Analytical Study for Small and Medium Enterprises in Kuwait

Yousef Saad Eid Al-Ghareeb

Abstract
The study aimed to examine the analytical framework for Small and Medium Enterprises (SMEs) in Kuwait by drawing on the descriptive approach based on the regulatory and legal frameworks, represented by the policies adopted by the State of Kuwait in the SME sector. The study reached many important findings including, although the Kuwaiti Government has undertaken several measures to regulate SMEs' activities through financial measures granted, and government initiatives to empower SMEs, the sector still faces many challenges that require further government support for the development of this sector, as well as the monopoly of the Government of Kuwait on many sectors of oil is a negative factor for medium and small enterprises in this area. The study also recommended the need to establish a government agency supporting the work of medium and small enterprises to address the obstacles they can face and to open the space for medium and small enterprises to invest in oil so that there are ideas related to their development by the private sector and entrepreneurial ideas that serve the extractive industry in the State of Kuwait. Finally, the number of procedures needed in the work of the SMEs must be reduced to shorten the time and cost of the Kuwaiti government on the one hand and for the owners of SMEs on the other.

Keywords: SMEs, Regulatory framework, Legal framework, State of Kuwait

1. Introduction:
The significant decline in global oil prices during the second decade of the 21st century has led to significant challenges for the Kuwaiti economy, especially as 90% of Kuwait's income depends on oil revenues. The unemployment rate in Kuwait was about 7.4% among Kuwaitis in 2015, in addition to the inability of the government sector to absorb more job applications. The Kuwaiti government then turned to invest in SMEs, which represent more than 90% of the companies operating in Kuwait (National Fund for the Welfare of SMEs, 2016). The Kuwaiti Government aims by supporting SMEs to create more jobs and stimulating economic growth. It has taken further measures to stimulate the SME sector to stimulate Kuwait's economy, which is defined in Kuwait as: in accordance with Law No. 98 of 2013 and its amendments and executive regulations on the establishment of the National Fund for Care and Development of SMEs, Small and Medium Enterprise is defined as the enterprise which directly contribute to develop, diversify the national income and meet the needs of local and external market in addition to creating job opportunities for Kuwaititis.
The sectoral distribution of SMEs in accordance with Law 98 of 2013 and its amendments and executive regulations includes industrial, agricultural, artisanal, service, supporting institutions and electronic activities, in addition to there are many sections fall under each item. Its executive regulations set out three criteria for identifying enterprises operating in the sector, the number of workers, the size of assets and the volume of sales which can be used to differentiate between small and medium Enterprise.

Since the present study comes as an analytical framework for small and medium-sized enterprises in Kuwait based on the latest data, as well as to identify the challenges faced by small and medium-sized enterprises due to Kuwait's recent interest in this sector.

2. Timeline:
The current study is based on the identification of SMEs in Kuwait through metadata on the regulatory and legal framework obtained in 2022.

3. Problem Statement:
Despite the importance of SMEs and their importance in the national economy, the interest of the Kuwaiti Government came at a relatively late time as a reaction to global events, which affected the nature of the State's income from what it relies on in its extractive industry. As a result, the late start requires a lot of measures to be able to catch up and pay attention to it to reach advanced degrees to achieve objectives. As a result of that, the overall problem of study can be summarized by answering the following questions:

- What is the regulatory framework of SMEs in the state of Kuwait?
- What is the role of Kuwaiti government in boosting the operation of SMEs?
- What are the main challenges that face SMEs in the state of Kuwait?

4. Significance of the study:
The study offers its recipients a scientific material that helps them to identify small and medium enterprises in the State of Kuwait by identifying the features of the regulatory framework of its work and what is expected of it, which contributes to the social development of the State as a whole. This is intended to be a reference scientific material for researchers, workers and who are interested in this field to search for ways to develop its work in line with academic development in this field and bring it down on reality in the state of Kuwait.

The study also examines the amount of development in SMEs to enhance their work by removing the challenges they can face as well as demonstrating the weaknesses and strengths of Kuwait's policy on this subject to enhance weaknesses and emphasize strengths.
5. **Objectives of study:**
- The study aims to identify the regulatory framework for small and medium enterprises in Kuwait.
- Identify the role of the Kuwaiti Government in promoting the work of small and medium enterprises.
- Determine the most important challenges for small and medium enterprises in Kuwait.
- Knowledge enrichment on the subject matter of the study, which contributes to opening up the possibility for researchers to conduct further studies on the subject.

