

The Effect of Small-Scale Industry on Local Development Case Study: Karak Governorate

L'EFFET DE LA PETITE ECHELLE DE L'INDUSTRIE SUR LE DEVELOPPEMENT LOCAL ETUDE DE CAS : KARAK GOUVERNORAT

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Abstract

The study aimed at knowing the characteristics of Small-Scale Industries SSIs in the governorate of Karak and its important role in local development, Analyzing the relationship between the characteristics of SSIs that include the nature of activity, financing and location and the local development as well as the effect of this sector on the local development of Karak.

A statistical package for social sciences (SPSS) program was used for descriptive analysis. All SSIs were selected for the purpose of this study.

The main findings indicate that there is a high level of characteristics importance for SSIs. Financing SSIs ranked in the 1st place and location in the 2nd place followed by nature of activity in the 3rd place. There is a significant effect of the characteristics of SSIs on local development in Karak Governorate. There is a significant effect of the nature of the activity and location of the firm on local development in Karak Governorate. But there is no significant effect of finance for SSIs on local development in Karak Governorate. This study has verified further research opportunities that could enrich the understanding of SSIs in the southern region of the kingdom. The paper provides some relevant recommendations to policy makers, development agencies, entrepreneurs, and SSIs managers to ascertain the appropriate strategy to improve the SSIs sector.

Key words: SSIs; SMEs; Industry; Enterprises; Local development; Jordan

Résumé

L'étude visait à connaître les caractéristiques des petits -

Échelle SSI Industries dans le gouvernorat de Karak et de son rôle important dans le développement local, en analysant la relation entre les caractéristiques des ISO qui comprennent la nature de l'activité, le financement et l'emplacement et le développement local ainsi que l'effet de ce secteur sur le développement local de Karak.

Un logiciel de statistiques pour les sciences sociales (SPSS) a été utilisé pour l'analyse descriptive. Tous les SSI ont été sélectionnés dans le but de cette étude.

Les principaux résultats indiquent qu'il ya un haut niveau d'importance des caractéristiques pour SSIS. SSI Financement classé dans la 1ère place et l'emplacement dans la 2ème place suivi par la nature de l'activité à la 3ème place. Il ya un effet significatif sur les caractéristiques des ISO sur le développement local dans le gouvernorat de Karak. Il ya un effet significatif de la nature de l'activité et la localisation de l'entreprise sur le développement local dans le gouvernorat de Karak. Mais il n'ya pas d'effet significatif de la finance pour SSIS sur le développement local à Karak Governorate. Cette étude a vérifié les possibilités de recherche supplémentaires qui pourraient enrichir la compréhension de SSIS dans la région du sud du royaume. Le document fournit des recommandations pertinentes aux décideurs politiques, agences de développement, les entrepreneurs et les gestionnaires de SSIS pour déterminer la stratégie appropriée pour améliorer le secteur de SSIS.

Mots clés: SSI; PME; Industrie; Entreprises; Développement local; Jordanie

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INTRODUCTION

There is growing recognition of the small and medium enterprises SMEs and their role in enhancing the economy and described as efficient in job creators reducing poverty and their positive contribution in the national economy. (Abor and Quartey).

SMEs contribute to economic development in various ways by creating employment for rural and urban growing labor force, providing desirable sustainability and innovation in the economy as a whole. In addition to large number of people that relies on SMEs (Fida, 2008). In the developed countries, the largest workers are employed in the SMEs rather than the multinationals. (Abor and Quartey).

Interest in the role of SMEs in general and small scale industries SSIs in particular play in the development process are taken into consideration by policy makers world wide. Governments in most countries have undertaken initiatives to promote the growth of SSIs. SSIs development can encourage the process of both inter and intra-regional decentralization; and if the economic policies are in the right track, SSIs may well become an effective force against the economic power of larger industries. In general, the development of SSIs is seen as an important factor for achieving rapid socio-economic development, including poverty alleviation (Cook and Nixon, 2000).

Jordan has taken steps for economic development over the past years, the annual per capita income doubled from about 1333 Jordanian dinar (JDs) In the year-end 2002 to about 2979 JDs in 2009. As a result the economic growth rate, the Gross Domestic Products GDP reached about 6.6% (JCI, 2010).

The structure of the Jordanian economy consists of three main sectors:

The service sector, which represents 73% of the total economy, for example, but not limited to, finance, insurance, transport, tourism, services. The industrial sector contributes about 24% of the GDP. The agricultural sector contributes 3%. (JCI, 2010).

