

Moderating Role of Business Support among Internal Challenges and Firm Performance of SMEs in Saudi Arabia

Maryam Yousef N Alfaqiri

School of Business and economics, Universiti Putra Malaysia

Email: Mmii199397@gmail.com

Dr. Zariyawati Mohd Ashhari

Department of Accounting & Finance, Faculty of Economics & Management Universiti Putra
Malaysia

Email: zariyawati@upm.edu.my

Dr. Saira Kharuddin

Department of Accounting & Finance, Faculty of Economics & Management Universiti Putra
Malaysia

Email: saira@upm.edu.my

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v14-i8/22280>

DOI:10.6007/IJARBSS/v14-i8/22280

Published Date: 23 August 2024

Abstract

The COVID-19 pandemic has had significant global social, political and economic repercussions, with small and medium enterprises (SMEs) being particularly affected. SMEs in Saudi Arabia are trying to demolish barriers in traditional sectors with proven resilience. SMEs are a cornerstone for Arab economies. According to the General Authority, also known as Monsha'at, SMEs represent 90% of all businesses in the Kingdom but are still excluded from major industries. Even after COVID-19 pandemic, a drastic change has been noticed in the number of SMEs in Saudi Arabia, reaching 892,063 in June 2022. This study examines the impact of the COVID-19 pandemic on the financial performance of SMEs in Saudi. Knowingly, that SMEs contribute to the growth of Saudi Arabia, it is good to know how the internal challenges of SMEs can affect financial performance. Furthermore, this study explain the important of business support in SMEs operations. Arabia and its consequences on the local market and workforce. Human capital is a competitive edge for organisations investing in it and is a crucial stage for SMEs to invest an ample amount in skill development instead of allocating a major part of their financing to technological adoption. This study employed a quantitative approach by distributing adapted questionnaires to SMEs across various sectors. A total of 390 questionnaires were collected from SMEs owners and managers representing

all states in Saudi Arabia via Google Forms, where all questions are mandatory to answer. The resource-based view theory was used to support proposed relationships and hypotheses. This study employed SPSS and AMOS for analysing data. Exploratory factor analysis was used, eliminating four questions as they did not fulfil the requirement for acceptance. Structural Equation Modelling was used to present the data in graphical form and show the values of estimates. Internal factors dimension values were taken as cumulative. The findings of this study show that the first two alternative hypotheses were accepted and that the moderation of business support among internal challenges and financial performance is also proved. For example, a lack of experienced workers or leakage of resources can affect SMEs' performance. SMEs in Saudi Arabia faced difficulties in recovering from the damage caused by COVID-19. Finally, the findings of this study reveal that SMEs require additional business support, both financial and non-financial, to overcome challenges and enhance their performance.

Keywords: Internal Challenges, Business Support, Firm Performance.

Background of the Study

The COVID-19 pandemic is a global health crisis caused by the spread of the SARS-CoV-2 virus. It was first identified in Wuhan, China, in December 2019 and quickly spread throughout the world (Thukral, 2021). Due to its severity, the World Health Organisation (WHO) identified the COVID-19 outbreak as a public health emergency of international concern in March 2020 (World Health Organisation, 2021). Many never anticipated that this global pandemic would still be ravaging the world after more than one and a half years. However, it has caused the world's greatest disaster, affecting social, economic and cultural values, especially the high rate of death victims. The cumulative number of confirmed cases worldwide had reached 678.4 million by the end of 2022, while the cumulative death toll had reached 6.8 million (World Health Organisation, 2023).

The COVID-19 pandemic hit every sector across the globe, with the negative impact on the global economy being geometrically increasing. The impacts of COVID-19 on Small and Medium Enterprises (SMEs) are of particular concern as they constitute 90% of businesses worldwide (Sonobe et al., 2021).

The impact is being felt not only by individual firms but also within national economies around the globe. According to Kasradze, COVID-19 caused significant global trade and travel disruptions, particularly across borders (Kasradze et al., 2021). The closure or slowdown of trade by major exporters such as China, the European Union and the United States severely impacted the supply chain. These disruptions have posed major challenges to SMEs, affecting their ability to operate and function effectively in the global economy. A research report on the countermeasures and suggestions on the impacts of the COVID-19 pandemic on SMEs issued by the China Association for Small and Medium Enterprises pointed out that a significant number of SMEs in China are experiencing financial difficulties due to the pandemic. Nearly 67.69% of SMEs have reported a decrease in business income, while 21.61% are facing challenges in repaying loans and debts on time, leading to increased pressure on their operating funds. Additionally, 86.22% of SMEs in China have reported being unable to sustain their operations due to insufficient funds (Ma, Liu, and Gao, 2021).

A survey conducted by the National Federation of Independent Business (NFIB) on 700 companies with less than 360 employees revealed that more than 75% of SMEs in the United

have been severely affected by the COVID-19 pandemic (OECD, 2020). Rapid lockdowns and travel restrictions in the United States brought the economy to stand still, with people applying for unemployment benefits soaring to nearly 22 million for the first time since the great depression. In addition, the market shrinkage and economic damage caused by the pandemic in Britain, France Japan and other countries are also extremely serious (Hurley et al., 2021). Statistics have shown that in the first quarter of 2020, the Gross Domestic Product (GDP) of France fell by 5.3% compared to the previous quarter. Japan's first-quarter GDP declined by 3.4% over the previous year, while Brazil's first-quarter GDP fell by 0.3% year-on-year. Meanwhile, the UK's first-quarter GDP also decreased by 1.6% compared to the same period last year, amounting to \$703.3 billion (Ma, Liu and Gao, 2021). A survey conducted by McKinsey in August 2020 of SMEs in the UK revealed that nearly 80% of the surveyed companies had declined in their operating income during the pandemic (Dimson and Sharma, 2021). In short, millions of Small and Medium Enterprises around the world face an existential threat.

Overview of the Small and Medium Enterprises (SMEs) Sector in Saudi Arabia

Across the globe, Small and medium-sized enterprises are recognised as powerful drivers of economic activity. According to Aboradi, they represent 90% of businesses and more than 50% of employment worldwide (Aboradi et al., 2018). In the United Arab Emirates (UAE) and the Kingdom of Saudi Arabia, SMEs are considered businesses that employ less than 250 people and have less than 200 million Riyadh in annual revenue (Alharbi, 2022). However, the most adopted definition of SME in Saudi Arabia is shown in the table below:

Table 1-1

Definition of SMEs adopted in Saudi Arabia

Enterprise Category	Number of employees	Annual revenue
Micro	1-2	Less than USD 27,000
Small	3-49	USD 27,00-1.3 million
Medium	50-200	USD 1.3 – 13.3 million

(Source: Developed for this Study)

According to the Saudi Arabian General Investment Authority, SMEs account for approximately 99% of all businesses in the country and employ over 70% of the private sector workforce. Around 70% of SMEs in the Kingdom of Saudi Arabia are in the trade and construction sectors, followed by around 10% in manufacturing (Martin Jaouni, 2022). Statistics showed that the SME sector contributes to around 30% of the Gross Domestic Product (GDP) in the Kingdom of Saudi Arabia.

The Saudi Arabia SME sector, which has been put in line with goals outlined in Vision 2030, continues to diversify Saudi Arabia's economy, which has been dependent on oil for several decades. Furthermore, the number of SMEs under Vision 2030 grew from 447,000 in 2015 to 614,000 in 2020 (Narayanan, 2023).

