

ADFIMI – SME Bank Joint International Development Forum 2014

**Innovation – The Value Creation Tool in a
Changing Business Ecosystem
20-21 October 2014, Kuala Lumpur, Malaysia**



Promotion of Innovation and Start-ups in Bahrain

Dr. Abdulhasan Al-Dairi

Chairman,

Bahrain SMEs Society

Bahrainsmes@gmail.com

Content

- **Introduction**
- **Importance of Innovation to Entrepreneurs**
- **Institutions Role in Promoting Innovation & Start-ups**
- **Importance of Entrepreneurship Training to Entrepreneurs & MSMEs**
- **Importance of MSMEs to the Labor Market & the Economy**
- **Importance & Objectives of the Study**
- **Method of the Research**
- **Survey Results & Findings**

Introduction

- **Entrepreneurship;**
 - Opportunity for achieving **Great Ambitions**
 - Through-which an idea can be turned into a new business or industry that could change the whole world
 - An area where countries can learn from each other
 - the business market is the most powerful force for economic growth and lifting people out of poverty

- **Social Entrepreneurship;**
 - where real change comes from the bottom up, starting with the **dreams & passions**

**-Barak Obama, President, USA
Presidential Summit on Entrepreneurship,
White House, 26-27 April 2010**

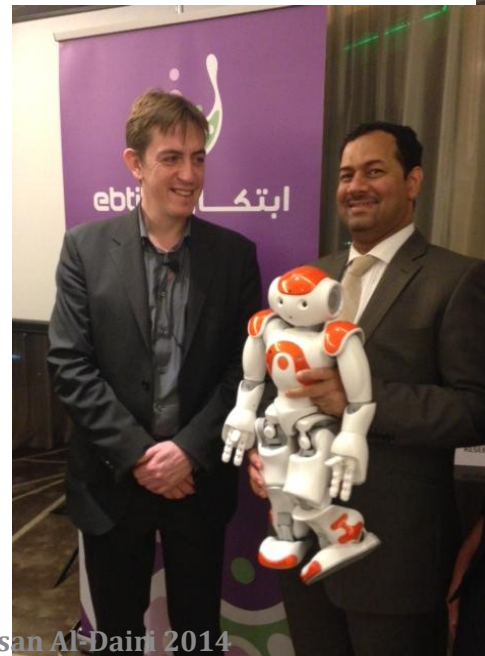
14-Oct-14

(c) Dr. Abdulhasan Al-Dairi 2014



Importance of Innovation to Entrepreneurs

- Entrepreneurship and Innovation are considered identical as entrepreneurs are normally seen as innovators who think differently and generate new ideas and inventions.
- Innovation and Entrepreneurship are thus needed in a society as much as in the economy, in public-service institutions as much as in businesses.
- It is precisely because innovation and entrepreneurship are not 'root and branch' but 'one step at a time' (**Drucker, 1985**).



Dr. Abdulhasan Al-Dairi with the Robot Nao and its Inventor Dr. Jean-Christophe at the Inauguration of Ebtikar Association in Bahrain, April 2013.

Institutions Promoting Innovation & Startups- Ebtikar (Innovation) Association

Innovation is more than a matter of handing off technologies; it is an elaborate human process that can be shaped only by optimizing the entire ecosystem in which innovators of all kinds have to operate. In one thrust, we and our partners are looking at new ways to support and incentivize the young researchers most likely to become tomorrow's innovators **(Kauffman, 2011)**



Institutions Promoting Innovation & Startups- Bahrain SMEs Society



Bahrain SMEs Society holds its annual SMEs Day conference & Exhibition focusing on a specific theme which is a crucial issue for the SMEs and Startups. Last year's conference (2013) focus was on nurturing an Entrepreneurial Ecosystem that supports SMEs and Entrepreneurs and enables them to grow and prosper.