Table 1
Breakdown of the Private Sector

Enterprises	Category of employees	Total no. of employees	No. of enterprises
Small	1-4	235113	131276
	5-19	105718	13085
Medium	20-49	54677	1830
	50-99	36101	516
Total small and medium	1-99	431609	146707
Large	More than 100	196945	620
Total SMEs and large		628554	147327

Source: Employment survey, DOS 2008.

The private sector in Jordan as it breaks down in table 1 is made up of large enterprises with 196,945 employees and SMEs with 431,609 employees. SMEs represent 60% of the total private sector and 37% of total employed in

Jordan. While small– scale enterprises represent 52.2 % of total employment. (UNISCO, 2011; DOS, 2008).

The total number of industrial firms in Jordan breaks down to large scale industries 449 with 0.3%, medium scale industries 2275 with 1.6% and small scale industries 12759 with 9% micro scale industries 126,194 with 89.1 %. SMEs about 99.6 % of the total industry. Small business accounting for 99% of all businesses in Jordan. (JCI, 2010).

Small-Scale Industries (SSIs) also occupies an important role in the industrial sector. It is a seedbed of innovations, inventions and employment. They contribute in increasing the volume of production and value-added, attract labor, reducing poverty and unemployment as well as achieving equitable distribution of income among individuals.

The industrial sector depends almost entirely on small and medium- sized enterprises SME's to drive its economy. About (99.6%) of all businesses in Jordan are classified as SME's, two third of which have less than 19 employees (DOS, 2006). To face the ever-growing competition, Jordanian SME's are working rigorously to modernize their technologies and improve their competitiveness. The availability of funds from the government and other donors has also encouraged SME's to undertake these modernization activities.

The most general challenges affecting SSIs include lack of management skills, finance, access to bank credit, access to markets, appropriate technology, low production capacity, recognition by big companies, lack of interest, long bureaucracy processes, and support for the roles that small businesses can play in economic development (WTO, 1998; Frijns & Bas Van Vliet, 1999; OECD, 2009).

Jordan has focused on the development of this sector for many decades and realized the need to adopt a corrective economic program to adjust structural imbalances in order to enhance these industries. There is no doubt that SSIs required some services such as the location of roads, water and electricity that will enable it to spread out in rural areas. This will achieve many benefits including better distribution of employment opportunities and income achieving economies of scale resulting from the choice of location near the sources of production requirements and market (Al-Awamreh, 2000).

These industries are also considered as important factors in increasing and developing technical and managerial skills of the workforce, where it accounts for a large number of both SSIs and employment, in addition to the volume of production and added value that can contribute to the economy (Zyadat, 2011).

This important sector requires special attention in the areas of capacity building and competitive ability following Jordan's entry to several Free Trade Agreements. It is a good opportunity for local enterprises to compete with international enterprises abroad m

especially in term of reductions in tariff rates. Such agreements, however, also pose threats for local small and medium scale industries. Having to compete with international firms on quality and price requires further investment in the human capital behind these industries.

There are many obstacles facing SSIs in Jordan such as Lack of a focused policy toward the SSIs sector, scarcity of natural and water resources, increasing competition from foreign products with a lack of marketing and distribution skills, lack of technological know-how, limited access to technology and business information, the use of traditional and low-productivity equipment and machines, low quality products and limited access to formal financial services. (Empretec Jordan)

As this paper prepared for the governorate of Karak, it's an essential to provide some information that is useful for the purpose of this study. The governorate of Karak's area is 112700 km². Karak is located in the southern part of Jordan with population of 228,200 people live there representing 3.9% of the total population. Individuals below poverty line represent 21.7%, rural population 65%, and unemployment rate 33% including male unemployment rate of 24.9%. (DOS, 2004).

The total numbers of SMEs In the governorate of Karak are 1,161 with registered capital of 29,171,870 million JDs. While the total number of SSIs Stood at 405 firm represent 34.8% of SMEs (JCC, 2011).

According to the department of statistics most SSIs enterprises are located in the capital governorate that runs 1-19 employees represent 49% of the total SSIs, then the governorate of Irbid and Zarqa with 19% and 14% respectively. The rest of governorates stood at 18%. This geographic concentration are due to the geographical distribution of population and the availability of services and factors of production. (Abu-Alhija, 2007).

Study Problem

Despite the importance of small enterprises and their role in addressing economic imbalances, about 50% of these projects failed at the early stages due to weaknesses and challenges of administrative, financial, and marketing factors. (Zyadat, 2011).