Even during the COVID-19 pandemic, when SME operations all over the world were disrupted, the Saudi Arabian government offered support that has been instrumental in helping SMEs get back on their feet. These support measures are part of an effort to increase the contribution of the SME sector to the GDP. Saudi Arabia has a goal to raise the contributions

to 35% of GDP by 2030 (Nova, 2022). In addition, Saudi Arabia has implemented regulatory reforms to make it easier for SMEs to conduct their business. The latest survey on Saudi Arabian SMEs established that the government has reduced the time and cost of starting a business and simplified the process of obtaining permits and licenses.

The Impacts of COVID-19 on SMEs in Saudi Arabia

The pandemic has had a relatively large negative impact on the market, which, on the other hand, affected the performance of SMEs in Saudi Arabia. The pandemic severely influenced the market supply, market demand and commodity prices. The decrease in supply caused by COVID-19 in Saudi Arabia was mainly due to the uncertain supply of products, transportation channels and slow logistic speed. Due to difficulties in the supply chain and low demand in the market caused by the pandemic in Saudi Arabia, SMEs performed poorly (Marmore Team, 2021).

The COVID-19 pandemic outbreak caused many SMEs in The Kingdom of Saudi Arabia (KSA) to close, leading to unprecedented disruption of commerce in most industry sectors. Saudi Arabia (SA) has suffered two shocks from the spread of COVID-19. Government policy has responded to these two developments. The main measures taken by The Kingdom of Saudi Arabia government are as follows:

- i. On March 20, 2020, it announced a private sector support plan of 70 billion riyals (18.7 billion US dollars, or 2.7% of GDP): postponing the payment of government taxes, fees and other fees to provide liquidity to the private sector besides increasing available funds through the National Development Fund.
- ii. The Kingdom of Saudi Arabia Monetary Authority lowered its policy interest rate twice in March 2020, reducing repo interest rates by 1.25 points and 0.5% to 1%, respectively.

Problem Statement

The COVID-19 pandemic significantly impacted social activities as well as political and economic consequences worldwide. Its spread led to a massive shutdown of businesses. The pandemic also caused huge disruptions among SMEs in Saudi Arabia, mass layoffs, financial crises, low sales, employee health concerns and loss of consumer confidence (Monshaat, 2020). The businesses affected more by the COVID-19 pandemic are explicitly small and medium enterprises (SMEs). This effect forced SMEs to change their business models and adapt to this changing environment, where the service industry of SMEs has taken the most hit.

Many SMEs were unprepared for remote work, which resulted in decreased productivity. Hence, it affected them as they faced internal challenges in business operations. The temporarily closed operation affected the sales of the business. SMEs also tried online sales or marketing, but it was difficult to transition to online sales as limited support is available from online vendors (Mohammad, 2020).

SME businesses across Saudi Arabia were shut down due to insufficient working capital and a lack of sales. Mass layoffs, financial crises, lower supply and demand, employee health issues

and a decline in customer confidence were among the significant disruptions brought on by the pandemic in Saudi Arabia's SMEs.

To reduce the difficulty of SMEs impacted by COVID-19, several actions were taken by the government of the Kingdom of Saudi Arabia. The loan guarantee program provides low interest to fund development projects in the health, tourism, real estate and education sectors with a more significant economic impact to ensure their sustainability (Project Support Fund, 2020). Furthermore, the Saudi Arabian government announced a private-sector financing support program worth approximately 50 billion riyals (13.3 million US dollars). It is a private sector stimulus plan for SMEs to provide funds for financing and strengthen business operations to ensure that SMEs can sustain and continuously contribute to Saudi's economy. Hence, it is crucial to identify the impact of COVID-19 on SMEs' performance in considering the business support from the government of Saudi Arabia.

Research Objective

This research aims to understand the impact of COVID-19 among SMEs in Saudi Arabia. Hence, the specific objectives are as below:

- i. To examine the relationship between SMEs' internal challenges and financial performance.
- ii. To examine the moderating effect of business support relationship among SMEs' challenges (internal) and financial performance.

Research Question

The research questions were developed from research objectives to examine their interrelation among the variables of the research study as follows: -

- 1) Is there any the relationship between internal challenges and SMEs' financial performance?
- 2) How does business support affect the relationship between SMEs' internal challenges and financial performance?

Significance of Study

The COVID-19 pandemic has caused unprecedented impacts economy on worldwide, and SMEs in Saudi Arabia are no exception. The findings of this thesis may be valuable to the following interest groups.

1. The study findings will contribute to the SME literature by explaining the impacts of the COVID-19 Pandemic, specifically enriching the empirical evidence from the Kingdom of Saudi Arabia. It will help fill the gap in the current knowledge and provide a better understanding of the challenges and opportunities faced by SMEs during the pandemic.
2. The study findings will help SMEs in Saudi Arabia understand the challenges and opportunities presented by the pandemic by helping them identify strategies that can be used to survive and thrive in the current environment. The study will provide valuable information that SMEs can use to make informed business decisions.
3. The Saudi Arabian government can learn innovative approaches to resolving the issues faced by SMEs in financial performance and contribute to the government's objective of SMEs contributing 20% to 30% of GDP.
4. The study findings will provide insights to be used in policy decisions and actions aimed at supporting SMEs in Saudi Arabia during and after the pandemic. Policymakers can

use the findings to design appropriate interventions to mitigate the negative impacts of the pandemic on SMEs.

Literature

SME's Performance

Measuring SME's performance is critical for assessing a business's growth and sustainability potential and identifying its strengths and weaknesses (Radovic-Markovic et al., 2019). Depending on the goals and problems of the research, each researcher's preferred performance measurement model varies (Radulovic et al., 2018). "The ability to meet the needs of the company's major shareholders," Smith and Reece (Pinto et al., 2018) defined corporate performance. In general, SME performance is a measure of a business's ability to realise the interests of its shareholders/investors. Another definition of organisational performance given by Taticchi is "performance measurement evaluates an organisation's management quality and the value it brings to customers and other stakeholders" (Taticchi et al., 2018).

According to other research, the balanced scorecard method can be used to assess corporate performance based on the strategic planning and management system's evaluation of all business activities and performance (Kaplan et al., 2019; Fong et al., 2019). The balanced scorecard's advantages are concentrated in four key areas: learning and growth, internal business processes, customers and finance.

Financial evaluations based on records, financial statements and financial ratio analysis are used by other researchers to assess the company's performance. Most business owners/managers' goals are usually linked to these indicators (Smith et al., 2019; Li et al., 2020). The return on equity (ROE) is among the most critical indicators of a company's financial performance, according to Johnson (Johnson et al., 2020). Return on assets, as they believe, is just as significant as the return on equity as it measures a company's ability to profit from its assets (O'Byrne et al., 2018).

Internal Challenges Affecting SMEs Performance

Business fund

Business funds refer to pools of mainly private cash or financial resources aimed at supporting and investing in various business activities. These price ranges can come from different assets, together with venture capital firms, angel buyers, private equity financing, government grants ,or crowd-funding systems.

Operating budgets are frequently created to offer funding to startups, SMEs or big businesses wishing to grow. These financings' primary goals are to promote growth, inventiveness and profitability in their investing business. A variety of tasks, such as product upgrades, advertising and marketing campaigns, hiring more people, conducting research and making improvements, making acquisitions and expanding infrastructure, can all be funded (Lin et al., 2019).

