“Moderating role of gender in influencing enterprise performance in emerging economies: Evidence from Saudi Arabian SMEs sector”

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Abstract

The small and medium enterprise (SME) sector plays an important role in the development of the local, regional, and global economy. This study seeks to examine the relationships among several factors that are claimed to influence the performance of SMEs. Internal and external environmental factors, as well as the moderating role of gender on the research variables, are empirically examined.

A survey of 142 entrepreneurs in the northern region of Tabuk, Saudi Arabia, using convenience sampling was conducted. Path analysis was used to test the research model using the Partial Least Squares (PLS) model by Warp PLS (ver. 7). Results suggest that both internal and external success factors influence enterprise performance. Based on statistically significant relationships, entrepreneurial orientation, human capital, and entrepreneur goals and motives (internal factors), as well as economic factors, sociocultural factors, and legal and administrative factors (external factors) are influencing SME performance. Additionally, results indicate that SMEs almost perform at similar levels regardless of the gender of the SME owner. Gender is found to moderate the influence of economic factors, and legal and administrative factors on performance. There is no indication that gender moderates the influence of the rest of the factors on the performance. Such finding is surprising given the context of the study, i.e. Saudi Arabia was traditionally considered as a conservative male-dominated society.

Keywords
critical success factors, entrepreneurship, gender, enterprise performance, Middle East

INTRODUCTION

The success factors that influence organizational performance, including the performance of small and medium enterprises (SMEs), have received growing attention throughout the past decades. Many factors are discussed in the literature of business strategy, entrepreneurship, organizational behavior, and SMEs, but surprisingly, there is no consensus on the conclusive factors that are attributed to successful performance. Academics, practitioners, and policymakers are concerned with identifying the factors that positively affect the organizational and SME performance (Ramos et al., 2014; Hoque et al., 2018). Small and medium enterprises are found to contribute to local, regional, and international economic welfare. They combat unemployment and offer many advantages that cannot be simply overlooked. Since there is no consensus on the factors that influence SME performance positively, and that a variety of factors are put to theoretical and empirical validation, this study aims to explore these success factors in detail,
and empirically test the research propositions in the Saudi Arabian SMEs context. Additionally, this study focuses on the role of gender in moderating the proposed influence of success factors on SME performance.

Saudi Arabian SMEs sector is accounted for around 85% of registered businesses and 60% of the total employment in 2018. Therefore, SMEs occupy a central position in Saudi development strategy. The Saudi 2030 vision places great emphasis on the contribution of SMEs to the national economy due to several constraints that necessitate the transformation and diversification of the Saudi economy, such as the declining oil prices (Monshaat, n.d.). In 2018, SMEs contributed to Saudi GDP by only 20% compared to 50% in developed economies, and 30-40% of other similar emerging economies and Gulf Cooperation Council (GCC) markets (Thompson, 2020). Despite the efforts to improve the quality of the business environment, Saudi small enterprises continue to suffer from regulatory constraints, slow growth rates, and difficulties in acquiring funding. The proportion of governmental funding for small and medium enterprises is only 5%, which is a very small amount, compared to the global rates (Monshaat, n.d.). Furthermore, despite the recent emphasis on equality in terms of gender characteristics among Saudi entrepreneurs that have been communicated by Saudi authorities, this sensitive issue needs to be clearly demonstrated.

This study is conducted in the Saudi Northwestern region of Tabuk. According to the 2019 UN-Habitat Report of Saudi Arabia (UN-Habitat, n.d.), the population of Tabuk region is estimated at around 900,000 people, compared to the capital Riyadh (6.2 million), Jeddah (4 million), and Makkah (1.8 million). In terms of GDP contribution, Tabuk region contributed 2% to Saudi GDP in 2014 mainly from agriculture, trade, and construction activities, following Riyadh (29%), Eastern region (24%), and Makkah (21%). Unemployment trends in Tabuk region were estimated in 2016 at 38% for females and 12% for males compared to national estimates of 24% for females and 9% for males (UN-Habitat, n.d.).

This study is concerned with addressing the success factors that influence SME performance, empirically testing whether these factors affect Saudi SME performance, and finally, examining if gender moderates the proposed influence of success factors on SME performance.