Also there is a need to develop and promote SSIs competition in the national and international market .Scarcity of resources that faces SSIs is a main problem which curb competitiveness along with structural imbalances facing this sector.

We can conclude that the study problem can be expressed to answer the main question of "What are the characteristics of SSIs in the governorate of Karak?"

Study Importance

The importance of the study could be summarized in the following points

- 1 - increased attention to SSI and its role in the Jordanian economy
- 2 – Governments and organizations recognition of its

role in local development.

Study Objectives

The study aimed at knowing the characteristics of SSIs in the governorate of karak and its importance in local development as follows

- Analysis the relationship between the independent variable characteristics of small – scale industries include the nature of activity, financing and location and the dependent variable local development in the governorate of Karak .

- Analysis of the impact of SSIs on the development of local development in the governorate of Karak

Study Limitations

This study is subject to a limitation and might be explored in future research. You were a difficulty in obtaining in obtaining information related to the study by some owners of SSIs and difficulty in obtaining the names and address of the industries in the governorate of karak. Despite this limitation, this study has provided several important insights into issues relating to SSIs. Hopefully, this study will encourage other researchers to conduct further studies in this field.

1. THEORETICAL FRAMEWORK

The Concept of SSIs

Small and micro businesses have a vital role to play (Stanworth and Gray, 1991) A review of the literature reveals that there is no single, uniformly acceptable Definition of a small firm (Storey, 1994). In practice, various meanings can be foun Which apply in different contexts? The heterogeneity of the small firm sector means it Is often necessary to modify the various definitions advanced according to the Particular sectoral, geographic or other contexts in which the small firm is being Examined, by using such as 'grounded' definitions (Keats and Bracker, 1988).

The issue of what constitutes a micro and small enterprise is a major concern to many countries. There are different definitions to this kind of industry.

There is no doubt that small businesses remain economically important in every free Enterprise industrial society (Curran *et al.*, 1986). In the UK, SMEs are strongly Represented in almost every major sector of the economy, and continue to provide Substantial employment not only in traditional established industries such as Construction but also in the newer sectors such as professional and scientific services (Binks and Coyne, 1983)

Small firms, however they are defined, constitute the bulk of enterprise in all Economies in the world. These firms also make a major contribution to private sector Output and employment, a contribution which appears to be increasing over time (Storey, 1994). More than 95% of all firms in the economies of the European Community

are classified as ‘small’ – in short, it is the firm with more than 100 Employees that is the exception rather than the rule.

The definition of firms by size also varies among researchers. Some attempt to use the capital assets while others use skill of labor and turnover level. Others define SSIs in terms of their legal status and method of production. Storey (1994) tries to sum up the danger of using size to define the status of a firm by stating that in some sectors all firms may be regarded as small, whilst in other sectors there are possibly no firms which are small. The Bolton Committee (1971) first formulated an “economic” and “statistical” definition of a small firm. Under the “economic” definition, a firm is said to be small if it meets the following three criteria:

- It has a relatively small share of their market place;
- It is managed by owners or part owners in a personalized way, and not through the medium of a formalized management structure;
- It is independent, in the sense of not forming part of a large enterprise.

Under the “statistical” definition, the Committee proposed the following criteria:

- The size of the small firm sector and its contribution to GDP, employment, exports, etc.
- The extent to which the small firm sector’s economic contribution has changed over time;
- Applying the statistical definition in a cross-country comparison of the small firms’ economic contribution.

The UNIDO (2004) also defines SMEs in terms of number of employees by giving different classifications for industrialized and developing countries (see Elaian, 1996). The definition form industrialized countries is given as follows:

- Large - firms with 500 or more workers;
- Medium - firms with 100-499 workers;
- Small - firms with 99 or less workers.

The classification given for developing countries is as follows:

- Large - firms with 100 or more workers;
- Medium - firms with 20-99 workers;
- Small - firms with 5-19 workers;
- Micro - firms with less than 5 workers.

It is clear from the various definitions that there is not a general consensus over what Constitutes an SME. Definitions vary across industries and also across countries.

There is no formal definition of SMEs in Jordan; the Department of Statistics classifies different economic data according to the number of work force in three categories: establishments employing less than five workers, those employing five workers to less than 20 and the ones employing more than 20 workers (DOS.2006).

According to Ministry of Industry and Trade (MIT, 2011) SME’s are based on the number of employees and the paid capital investment as summarized in table 2.