According to a study on the obstacles faced by SMEs in obtaining financing, a lack of adequate cash flows makes it difficult to cover ongoing operating costs and manage working capital while also limiting access to financing, which prevents business growth, innovation and competitiveness. Due to a lack of financial resources, SMEs are unable to reach their full

potential, which lowers production and profitability (Islam et al., 2018). SMEs can improve profitability and fundamental economic health by streamlining cash flows, managing the inventory stage and handling receivables well. The report also emphasised how proactive working capital management techniques can reduce the negative effects of economic limitations on SMEs' profit and make them more likely to be profitable if they adopt co-integration improvement methods, such as negotiating appropriate credit score terms with operators and putting effective cash series techniques into practice (Jahera Jr et al., 2015). SMEs can boost their overall financial performance, profitability and competitiveness by implementing effective working capital control strategies (Janata et al., 2020).

Human Resources and Management Skills

Poor management experience and employee skills are the most common causes of business failure. Several studies have found that some SMEs that have left the market are poorly managed, and their employees lack skills (Johnson et al., 2022). However, most Saudi SMEs' mismanagement stems from their failure to invest in their human resource capabilities. This is due to a lack of understanding of the importance of employee training and development (Al-Ghamdi et al., 2022). To determine and evaluate management factors such as human resources, financial management, general management, production and marketing, Fouad (2013), gathered information from 50 SME owners/managers via a questionnaire. Most Egyptian SME owners/managers, according to the study, lack management skills and qualified human resources.

Innovation, Technology and Marketing

Marketing, including distribution, promotion and sales, is one of the Saudi SMEs' most significant challenges (Khan et al., 2021). Saudi SMEs face competition from low-cost local and international products, which puts them at a disadvantage due to the traditional high production and marketing costs. Compared to large corporations, Saudi SMEs are less aware of the importance of marketing and sales in generating revenue. Thus, they must concentrate on marketing tools and technologies such as packaging, advertising and after-sales service to increase sales (Khan et al., 2022; Al-Karaghoul et al., 2020).

Researchers have identified two key conditions that must be met for overall export performance to reach 80% to assess the impact of innovation on overall export performance: innovation subsidy subsidies must be at least 3.4%, while overall output performance must be at least 16.2%. Other studies have found an indirect relationship between innovation and overall export performance. The government must promote innovation subsidies for SMEs since subsidies have an impact on innovation (Luis Camilo Ortigueira-Sanchez et al., 2022).

The term "generational change" for SMEs refers to the use of various tools, structures and digital solutions to boost organisational methods, achieve strategic objectives and improve operational effectiveness. It covers the introduction and application of technology, including artificial intelligence (AI), enterprise resource planning (ERP) systems, and cloud computing and electronic transaction systems. The precise consequences of technology for SMEs differ across industries and situations. Nevertheless, it is thought to assist SMEs in overcoming resource limitations, boosting productivity, and opening up new markets, luring customers and stimulating innovation (Muteti et al., 2018).

Based entirely on a survey of 96 SMEs in six international locations in developing countries, a study looking at the impact of digital technology on the resilience of SMEs during specific stages of a pandemic, with a focus on businesses in developing countries, found that the digital age has helped SMEs survive the pandemic, making them stronger and able to survive (Afef Khalil et al., 2022).

Business Support

Companies of all sizes, including startups and established businesses, require funding at some point during their life cycle (Abdullah et al., 2021). Some investors rely on their savings or the savings of family and friends during the critical stages of setting up or starting a business, while others require external financing from a third party (Cumming et al., 2019). Saving business owners and sometimes even friends and family is one of the most common and popular financing methods for new businesses and start-ups? This type of financing has a zero-risk and low-risk profile; four main reasons for using this funding method are : (1) for the project's start up and early stages; (2) for expansion or renovation, such as the purchase of equipment, machinery or financing of new working capital; (3) financing new products or innovations through venture capital companies; and (4) restructuring the business's existing financial structure (Hsu et al., 2019).

Angel investors hope to provide funds to existing or new companies with growth potential through debt or convertible loans or project equity to contribute to and participate in the business expansion (Ghosh et al., 2020). This is because angel investment bridges the gap left after other funding sources (such as individual investors, family and friends, as well as venture capitalists) have been exhausted (Sohl et al., 2019). According to A. S. Nowak, existing projects funded by angel investors are more likely to fail than projects funded internally (A. S. Nowak et al., 2019). Angel investors typically provide funding in the range of \$50,000 to \$10 million, far exceeding venture capitalists' valuations (Aacs et al., 2003; Wetzel, 1994b). In 2011, the number of startups in the United States that received angel investment was approximately 66,230, with a total investment amount of around \$22.5 billion. During the same year, the number of active angel investors in the United States reached approximately 318,480, representing a 20% increase from the previous year (2010) (Sohl, 2012). According to another study, informal investors invest around 650 million pounds in the European Union each year, providing services to roughly 1.3 million businesses and growing (Commission, 2000; Dabo, 2006). The Arab Business Angel Network connects investors with small businesses in the Arab world that require between \$100,000 and \$500,000 in funding (Writer, 2008). Nearly 290,000 angel investors are preparing to direct their investments to potential growth projects in information and communication technology in Saudi Arabia, according to the Badir program of the technology incubator (Badir, 2013). According to several studies, entrepreneurs who use this type of financing spend time looking for the right angel investors with the right experience and interests, as the wrong angel investors can harm the business. Angel investors typically own a portion of properties as well as a portion of the profits (Fehder et al., 2019). According to McKinsey, the financing gap for SMEs in the Middle East and North Africa is estimated to be around US\$2.26 billion, with Egypt accounting for US\$1.05 billion, Jordan \$547 million, Morocco \$497 million, Tunisia \$247 million and Lebanon \$26 million. According to McKinsey, demand for SME loans in the Middle East and North Africa will rise by 125-150% in the next five years (Stein et al., 2010; World Bank, 2012). However, SME financing in Saudi Arabia is among the lowest in the world (Al-Yahya et al., 2014), where only 2% of total Saudi

bank loans are given to SMEs. Al-Yahya added that the lack of guarantees and adequate financial infrastructure for SMEs is the main reason for the low percentage (Al-Yahya et al., 2014).

SMEs are affected by a lack of funding at two stages of their operations: startup and expansion (Klonowski, 2012). Only 20% of MENA SMEs have access to bank credit, according to Rocha, and only 8% of MENA bank loans go to SMEs. Furthermore, only 2% of the Gulf Cooperation Council (GCC) countries approved the total bank loans applied for by SMEs in the MENA region (Rocha et al., 2011). In comparison, 13% of non-Gulf Cooperation Council (CCG) countries have been approved. Equity, mixed capital, venture capital, angel funds and debt are all options for financing SMEs.

Resource-Based Theory

A strategic management theory called Resource-Based Theory (RBT) and it's the grounded theory within this research which focuses on how a company's internal resources and skills help it gain a competitive edge and provide superior performance. According to the notion, a company's assets, both tangible and intangible, can provide a source of long-term competitive advantage if they are valuable, rare, unique, and irreplaceable (VRIN). According to resource-based theory, the major factors influencing a company's performance and competitive advantage are its resources and capabilities, which include both tangible and intangible assets besides stakeholder relationships, physical assets, financial resources, human capital, expertise and technology. Resource heterogeneity, resource constancy, resource endurance, resource complementarity and dynamic capacities are important ideas in resource-based theory (Peteraf et al., 2019).

