

# Analyzing the Statistical Impact of Financing Small-Scale Projects in the Kingdom of Saudi Arabia on Unemployment Reduction: A Comprehensive Case Study

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Received: 1 Oct. 2024, Revised: 20 Nov. 2024, Accepted: 7 Dec. 2024.

Published online: 1 Jan. 2025.

**Abstract:** In this paper, we examine the Small-scale projects, which are considered one of the most crucial elements in reducing unemployment and poverty worldwide, constituting the highest percentage among all economic project types regardless of size. This study aims to investigate the significance of small-scale projects and identify the primary obstacles encountered by their owners in obtaining required financing, as well as the most significant obstacles to financing such projects. This objective is achieved through a field study conducted on a sample of small project owners in the Kingdom of Saudi Arabia, with analysis of 100 questionnaires. The analysis yielded a set of findings, the most important of which indicate a statistically significant correlation between the size of financing for small projects and the required procedures for obtaining it, as well as a relationship between the risks facing small projects and the administrative obstacles they encounter, including the impact of planning on project failure. Based on the study's results, the researcher recommends focusing on small-scale projects and government financing to provide ample opportunities for the labor market. Banks should facilitate financing for small projects to streamline their operations. Additionally, the study suggests raising awareness of the importance of financial organization for small and medium enterprises and establishing independent entities dedicated to them.

**Keywords:** Small-scale Projects, Poverty, Unemployment, Financing, Saudi Arabia.

## 1. Introduction

Oddest initiatives play a distinct role in fostering economic development, actively contributing to the resolution of the unemployment predicament. The augmentation of the local GDP and the generation of employment opportunities impose a responsibility on governments to earmark specific support for these small-scale Projects [1]. The creation of a conducive environment for diminutive enterprises is imperative for any administration aspiring to augment revenue and bolster economic advancement. The backing of small initiatives not only fortifies the younger generation but also propels them towards triumphant pursuits, paving the way for their professional journeys, particularly those harboring distinctive concepts [2].

It is of paramount importance for the government to cultivate a competitive milieu and deter the monopolization of small-scale projects by select factions. The inherent advantage of small-scale projects lies in their modest capital requirements and ease of establishment [3]. As individuals embark on entrepreneurial projects, meticulous planning becomes imperative, for initiating a project without a thorough prior examination is likely to ultimately fail [4]. The establishment of a prosperous project necessitates a comprehensive study of the market, competitors, and pricing a process integral for differentiation and demand [5].

### 1.1. Problem Statement:

The research problem of this study aims to answer the following question: What is the impact of financing small-scale projects in mitigating poverty and unemployment and improving the living and income conditions, from the perspective of beneficiaries of small project financing? Additionally, the study aims to assess the extent to which these programs achieve their goals in crisis management, specifically in addressing the widening circles of poverty and unemployment.

### 1.2. Significance of the Study:

The significance of this study lies in assessing the efficacy of investing in small-scale projects to tackle unemployment

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challenges and enhance living conditions. It urges funding entities to formulate and champion initiatives that foster enthusiasm for such projects.

### 1.3. Study Objectives:

This study aims to understand the impact of financing small-scale projects on mitigating unemployment and poverty by:

- A. Identifying the contribution of small-scale projects in mitigating unemployment.
- B. Highlighting the role of small-scale projects in improving the living and material conditions of financing beneficiaries.
- C. Recognizing the contribution of small-scale projects in combating poverty.
- D. Identifying the obstacles faced by small-scale projects in the Kingdom of Saudi Arabia.
- E. Providing recommendations and proposals for decision-makers.

### 1.4. Study Hypotheses:

- A. There is a statistically significant relationship at a significance level of ( $\alpha \leq 0.05$ ) between financing small-scale projects and mitigating the problem of poverty.
- B. There is a statistically significant relationship at a significant level of ( $\alpha \leq 0.05$ ) between financing small-scale projects and mitigating the problems of unemployment and improving living standards.