Table 2
Criteria of the Industrial Sector

Industry	Capital investment	employees
Micro	Less than 30000	1-9
Small	More than 30000	10-49
Medium	More than 30000	50-249
Large	More than 30000	250 and above

Source: Establishments Survey, DOS, 2006

For the purposes of this paper it was decided to take the department of statistics classification. It defines SSIs as those with less than 20 employees.

2. LITERATURE REVIEW

The literature review indicated that the numbers of studies which have examined SSIs in Jordan are very limited. The most notable studies are:

Anderson (1982) examines the changing size distribution of industry in developing countries by region and over time. It discusses the importance of markets generated by the growth of rural incomes for the regional development of industry, both small- and large-scale and arguing that while small and large firms alike are highly responsive to the growth of markets, the measured entrepreneurial response is neither as full nor as efficient as is desirable.

It is also argued that small industries - and, by implication, the programmes intended to support them - would stand to benefit from more efficient and also more labor-demanding policies towards industry.

Al-Awamreh (2000) illustrates the important of SSIs in the Jordanian economy general and its role in role in the development of rural and desert areas in particular. He focuses on the need for strategic plan for the development of this sector to reduce the problems of poverty and unemployment. The researcher found that the industrial sector in Jordan faces many obstacles curb its growth and development such as financing, competition, lack of water and infrastructure and marketing. The study recommends that the Industrial Development Bank should focus on financing SSIs in less developed regions and establishment a department at the ministry of municipal affairs to take care of rural areas.

Abbasi (2003) investigates the role of small-scale industries in economic development in Jordan. He found that SSIs plays a positive role in the economy, its impact on increasing the GDP and reducing government debt and the negative impact of both consumption and government and consumption expenditures on SSIs investment. The study concluded that SSIs contribute in providing employment opportunities and its ability to produce goods suitable for the local market with low cost.

Tagoe, Nyarko & Anuwa-Amarh (2005) examine the impact of financial sector liberalization (FSL) policies

on the financial management of SMEs in Ghana. Its findings are integrated into a framework that explains the impact of FSL and the factors at work. The main financial challenge facing SMEs is access to affordable credit over a reasonable period. SME financing needs reflect their operational requirements, while the action of investors depends on their risk perception and the attractiveness of alternative investment which affects their willingness to invest. Government borrowing, the general economic climate, availability of collateral, quality of SME record keeping, and SME investor relations skills affect the way in which this challenge is managed.

Tambunan (2006) discusses the pattern of change and development of micro, small and medium enterprises MSMEs, and, based on some county-case studies it presents evidence on the relative importance of MSMEs in terms of employment share in different levels of economic development.

The paper explains some main factors affecting the pattern of change and development of MSMEs. He argues that the pattern is the outcome of a complex economic process, in which several factors in several combinations play a role.

The impact of these factors may differ for different size groups of establishment and for individual enterprises within the same size categories. Amongst these factors changes in real income per capita and population density are the two main important determinants.

Abu-Alhija (2007) analyzes competitiveness of Jordanian small and large-scale industries by identifying the determinants of the competitive performance and effects.

He found that SSIs are relatively less competitive and productive than large-scale industries at the national and international markets. The study recommends providing training programs for employees in the SSIs sector, creating communication channels with their counterpart abroad and better access to international markets.

Lozi (2008) examines the role of SSI in the economic development of Jordan by showing the effects of the SSI on the unemployment rate, production, and sales. The research concludes with policy recommendations to ensure the sustained and competitive growth of SSIs in Jordan. The results of the study show that the growth of SSI in Jordan in terms of employment, production and sales has increased due to globalization and domestic liberalization. However, it is still not as significant as planned. The SSI sector should be encouraged to make a sustainable contribution to the national income, employment, and exports.

Abor and Quartey (2010) discusses the characteristics, contributions of SMEs to economic development, and the constraints to SME development in Ghana and South Africa. He found that SMEs in Ghana provide about 85% of manufacturing employment, contribute about 70% to Ghana's GDP and account for about 92% of all

businesses. They also contribute between 52 to 57% to GDP and provide about 61% to employment in South Africa.

He also found that development of this sector is largely constrained by a number of factors, such as lack of access to appropriate technology; limited access to international markets, the existence of laws, regulations and rules that impede the development of the sector; weak institutional capacity, lack of management skills and training, and most importantly finance.

Ayozie and Latinwo (2010) discuss the Entrepreneurial developments and SSIs contribution to Nigerian national development. They confirmed that SMEs are the means of economic development and a veritable means of solving problems. The paper identifies the marketing problems of SMEs and entrepreneurship. It concludes by specifying the role of marketing to the survival of SMEs and entrepreneurship and relevant recommendations. For SMEs to survive marketing practice and principles must be given prominence.