SMEs that invest in talent acquisition, staff training and development and performance management typically beat those with poorer human resource capabilities. The performance of SMEs is also positively impacted by technological resources, such as access to cutting-edge technology and information systems. SMEs that employ technology to enhance operations, boost efficiency and offer cutting-edge goods and services typically perform better (Waweru et al., 2019).

Conceptual framework

A conceptual is defined as an element of a scientific research process in which a specific concept is defined as a measurable occurrence or in measurable terms that gives a clear meaning of a concept. The study's conceptual framework aids in explaining the moderating effect of business assistance on the relationship between SMEs' challenges and financial performance. Internal challenges are problems or circumstances that an organisation has internally that could have an impact on how well it performs and how it operates. These difficulties can be overcome by internal strategies and activities since they are under the organisation's purview or influence. Limitations in financial resources, a lack of management skills, ineffective business procedures and limited access to technology are a few examples of internal obstacles faced by SMEs (Özer et al., 2021).

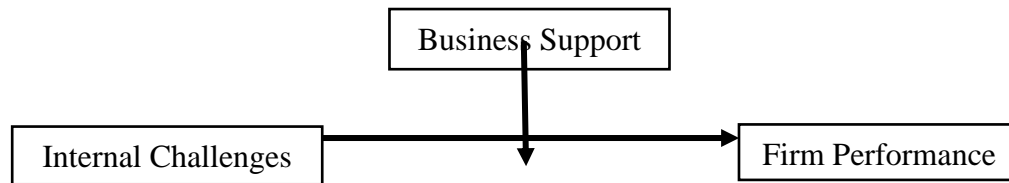


Figure 2-1 Research Conceptual Framework

Hypothesis Development

Relationship between Internal Challenges and Financial Performance of Smes

According to Özer, internal challenges happen during an SME's routine operation; they are constraints and barrier factors within the SMEs. The COVID-19 pandemic created unprecedented challenges for small and medium-sized enterprises (SMEs) around the world (Özer et al., 2021). A study conducted by Hu established that the pandemic disrupted the supply chain and reduced demand, leading to cash flow problems. SMEs struggled to pay bills, repay their loans and even stay in business due to a lack of proper cash flow (Hu et al., 2020). The sudden shift to remote work due to the COVID-19 pandemic disrupted SME operations. Many SMEs were unprepared for remote work, which resulted in decreased productivity. Employees were highly demotivated during the COVID-19 pandemic. A study conducted by DOSM in 2020 on internal challenges of SMEs during the COVID-19 pandemic established that it was challenging for SMEs to manage human resources remotely, causing reduced productivity and negatively affecting the financial performance of many SMEs around the globe.

During the COVID-19 period, challenges faced by SMEs include reduced innovation, movement of goods and services from one place to another and marketing strategy that harmed their operations and financial performance. The first objective of this study aimed to examine the relationship between internal challenges and financial performance of SMEs in Saudi Arabia. Thus, the following hypothesis was developed.

H1: There is a negative relationship between internal challenges and financial performance of SMEs in Saudi Arabia.

Business Support as Moderator among Internal Challenges and Financial Performance of SMEs.

SMEs play a very important role in the economy, making up the highest percentage of businesses in any country. Governments and other organisations offer various types of support to help SMEs overcome internal challenges that hinder their growth and financial performance. Financing channels are the backbone of the national economy's development of SMEs. A study conducted by the World Bank in 2020 established that increasing SMEs' access to capital is critical for the sector's long-term viability and growth and improving business performance. SME businesses worldwide face several challenges, including a lack of funding, weak financial foundations, lack of comfort, lack of collateral, and lack of commercial structure as the main reasons for these challenges. Many researchers have recently focused on formulating strategies to improve the economic efficiency and performance of the SME

sector in the national economy, highlighting the importance of financing for SMEs. For example, Grover and Venkatesh examined the financing channels of 10,000 SMEs in 80 countries; they discovered that the convenience of financing channels is a critical factor in SMEs success and long-term growth (Venkatesh et al., 2011; Grover et al., 2014). Furthermore, according to research, access to financing is a major stumbling block for 39% of small businesses. Similarly, according to a Federal Reserve Bank of New York survey, 49% of 670 small and medium-sized businesses had difficulty in obtaining financing.

H2: Business support moderates the relationship among internal SMEs' challenges and financial performance.

Research Methodology

A deductive research approach is used in the current study. Primary data is collected in this study via google form. As a result, the study's population comprised all SME owners and managers in Saudi Arabia and was divided into 13 regions; this number included the 13 regional capitals with a different status. Each of the 13 regions has a definite number of SMEs. The number of SMEs in Saudi Arabia reached 752,500 during the first quarter of 2022; thus, the sampling frame and targeted population of this study became 752,500 SMEs of Saudi Arabia.

In this current study, 500 questionnaires were distributed as it is considered as very good sample size. However, only 390 complete questionnaires received from owner or manager of the SMEs. Hence, the final sample size of this study is 390. The unit of analysis in the current study was owner or manager of the SMEs as they know better about the operation and management than normal employees.

Purposive sampling was used for selecting the respondents in this study. It is a non-probability sampling method in which the researcher selects the most appropriate participants for the study (Kumar et al., 2019). Purposive sampling is suitable since the sample should consist of SMEs in Riyadh that affected due to COVID 19 pandemic.

The location of this study was Riyadh, the capital city of the Kingdom of Saudi Arabia with a population of approximately 7.6 million people. Entrepreneurs from different parts of Saudi Arabia come to this city to start their businesses, making Riyadh the city with the most SMEs in the country. The reason behind choosing this location is that Riyadh is the capital of the Kingdom of Saudi Arabia, and most of the SMEs are operates in this location. According to a report released by the Small and Medium Enterprises General Authority, the total number of SME enterprises exceeded 1.2 million in the first quarter of 2023; this figure reflects a 4.8% surge compared to the final quarter of 2022 (Monsha'at, 2023).

Result Analysis and Discussion

Demographics of data represent the characteristics of the participants. Data were collected from the people currently managing the SMEs. There are 752,500 SMEs in Saudi Arabia. The response rate in this study was 78%.

The first demographic question asked showed that a majority of the respondent lie between the ages of 26-35 years old. If the frequency is to be explained in percentage, then it will be

49% of respondents between the age of 26-35 years old. Most of the respondents were full-time workers, 56% were full-time workers. Job designation data shows that 46% of respondents were managers. Frequency of how Covid has affected SMEs' business. 57% of respondents selected the option of temporary shutdown setups. While discussing the income level of the respondents, 25% of respondents' income lies between SAR 30,000-39,999. Employee turnover was not a positive signal for organisations, especially for SMEs. Data regarding employees laid off due to COVID-19 showed that 65% of respondents selected the option "None", which means maybe they shifted their office work to work from home. Regarding the question "To what extent can your business continue to operate," 35% of respondents showed that their business can continue to operate between 9-12 months. Regarding the question "How long do you need to recover your business?" approximately 46% of respondents chose the option of 6-12 months.