1. LITERATURE REVIEW

The literature of small and medium enterprises is very rich. However, variation exists as to what are the factors that lead to successful SME performance, which in turn refers to a gap in SMEs literature as noted by many scholars (Halabi & Lussier, 2014; Lussier et al., 2016). Different conceptual models of the success factors of SMEs exist. For example, Reynolds and Miller (1989), Cooper et al. (1991), and Lussier (1995) offered valuable contributions to this research stream dating back to the 1980s and 1990s. Other studies have examined the success factors of SMEs in terms of the demographic characteristics of the entrepreneur (Elenuum & Vaino, 2011; Ramos et al., 2014; Nneka, 2015).

With regard to studying the differences among SME performance in relation to the gender of the owner/manager of the enterprise (the entrepreneur), some scholars have attempted tackling this issue both in developing and developed countries. Apparently, further study is expected in other developing conservative societies such as the Saudi Arabian that is undergoing significant changes in terms of female education, employment, business ownership, and even the ability to obtain a driving license. Male and female entrepreneurs are claimed to be different in their managerial style (Robb & Watson, 2012; Zeffane, 2013, 2015; Majumdar & Varadarajan, 2013; Hoque et al., 2018). In this regard, the social feminist theory argues that females contrast fundamentally to their male counterparts. When compared to males, female entrepreneurs differ in their attitudes towards risk, their leadership style, as well as other managerial practices, hence they are claimed to pursue different strategies and tactics to develop their organizational performance than their male
counterparts (Calás & Smircich, 1989; Verheul et al., 2008; Gottschalk & Niefer, 2013; Shava & Rungani, 2014, 2016).

DeTienne and Chandler (2004) compared how industry experience affected opportunity identification of male and female entrepreneurs. It was found that for females, industry experience positively predicted the number of opportunities identified and accounted for 20% of the variance compared to 5% for the male entrepreneurs. The results suggest that the higher the industry experience of female entrepreneurs, the higher the entrepreneurial outcomes. Other studies (Headd, 2003; Fairlie & Robb, 2009; Robb & Watson, 2012; Amin & Kushnir, 2012) have similarly explored the relationship between other types of business experience (i.e., business ownership experience, managerial experience) and the performance of the firm among male and female business owners. Findings generally report that women are more likely to possess low levels of prior business ownership experience (Fatoki, 2011; Robb & Watson, 2012). Moreover, Amin and Kushnir (2012) reported that women are found to possess higher managerial experience compared to men in only 13 out of 71 emerging economies based on analysis of the World Bank Enterprise Surveys (2006–2011). Concerning the success factors that influence SME performance, Lo et al. (2016) offered five factors that lead to the successful performance of Malaysian SMEs, namely, top-management support, customer focus, employee orientation, technology orientation, and entrepreneurial orientation.

Other studies have suggested rather a behavioral and psychological approach to investigate factors influencing SME performance (Hankinson et al., 1997; Baum et al., 2001; Gomezelj & Kušce, 2013). Personal characteristics (traits of the entrepreneur) are found to influence the success and prosperity of the enterprise. Gomezelj and Kušce (2013) examined factors such as the founding reasons of the business and personality traits of the owner. Additionally, several environmental factors (e.g., social, cultural, political, and economic) that contribute to the success or failure of the SMEs were identified.

In terms of organizational performance (OP), it is certainly an important concept that has been put into an investigation in business literature for several decades. Improving organizational performance is the ultimate goal for stakeholders. For scholars, establishing different ways to enhance organizational performance has been an important topic on research agendas. According to Perez and Canino (2009), Gomezelj and Kušce (2013), and Lo et al. (2016), OP is simply classified into financial and non-financial performance. While financial indicators of business performance have gained greater attention from academics and practitioners in terms of their ability to reflect organizational success, yet in the SMEs context, it is unfair to use only financial indicators to judge business success (Gomezelj & Kušce, 2013). The reason is that most SMEs in their early years of operations achieve poor financial results due to paying high-interest rates and experiencing higher costs. Indeed, this does not mean they are failures.