### 1.5. Scope of the Study:

- A. The study addresses the topic of financing small-scale projects in the Kingdom of Saudi Arabia.
- B. The study is conducted from 2017 to 2022.
- C. The study focuses on financing small-scale projects in the Kingdom of Saudi Arabia.
- D. The study is applied to the staff of small-scale projects.

### 1.6. Methodology:

This research adopts a qualitative approach, employing descriptive analysis using literary review surveys. Primary data was not created for research, but secondary data was used for research purposes. Data is collected from various sources to assess different studies. The targeted population includes microfinance institutions, the banking industry, etc. Economic indicators in the surrounding region are also involved in comparing various proposed theories on microfinance.

#### 1.6.1. Research variables:

- A. Independent Variables: These include gender, educational level, funding amount, project nature, family size, and age.
- B. Dependent Variables: These include addressing the phenomena of poverty, reducing unemployment, and improving the living conditions of families benefiting from financing.

#### 1.6.2. Data Collection Sources:

The study relies on the following data sources:

- A. Secondary Sources: Literature and studies in the research field, such as poverty, unemployment, and small projects, along with data from banks and financial institutions.
- B. Primary Sources: Beneficiaries of bank and financial institution financing.

#### 1.6.3. Tool of the Study:

The study employs a questionnaire developed to serve the purposes of this research. It includes a set of questions covering the following parts:

- A. Part One: Relates to the demographic and personal characteristics of the beneficiaries.
- B. Part Two: Consists of questions related to financing and projects.
- C. Part Three: Concerns the project's ability to reduce poverty and unemployment and improve the living conditions of the benefiting families. The questionnaire is divided into two sections: one with questions answered using alternatives reflecting beneficiary and project data, and the second with a table containing phrases to be answered with (high, medium, weak).

#### 1.6.4. Data Analysis:

To understand the impact of financing small-scale projects on mitigating poverty and unemployment and to identify the beneficiaries' attitudes, the researcher uses the Statistical Package for the Social Sciences (SPSS). The mean, standard deviation, and arithmetic mean are calculated, and the arithmetic mean is adopted to determine the importance. The range is from (1 - 1.49) indicating low importance to (1.50 – 2.49) indicating medium importance and (2.50 – 3) indicating high importance. It's important to note that during the questionnaire analysis, a high score received 3 points, a medium score received 2 points, and a low score received 1 point for analysis purposes.

## 2. Literature review:

There are many scholars in literature in this area, but with mixed evidence, the study of [6] explored the role of small and medium-sized projects in addressing Gulf youth unemployment challenges. The study, utilizing a descriptive approach, concluded that projects play a crucial role in tackling and mitigating unemployment, contributing significant financial resources to the public budget. Moreover, [7] Investigated the impact of microfinance on small and medium enterprises (SMEs). The study employed simple random sampling and found that SMEs, aware of microfinance institutions (MFIs), acknowledged positive contributions to their growth. However, [8] Examined credit rationing's influence on the viability of SMEs' innovation projects. Results revealed that appropriate combinations of collateral and interest rates distinguish between borrowers with different project success probabilities, reducing credit rationing. Going further [9] explored financing choices of small businesses through the lens of the business life cycle. The study highlighted the pecking order theory's applicability for firms at different life cycle stages, emphasizing the importance of understanding firms' characteristics and needs. In addition, [10] investigated the role of microfinance companies in curbing unemployment and poverty. The study suggested that prompt access to microcredit can enable vulnerable groups to be gainfully employed, improving economic and social security and reducing dependence on government employment. Going further [11] studied the role of small-scale projects in enhancing women's participation in the development of local communities in Saudi Arabia. Utilizing an analytical approach, the study concluded that small-scale projects significantly promote women's employment rates and impact local communities positively. However, [12] examined microfinance in Saudi Arabia, identifying its growth pattern and assessing factors affecting its growth. The research highlighted the importance of knowledge about microfinance in the modern economy and its use, especially for SMEs. Moreover, [13] Investigated the impact of microfinance on Small and Medium Enterprise (SME) growth. The study concluded that microfinance plays a significant role in the relationship between access to finance and SMEs' growth.