Reliability Analysis

The table below was extracted by using SPSS, showing the value of Cronbach alpha of each variable.

Variable Name	Number of items	Cronbach's alpha value
Internal Factors	10	0.929
Business support	8	0.915
Financial Performance	9	0.837

The internal factor skewness value was -1.065, and the kurtosis value was 1.606. Skewness value of business support was given, which was 0.805 for skewness and 0.237 for the kurtoses. In the last row, financial performance skewness and kurtosis were given with values of 0.870 and 0.820, respectively.

Business support has a negative and significant relation with internal forces ($r = -0.278^{**}$). Internal forces and financial performance have a negative and significant relation $r = -.383^{**}$. Business support and financial performance have a positive and significant relation $r = 0.420^{**}$.

	Internal factors	Bus. support	Financial performance
Internal factors	1		
Business support	-0.278 ^{**}	1	
Financial performance	-0.383 ^{**}	0.420 [*]	1

Confirmatory Factor Analysis

Internal Factors Confirmatory Factor Analysis

The image was extracted using AMOS, where Confirmatory Factor Analysis (CFA) was conducted following Exploratory Factor Analysis (EFA). Since the researcher developed the questionnaire herself, CFA was performed after EFA. The image displays the factor loadings of each item, with nearly every value exceeding 0.50. Consequently, no items needed to be

eliminated as all values met this criterion. Brown (2006), suggests eliminating items with values below 0.30, but this was not necessary in this case. The internal factors influencing the financial performance of SMEs demonstrate good fit indices: GFI = 0.955, AGFI = 0.928, and CMIN/DF = 2.608. These values fall within standard limits, indicating a satisfactory model fit.

Business Support CFA

There were a total of 8 items to predict the business support. The image shows that the factor loading was above 0.50. Hence, no item was eliminated. The outcome values of business support GFI=.977, AGFI=.959 and CMIN/DF was 1.842.

Financial Performance CFA

There were a total of 9 values where each arrow shows the factor loading of the concerned item. Financial performance AMOS outcome was GFI=.945, AGFI=.904 and CMIN/DF was 3.724. Sometimes, researchers need to modify the results by correlating error terms. However, in this case, no modification needs to be done as all the values fell within the benchmark limits.

Structural Equation Model

In this study, all hypothetical direct effects were computed to test whether or not the first assumption of mediation is fulfilled. According to Barron and Kenny (1986), the first assumption of mediation analysis is that there must be a significant direct relationship between all exogenous and endogenous variables to proceed to the analysis of mediation. Therefore, in the present study, a structural model with all the direct effects was analysed and found to be a statistically good fit, as shown in the figure.

Direct Effects

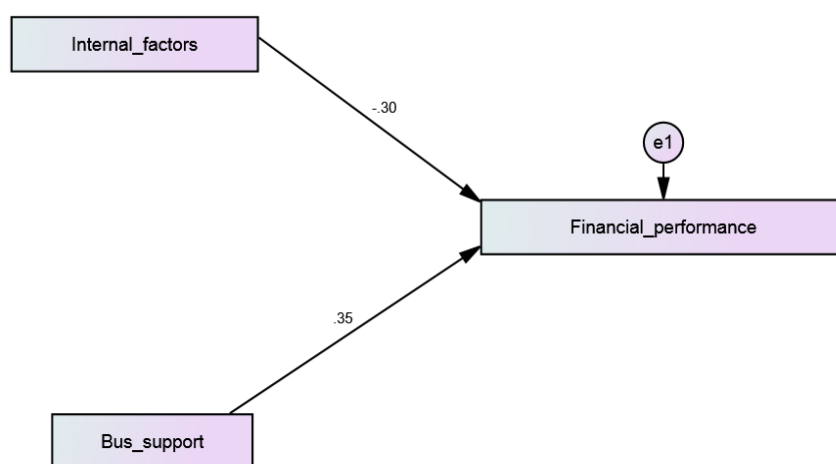


Figure: Direct analysis

The direct model shows a graphical presentation with values displayed on the arrows. Values on the arrows were standardised. Beta value predicted that ($\beta = -.30^{**}$), indicating the negative relation between internal factors with financial performance, respectively. On the other side, business support and financial performance in direct analysis showed the beta value ($\beta = .35^{**}$), which is a positive and significant relation.

Table

Direct Analysis

			Estimate	S.E.	C.R.	P
Financial performance	←	Internal factors	-0.297	0.038	-6.584	***
Financial performance	←	Bus support	0.349	0.035	7.750	***

Indirect Effects

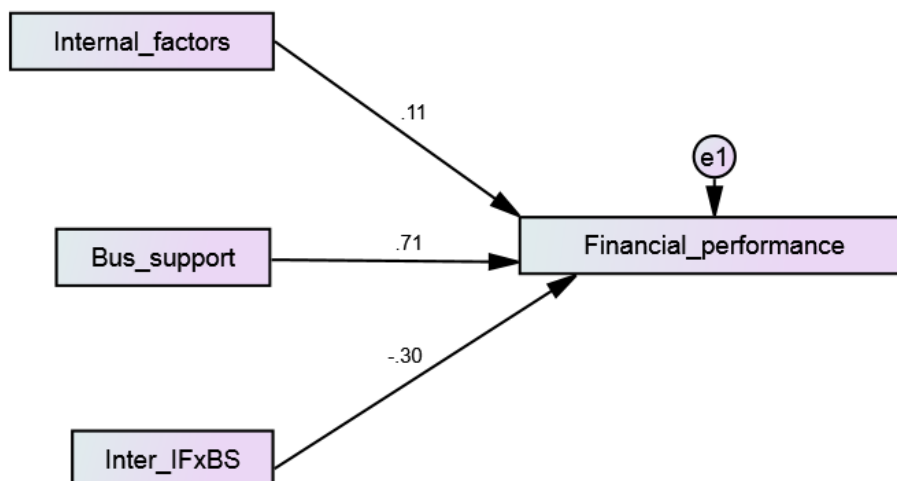


Figure: Indirect analysis

Table

Indirect Analysis

			Estimate	S.E.	C.R.	P
Financial performance	←	IFxBS	-.303	.004	-9.624	***
Financial performance	←	Internal factors	.113	.009	3.602	***
Financial performance	←	Business support	.714	.016	22.659	***

Business support played a moderation role between internal factors and the financial performance of the SMEs. However, SEM, as well as regression analysis via SPSS, demonstrated that business support moderate internal factors and financial performance of SMEs.

Conclusion and Recommendation

Discussion

SMEs are considerably more liable to employee dishonesty than large corporations and are also much less prepared to handle these losses. Profit and expansion are the primary goals of the business; the company is distinguished by creative, strategic practices and ongoing growth, and it could be argued that its owners have a different view on small business growth

(Kinyua, Gakure, Gekara, Orwa & Research, 2015; Odek & Okoth, 2019). This is true for SMEs, which continue to be key drivers of many economies worldwide (Shanmugam, Haat, Ali & Management, 2012).

H1: There is a Negative Relationship between Internal Challenges and Financial Performance of SMEs in Saudi Arabia.