6. **Methodology:**
The study is based on the analytical descriptive approach. The researcher used the analytical descriptive approach to collect data from official sources on the topic of the study, as well as previous studies related to the subject of the study.

7. **Literature Review:**
Harb, 2006 Study Aimed to recognize the role of small and medium enterprises in the economic and social development of Syria, in order to improve the realities of these enterprises by focusing on finding an appropriate way of managing and taking care of them and identifying obstacles that prevent them to practice their necessary contribution to the development of an economy that tries to find a suitable place for them in a moving area led and directed by organizations of sophisticated working methods. The study relied on an interview with stakeholders in the field of small and medium-sized enterprises on the one hand, and on a direct observation of the conduct and direction of these enterprises, as well as on available and up-to-date references and documents to present the realities of these enterprises and the directions of the decision makers thereon. The study found that the legislation and laws governing these projects are still not in a position to say that they are a means of stimulating their activity, especially those laws that have been drafted by the project for a long time and have not been developed, especially with burdensome tax legislation, such as stamp fees, municipal fees and machine revenue tax, which constitute difficult barriers to the success of many small enterprises. The study recommended that the State should assist these enterprises by providing them with the necessary funds with interest (if necessary) reduced and convenient premiums and establishing an agency a private bank for example to ensure the recovery of these loans, especially since the problem of guarantees is the most complex in the financial aspect of these enterprises.

While Bindari, 2017 study aimed to recognize the importance of SMEs in Egypt and it was based on the descriptive method by drawing on previous studies on the subject with official sources that could be obtained on the same subject. The study found that SMEs were based on a balance in the economic process because of their potential for action inside the country, for its diversified services, which do not assume specific infrastructure and human resources because of its target market share, mostly commensurate with its size. The study recommended that there should be legal cover for the work of SMEs in addition to the State's political stimulus for SMEs.
Al-Qaddafi, 2015 study which aimed to identify SMEs through a descriptive study based on previous relevant studies to achieve general findings related to the subject matter of the study. The study found that interest in SMEs through a comprehensive national plan based on attention to the details of work is based on the support, encouragement, and sponsorship of those enterprises.

From the other hand, Babaker, 2018 study which aimed to identify the obstacles faced by small and medium-sized enterprises in the Sudan through a descriptive study. The study used the descriptive approach, which was based on previous studies related to the same subject. It also addressed the experiences of various countries such as Japanese, German and South Korean experiences on this subject to benefit from them and try to bring them down on the Sudanese experience. It has concluded that there is no legislation and laws to protect small and medium-sized enterprises in the Sudan. There is also a weak infrastructure in the Sudanese environment to foster such enterprises. The study then recommended that there is a need to develop a national policy that stimulates the work of small and medium-sized enterprises and legislative frameworks.

Hasan, 2020 study aimed to identify the characteristics of small and medium enterprises in the industrial zone of the city of Kharja in the governorate of New Valley in Egypt, to reveal the challenges facing small and medium enterprises in this area. A questionnaire prepared by the researcher consisting of 41 paragraphs was used to measure these topics. The study sample consisted of 30 SME owners. Through the results of the questionnaire implementation, the following results have been reached: The Government's interest in overcoming obstacles to the work of SMEs was high, with emphasis on some obstacles in the work of SMEs. The study recommended the need for coordination and cooperation between governmental bodies and organizations and small private enterprises. With the establishment of a development strategy for SMEs in Egypt by setting an overall policy objective, as the State aims to promote the establishment and growth of small industries and integrate them with medium and large industries, increase their efficiency and partially transform them into a high-quality commodity exporter.

Mullineux & Murinde, 2014 study aimed to identify the role of financial sector policies of the official financial institutions, private financial companies, and small, medium and large financing companies, such as banks, to support the development of community enterprises in Africa. To achieve this, the study relied on the inductive approach, where the highlights of previous literature and studies on the subject were presented, the results showed that banks have a high responsibility as an important financial intermediary that provides funding to support development projects. These banks also have an important role to play in supporting economic indicators and closing financing gaps resulting from the failure of market mechanisms dependent on the financial policies of the formal financial sector. In the light of this, the study recommended the development of financial and financing policies for banks that responds to Africa's multiple development needs.