Institutions Promoting Innovation & Startups- Bahrain SMEs Society



Bahrain SMEs Society's first International Young Entrepreneurs Program (IYEP) in cooperation with Ministry of Labor, British Council, Stirling University, UK and Bahrain Chamber of Commerce & Industry

15-Oct-14

(c) Dr. Abdulhasan Al-Dairi 2014



30 likes

bnanews وزير العمل يرعى تخريج الدفعة الأولى من البرنامج الدولي لرواد الأعمال الشباب

23/01/2014 05:26 pm

Institutions Promoting Innovation & Startups- Bahrain SMEs Society



15-Oct-14

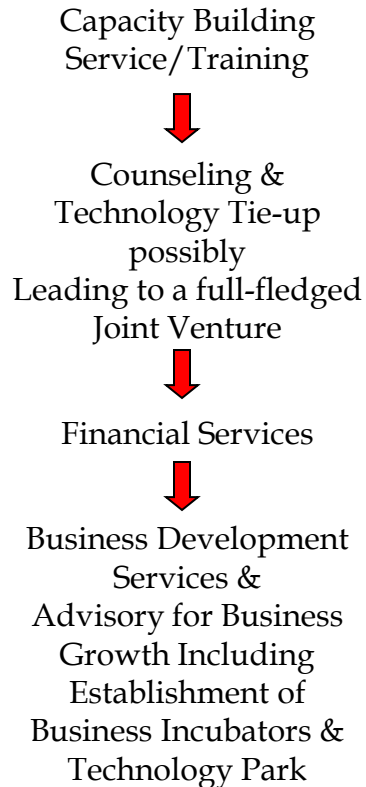
(c) Dr. Abdulhasan Al-Dairi 2014

Bahrain SMEs Society's activities in 2014:
Ambassadors Entrepreneurship Forum
Social Media for SMEs Seminar

Institutions Promoting Innovation & Startups- United Nations Industrial Development Organization (UNIDO)

ENTERPRISE
DEVELOPMENT
PROGRAM

EDP



UNIDO, Bahrain Office in cooperation with partners recently declared Manama as the 'Arab Capital for Innovation & Entrepreneurship 2014'.

UNIDO, Bahrain Office started the Enterprise Development Program (EDP) in 2001.

Importance of Entrepreneurship Training (Empowerment) to Entrepreneurs, Startups & MSMEs

□ Entrepreneurship & Intrapreneurship Training

- Both lead for well-trained **entrepreneurs** (Owners) &/or employees (**Intrapreneurs**)
- That eventually leads for **productive MSMEs**

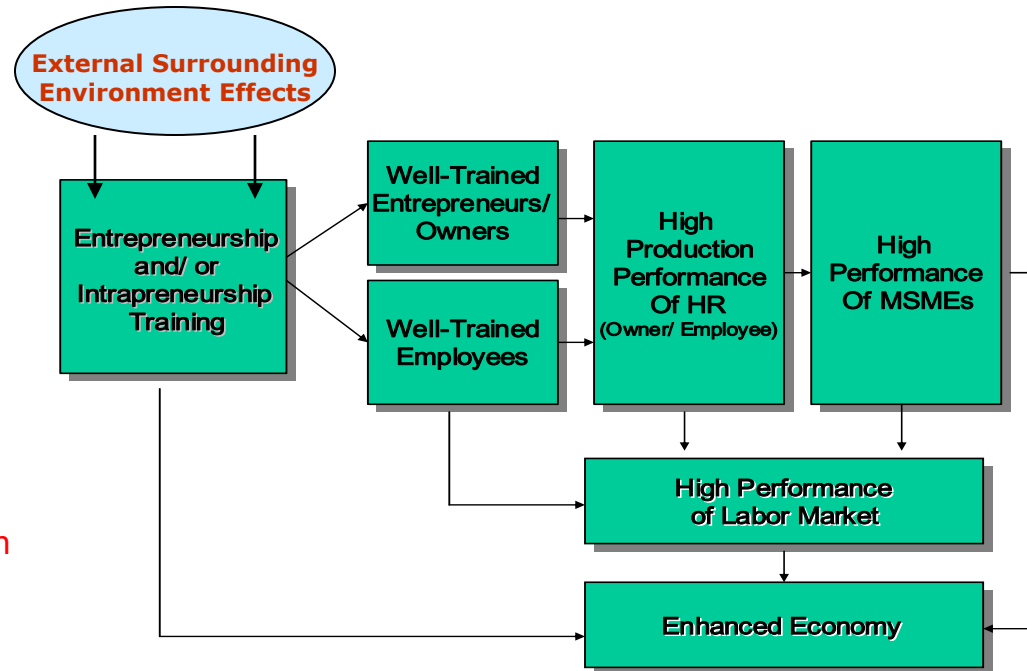
□ Entrepreneur:

A person who starts his own business

□ Intrapreneur:

A person who is not Entrepreneur. He works for others, but entrepreneurial (has Entrepreneur's traits of innovation and creativity)

- A study by Charney and Lidicap (2000) in the US, reports that **27.2%** of **entrepreneurship graduates** started a business, compared with **9%** for graduates from other areas of business.



The Role of Entrepreneurship Training in Supporting the Start-ups, the MSMEs, the Labor Market and the Economy

Importance of MSMEs to the Labor Market & the Economy-I

- **Micro, Small & Medium Enterprises (MSMEs) are the backbone any country's national economy, hence to the whole world's economy**
- New business formation and small business have played an **important role in helping many economies** to adapt to fundamental economic changes over recent decades. (Glancey & McQuaid, 2000)
- SMEs make an **invaluable contribution to the wider economy**, which is often overlooked, including increasing competition, **creating jobs**, building effective **networks, sharing knowledge** and making a **positive contribution towards social inclusion**.
-Small and Medium-Sized Enterprises Statistics for the UK 2000
- Even though small business firms have limited financial resources for research and development, small firms in fact make a **substantial number of successful innovations**. (Brigham,1982)



Importance of MSMEs to the Labor Market & the Economy-II

▣ In USA, the MSMEs provided more than **15 Mn job opportunities** in the period from 1992 – 1998 absorbing around **70% of the labour force.**

(World Trade Magazine, 2001)

▣ In Bahrain, MSMEs make more than **98% of the total enterprises.**

(LMRA Report, 2009)

▣ In the European Union, they provided **70% of the job opportunities**, while at the South East Asia and the Pacific Region they make more than **95% of the total enterprises** and provide **35% - 85% of the total work force.**

(World Trade Magazine, 2001)



Importance & Objectives of the Study

- ❑ The study considers the impact and importance of an Entrepreneurship Development Program known as (UNIDO EDP), through a systematic analysis and evaluation.
- ❑ The aim is to explore the impact of entrepreneurship training, using (EDP) as a case-study, in enhancing the performance of the entrepreneurs and their MSMEs.
- ❑ The study measures the impact and the enhancement which the program could make to the participants.



Method of the Research- I

- **The study has five broad main Research Questions (RQs) which necessitate designing a survey to test them:**
 1. How has the **education and training system** developed in Bahrain?
 2. Is there a need for **Entrepreneurship specialised training program**? Does it help?
 3. What are the effects of the **external surrounding environment** on Entrepreneurship (**including government policies**) ? Is it an **enabling factor** in starting a business?
 4. Is there a need to change the citizens' mindset (especially youth) regarding their **perceptions towards self employment**? What is the effect of **individual characteristics**?
 5. Is there a need in Bahrain for a **National Strategy for Entrepreneurship promotion & development**?

Method of the Research- II

Research
Literature Review

Survey
Questionnaire
Design

79 respondents out of
110 past participants
(Response rate: 72%)

Interviews
with EDP Program's
Coordinators &
Participants

Survey
Analysis



Effects of Personal Characteristics & Surrounding

What are the personal characteristics and surrounding circumstances that may affect an individual's decision to start own business?