The H1 states that there is a negative relationship between internal challenges and the financial performance of SMEs in Saudi Arabia. Analysis of this study accepted this hypothesis ($r = -.383^{**}$, $P < 0.05$) and predicted a negative relationship between internal challenges and the financial performance of SMEs. Internal factor challenges to firm performance included business funds, HR and management skills, as well as innovation, technology and marketing.

i. Business Funds and Firm Performance

The H1 hypothesis mentions a negative relationship between business funds and the financial performance of SMEs in Saudi Arabia. Analysis of this study accepted this hypothesis and investigated that business funds and firm performance were negatively related to each other. Most SMEs depend on internal funding sources. Theoretically, SMEs choose short-term borrowing over long-term borrowing for two distinct factors. First, operational expenses and demand for working capital may be covered by short-term loans. Secondly, losing ownership of the company, SME owners may obtain additional amounts of this kind of investment. Working capital financing is considered more stable and less risky compared to fixed-rate loans. However, SMEs are unable to pay this debt, which has an adverse effect on firm performance (Yazdanfar & Öhman, 2015). Therefore, SMEs should take loans up to the level that their performance will not be affected.

ii. HR and Management Skills and Firm Performance

The H1 hypothesis mentions a negative relationship between HR and management skills and the financial performance of SMEs in Saudi Arabia. Analysis of this study accepted this hypothesis and discovered that HR and management skills and firm performance were negatively related to each other.

The researcher claimed the same results and predicted that HRM is often criticised for being viewed as cost centres. The argument was made that it is not easy to take HRM initiatives and hard to assess the benefits of personnel management. Most of the time, intangible factors like customer satisfaction, employee complaints and employee satisfaction are used to measure the results of HRM. SMEs found it difficult to compete in a fast-evolving business that includes a tight labour market, shifting customer needs, and rising competition. Additionally, quickly evolving technology makes it simpler to share knowledge and create a working environment. In SMEs, it is difficult for HRM managers to manage small funding and enhance firm performance (Cho et al., 2006).

Another researcher investigated that internal hiring processes had unforeseen consequences on non-managerial staff turnover rates. It is possible that businesses failed to effectively offer adequate development and training for employees who were promoted or hired internally, which may be among the causes of the increasing turnover rate. Since they lack the necessary skills and expertise, employees who have been promoted without receiving the right development and training may become frustrated and stressed by taking on more

responsibility. People may quit their jobs due to their stress and discontent with the companies (Marrucci et al., 2023; Reio Jr & Sutton, 2006; Simsek & Veiga, 2001).

According to the RBV of business, human resources may provide a unique and superior reason for a competitive edge (Kaya, 2006). According to preliminary findings from a recent study, there may be connections between human resource input factors, such as employee abilities and inspiration, human resource practices, performance on the job and company performance, but always no positive connections; mostly negative relationships were observed (Katou & Management, 2008).

iii. Innovation, Technology, Marketing and Firm Performance

The H1 hypothesis depicts a negative relationship between Innovation, technology and marketing and the financial performance of SMEs in Saudi Arabia. Analysis of this study accepted this hypothesis as it was investigated that Innovation, technology, marketing and firm performance were negatively related to each other.

The world has struggled to create rules that would encourage R&D spending and boost the effectiveness of innovation. Developing the most efficient economy based on knowledge is the most important objective. This objective's failure may be attributed to a number of issues, particularly the inability to increase firms' R&D innovation and spending operations, which had an adverse impact on firm performance (Hashi & Stojčić, 2013). Other major factors outside innovation intensity are marketing, the latest technology, age and size, which have a negative effect on the company's sales growth and performance (Patmawati et al., 2023; Roud, 2007).

Previous studies also claim that excessive innovation costs reduce business productivity. Additionally, firms are motivated to innovate through a lack of expertise, but current innovations and market conditions have negative effects on firms' choices to innovate (Kamal, Lou, Kamaruddeen & Management, 2023; Prajogo, 2016). Although innovation output declines with business size, larger organisations are more inclined to participate in innovation initiatives and spend more on development (Neely & Hii, 1998; Stoevsky & Projections Directorate Working Paper, 2005).

SME companies appear to rely solely on their sources of knowledge during the output phase of innovation (Forsman & Temel, 2011). The question of the amount to spend on innovation is significantly hindered by the costly nature of innovation. Also, this may indicate that businesses are risk-averse and are using efficiency gains to their advantage in the manufacture of current items to lower the possibility of failure connected with the launch of new products. It could suggest a company's desire for sustainability, as the competitive advantage offered by its existing products reduces the urgency for innovation (Hameed, Nisar, & Wu, 2021; Hashi & Stojčić, 2013; Kamal et al., 2023).

Hence, managers of businesses need to put more focus on innovations as they are crucial tools for obtaining long-term competitive advantage. The level of innovation adoption determines how well innovations perform. When businesses encourage and put into practice a high level of creative activities, those businesses with the ability to enhance their creativity should anticipate a more notable improvement in their manufacturing and performance in

the marketplace. Additionally, it has been noted that marketplace indicators, including sales, are the most important indicator of achievement for SMEs.

H3: Business Support Moderates among the Internal SMEs' Challenges and Financial Performance.

The H3 hypothesis shows that business support moderates the relationship between SMEs' challenges and financial performance. The analysis of this study supported the hypothesis ($\beta = .104$, $t = 2.291$, $P < 0.05$), confirming the predicted significant role of business support. Challenges were found to no longer hinder firm performance but instead create a more competitive environment, ultimately improving firm performance in SMEs. Researchers also claimed that fear of market-cause underperformance may weaken businesses' actual performance in the marketplace.

Whether perceptions of rival markets harm a company's success as threats depends on two key factors. First, businesses accept conservative strategic methods, which eventually reduces their level of success as they must deal with adversarial marketplaces. Second, if enterprises can rely on active assistance from family and other stakeholders, this harmful process could not take place. The main lesson learned is that support, whether from families, government entities, or stakeholders facing pressure, can significantly enhance business performance and instil confidence (De Clercq, Kaciak, & Thongpapanl, 2022).

These findings are important for academics since they help them better understand how organisations' intangible assets evolve in critical situations. From the viewpoint of practitioners, business support helps organisations implement practices and enables enterprises to improve their assessment and reporting. With technological advancement and support, managers can use their skills to create circular processes, greatly improving waste management while maintaining all the core principles. Moreover, governments can support SMEs in successful innovation strategies to promote R&D partnerships between businesses and educational institutes to enhance performance (Marín-Vinuesa, Portillo-Tarragona, Scarpellini & Management, 2023).

Therefore, business support is essential for the growth of business and reduces many challenges faced by SMEs while increasing firm performance.

Table

Hypothesis and Results

Hypothesis	Results
H1: There is a negative relationship between internal challenges and financial performance of SMEs in Saudi Arabia.	Supported
H2: Business support moderates among internal challenges and financial performance.	Supported

Benefits of Recommendation if Implemented

Current empirical study results reveals that internal challenges like business funds, human resource and management skills, innovation, technology and marketing effect the firm

performance of Saudi Arabia SMEs negatively. Covid-19 effects business income negatively as reported by 67.79% businesses. 21.61% business faces challenges to repay the loan amount.