Al-khazali (2011) measures the role of the Jordanian commercial banks in financing small-scale projects, using study sample of three banks. The study concludes that There is significant relationship between the role of Jordanian commercial banks in financing small-scale enterprises and reducing unemployment as well as there is significant relationship between the role of Jordanian commercial banks in financing small-scale enterprises and reducing poverty.

3. STUDY HYPOTHESES

Based on the study aim and objectives, the following hypotheses can be formulated:

HO: The main hypothesis states that "there is no statistical significant effect of SSI characteristics on local development in Karak Governorate.

HO1: There is no statistical significant effect of SSI nature of activity on local development in Karak Governorate.

HO2: There is no statistically significant effect of SSI finance on local development in Karak Governorate.

HO3: There is no statistically significant effect of SSI location on local development in Karak Governorate.

4. METHODOLOGY

This study relied on a descriptive approach, through a review of literature related to SSIs and local development in addition to the use of questionnaire to answer the question of the study and test the hypotheses.

4.1 Sample

The study population consists of all 405 SSIs in the governorate of Karak's including 355 industries in main district, 70 in the Southern Mazar (Table 3). Random

sample of 50% of the study population has been selected, and thus the study sample consists of 238 small industrial enterprises of which 203 located in main district of Karak and 35 in the Southern Mazar district. The study questionnaires were distributed and 230 questionnaires were returned.

Table 3
Distribution of the Study Sample

Variable	categories	number	Percentage (%)
Sex	Male	139	60.3
	Female	91	39.6
Age	Less than 30 years	69	30
	More than 30 years	59	25.7
	41-50 years	51	22.2
	More than 50 years	51	22.2
Marital status	Single	75	32.6
	Married	114	49.6
	Widowed	17	7.4
	Divorced	24	10.4
Income	Less than 300 JD s	27	11.7
	301-400 JOD	27	11.7
	401-500 JOD	89	38.7
	More than 500 JDs	87	37.8

Source: computer results

4.2 Instrument

A five point likert scale was used with weighed Mean of 3.00 and above as the criteria cut off point for the level of agreement.

The study instrument was based on the theoretical literature of SSIs concept and local development in addition to a number of questionnaires used in previous studies.

The study instrument consists of two parts: The first part of the questionnaire devoted to gather personal and professional data for the study sample that includes social status, qualifications and experience. The second part of the questionnaire was devoted to measure the characteristics of SSIs and local development containing 20 paragraphs to measure the independent and independent variables as follows:

- The independent variable (characteristics of SSIs): measured by 12 items distributed on three categories: the nature of the SSIs activity measured by paragraphs 1-4, financing SSIs measured by paragraphs 5-8 and location of SSIs measured by paragraphs 9-12. The Dependent variable of the Local Development measured by paragraphs 13-20.

4.2.1 Validity

The questionnaire was reviewed by management and economics professors to verify the validity of the paragraphs and I have rewritten some paragraphs in accordance to their notes.

4.2.2 Reliability

Cronbach's α (alpha) as a coefficient of reliability was used to measure the internal consistency for all variables. α for all variables ranged between 0.73 -0.82 which indicates the reliability of the study as shown in table 4.

Table 4
Cronbach's α (alpha) Internal Consistency

Paragraph	Main variable	Variables	Cronbach's α (alpha)
1-4	Characteristics of SSIs	Nature of activity	0.78
5-8		Financing	0.73
9-12		Location	0.82

Source: computer results

5. ANALYTICAL PROCEDURE

A statistical package for social sciences (SPSS) program was used to for descriptive analysis to the study questions and test hypotheses as follows: -

- Frequencies and percentages to identify the characteristics of the study sample.
- Arithmetic means and standard deviations for the analysis of the questionnaire paragraphs and arrange them according to their relative importance in order to answer the study questions.
- Multiple regressions to test hypotheses of the study.

6. FINDINGS

6.1 Descriptive Analysis

To answer the study question which states that "What are the characteristics of SSIs in the governorate of Karak?"

Results from table 5 shows that the level of characteristics of SSIs in the governorate of Karak is high where the mean score is 3.60 with standard deviation of 0.601. The financing level ranked first with mean score of 3.73, location ranked 2nd with the mean score of 3.55 while nature of activity ranked in the 3rd place with mean score of 3.45. All above variables ranked high level of importance except for nature of activity.