## 3. Theoretical Background:

### 3.1. Small-scale projects:

Micro-enterprises: Projects with 1-5 employees or revenues estimated at SAR 0-3 million. Small enterprises: Projects with 6-49 employees or revenues estimated at SAR 3-40 million. Medium enterprises: Projects with 50-2495 employees or revenues estimated at SAR 40-200 million.

### 3.2. Poverty:

The deficiency in providing essential necessities for human life, including food, health services, and education, coupled with a decrease in income [10,6,14]. Internationally, an individual earning less than one U.S. dollar per day is considered poor [2,7,15]. Some countries use a poverty line based on owning 50% of the average income. For example, in a country with an average income of 5,000 dollars, those earning less than 2,500 dollars are considered poor [5,9].

Poverty Lines:

- A. Absolute Poverty Line: Represents the lack of income necessary to meet basic food needs essential for survival.
- B. Absolute Poverty Line: Represents the minimum required levels of consumption to meet basic needs. It includes essential goods such as food, shelter, clothing, education, health, and transportation.
- C. Relative Poverty Line: Measured by family income as a percentage of the general average income. These changes with variations in income levels.

### 3.3. Unemployment:

The imbalance in the labor market where a portion of the workforce cannot secure productive employment despite the desire and capability to work [9,16]. Alternative Definition: The ability and willingness to work and seek employment but without finding it. Types of Unemployment: Previously Employed and Seeking Work: Individuals who have worked before are actively seeking employment and can work but are currently unemployed. Never Employed and Seeking Work: Individuals who have reached the age of fifteen, are actively seeking employment, are capable of working, and have never

been employed before [10,17].

Small-scale projects Definitions, according to the criteria used for this purpose, specifically the Small Project Standard (Facilities Report, 2021), small enterprises can be defined as projects with 1-5 employees or revenues estimated at 0-3 million Saudi Riyals. Small-scale projects are those with 6-49 employees or revenues ranging from 3-40 million Saudi Riyals, while medium-sized enterprises are projects with 50-249 employees or revenues ranging from 40-200 million Saudi Riyals. Poverty is defined as the lack of necessities essential for human life, such as insufficient food, lack of essential health and educational services, and low income (Al-Aswad, 2001). International organizations concerned with poverty consider an individual earning less than one U.S. dollar per day as poor. Some countries define poverty as owning less than 50% of the average income. For example, in a country with an average income of 5,000 dollars, someone earning less than 2,500 dollars is considered poor. Various poverty lines serve as measures of income and consumption distinguishing the poor from others [10,18,19]. These include:

- A. The Absolute Poverty Line: Represents the lack of income necessary to meet basic food needs essential for survival.
- B. The Absolute Poverty Line: Represents the minimum required levels of consumption to meet basic needs, including food, shelter, clothing, education, health, and transportation.
- C. The Relative Poverty Line: Measured as the percentage of household income to the average household income, changing with income levels.

Unemployment is the imbalance in the labor market where part of the workforce is unable to find productive work despite the desire and ability to work [5,12,20]. Unemployment can be divided into two categories:

- A. Displaced, Previously Employed Individuals: Those who have surpassed the age of fifteen, actively seeking work, capable of working, and not employed during the reference period.
- B. Never Employed Individuals: Those who have surpassed the age of fifteen, actively seeking work, capable of working, not employed during the reference period, and have never worked before.

### 3.4. The Role of Small-scale projects in the Economy:

Studies indicate that small-scale projects play a vital role in society, with significant economic and social impacts on national economies and individuals' lives [16,21]. Noteworthy effects include:

- A. Attracting Youth to Entrepreneurship: Small-scale projects attract youth to private work and entrepreneurial initiatives, encouraging them to invest their money and energy in small projects, thereby reducing competition for government jobs.
- B. Engagement in Entrepreneurial Responsibility, engaging in the planning and management of a small project is considered entrepreneurial work that protects youth from social problems, deviations, and their associated health and financial risks [13,22].
- C. Investing in Entrepreneurial Projects for Stability: The trend towards investing in entrepreneurial projects is a factor in economic and social stability, especially during crises and periods of instability [7].
- D. Diversification of Entrepreneurial Activities: Entrepreneurial initiatives' diversity prevents investors from facing severe setbacks that could be experienced by those focusing all their activities and investments in a large establishment [23].
- E. Entrepreneurial Ventures as a Learning Phase: Entrepreneurial activities and small enterprises in societies with abundant resources, like Saudi society, serve as a training phase, preparing promising businesspeople by providing them with managerial, organizational, and operational skills [19].
- F. Expansion of Economic Practices: The expansion of entrepreneurial projects plays a crucial role in supporting the private sector and liberating individuals from government jobs, promoting economic independence [14,20].
- G. Promoting Privatization: The global trend now involves relieving the state of economic and social activities, restricting it to sovereign and defense activities. This implies leaving economic activities in the private sector, civil organizations, and voluntary work [21]. Privatization signifies the abandonment of creating new jobs by the state and encourages strengthening the private sector and promoting small-scale projects as an alternative for job creation, supporting economic sustainability [24].

### 3.5. Banking Financing Concept:

Bank financing, commonly used for many Small and Medium Enterprises (SMEs) and entrepreneurs, serves as the most common external financing source [25]. Although widely used by small companies, traditional banking financing poses

challenges for them [26]. Financing Small-scale projects and the Small-scale projects Financing Program in the Kingdom of Saudi Arabia: The General Authority for Small and Medium Enterprises (SMEs) (Monsha'at) was established in 2016. Its objectives include regulating and nurturing the small and medium enterprises (SMEs) sector in the Kingdom, in line with global best practices of the global. The goal is to increase the contribution of SMEs to the GDP from 20% to 35% and support their development by 2030. Various financing methods for small-scale projects in Saudi Arabia include:

- A. Bank for Financing Small and Medium Enterprises: Launched in February 2020, this bank is one of the strongest financing initiatives announced by the Kingdom. It provides a single source of financing for this crucial category of enterprises. The bank, established based on a comprehensive study spanning 14 countries worldwide, is expected to become a cornerstone for the national SME financing strategy led by Monsha'at.
- B. Support Funds and Loans for Small Projects: Government entities or funds provide financing programs for startups and small-scale projects with minimal cost and simplified procedures to support and remove obstacles for individuals establishing small enterprises.
- C. Family and Friends Financing: Family and friends are often trusted sources of financial support, offering both moral and material assistance to the project. Financing from this source can be considered a form of support, potentially with lower costs and risks compared to other sources such as banks.
- D. Bank Loans: Utilizing loans offered by Saudi banks for small and medium-sized enterprises. However, these loans require various documents, including a business plan, expected annual profits, and other documents to assess the company's creditworthiness and its ability to meet financial obligations.
- E. Credit Cards: Credit cards can be used for short-term financing of company expenses. However, delayed payments can negatively impact the company's credit status. This method is considered risky by some due to potentially high costs.
- F. Crowdfunding: A modern financing method where the project owner presents the idea on specialized websites for a specific period. Interested individuals contribute through investment or funding.
- G. Factoring: Factoring involves selling the company's accounts receivable or customer invoices to a third party at a discounted rate, providing immediate cash flow. It differs from a bank loan as it focuses on the value of receivables rather than the company's reputation or credit status.
- H. Future Profit Collection: This method involves offering products or services on the market and then collecting a portion of future sales as a deposit. This provides cash flow without interest or fees.
- I. Venture Capital: Also known as "Bold Capital," venture capital involves raising capital from individual investors or specialized capital funds in exchange for a specific ownership stake in the company.