Turner, et.al, 2010 study aimed to identifying the management of small and micro and medium enterprises, the study relied on personal interviews with project managers in Austria, Ireland, Romania and Sweden. The study found that the administration plays an important role in facilitating work. SMEs require bureaucratic forms while finding that the differences came because of the size of the organization as well as the place.
Gherghina, et.al, 2020 Study aimed at revealing the role of SMEs as a driver of economic growth through investment and innovation. The study drew on the quantitative data obtained in Romania on the subject matter of the study, which was 2009_2017. The study found that there was a positive relationship between investment and innovation with SMEs. The study recommended that the work of micro and medium-sized enterprises should be strengthened and that obstacles should be overcome.

8. Discussions of the previous studies
Previous studies sought to provide a definitive framework for SMEs through a descriptive study that emphasizes the importance of enterprises and its reflection on the economy of the State of Kuwait as a whole or applied studies conducted in several countries. The current study benefited from the previous studies by defining the method or approach of the study to be completed and applied in Kuwait by relying on metadata to produce results related to the Kuwaiti environment which is considered an advantage of this study.

9. SMEs in Kuwait: analytical framework

9.1 Introduction:
Small enterprises in the United States and England contribute about 85% of GDP. This has even led to interest in microenterprises which have less than 10 people in the organization. Small enterprises can be defined as economic enterprises which employ 11 to 100 people.

There are many classifications of medium, small, large or micro-enterprises, in addition to the number of employees there is a standard of capital, technological dimension and sales value (Alsawi, Ali, 2018 p.29).

The most common and relevant criteria for Arab reality are the number of workers and the capital standard. The technological standard is the least appropriate given the reliance of large and small enterprises in the Arab world on imported technology. It should be noted that these terms are relative concepts and vary from state to state and sector to sector in the same country. (Jowefel, 2021, pp 14-17). SMEs can be categorized in Kuwait according to the following table:

Table (1) shows several criteria for differentiating between Small and Medium Enterprises according to: number of workers, asset size, annual revenue volume.

<table>
<thead>
<tr>
<th>Criteria for differentiation between SMEs</th>
<th>Small Enterprises</th>
<th>Medium enterprises</th>
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<tbody>
<tr>
<td>Number of workers</td>
<td>1-50 employee</td>
<td>51-150</td>
</tr>
<tr>
<td>Annual revenue</td>
<td>annually</td>
<td>Their revenues exceed 1.5 billion KWD annually</td>
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<td>At least 500,000 KWD</td>
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Source: Arab Monetary Fund: 140, 2019
The Industrial Bank of Kuwait has defined small enterprises as enterprises with a total invested amount of not more than KWD 500 thousand. Its purpose is to convert raw materials into fully manufactured or semi-manufactured products or semi-prefabricated products or to convert semi-manufactured and/or fully manufactured products; Or provide half-ready maintenance and professional services to products, in addition to enterprises and businesses and that the small enterprises are different from micro-enterprises.

Kuwait's Ministry of Commerce and Industry defines microenterprises as being of a special nature undertaken by their employers without the need for a store in the framework of facilitating and supporting small enterprises.

9.2 Legal framework for SMEs in Kuwait

The legal framework associated with the regulation of SME activity in Kuwait is characterized by the existence of a competent law regulating the SME sector in addition to the existence of a general investment law encouraging investment in SMEs, as well as a ministerial decision to regulate the work of the sector such as: Ministerial Decision No. 330 of 2017 on the Permission of Entrepreneurship and Ministerial Decision of 2017 to issue the executive regulations for the National fund for developing SMEs.

The Ministerial Decree of 2018 promulgated by the Minister of Commerce and Industry is a special decision to issue the Implementing Regulations of Act No. 2018/14 amending certain provisions of Act No. 98 of 2013 concerning the National Fund for the Development of Small and Medium Enterprises, Ministerial Decree No. 522 of 2014 and amended resolutions on the Executive Regulation of Law No. 98 of 2013 and any other resolutions that contravene or contravene the provisions of the new Regulation shall be repealed.

Expanding the definition of stalled enterprises and affirming that agricultural activity, including the reclamation of agricultural lands, flower production, livestock and fisheries development, and related activities, continues with activities financed by the agricultural portfolio established by Decree-Law No. 48 of 1988.

Artisanal activity is any activity based on manual or professional skills and using mechanisms that are simple, service activity, any activity in maintenance work or technical, professional or intellectual services such as universities, financial, technical or scientific centers such as institutions providing research support, Kuwait Foundation for Scientific Progress, financial institutions, electronic activity, any technology activity.