Survey Results- I

- Table 7.1 shows the Personal characteristics and Surrounding Circumstances of the Respondents:

Indicators	Frequency	Percent %	Remarks
Age			Majority 49% are in more matured age (30-40 yrs old), however good ratio of 29% relatively young and aspire to start their own business.
20 – 29 years old	23	29	
30 – 40 years old	39	49	
40 years and above	17	22	
Gender			Dominant by male (62%), however, female ratio (38%) still considerable.
Male	49	62	
Female	30	38	
Civil Status			54% married, probably more settled, hence think of starting business, however, even single 43% have ambition to start business.
Single	34	43	
Married	43	54	
Divorced	2	3	
Widowed	-	-	
Educational Attainment			Majority 52% with BSc degree and still look to start business. So, they are not satisfied with the job.
Elementary Certificate	5	6	
Secondary Diploma	20	25	
Bachelor's Degree	41	52	
Master's Degree	13	17	
n = 79			

Survey Results- I (contd.)

- Table 7.1 shows the Personal characteristics and Surrounding Circumstances of the Respondents:

Indicators	Frequency	Percent %	Remarks
Father's Job			Mostly employed (56%) which is no surprise, but 44% of fathers Self-Employed which may have an effect.
1. Self-Employed	35	44	
2. Employed	44	56	
Current Job			Ⓜ Majority 46% Employees, but looking to start business. Ⓜ 20% already in business and also joined the programme. So, they look to enhance their skills, but may need an advanced-level more specialised programme to help them expand business.
1. Employee	36	46	
2. Businessman	16	20	
3. Engineering	8	10	
4. Education	10	13	
5. Student	9	11	
Years of Experience			Majority 66% have more than 5 years experience. So, they are matured but still looking for a change and achievement.
5 years and below	27	34	
6 – 10 years	40	51	
10 years and above	12	15	

Survey Results- II

- Table 7.2 shows the relationship between Personal characteristics of the Respondents and their business initiatives:

Personal Characteristics	Correlation (r)	t-test	Interpretation	Remarks
Age	0.003	0.012	Not Significant	<p>It seems that there is no clear relationship between personal characteristics and the motive to start a business.</p>
Gender	0.050	0.223	Not Significant	
Civil Status	0.085	0.383	Not Significant	
Educational Attainment	0.050	0.223	Not Significant	
Years of Experience	0.126	0.570	Not Significant	
α t-ratio at $\alpha = 0.05$ is 2.086				

Survey Results- III

- Table 7.3 shows the Types of Establishments of the Self-Employed Respondents:

Indicators	Frequency	Percent %	Rank	Remarks
Education and Training	9	25.7	1	<p>Majority in Education & Training followed by Real Estate, Marketing & Retail and also Engineering</p> <p>Probably that's linked to their qualifications (mostly BSc) 52%.</p> <p>Probably also linked to their current job (20% Own Business, 13% Education 10% Engineering).</p>
Engineering	3	8.6	5	
Food and Catering	2	5.7	6	
Financial Services	1	2.9	7	
Health	1	2.9	7	
Marketing	5	14.3	3	
Retail	4	11.4	4	
Wholesale	1	2.9	7	
Tourism	2	5.7	6	
Real Estate	7	20.0	2	

Survey Results- IV

- Table 7.4 shows the EDP Assistance services as perceived by the Respondents:

Indicators	Yes	%	No	%	Remarks
1. Have you <u>started your own business</u> ?	35	44.3	44	55.7	10 Majority had not started, but were aiming to start business.
2. Are you still in the same business?	16	20.3	63	79.7	
3. Do you <u>want to start in future</u> ?	56	70.9	23	29.1	10 Over 50% felt the programme was beneficial to better manage their business or job (Entrepreneurship and Intrapreneurship).
4. Do you think you can <u>perform your job/business in a better way</u> after joining the Entrepreneurship Development Program (EDP)?	45	57.0	30	38.0	
5. Did you have the <u>intention of Starting your own business prior</u> to (before) joining this training programme?	27	34.2	49	62.0	10 Majority didn't have the intention, nor started before the programme and 70.9% developed such intention during the programme.
6. Did you <u>start your own business prior</u> to (before) joining this training programme?	22	27.8	57	72.2	10 Probably the programme effected their mind set towards starting business.