### 3.6. Small-scale projects and Entrepreneurship:

The terms "small projects" and "entrepreneurship" are often used interchangeably, implying they refer to the same thing. However, while there is some overlap, not all small-scale projects are entrepreneurial, and not all entrepreneurial projects are small. Entrepreneurial projects offer something better and different, accompanied by a high risk of the idea failing. This risk brings a potentially high return, either in the form of significant profits or by permanently changing the rules of the game in the market. In any case, being an entrepreneurial venture does not necessarily guarantee success or profitability. Similarly, a small project does not imply it will remain small and not achieve profits. Monsha'at Financing (Small and Medium Enterprises Bank Electronic Portal)

#### 3.6.1. Micro-Sized Establishments:

This project includes all economic activities and sectors, provided that the establishment has operated for at least six months. Financing for the project can reach up to SAR 500,000, repayable over 24 months. Financing does not require audited financial statements, and a grace period of three months is available. Financing E-commerce Stores:

- A. Medium-Term Financing: Targets micro, small, and medium-sized enterprises (revenues not exceeding SAR 200 million and employee count not exceeding 250) for medium-term financial needs. Primary purpose: Operational expenses (e.g., rent, sales expenses, transportation, salaries), and purchase of raw materials and final goods. Features: Available for all economic activities, open to entities operating for at least one year, financing up to SAR 15 million, repayment period up to 12 months.
- B. Working Capital Financing: Targets micro, small, and medium-sized enterprises (revenues not exceeding SAR 200 million and employee count not exceeding 249) for short-term financial needs. Primary purpose: Covering operational expenses and capital expenditure (e.g., fleet update, warehouse construction, infrastructure development). Features: Available for all economic activities, open to entities operating for at least one year, financing up to SAR 205 million,

repayment period up to 24 months.

- C. **Short and Medium-Term Financing:** Targets micro, small, and medium-sized enterprises (revenues not exceeding SAR 200 million and employee count not exceeding 249) for short and medium-term financial needs. Primary purpose: Capital expenditure (e.g., production line expansion, machinery and equipment purchase, opening new branches). Features: Available for all economic activities, open to entities operating for at least two years, financing up to SAR 15 million, repayment period up to 36 months, grace period up to 6 months.
- D. **Revolving Credit Financing:** Targets micro, small, and medium-sized enterprises (revenues not exceeding SAR 200 million and employee count not exceeding 249) for short-term financial needs. Primary purpose: Operational expenses (e.g., rent, sales expenses, transportation, salaries), and purchase of raw materials and final goods. Features: Available for all economic activities, revolving credit allowing reuse after repayment within a year, financing up to SAR 8 million, repayment period up to 12 months.
- E. **Credit Card for Enterprises:** Targets micro, small, and medium-sized enterprises (revenues not exceeding SAR 200 million and employee count not exceeding 249) for short-term financial needs. Primary purpose: Covering business expenses, general expenses (e.g., office supplies, transportation expenses, marketing expenses). Features: Available for all economic activities, revolving credit allowing reuse after repayment within a year, financing up to SAR 250,000.

### 3.6.2. Medium-Sized Enterprises:

Targets all economic activities, open to entities operating for at least one year, financing up to SAR 15 million, grace period for one year.

## 4. Methodology:

### 4.1. Study Population and Sample:

The study's population is the regions of the Kingdom of Saudi Arabia, with the sample focusing on purposively selected areas, including the Riyadh province.

### 4.2. Study Tool:

The study tool is a questionnaire, divided into two main axes:

Axis 1: Questions related to personal factors such as gender, age, and educational level.

Axis 2: Questions related to study variables, addressing factors influencing customer satisfaction at Riyadh Bank. This axis consists of sixteen 5-point Likert-scale questions.

The questionnaire was designed to capture various aspects of customer satisfaction, considering personal and contextual factors. The data collected through this tool will be analyzed to draw conclusions and insights regarding the factors influencing customer satisfaction at Riyadh Bank.

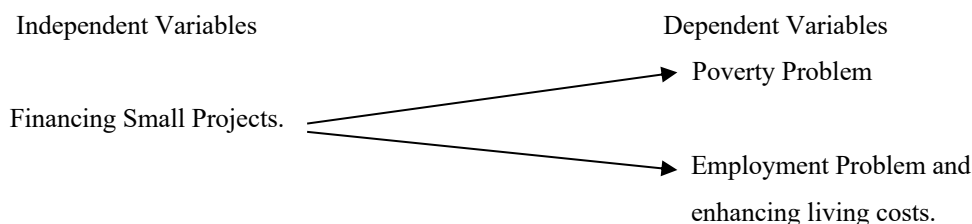
**Table 1:** questionnaire items

Items or Questions	Variable
1- 8	Reducing the problem of poverty.
9- 16	Mitigating the issue of unemployment and improving the level of service.