Table 5
The Level of SSIs in the Governorate of Karak

Characteristics of SSIs	Mean	Standard Deviation(SD)	Rank	level
financing	3.73	0.756	1	High
location	3.63	1.108	2	High
Nature of activity	3.45	0.883	3	Medium
Overall	3.60	0.601	-	high

Source: computer results

6.2 Hypotheses Testing

HO: "there is no statistical significant effect of SSIs characteristics on local development in Karak Governorate."

Table 6 shows that calculated F value of 43.384 with 0.000 significance is less than (0.05), ($\alpha \leq 0.05$). The characteristics of SSIs in this model explain 49.2 % of the variance in the dependent variable of local development which indicates an acceptable result. Based on these results we reject the null hypothesis and accept the alternative hypothesis which states that “There is statistical significant effect of SSI characteristics on local development in Karak Governorate.”

Table 6
SSIs Effect on Local Development in Karak Governorate

Independent variable	R ²	F value calculated	F significance
Characteristics of SSIs	0.492	43.384	0.000 *

Source: computer results

HO1: There is no statistical significant effect of SSIs nature of activity on local development in Karak Governorate.

Results obtained from table 7 show that the calculated (T) value of nature of activity is (11.279) with (T) significance value of 0.000 which is less than the significance level ($\alpha = 0.05$), indicating the existence of effect of SSIs nature of activity on local development. Thus, enhanced the high coefficients of (Beta) and high unexplained variation of 35.8%.

Table 7
The Effect of Nature of Activity of SSIs in Local Development in Karak Governorate

Independent variable	Beta	T value calculated	T significance	R ²
Nature of SSIs activity	0.598	11.279	0.000	0.358

Source: computer results

Based on these results we reject the null hypothesis and accept the alternative hypothesis which states that “There is a statistical significant effect of SSI nature of activity on local development in Karak Governorate.”

HO2: There is no statistical significant effect of SSI finance on local development in Karak Governorate.

Table 8
The Effect of Finance of SSIs on Local Development in Karak Governorate

Independent variable	Beta	T value calculated	T significance	R ²
Finance	0.037	0.556	0.579	0.001

Source: computer results

In table 8, the value of calculated (T) is equal to 0.556 with (T) significance of 0.579 which is greater than significance level 0.05. Financing SSI explains 0.001% of the variance in local development with high coefficient of Beta 0.037 which indicates that finance has no significant effect on local development.

We can conclude that we can accept the null hypothesis of finance which states that “There is no statistical significant effect of SSI finance on local development in Karak Governorate.”

HO3: There is no statistical significant effect of SSI location on local development in Karak Governorate.

Table 9
The Effect of Location of SSIs on Local Development in Karak Governorate

Independent variable	Beta	T value calculated	T significance	R ²
Location	0.674	13.780	0.000 *	0.454

Source: computer results

As shown in table 9, the value of calculated (T) is 13.760 with significant value of 0.000 which is less than the significance level ($\alpha = 0.05$). This indicates the existence of effect of location of SSIs in local development. This enhanced by high value of (Beta) and high unexplained variation of R² 45.4%. Based on these results, we reject the null hypothesis and accept the alternative hypothesis, which states that there is a statistical significant effect of SSIs location in the local development of in Karak governorate.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study reached the following conclusions:

- the characteristics level of SSIs in the governorate of Karak is high. Financing SSIs ranked in the first place and location in the 2nd place, while the nature of activity ranked in the 3rd place.
- There is a significant effect of the characteristics of SSIs on local development in Karak Governorate.
- There is a significant effect of the nature of the activity for SSIs on local development in Karak Governorate.
- There is no significant effect of finance for SSIs on local development in Karak Governorate.
- There is a significant effect of the location of SSIs in local development in Karak Governorate.
- Generally, SSI plays an important role in achieving local development .despite the positive effects of the SSIs in the Jordanian economy, SSI in karak governorate still suffer from many weaknesses such as Lack of a focused policy toward this sector and lack of marketing.

Recommendations

Based on this study's analysis and results, the following recommendations may contribute to increasing the role of development of SSI in the governorate of Karak.

- 1- Establishing government centers in all governorates in general and the southern governorates in particular to provide services and facilities to encourage establishing SSIs.

2- Establishing a data base for SSIs at the national level to provide information for investors and researchers.

4- To provide an adequate infrastructure for SSIs in a designated industrial area.

6- Enhancing strong relations between small and medium firms to enable SSIs benefit from medium -scale industries in term of access to local and international market.

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