Survey Results- V

Table 7.5 shows the EDP Administration services as perceived by the Respondents:

Indicators	Yes	%	No	%	Remarks
1.How did you come to know about this training program? (through advertisement like newspapers, television, radio, friends, web or SMS?)	63	79.7	16	20.3	10 Probably, there is a need of more emphasis on the admission process
2. Was there an admission interview conducted?	32	40.5	40	50.6	10 Majority are satisfied, however, there is still a room for improvement as 14% were not satisfied.
3. Was there an application form provided with a briefing about the program?	59	74.6	20	25.3	10 A considerable ratio were not happy. So, probably different levels needed to be introduced based on their individual needs.
4. Are you satisfied with the admission process?	68	86.1	11	13.9	
5. Do you think the participants were the suitable candidates to be selected for this training program?	47	59.5	32	40.5	

Survey Results- VI

Table 7.6 shows the EDP Study Method as perceived by the Respondents:

Indicators	Self-Employed	Employed	Mean	Inter-pretation	Remarks
1. The training program is beneficial for business venture	3.94	3.89	3.92	Very good	⑩ Majority satisfied
2. The contents of the training program	3.83	3.82	3.83	Very good	
3. The teaching methodology	3.97	3.91	3.94	Very good	⑩ The course timing needs consideration for individual convenience.
4. The study material	3.54	3.52	3.53	Very good	
5. The course timing	3.40	3.48	3.44	Good	
Overall Mean	3.74	3.72	3.73	Very good	
Legend:	Range	Interpretation			
	4.51 – 5.00	Excellent			
	3.51 – 4.50	Very good			
	2.51 – 3.50	Good			
	1.51 – 2.50	Fair			
	1.00 – 1.50	Poor			

Survey Results- VII

Table 7.7 shows the EDP Associated services as perceived by the Respondents:

Indicators	Yes	%	No	%	Remarks
1. Is there a counseling/consultation services provided to you during the program?	56	70.9	23	29.1	<p>Majority were satisfied However, 29% need to be considered</p>
2. Is there a counseling/consultation services provided to you after the training program?	35	44.3	44	55.7	
3. Is there a counseling/consultation services provided to you before starting your own business?	25	31.6	54	68.4	<p>Majority were not satisfied, hence a strong system of follow-up after the programme is required.</p>
4. Is there a counseling/consultation services provided to you after starting your business?	16	20.3	63	79.7	

Conclusion & Recommendations- I

The following views as perceived by the respondents' remarks:

1. Conducting intensive training seminars (local/ international level) such as:

- Training for industry
- Consultancy for services
- Product testing for quality assurance
- Information gathering, processing and dissemination
- Advisory services

2. Developing a comprehensive training program for SMEs, dealing with:

- Upgrading the skills of SMEs owners and workers
- Funding of employees' skills upgrading
- Certification procedures
- Training of trainers (TOT) for work supervisors
- Curricula development for SMEs

3. Strengthening linkages among micro, small & large enterprises, as well as research centers, universities, institutes, and voluntary bodies.

4. Promotion of training programs for the micro and small enterprises sector.

5. To have an advance training programs for expanding the business.

Conclusion & Recommendations- II

- 1. The survey results confirm with the theory that Entrepreneurship Education helps in:**
 - Bringing awareness to starting own business
 - Changing the citizens' mindset (especially youth) regarding their perceptions towards self-employment
 - Increasing the number of graduates who start their own business
 - Increasing the ratio of business enterprises survival
- 2. There is a need for more Entrepreneurship specialised (Sectoral) programs to promote Entrepreneurship and cater for entrepreneurs' various needs (Training-Needs Analysis).**
- 3. The EDP graduates are good evidence that Entrepreneurship Education is useful tool to help start and expand businesses.**
- 4. Although general characteristics are universally agreed, some individual characteristics don't apply across as every country has its own cultures and habits which differ (i.e. youth in Bahrain may have different habits effects from those in other countries).**
- 5. There is a need in Bahrain for a National Strategy for Entrepreneurship promotion & development.**

Promotion of Innovation and Start-ups in Bahrain

Thank you..