Gomezelj and Kušce (2013, p. 912) put the success of the SME as “the achievement of goals and objectives as they were set”. The performance of the business is categorized into two main groups: the business performance, and the personal performance and satisfaction of the entrepreneur. The latter is rather a ‘softer’ indicator of success and includes personal satisfaction at work, customer satisfaction, independence, and lifestyle. The former refers to the classic financial indicators of OP. More recent studies, such as Lo et al. (2016, pp. 372), identified organizational performance as “the concept that measures a firm’s position in the marketplace and the firm’s ability in meeting its stakeholders’ needs”. Slack et al. (2010) suggested a notion of organizational performance as the degree to which the operation fulfills the performance objectives (primary measures), and meets the needs of the customers (secondary measures).

Financial measures of performance include financial ratios such as return on investment (ROI), return on equity (ROE), and return on assets (ROA). Non-financial measures currently include customer satisfaction, customer number, internal business processes, and learning and growth measures. Finally, Hasan et al. (2016) used a balanced approach to measure female entrepreneurs’ performance in Bahrain.
Financial measures included sales growth and profitability growth, while non-financial measures focused on indicators such as increased number of employees, survival (period of operation), ability to offer quality products and services, capacity to develop new products and processes, labor productivity, and social responsibility. In addition to industry characteristics and opportunity recognition, two sets of factors were proposed that are claimed to influence SMEs’ performance. The first set is the internal (personal) factors and they included:

- entrepreneurial orientation of the business owner (EO);
- human capital (HC);
- entrepreneur goals and motives (EGM).

The other set is related to the external (environmental) factors and they included:

- economic factors (EF);
- socio-cultural factors (SCF); and
- legal and administrative factors (LAF).

Notably, success factors might vary across different countries (Benzing et al., 2009; Lewrick et al., 2010; Zambeti & Xavier, 2012; Lussier et al., 2016). Therefore, the current study aims to extend the prior examination of success factors of SMEs into a new context that has not been widely researched. It is therefore the aim of this study to explore Saudi SMEs success factors with attention to adopting the model proposed by Hasan et al. (2016). This study extends the research into the Saudi Arabian context with further emphasis on examining the moderating role of gender on the relationship between the proposed success factors and SME performance.

2. AIM, CONCEPTUAL MODEL, AND HYPOTHESES DEVELOPMENT

Based on the literature review, the aim is to examine the influence of enterprise success factors (internal and external) on SME performance. It is also aimed to observe whether the gender variable moderates such presumed influence. A conceptual model of SME performance in addition to the four basic hypotheses is presented in Figure 1. Accordingly, the following hypotheses are proposed and subjected to empirical testing:

- **H1:** Internal (personal) factors have a significant positive effect on SME performance.
  - **H1a:** EO has a significant positive effect on SME performance.
  - **H1b:** HC has a significant positive effect on SME performance.
  - **H1c:** EGM have a significant positive effect on SME performance.

- **H2:** External (environmental) factors have a significant positive effect on SME performance.
  - **H2a:** EF influences SME performance.
  - **H2b:** SCF influence SME performance.
  - **H2c:** LAF influence SME performance.

- **H3:** Gender plays a moderating variable role in the relationship between internal (personal) factors and SME performance.
  - **H3a:** Gender moderates the relationship between EO and SME performance.
  - **H3b:** Gender moderates the relationship between HC and SME performance.
  - **H3c:** Gender moderates the relationship between EGM and SME performance.

- **H4:** Gender plays a moderating variable role in the relationship between external (environmental) factors and SME performance.
  - **H4a:** Gender moderates the relationship between EF and SME performance.
  - **H4b:** Gender moderates the relationship between SCF and SME performance.
  - **H4c:** Gender moderates the relationship between LAF and SME performance.
3. METHODOLOGY

This study is descriptive in nature. It follows a quantitative methodology to test its set of hypotheses. The study used a structured self-administered questionnaire to collect data from a convenient sample of the owners of SMEs that are established and operating in the region of Tabuk, northwest of Saudi Arabia.

3.1. Scale development

The instrument consisted of two sections, one belonging to the demographic characteristics of the respondents and their enterprises (e.g. gender; age; marital status; education; past expertise; business sector; age of the enterprise; start-up capital; and enterprise size in terms of a number of employees). The second section of the questionnaire consisted of a 5-point Likert scale to measure the extent of agreement of respondents with a set of statements related to the conceptual model (32 statements). The available responses on the scale ranged from 1 = strongly disagree, to 5 = strongly agree, where the anchor point of the scale is 3 = neutral. All scales were adopted from previous studies, which were validated in either the context of developed economies or developing economies. Table 1 gives details of scale development and the relevant prior studies that were consulted in constructed the measurement scales.