Source: prepared by author.

To verify the authenticity of the questionnaire as a data collection tool, it was presented, after development, to several specialized experts. This was done to ensure the accuracy of the formulation of the questionnaire's items, the correctness of the language used, the clarity of its elements and terms, and to assess how well its sections align with the study's objectives. Some items and expressions were modified based on feedback from the experts.

### 4.3. Study Model:



**Fig. 1:** Study variables.

One Sample T-Test: Used to determine whether the average responses of the study sample differ from the assumed (neutral) mean, which is valued at (3). Analysis of variance (ANOVA) for questions related to study variables.

**4.4. Study Sample:**

The number of questionnaires distributed was 120, and the number of questionnaires returned was 106. The response rate reached approximately 88% of the questionnaires distributed. Six questionnaires were excluded due to their unsuitability for analysis. Consequently, the number of questionnaires included in the analysis was 100, representing 83% of the questionnaires distributed.

**Table 2: Characteristics of the Study Sample**

Sex	Variable	Frequency	Proportional Distribution
Male	Sex	75	75%
Female		25	25%
Total		100	100%
Less than 31 years.	Age	25	25%
31 - 40 years old.		40	40%
41 - 50 years old.		20	20%
More than 50 years old.		15	15%
Total		100	100%
Diploma or less	Educational Level	28	28%
Bachelor's degree		54	54%
Master's degree		16	16%
Ph.D.		2	2%
Total		100	100%
1- 3	Family members	20	20%
4- 6		55	55%
More than 6		25	25%
Total		100	100%
200.001- 500.000	Financing fund	60	60%
500.001- 1000.000		20	20%
More than 1000.001		15	15%
50.000- 200.000		5	5%
Total		100	100%
Services	Project nature	35	35%
Agricultural		25	25%
Industrial		10	10%
Commercial		30	30%
Total		100	100%

Source: prepared by author.

The table (No. 2) illustrates the characteristics of the study sample based on the analysis of descriptive questions responses. Through this table, the key characteristics of the study sample can be extracted as follows:

The percentage of males in the study sample was approximately 75%, while the female percentage was 25%. This result may reflect that the number of male beneficiaries in small-scale projects in Riyadh is greater than the number of female beneficiaries.

Young age groups (forty years and below) constituted the largest proportion of the study sample, accounting for 65% of the total sample, while age groups above 40 years constituted 40%. This result reflects that two-thirds of the beneficiaries of small-scale projects in Riyadh are from the young age groups, indicating unemployment at this young age category.

Individuals holding a bachelor's degree formed most of the sample, with a percentage of 54%, while the percentage of those with higher degrees (master's and doctoral) was 18%. The percentage of those holding a diploma or less was 28% of the sample. Thus, approximately 72% of the study samples have university degrees, reflecting a high educational level among most beneficiaries of small-scale projects in Riyadh.

The percentage of families with three members in the sample who benefited from financing small-scale projects was

approximately 20%, while the percentage of families with less than six members who benefited from financing small-scale projects was 55%. For families with more than six members who benefited from financing small projects, their percentage was 25%. Thus, it is evident that about 80% of the sample individuals who benefited from financing small-scale projects come from families with four members or more, indicating that the income of poor families does not cover their commitments and needs.

#### Validity and Reliability Test of the Instrument:

The validity and reliability test aims to ensure that the results obtained through the study instrument (the questionnaire) can be replicated if it is re-administered after a period of time.

The validity test was conducted by relying on Cronbach's Alpha coefficient to determine the level of internal consistency among respondents' responses to the questionnaire's questions. The internal consistency of the questionnaire's questions refers to the strength of the correlation between the scores of each field and the total scores of the questionnaire. This coefficient measures the level of correlation between responses and its values range from zero to one. The acceptable statistically Cronbach's Alpha value is at least 60% for the generalization of results (Sekaran, 1984).