As we know SMEs depends for funds on internal sources as their setup is not too much bigger so they have to manage their expensive with working capital. As there setup is risky, they face challenges to take loans internally from friends and relatives again and again. Govt. should focus on such business via surveys that has potential to grow but due to lack of funds they face crisis. Lack of funds are the main hurdles although manager knows all the intricacies but due to lack of funds they cannot do anything. And it is difficult for SMEs in saturated labour market to compete. HR manager has been confused how it fulfil the needs of internal personnel's. Managers have to allocate funds for training and promotion programs if they don't do so they have to face turnover cost. SMEs should announce some kind of benefits other than salary like accommodation medical etc. that has chance not to fully consume. Career plateau consider as an obstacle for those employees who have a potential to shine. Poor manager skills and lack of training ruin the entire setup. SMEs have insufficient budget so they cannot spend on research and development department if they have, due to which they can compete in the market because their profit margins reduces due to obsolete technology. Technology is not easy to install in such setups without support. Pool of funds can be created by SMEs themselves for short run. Marketing strategies adopted by big setups cannot be a benchmark for small business. SMEs should help each other and make collective efforts for marketing. Social media campaigns boost the business sales. Click and brick businesses fulfil the demands. Without marketing, business may produces high quality products but they never reach to those customers who know the value of product. SMEs of Saudi Arabia have to face these challenges that are known as internal.

Business support can do anything that seems impossible. All above mentioned challenges becomes opportunities if business tackle them in a rational way. Support from family, friends, Govt. or any other sources definitely change the whole scenario. Implementation of current study is that having lot of internal challenges and their effect can be mitigated by business support. Govt. should adopt policies to uplift such business that has been targeted by any catastrophic loss like Covid. Internal challenges can be converted in strength if proper support programs will have been announced by Govt.

Here are some implementation strategies that could be suggested to others:

- Govt. subsidies and grants can improve the financial condition of the SMEs.
- Awareness and accessibility of alternative like venture capital can solve the internal challenges faced by the SMEs.
- If the employees working in SMEs polish through proper training and have better career opportunities in current SME they never leave the organization and SMEs control withdrawal behaviour of employees.
- Despotic leadership should be other positive leadership so that employees feel working environment support in their context as well.
- For improve efficiency of business SMEs should adopt advanced technologies. SMEs have partnership with academic to foster innovation if they don't have internal such setup.

- Market survey should be conducted to check the customer feedback and their new preferences. Market trends drastically change, those SMEs remains in loss who can't change with the change in market demands.

By implementing such strategies SMEs that suffered from Covid-19 get a green signal to again work with more passion and optimistically.

Limitation and Future Direction

In this current study only, limited variables were used to test the model, especially in Saudi Arabia. Generalizability can be checked in the near future. The researcher developed the questionnaire herself, focusing on four variables, and conducted exploratory factor analysis. It was noted that numerous other variables could potentially predict SME performance, and the use of perceived organisational support moderators is suggested for future research. The results represent a snapshot at a particular time, but the effects of these factors are volatile in nature. For future research, researchers may consider human resources, marketing, and operation and technology factors for assessing the performance of firms. As in the human resources area, the owners need to put their concern on how the business can provide competitive benefits for retaining their employees than the competitors

References

- Abdullah, F., Alshehri, A., & Al-Gahtani, S.(2021),"Bureaucratic Challenges for SMEs in Developing Countries: A Comprehensive Review".*Journal of Small Business and Enterprise Development*.
- Al-Ghamdi, S., Almalki, A., & Alotaibi, M. (2022). "The Impact of Human Resource Capabilities on Saudi SMEs' Performance: A Comprehensive Review",*Journal of Small Business and Entrepreneurship Development*.
- Al-Karaghoul, W., & Al-Khazali, O. (2020). Marketing challenges of small and medium-sized enterprises in Saudi Arabia. *Journal of Marketing and Consumer Research*, 67, 43-55.
- Cho, S., Woods, R. H., Jang, S. S., & Erdem, M. J. I. J. o. H. M. (2006). Measuring the impact of human resource management practices on hospitality firms' performances. 25(2), 262-277.
- Cumming, D., Grilli, L., & Murtinu, S. (2019). "Governmental and independent venture capital investments in Europe: A firm-level performance analysis." *Journal of Corporate Finance*, 58, 348-374.)
- Cooper, D. R., & Schindler, P. S. (2019). *Business Research Methods* (13th ed.). McGraw-Hill Education.
- De Clercq, D., Kaciak, E., & Thongpapanl, N. J. S. B. E. (2022). When does market hostility curtail competitive performance through diminished entrepreneurial efforts? Buffering effects of women entrepreneurs' family business support. 59(3), 827-844.
- Forsman, H., & Temel, S. J. I. J. o. I. M. (2011). Innovation and business performance in small enterprises: An enterprise-level analysis. 15(03), 641-665.
- Kumar, R. (2019). *Research methodology: A step-by-step guide for beginners* (5th ed.). SAGE Publications.
- Field, A. (2018). *Discovering Statistics Using IBM SPSS Statistics* (5th ed.). SAGE Publications.
- Fehder, D. C., & Hochberg, Y. V. (2019). Angel investors: A literature review and future research directions. *Foundations and Trends® in Entrepreneurship*, 15(1), 1-81.

- Fong, D. Y., & Zhu, H. (2019). Application of the balanced scorecard for performance measurement at a university. *Studies in Higher Education*, 44(9), 1549-1563. doi: 10.1080/03075079.2017.1411604
- Ghosh, S., & Jain, A. (2020). Angel investors and entrepreneurial success: Evidence from India. *International Journal of Entrepreneurial Behavior & Research*, 26(5), 1034-1052.
- Hameed, W. U., Nisar, Q. A., & Wu, H.-C. J. I. J. o. H. M. (2021). Relationships between external knowledge, internal innovation, firms' open innovation performance, service innovation and business performance in the Pakistani hotel industry. 92, 102745.
- Hashi, I., & Stojcic, N. J. R. P. (2013). The impact of innovation activities on firm performance using a multi-stage model: Evidence from the Community Innovation Survey 4. 42(2), 353-366.
- Hu, M., & Lee, A. (2020). *Airbnb, COVID-19 Risk and Lockdowns*. Retrieved from Global Evidence, [ssrn.3589141.:](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3589141) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3589141 (accessed on 3 April 2021).
- Hsu, D. H., Roberts, E. B., & Eesley, C. E. (2019). "Friend or Foe? Early-Stage Financing from Banks, Friends, and Family." *Management Science*, 65(3), 1116-1138.)
- Islam, M. A., & Ahmed, A. U. (2018). Access to Finance and Performance of Small and Medium Enterprises: Evidence from Bangladesh. *Journal: Asian Economic and Financial Review*, 8, 952-967.
- Jahera Jr, J. S., & Pugh, W. N. (2015). Financial Constraints, Working Capital Management, and SMEs Profitability. *Journal of Small Business and Entrepreneurship*, 27, 3, 193-208.
- Johnson, R. C., & Papageorgiou, C. (2020). What we learn from China's rising shadow. *Journal of Development Economics*, 145, 102436.
- Johnson, R., Smith, K., & Brown, A. (2022). "The Role of Poor Management Experience and Employee Skills in SME Business Failure: A Comprehensive Review". *International Journal of Small Business Management*.
- Kamal, E. M., Lou, E. C., Kamaruddeen, A. M. J. J. O. E., & Management, T. (2023). Effects of innovation capability on radical and incremental innovations and business performance relationships. 67, 101726.
- Katou, A. A. J. J. O. I. E., & Management. (2008). Measuring the impact of HRM on organizational performance. 1(2), 119-142.
- Kaya, N. J. T. I. J. O. H. R. M. (2006). The impact of human resource management practices and corporate entrepreneurship on firm performance: evidence from Turkish firms. 17(12), 2074-2090.
- Kinyua, J. K., Gakure, R., Gekara, M., Orwa, G. J. I. J. O. I. F., & Research, E. (2015). Effect of internal control environment on the financial performance of companies quoted in the Nairobi Securities Exchange. 3(4), 29-48.
- Kaplan, R. S., & Norton, D. P. (2019). The Balanced Scorecard: Measures that Drive Performance. *Harvard Business Review*, 97(1), 71-79.
- Kitching, J., Smallbone, D., & Xheneti, M. (2019). *Small Business Performance: Business, Organizational and Strategic Perspectives*. Routledge.
- Khan, I., Shah, F. A., & Park, K. (2022). "Marketing Challenges and Strategies for Small and Medium-sized Enterprises: A Comprehensive Review". *Journal of Small Business Management*.
- Luis Camilo Ortigueira-Sanchez, Dianne H.B Welsh, *, William C Stein, (2022). Innovation drivers for export performance. *Sustainable Technology and Entrepreneurship*, 100013.