3.2. Sample

To further evaluate the validity of the questionnaire and its scales, in-depth interviews were conducted with seven SME owners, and five academics closely working with the SMEs indus-

Table 1. Scales development

| Concept measures                  | Scale items                                                                 | Articles                                                                                           |
|----------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Entrepreneurial orientation (EO) | I like to introduce new products/services with the support of new ideas, experimentation, and creative processes. | Zeffane (2013); Hasan et al. (2016); Covin and Slevin (1989).                                       |
|                                  | In my company, changes in product or service have not been quite dramatic in the last 5 years. |                                                                                                   |
|                                  | In general, I have a weak tendency for high-risk projects (with chances of very high returns). |                                                                                                   |
|                                  | I develop and implement strategies with high goal orientation and clear long-term planning. |                                                                                                   |
|                                  | I always scan the environment for business opportunities and proactively pursue them. |                                                                                                   |
|                                  | I like to act independently in most situations and I make quick and self-reliant decisions. |                                                                                                   |

Figure 1. Conceptual model

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| Concept measures                  | Scale items                                                                 | Articles                                                                                           |
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|                                  | In general, I have a weak tendency for high-risk projects (with chances of very high returns). |                                                                                                   |
|                                  | I develop and implement strategies with high goal orientation and clear long-term planning. |                                                                                                   |
|                                  | I always scan the environment for business opportunities and proactively pursue them. |                                                                                                   |
|                                  | I like to act independently in most situations and I make quick and self-reliant decisions. |                                                                                                   |
try literature. Valuable comments were received and the questionnaire was amended accordingly. Consequently, the questionnaire was electronically distributed on the email system of the National Entrepreneurship Institute RIYADAH. RIYADAH is a governmental establishment that is responsible for incubating, financing, educating, counseling, and training promising entrepreneurs with 11,231 SMEs established across the country in 2020, of which 486 were established in the Northwestern region of Tabuk, and these particular Tabuk-based SMEs were e-mailed the final version of the questionnaire using the formal mailing list provided by RIYADAH. The link for the survey was active for a period of 12 weeks. A first reminder was sent after 3 weeks of the survey commencement, followed by a second reminder by the end of the 8th week. 142 complete and usable questionnaires were submitted back, indicating a response rate of 29%, which is deemed suitable based on similar social science and business studies (Hair et al., 2010).

Description of sample characteristics is depicted in Table 2 where a notable observation is that the majority (54.9%) of SMEs are found to be owned/managed by female entrepreneurs. Almost 73% of respondents had a university education or postgraduate education. 44.4% of SMEs were newly established aging less than 1 year of operation. About 30% of owners/managers were between 21-30 years old, while the rest were above 40 years old. About two-thirds of SMEs were solely owned by one owner.
Table 2. Demographic characteristic profiles of respondents (n = 142)

| Characteristic         | Frequency | Percentage |
|------------------------|-----------|------------|
| Gender                 |           |            |
| Male                   | 64        | 45.1       |
| Female                 | 78        | 54.9       |
| Industry               |           |            |
| Service                | 75        | 52.8       |
| Production             | 30        | 21.1       |
| Distribution/Agent/Trade| 37        | 26.1       |
| Enterprise age         |           |            |
| Less than 1 year       | 63        | 44.4       |
| 1-3 years              | 44        | 31.0       |
| 3-5 years              | 15        | 10.6       |
| More than 5 years      | 20        | 14.1       |
| Marital status         |           |            |
| Single                 | 24        | 16.9       |
| Married                | 104       | 73.2       |
| Widowed                | 3         | 2.1        |
| Divorced               | 10        | 7.0        |
| Prefer not to say      | 1         | 0.7        |
| Owner age              |           |            |
| 21-30                  | 43        | 30.3       |
| 31-40                  | 66        | 46.5       |
| 41-50                  | 29        | 20.4       |
| 51-60                  | 2         | 1.4        |
| Over 70 years old      | 2         | 1.4        |
| Education              |           |            |
| Pre-university education| 34        | 23.9       |
| University education   | 77        | 54.2       |
| Postgraduate education | 27        | 19.0       |
| Not educated           | 4         | 2.8        |
| Ownership type         |           |            |
| Sole ownership (1 owner)| 93        | 65.5       |
| Co-ownership (2 owners)| 25        | 17.6       |
| Co-ownership (3 owners)| 12        | 8.5        |
| Co-ownership (4 or more owners)| 12 | 8.5 |