**Table 3: Reliability and Consistency Analysis Results**

Variable	Items or Questions	Number of Items	Number of Responses	Cronbach's Alpha Coefficient
Problem of poverty	1- 8	8	100	0.744
Issue of unemployment and improvement of living standards	9 - 16	8	100	0.785
All variables	1 - 16	16	100	0.73

Source: prepared by author.

The table (No. 3) shows the results of the Reliability and Consistency Analysis for the questionnaire items. It can be observed that the alpha coefficient values for the sets of questions constituting the study variables ranged from 74.4% to 78.5%. The alpha coefficient value for all questionnaire items reached 73%. These values indicate a high level of internal consistency in the questionnaire, thus ensuring the reliability and stability of the study instrument, allowing for the generalization of study results.

#### Repetition Analysis for Questions Related to the First Variable: Poverty Reduction

**Table 4: Means and Standard Deviations for Questions Related to the First Variable**

No.	Statement	Count	Mean	Standard Deviation	Rank
1	Financing small-scale projects contributed to reducing the poverty rate.	100	4.17	0.668	1
2	Financing small-scale projects contributed to reaching poor families and those with low incomes.	100	4.06	0.758	4
3	Financing small-scale projects contributed to saving many families from poverty and providing a steady source of income for those families.	100	4.04	0.733	3
4	Financing small-scale projects contributed to transforming non-productive poor families into productive ones in society, capable of meeting their basic needs.	100	4.02	0.726	2
5	There are institutions capable of providing financial and technical support to owners of small projects.	100	4.01	0.715	6
6	The existence of official or government support for smaller financing institutions to enable them to provide suitable financing for poor families.	100	4.00	0.688	5
7	There is a decrease in cost of financing, and it is available for periods that align with the ability of poor families to repay.	100	3.98	0.660	8
8	Not restricting funding for small-scale projects with the presence of financial or in-kind guarantees, as it is difficult for those poor families to provide them.	100	3.96	0.654	7
Ave.			4.3		

Source: prepared by author.



Table No. (4) shows the results of the Repetition Analysis for questions related to the first variable, which is "Reducing the Problem of Poverty." The average scores for responses to the statements ranged from 3.96 to 4.17. The lowest average was for statement eight, which relates to not restricting funding for small-scale projects with financial or in-kind guarantees due to their difficulty in being provided by those poor households. On the other hand, the highest average was for the first statement, which confirms that financing small-scale projects has contributed to reducing the poverty rate to a high degree, with an average of 4.3, while the standard deviation is 0.70.

Repetition Analysis for Questions Related to the Second Variable: "Reducing Unemployment and Improving the Standard of Living"

**Table 5: Means and Standard Deviations for Questions Related to the Second Variable**

No.	Statement	Count	Mean	Standard Deviation	Rank
1	Small-scale projects have contributed to creating new jobs through self-employment.	100	4.13	0.769	1
2	There is a shortage of the needed funding in the establishment or growth stages.	100	4.10	0.817	5
3	Small-scale projects have contributed to increasing productivity.	100	4.02	0.651	3
4	Financing small-scale projects has contributed to creating projects that generate suitable income for beneficiaries.	100	3.87	0.929	2
5	Financing small-scale projects has contributed to their growth and development.	100	3.80	0.935	4
6	The bank requests a feasibility study for funded projects when applying for financing of two and a half million riyals and more.	100	3.78	0.976	6
7	The administrative vision in small-scale projects is not mature.	100	2.95	0.942	8
8	Small-scale projects face administrative obstacles in managing project components.	100	2.82	0.876	7
Ave.			3.68		

Source: prepared by author.

Table No. (5) illustrates the results of the analysis of variance for questions related to the second variable: "Reducing Unemployment Problem and Improving Living Standards." The average responses for concrete statements ranged from 4.13 to 2.82. The lowest average was for statement seven, related to the immaturity of the administrative vision in small projects. The highest average was for the first statement, confirming that small-scale projects contributed to creating new jobs through self-employment. The calculated overall mean was 3.68, with a standard deviation of 0.86.