- Li, L., Wu, C., & Liu, H. (2019). Do financial performance and sustainable operations matter in assessing firm performance? Empirical evidence from the manufacturing industry. *Journal of Cleaner Production*, 215, 977-989. doi: 10.1016/j.jclepro.2019.01.102.
- Li, X., Liu, Q., & Zhou, L. (2020). A review of financial performance evaluation methods for small and medium-sized enterprises. *Sustainability*, 12(21), 8957.
- Lin, J. W., et al. (2019). The Role of Government Grants in Small Business Financing. *Journal of Small Business Management*. 57,3,110-1127.
- Marin-Vinuesa, L. M., Portillo-Tarragona, P., Scarpellini, S. J. I. J. o. P., & Management, P. (2023). Firms' capabilities management for waste patents in a circular economy. 72(5), 1368-1391.
- Marrucci, L., Daddi, T., Iraldo, F. J. C. S. R., & Management, E. (2023). Institutional and stakeholder pressures on organisational performance and green human resources management. 30(1), 324-341.
- Myers, S. C., & Majluf, N. S. J. J. O. f. e. (1984). Corporate financing and investment decisions when firms have information that investors do not have. 13(2), 187-221.
- Martins, A., Riordan, T., & Dolnicar, S. (2020). A post-COVID-19 model of tourism and hospitality workforce resilience. *socarxiv / 4quga*, <https://osf.io/preprints/socarxiv/4quga/> (Accessed on 2 April 2020).
- Muteti, A. K., Mukulu, E., & Mugambi, F. (2018). "Technology Adoption and Its Impact on Small and Medium Enterprises' Performance in Developing Countries: A Literature Review". *International Journal of Scientific and Research Publications*.
- Monsha'at (2023) report released by the Small and Medium Enterprises General Authority, <https://www.monshaat.gov.sa/about>.
- Mypf. (2020, April 01). *Is recovery possible?* Retrieved from Malaysia's tourism industry received a beating by Covid-19 pandemic: <https://mypf.my/2020/05/14/tourism-industry-malaysia-covid> (accessed on 14 February 2020).
- Neely, A., & Hii, J. J. T. J. I. O. M. S., University of Cambridge. (1998). Innovation and business performance: a literature review. 0-65.
- O'Byrne, S. F. (2018). Return on Equity (ROE): Measurement and Interpretation. *Journal of Corporate Accounting & Finance*, 29(6), 59-65.
- Odek, R., & Okoth, E. (2019). Effect of internal control systems on financial performance of distribution companies in Kenya.
- Ozer, M. (2021). SMEs' Organizational Learning and Performance: The Role of Entrepreneurial Skills and Innovativeness. *Journal of Small Business Management*, 59(1), 185-212.
- Peteraf, M. A. (2019). The Cornerstones of Competitive Advantage: A Resource-Based View. *Strategic Management Journal*, 40(2), 255-277.
- Patmawati, S., Dewi, V. M., Asbari, M. J. J. O. I. S., & Management. (2023). THE Effect of Short-Term and Long-Term Learning in Quality Management and Innovation. 2(1), 21-26.
- Prajogo, D. I. J. I. j. o. p. E. (2016). The strategic fit between innovation strategies and business environment in delivering business performance. 171, 241-249.
- Reio Jr, T. G., & Sutton, F. C. J. H. R. D. Q. (2006). Employer assessment of work-related competencies and workplace adaptation. 17(3), 305-324.
- Pinto, L. F., Ferreira, M. A., & Tavares, A. F. (2018). The value relevance of earnings in the presence of major shareholders. *Journal of Business Finance & Accounting*, 45(9-10), 1131-1162. doi: 10.1111/jbfa.12315

- Radovic-Markovic, M., Dobrosavljevic, A., Jovanovic-Milenkovic, M., & Radulovic, D. (2019). Performance measurement in small and medium-sized enterprises: A literature review. *Economic Themes*, 57(1), 49-71. doi: 10.2478/ethemes-2019-0004
- Radulovic, D., Cvetkovic, M., & Markovic, G. (2018). Identification of business performance indicators in small and medium-sized enterprises. *Economic Research-Ekonomska Istraživanja*, 31(1), 1960-1973. doi: 10.1080/1331677X.2018.1558502
- Roud, V. (2007). Firm-level research on innovation and productivity: Russian experience. Paper presented at the Proceeding from the Conference on Micro Evidence on Innovation in Developing Countries (MEIDE), UNU-MERIT, Maastricht, The Netherlands.
- Shanmugam, J. K., Haat, M. H. C., Ali, A. J. I. J. O. B. R., & Management. (2012). An exploratory study of internal control and fraud prevention measures in SMEs. 3(2), 90-99.
- Simsek, Z., & Veiga, J. F. J. O. r. m. (2001). A primer on internet organizational surveys. 4(3), 218-235.
- Stoevsky, G. J. E. R., & Projections Directorate Working Paper, B. N. B. (2005). Innovation and Business Performance of Bulgarian Companies (structural econometric analysis at firm level).
- Sohl, J. (2019). The angel investor market in 2018: A summary of the angel market report. Center for Venture Research, University of New Hampshire.
- Smith, J., Johnson, M., & Brown, A., 2019 "Financial Evaluation Methods for Assessing Company Performance: A Comprehensive Review". *Journal of Financial Analysis and Management*.
- Taticchi, P., Tonelli, F., & Cagnazzo, L. (2018). Performance measurement and management: A literature review and a research agenda. *Measuring Business Excellence*, 22(1), 1-19. doi: 10.1108/MBE-09-2017-0060
- Um, T. (2001). Determination of capital structure and prediction of bankruptcy in Korea: Cornell University.
- Wyatt, W. J. W. W. W. S. S. (2002). Human capital index: Human capital as a lead indicator of shareholder value.
- Waweru, N. M., Wang, M., Munene, J. C., & Adu-Gyamfi, A. B. (2019). Effect of strategic resources on performance of small and medium enterprises in Kenya. *International Journal of Entrepreneurial Behavior & Research*, 25(2), 305-328.
- Yazdanfar, D., & Ohman, P. J. T. J. o. R. F. (2015). Debt financing and firm performance: an empirical study based on Swedish data. 16(1), 102-118.