4. ANALYSIS AND RESULTS

Path analysis is employed to test the research model using the partial least squares (PLS) model by Warp PLS version 7.0. According to Hair et al. (2010, p. 98), PLS builds on a set of nonparametric evaluation criteria to assess measurement and structural model results. The outputs are grouped into two models named the measurement and structural model as follows.

4.1. Measurement model

The measurement model is used to assess the instruments’ quality in terms of item factor loadings, internal consistency, and discriminant validity. Table 3 presents the measurement model. All constructs are reflectively measured as first-order factors. The items loadings are ranging from 0.671 to 0.918 (p < 0.001). For Cronbach’s alpha (α) and composite reliability (CR), Hair et al. (2010) suggest that α and CR values should be at least 0.60 to be reliable. The values of α and CR are > 0.70 for different constructs (except α for SCF = 0.52). This implies that the measurement model is reliable.

Finally, to evaluate the convergent validity, the average variance extracted (AVE) is used. Fornell and Larcker (1981) recommend that AVE value should be at least 0.50. The AVE values are greater than 0.50 for all constructs. These results indicate an adequate convergent validity.

Table 3. Measurement model

| Constructs  | Items loading | Cronbach’s alpha (α) | CR | AVE |
|-------------|---------------|----------------------|----|-----|
| EO          | 0.60          | 0.79                 | 0.55 |
| EO1         | 0.681         | –                    | –  |
| EO4         | 0.809         | –                    | –  |
| EO5         | 0.739         | –                    | –  |
| HC          | 0.70          | 0.82                 | 0.53 |
| HC4         | 0.815         | –                    | –  |
| HC5         | 0.707         | –                    | –  |
| HC6         | 0.705         | –                    | –  |
| HC8         | 0.671         | –                    | –  |
| EGM         | 0.65          | 0.81                 | 0.59 |
| EGM1        | 0.803         | –                    | –  |
| EGM2        | 0.785         | –                    | –  |
| EGM3        | 0.705         | –                    | –  |
| EF          | 0.73          | 0.88                 | 0.79 |
| EF3         | 0.887         | –                    | –  |
| EF4         | 0.887         | –                    | –  |
| SCF         | 0.52          | 0.82                 | 0.67 |
| SCF1        | 0.821         | –                    | –  |
| SCF2        | 0.821         | –                    | –  |
| LAF         | 0.81          | 0.92                 | 0.84 |
| LAF1        | 0.918         | –                    | –  |
| LAF2        | 0.918         | –                    | –  |
| EP          | 0.81          | 0.91                 | 0.84 |
| EP1         | 0.917         | –                    | –  |
| EP2         | 0.917         | –                    | –  |

Table 4 shows the correlations and discriminant validity. The bold numbers in the diagonal show the square root of AVE while the numbers below them show the correlation coefficients. The square root of AVE for each construct is greater than the variance shared with the remaining constructs. Therefore, all measures adopted in this study are valid and internally consistent (Henseler et al., 2009).
Table 4. Correlations and square roots of AVE

|      | EO    | HC    | EGM   | EF    | SCF   | LAF   | EP    |
|------|-------|-------|-------|-------|-------|-------|-------|
| EO   | 0.745 | –     | –     | –     | –     | –     | –     |
| HC   | 0.325 | 0.756 | –     | –     | –     | –     | –     |
| EGM  | 0.384 | 0.521 | 0.766 | –     | –     | –     | –     |
| EF   | 0.098 | 0.330 | 0.290 | 0.887 | –     | –     | –     |
| SCF  | 0.244 | 0.345 | 0.354 | 0.369 | 0.821 | –     | –     |
| LAF  | 0.170 | 0.410 | 0.248 | 0.337 | 0.423 | 0.918 | –     |
| EP   | 0.045 | 0.375 | 0.277 | 0.634 | 0.324 | 0.457 | 0.917 |