The incubator is accredited by the fund and it provides services to SME owners and entrepreneurs by providing them with a suitable working environment during the early years of the enterprise in order to increase their chances of success and growth, and internal incubation is the Fund's logistical and financial support to entrepreneurs operating within the place of hosting incubators, and they are among the programs registered with the Fund, external incubation: the Fund's logistical and financial support to entrepreneurs operating outside the place of hosting incubators and being part of the programs registered with the Fund.
9.3 Regulatory framework for SMEs in Kuwait

Regarding the regulatory framework for the SME sector, there are a number of bodies and roles responsible for overseeing the organization of SME activities: the National Fund for SME Welfare and Development, the Central Bank of Kuwait, the Ministry of Commerce and Industry and the Industrial Bank of Kuwait.

1. National Fund for the Welfare and Development of Small and Medium Enterprises: The Kuwaiti Government issued Law No. 98 of 2013 on the establishment of the National Fund for the Welfare and Development of Small and Medium Enterprises, an independent public institution with a capital of KWD 2 billion to finance SMEs owned by Kuwaitis with up to 80% capital. The Act establishes specific conditions for enterprises eligible for support, namely, to employ two Kuwaitis and the cost of establishment should not exceed 500 thousand Kuwaiti dinars. (Small and Medium Enterprise Welfare and Development Fund’s website).

The establishment of the National Fund for the Welfare and Development of Small and Medium Enterprises aims to support young people, reduce unemployment and enable the private sector to stimulate Kuwait's economic growth. Figure 1 illustrates its organizational structure.

**Figure (1)**
Organizational structure of the national fund for the welfare and development of SMEs

![Organizational structure of the national fund for the welfare and development of SMEs](source: National fund for the welfare and development of SMEs, 2015, 15)
Figure (1) illustrates the organizational structure of the National Fund for the Welfare and Development of Small and Medium Enterprises, which consists of a Board of Directors, the Chairman of the Board of Directors is the President of the Fund, the Chief Executive Officer followed by several different administrations, the Fund's Board of Directors establishes the rules of financing and the method of reimbursement. Where the cost of the funding fee exceeding about 2% of the value of the financing is one-time only. Applicants have the right to access financing in accordance with Islamic Shari’a rules, as determined by the Executive Regulation. The borrower repays the financing from one year to three years after the expiration of the grace period granted to him.

Where payment is made periodically, whether semi-annual, monthly or quarterly as agreed, the guarantees are calculated on the basis of the debt. The Executive Regulation also specifies the terms and limits of the project's fixed and movable assets and the permissibility of its mortgage in order to guarantee the proportion of loss on the basis of which the project is liquidated.

The National Fund for the Welfare and Development of Small and Medium Enterprises is one of the most prominent non-banking institutions providing financing for the SME sector. Figure 2 shows the total sectoral distribution of projects approved by the National Fund for the period 2015-2018.

**Figure (2)**
The total sectoral distribution of projects approved by the National Fund for the period 2015-2018

Source: Arab Monetary Fund, 142:2019
Figure (2) shows the total sectoral distribution of projects approved by the National Fund for the Welfare and Development of Small and Medium Enterprises in Kuwait. Since the beginning of its operations, the Fund has approved the financing of 933 projects concentrated in the commercial and service sectors, amounting to about 78% of the total projects financed by the Fund.

2. Central Bank of Kuwait (CBK): The Central Bank of Kuwait encourages the banking sector to provide financing. The Central Bank of Kuwait has small and medium enterprises (SMEs) under Article 32 of Law No. 1968. Cash is a credit information system that covers loans granted by banks exceeds 1,000 dinar, and in addition to the availability of credit enquiries, Net-Ci Credit Network was established for the purpose of establishing a system for collecting information and data on consumer loans and credit facilities associated with installments.


4. Kuwait Industrial Bank (Kuwait Industrial Bank), which is responsible for supporting the financing of artisanal activities and small enterprises in Kuwait. The total number of small enterprises financed by Kuwait Industrial Bank (Kuwait Industrial Bank) until November 2018 was about 1678 projects until November 2018, most of which are concentrated in the food services, manufacturing, trade, social work and support sectors. The number of enterprises amounted to about 1,342 and is equivalent to about 80% of the total small enterprises for which the Industrial Bank of Kuwait has provided financing.

9.4 Role of Kuwaiti government in supporting and financing SMEs

The Kuwaiti Government is concerned with the development of SMEs. The Kuwaiti Government has promoted the development of SMEs, using national plans and strategies, providing an appropriate legal and regulatory environment, facilitating SMEs' access to finance, providing financial incentives, supporting technical capacities and increasing productivity levels. (Arab Monetary Fund, 2019, 14-144) for the plans, strategies and policies adopted by the Kuwaiti Government to promote the SME sector, Kuwait has established the National Fund for the Welfare and Development of SMEs. The Fund's strategy aims to develop the SME sector and increase its contribution to the formation of Kuwait's GDP, in addition to creating an appropriate working environment for the sector.

