projects. For big ideas to succeed, exports is the solution. Unfortunately, the country lacks the infrastructure to be an export hub for manufactured products. Alternatively, Kuwait enjoys a natural infrastructure to export natural dispensable products like oil and gas and energy products from sustainable resources like the sun and wind. Enormous investments were made to produce more oil and gas but very little investments were directed to clean energy especially solar and wind turbine solutions.

Interviewees' collective opinion on the problem of regulations

Hypothetically speaking, successful SMEs enjoy a supportive regulatory setup to achieve their intended objectives for the country. That is to provide jobs and contribution to the national income. In a nutshell, the regulatory setup in Kuwait has failed to provide such support. In fact it limits SMEs growth and development. In terms of employment, the regulations are contradictive. If you want to encourage employment in the private sector how would you deal with a country's constitution that guarantees a public job for every Kuwaiti national. In addition, whatever you do to urge people (through stimulus programs) to work in the private sector will not work if you, literally, pay more for public jobs. To deal with this problem, the government invented the private sector subsidy regulatory program. Accordingly, the government pays a significant portion of the monthly salary for every Kuwaiti hired by a private business. So they end up guaranteeing and funding both public and private jobs. This program was and still subject to misconducts and manipulation. Eventually, a considerable number of lazy Kuwaitis would register as employees in private companies just to benefit from the generous payment of the government while sitting at home or enjoying traveling overseas. In addition, the government are doing very little to solve/manage the demographical problem of the country where expatriates form 85% of the grand total of the labor force. The proportion is even hire considering only the private sector. Therefore, regulatory system in Kuwait is not viable to sustain a healthy MSE environment.

Interviewees' collective opinion on the problem of corruption

The latest report from the Transparency International (2019) on public corruption, Kuwait scored 40 points from the scale of 0 (highly corrupt) to 100 (very clean), indicating a global recognition of the problem. For the past two decades, bribery of public officials, money laundering, and embezzlement of public money by public officials and members of the royal family are unmistakable. Many accused persons were convicted and many others are still under investigation or waiting for court trials. Examples of crimes during the year 2020 only include the famous Malaysia's 1MDB scandal involving money laundering of billions of US dollars. The sons of the former prime minister were the prime suspects. This prime minister and his minister of defense were accused by the former deputy prime minister (son of the ruler) of stealing public money in the case known as the "military fund". Highly ranked police officials were convicted for fraud and embezzlement of hundreds of millions US dollars of public money. The case is well known among Kuwaitis as the "hospitality of the interior". Famous fashionistas in the social media business were also accused of money laundering. A famous royal family member and a highly ranked official in the ministry of interior is still under investigation for accepting bribes. Lately, seven judges were accused of involvement in money laundering and accepting bribes (Albayan, 2020). These are the latest major examples. The lesser scale example of bribery, embezzlements, frauds, … etc. among public officials are almost endless.

Interviewees' collective solution proposition

Kuwait's SMEs may be successful in achieving values for their owners but will never be a genuine incubator of national jobs or a significant supplier to national income and GDP, unless a drastic change is made to the governmental model. Radical and may be unpopular actions must be made to deal with these problems. Some of these actions may be difficult to achieve. For example, it is quiet challenging to amend the constitution of the country to remove government assurance of public jobs. Since its establishment, six decades ago, the constitution has never been amended. The process requires the agreement of the parliament, the government, and the ruler of the country, which never happened. The other reforms are less demanding. Nevertheless, the following reforms must be made:

1. Amend the constitution of the country to tell the people that there is no guarantee for public jobs and they need to earn their livings.
2. Fight corruption among legislators, government officials, and the judicial system and ultimately achieve fairness and justice.
3. Apply accountability. Every person must be held accountable for his/her actions. The country is draining resources because of the lack of accountability. Actions were taken or not taken by government executives leading to the loss of billions of US dollars. One example is the cancellation of "K-Dow Petrochemicals" in 2009. Four years later, the American Dow Petrochemicals received $2.19 billion in cash from PIC of Kuwait as a contract cancelation penalty. No-one was held accountable for this loss.
4. Stimulus programs should be directed mainly to manufacturing SME projects. Kuwait is a relatively small country of 1.4 million Kuwaitis and 2.8 million non-Kuwaitis. In some countries, this is, literally, a fraction of a typical population of an industrial city. Therefore, SMEs must target exportation of their products. Clean energy projects should be given priority for three good reasons. First, there is a momentum that is building up to replace fossil fueling with zero-emission sources. The huge progress of energy production and storage made clean energy more feasible. Developed countries have taken actions to stop producing cars and other transportation means fueled by gas. Kuwait as a major producer and exporter of oil, must act accordingly and diversify the sources of national income away from crude oil. Second, given its location, the country is highly qualified to be a main producer of solar, wind, and solid state energy. Third, the country enjoys a solid liquidity in the form of its sovereign wealth fund, the fourth largest in the world, which can be directed to support such projects. Unfortunately, unless swift corrective actions are taken, the current level of corruption may lead to a quick erosion of suck wealth.
5. Cut the extravagant government financial backing and support to the private sector in its current form. Make the people earn their livings. This is, definitely, an unpopular action, but a very important one. The country must seek natural equilibrium.

Conclusion

The objective of this paper was to answer the question of why SMEs in Kuwait have failed to provide jobs for Kuwaitis and contribute to the national income. To answer this question, we adopted the GEI 14-pillars, a global measure of entrepreneurship healthiness. To establish a research conceptual framework, we applied exploratory factoring and we ended up with three constructs relevant to support, attitudes, and marketability entrepreneurship projects. We then applied a structural equation modelling technique resulting a significant negative effect of cultural support on the SMEs marketability. This results provided only a lead to the proper answer of the research question. It tells us that Kuwaiti entrepreneurs believe that they are unable to succeed in competition, innovation, growth, and eventually marketing/exporting their products and services because of the improper government policy and corruption. To further investigate this significant result, we sought more detailed perceptions through interviewing relevant experts in local policy affairs. The collective opinion of the interviewees provided logical interpretations of the result in addition to offering sensible diagnostics and solutions to the problem that can be summarized as

1. The country should fight corruption at all levels of the judicial system, the parliamentary system, and government authorities. Before attempting any reforms, corruption must be stopped. This is a process that nay take a long time. But with more determination from the leadership of the country, the job can be done.
2. Kuwait has adopted a spoiling model of employment that is constitutionally immune. The constitution of the country guarantees a job for every Kuwaiti national. Over time, with the increase of the population, public jobs became over-staffed and employees became less productive. To motivate people to work in the private sector, the government funded part of the wages ending up paying more and still guaranteeing jobs. This model cannot stand. The proper solution is stop ensuring jobs and let people earn their living.
3. Employment public policy in its current form cannot succeed in motivating entrepreneurs to hire Kuwaiti nationals who are more attracted to the spoiling public jobs.
4. The SME's stimulus program cannot succeed in its current form in motivating manufacturing innovation. The country should generously motivate innovations in the clean energy production and services. The resources of this industry is readily available in Kuwait due to its geographical location. This is an overdue strategic option for national income diversification.
5. To complement the correction in the stimulus program, and with more productive manufacturing projects, the country should reap cash flow from the private sector in the form of taxes.

The outcome of this paper provides an important contribution to the literature on Kuwait SMEs. As such, this is the only paper that highlights the awkward economic model adopted by the country related to SMEs environment. A model that will never succeed in solving the national employment problem or improve the national income of the country's GDP, unless drastic actions are taken. The results of the paper also have vital implications on how the country should act, at the highest level, to remedy this peculiar position.

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