Testing the first study hypothesis:

H0: There is no statistically significant impact of financing small-scale projects on reducing the poverty problem.

**Table 6: One Sample Test for Tangible Service Quality**

	Test value3			
	T	Dt	Sig(2-tailed)	Mean Difference
Tangible Service Quality	15.240	141	0.000	3.410

Source: prepared by author.

Based on the above, it can be observed that the average responses of the sample individuals to the questions related to the third variable were 3.41. This value is approximately 1.41 higher than the assumed average of 3. The calculated t-statistic was 15.240, and its statistical significance level was 0.00%, which is considered lower than the utilized significance level of 5%. This implies that the difference between the average of this variable and the assumed average is statistically significant. Therefore, we reject the null hypothesis and accept the alternative hypothesis, which states that funding for small-scale projects has an impact on reducing poverty.

**Table 7: One Sample Test for Quality-of-Service Reliability**

	Test value3			
	T	Dt	Sig(2-tailed)	Mean Difference

Quality of Service Reliability	6.950	141	0.000	3.950
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Source: prepared by author.

Through the above table, it can be observed that the average responses of the study sample to the questions related to the third variable were 3.950. This value is approximately 0.907 higher than the assumed average of (3). The calculated t-statistic was 6.950, and its statistical significance level was 0.00%, which is considered lower than the utilized significance level of 5%. This means that the difference between the average of this variable and the assumed average is statistically significant. Therefore, we reject the null hypothesis and accept the alternative hypothesis, which states that funding for small-scale projects has an impact on reducing unemployment and improving the standard of living in Riyadh.

## 5. Results and Recommendations:

### 5.1. key results:

This section presents the most important results and recommendations of the study as follows:

- A. The results indicate that the study sample agrees on the existence of a statistically significant relationship between the size of funding for small-scale projects and the required procedures for granting funding, with an average of 3.80 out of 5.00. This suggests a relationship between the size of funding for small-scale projects and the required procedures for funding, including the bank's requirement for a feasibility study for funded projects.
- B. The results also show that the study sample agrees on the existence of a statistically significant relationship between the risks facing small-scale projects and the administrative obstacles encountered by these projects, with an average of 3.61 out of 5.00. This suggests a relationship between the risks facing small-scale projects and the administrative obstacles encountered by these projects, including the impact of planning on the failure of these projects.
- C. Additionally, the results indicate that the study sample agrees on the existence of a statistically significant relationship between the failure of small-scale projects and the complex procedures for bank financing, with an average of 3.61 out of 5.00. This suggests a relationship between the failure of small-scale projects and the complex procedures for bank financing, including the impact of complex procedures by banks as a barrier to the establishment of small projects.

### 5.2. Recommendations:

- A. Attention should be paid to small-scale projects and their funding by the government to provide real opportunities for the labor market.
- B. Banks should facilitate the financing of small-scale projects to streamline their operations.
- C. Awareness should be raised about the importance of organizing small and medium-sized enterprises (SMEs) and creating independent entities for them.
- D. Adopt the best global practices in providing banking and non-banking services for financing small projects.
- E. Governments should commit to building national capacities to establish a new generation of entrepreneurs willing to take risks and initiate excellence in implementation.
- F. Collaborate with the best institutions and companies globally to accelerate the acquisition and transfer of knowledge in the field of banking finance.
- G. Work with the government to develop the business environment (policy, law, regulatory infrastructure) to support those managing small projects.
- H. Establish modern legislative frameworks for Small and Medium Enterprises (SMEs) at all levels.
- I. Create a department in banks to support the financing of Small and Medium Enterprises (SMEs), where requests for financing are monitored and supervised by a team with skills and enthusiasm. Also, we have experienced consultants providing financial, managerial, and marketing consultations.
- J. Coordinate with the Ministry of Industry and Trade - Industrial Areas - to assist banks in providing financial data regarding small and medium-scale industrial facilities.
- K. Issue directives that encourage financing Small and Medium Enterprises (SMEs) and impose a financing ratio for these institutions from the total facilities granted.
- L. Conduct an annual evaluation of this financing, study the strengths and weaknesses, and make appropriate legal and

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