The Kuwaiti Government has also provided a suitable legal and regulatory environment for the SME sector. The portfolio of financing crafts and small enterprises was established pursuant to Law No. 10 of 1998, which established a financial portfolio with a capital of approximately KWD 50 million, which is administered in accordance with the provisions of the Islamic Shari 'a and it has been characterized by facilities to finance projects that are aligned with the work of the Industrial Bank of Kuwait according to about 80% of the value of the project and up to a maximum of KWD 400 thousand to guarantee the project's assets, and a grace period of up to 3 years for small enterprises. (Executive Office of the Council of Ministers of Labour and the Council of Social Affairs of the Gulf Cooperation Council, 2016, 113).
In addition to Law No. 98 of 2013 and the Executive Regulations on the National Fund for the Welfare and Development of Small and Medium Enterprises, which included many incentives, benefits and facilitation to facilitate the implementation of such enterprises, and Ministerial Decision No. 330 of 2017 on permitting licenses for micro-entrepreneurship, as well as many other decisions that helped to provide a legal and regulatory environment to support SMEs (Executive Office of the Council of Ministers of Labour and the Council of Social Affairs of the Gulf Cooperation Council, 2016, 126_129).

In addition to facilitating financing for the development of SMEs, the Central Bank has adopted a number of initiatives to encourage banks to grant credit to SMEs, including reducing the risk weights associated with loans granted to SMEs to preferential levels of up to 75% under the enough Capital Account, in order to reduce the cost of capital to banks and encourage them to finance these enterprises compared to other enterprises in other sectors. The Central Bank of Kuwait has also issued a manual for the protection of workers from natural persons and small and medium enterprises, through financial education on a biannual basis and awareness of their rights in light of dealings with banks. The Central Bank of Kuwait has followed up on a biannual basis the banks' plans to develop products and services for both retail and corporate sectors, which is an incentive for innovation and improvement.

As for the financial incentives granted to the SME sector, the Board of Directors of the National Fund for the Welfare and Development of Small Enterprises has established the necessary rules for granting exemptions to these enterprises, including:
1. Exemption of equipment, supplies, raw materials and imported intermediate goods from customs duties so that they may not be disposed of other than their intended purpose otherwise the duties are due.
2. Supporting the export orientation of small enterprises supporting raw materials used by SMEs.
3. Provide the necessary services to help these enterprises start their activities and address the problems of operation and production.
4. Develop management capabilities to accompany them and their marketing skills and control and develop improved production.
5. Tax exemption for an appropriate period or the reduction of the tax vessel by excluding certain investment expenses and precautions or lowering the tax rate.

The Kuwaiti Government has also worked to allocate a proportion of SME products and services in government procurement contracts. The allocation of any contracts, tenders, practices and auctions valued at less than KWD 50,000 from the contracts of ministries, government departments and subsidiary and independent budgets to contract with SMEs to purchase or use their needs from these enterprises or use them in the execution of the necessary constructions for those entities, giving the products of these projects a price preference when contracting.

In order to support the technical capacities of SMEs, the National Fund for the Welfare and Development of Micro and Medium Enterprises provides technical support and develops the capabilities of entrepreneurs if they need them when starting their SMEs in addition to providing technical assistance to stalled enterprises that need support.
With regard to government initiatives to enable SMEs to increase production, competitiveness and support the human capital, a special department has been formed under the Fund's organizational structure to establish or accredit incubators that meet international standards. Part of the budget is allocated for their activities. Business incubators provide several services at several stages:

- **Phase 1:** Training support through cooperation with supporting institutions specializing in the areas of the Fund's work, to provide appropriate training and development programs for entrepreneurs, in addition to preparing studies and research that help small and medium-sized entrepreneurs to transform their ideas into practicable projects.

- **Phase II:** includes technical and advisory support by providing all technical consultations to the entrepreneurs during the incubation, both during the period of internal and external incubation. The internal incubation is intended to provide logistical support by providing the venue for hosting the project for a certain period to be determined by the Fund with the incubator and then to turn to external incubation. It means that the entrepreneur set up his own enterprise outside the hosting place of the foster with the benefit of all forms of technical and advisory support provided by the Fund, including the provision of the land necessary for the continuation of the project.

- **Phase III:** It involves linking projects with each other and linking them with existing legislators to benefit in the growth of projects and their service to the national economy. The Fund may also entrust the incubator to administer the project on behalf of the entrepreneur in the event of a temporary impediment to its proper management of the project. It should be noted that the National Fund for the Welfare and Development of SMEs relies on several criteria when providing support for SMEs of the higher added value achiever and developing the national economy, diversification of sources of income, promotion of self-employment as well as several other criteria, including the environment; the most preserving environment and others.

**9.5 The challenges of the business environment in Kuwait's economy**

We cannot ignore the important role of government initiatives to support the SME sector in the Kuwaiti economy, especially in the recent period, but this does not prevent that the SME sector in Kuwait still faces many challenges that require further government support for the development of this sector, which was contributing about 85% towards for about 95% of the total national economy before the oil era (khalifa, 2015, 111)

**9.6 Main challenges facing the SME sector in Kuwait.**

The government has a monopoly on many sectors in the oil field. Until recently, gas stations, public transport, and theme parks, even cinemas were largely in the hands of the government sector, limiting private sector competition, so the private sector stays away from areas that are usually the private sector. In addition, the Government simply begins to run these projects, the project becomes linked to the public sector, and there will be no incentive for its delivery to the private sector. (and Rahman Abdel, 2010, 15 Al-Owaihan)
Bureaucratic procedures are one of the most important challenges still facing the SME sector, although the government is trying to overcome these obstacles by introducing a "one-net" system, from facilitating the establishment of companies. Despite the low level of economic risk expected in Kuwait, the classification of Kuwait's business environment remains low, with the World Bank indicator on ease of business practice for 2019, Kuwait ranked 86 worldwide but it was relatively improved (World bank, 2020, Press release, 24 October 2019).

10. Results:
1. The Kuwaiti Government has promoted the development of SMEs, using national plans and strategies, providing an appropriate legal and regulatory environment, facilitating SMEs' access to finance, providing financial incentives, supporting technical capacities, increasing productivity and competitiveness and supporting human capital.
2. Kuwait has taken a number of legal measures to regulate the SME sector in addition to the existence of a general investment law that encourages investment in SMEs. There is also a ministerial decision to regulate the work of SMEs.
3. Kuwait has taken a number of measures to regulate the activities of small and medium enterprises through the National Fund for the Welfare and Development of Small and Medium Enterprises, the Central Bank of Kuwait, the Ministry of Trade and Industry and the Industrial Bank of Kuwait.
4. The Kuwaiti government has taken financial measures granted to the SME sector.
5. The Kuwaiti government has undertaken government initiatives to empower small and medium enterprises through the formation of a special department that follows the organizational structure and carries out the task of establishing or accrediting incubators of enterprises in accordance with international standards.
6. Kuwait's SME sector continues to face many challenges that require further government support for the development of this enterprise sector.
7. The Government of Kuwait has undertaken government initiatives to empower small and medium-sized enterprises through the formation of a special department that follows the organizational structure and carries out the task of establishing or accrediting incubators of enterprises in accordance with international standards.
8. Kuwait's SME sector continues to face many challenges that require further government support for the development of this SME sector.
9. The Kuwaiti Government's monopoly on many sectors of oil eliminates the possibility of establishing medium and small enterprises in this area.
10. With the Kuwaiti government taking measures to reduce bureaucracy, which is one of the most important challenges still facing the SME sector through the implementation of the "one stop shop" system, to facilitate the establishment of companies.
11. The classification of Kuwait's business environment still low. The World Bank's indicator of ease of doing business in Kuwait is low globally.
11. Recommendations:

1. The need to establish a government body that supports the work of SMEs and works to overcome the obstacles they can face.
2. Opening the space for Arab and foreign investors in the field of SMEs and facilitating administrative business to enter this sector.
3. The Government's ongoing follow-up to the initiatives established for SMEs.
4. Opening the door to submit proposals by SMEs to overcome the obstacles they face.
5. The need to open up opportunities for SMEs to invest in oil so that there are ideas related to their development by the private sector and that there are pioneering ideas that serve the extractive industry in the State of Kuwait.
6. The number of procedures needed in the work of SMEs should be reduced to shorten the time and cost of the Kuwaiti government on the one hand and for the owners of medium and small enterprises.
7. Undertake detailed and field studies based on the identification of SMEs in specific sectors in Kuwait.
8. The possibility of conducting a similar study with the same title in another Gulf country such as Bahrain or the United Arab Emirates.

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