4.2. Structural model

Table 5 shows the findings related to testing the hypotheses. Effect sizes ($f^2$) were employed to evaluate the extent to which independent variables affect the dependent variable. The following formula was used to estimate the effect size for the path coefficients: $f^2 = \left[R^2_{\text{included}} - R^2_{\text{excluded}} \right] / \left[1 - R^2_{\text{excluded}} \right]$ (Chin, 2010). The effect sizes should be 0.02, 0.15, and 0.35 for small, medium, and large effect sizes, respectively (Lew & Sinkovics, 2013; Cohen, 1988).

According to the direct effects, all internal and external factors are significantly associated with SME performance. Specifically, entrepreneurial orientation, human capital and entrepreneur goals and motives are significantly associated with SME performance ($β = 0.120$, $p < .05$, small effect size = 0.08; $β = 0.173$, $p < .01$, moderate effect size = 0.13, and $β = 0.160$, $p < .05$, small effect size = 0.04 respectively). Therefore, the results support $H1a$, $H1b$, and $H1c$. In the same vein, $H2a$, $H2b$, and $H2c$ are also accepted. There are positive effects of economic factors, socio-cultural factors and legal and administrative factors on SME performance ($β = 0.241$, $p < 0.001$, moderate effect size = 0.18; $β = 0.143$, $p < .05$, small effect size = 0.09 and $β = 0.433$, $p < 0.001$, large effect size = 0.33; respectively).

Surprisingly, gender does not moderate the relationship between internal factors (e.g. entrepreneurial orientation, human capital, and entrepreneur goals and motives) and SME performance. So, $H3a$, $H3b$, and $H3c$ are rejected. In addition, there is no moderating role of gender in the relationships between the external factor named socio-cultural factors. Gender is a moderating variable between economic factors and SME performance ($β = 0.117$, $p < .05$, small effect size = 0.05), and legal and administrative and SME performance ($β = 0.232$, $p < .05$, moderate effect size = 0.11). $H4$ is partially supported.

Finally, the determination of coefficient ($R^2$) equals 0.80. This means that 80% of the variance in SME performance is predictable from internal and external factors that were studied in this model. This indicates a better fit for the model.

Table 5. Path coefficients for the conceptual model

| Hypotheses Path coefficient | Effect size | Results |
|-----------------------------|-------------|---------|
| $H1$: IF → EP               | –           | –       | Supported |
| $H1a$: EO → EP              | 0.120 *     | 0.08    | Supported |
| $H1b$: HC → EP              | 0.173 **    | 0.13    | Supported |
| $H1c$: EGM → EP             | 0.160 *     | 0.04    | Supported |
| $H2$: ExF → EP              | –           | –       | Supported |
| $H2a$: EF → EP              | 0.241 ***   | 0.18    | Supported |
| $H2b$: SCF × G → EP         | 0.143 *     | 0.09    | Supported |
| $H2c$: LAF × G → EP         | 0.433 ***   | 0.33    | Supported |

5. DISCUSSION

This study has examined the relationships among internal and external success factors as independent variables; enterprise performance as a dependent variable; and gender as a moderating variable. In this regard, the results indicated that gender does not seem to have a direct effect in predicting SME performance. Specifically, the moderating role of gender is only evident in the EF and LAF external environmental factors where female SMEs ownership are found to have less access to funding and to face stricter legal and administrative constraints. In a culturally and religiously conservative society such as the Saudi Arabian, it
is expected that female entrepreneurs face more obstacles, especially in the socio-cultural domain. In addition, females were expected to have less entrepreneurial orientation, less human capital capabilities, and less entrepreneurial goals and motives. Apparently, due to the significant changes undergoing in the Saudi societies, SMEs run by female entrepreneurs are found not to differ in their performance from those SMEs run by male entrepreneurs. Female access to education and social tolerance to female employment are among the justifications for this finding.

Entrepreneurial orientation (EO) is reported to influence SME performance. Consistent with Covin and Slevin (1989) and Hasan et al. (2016), the SMEs owners/managers’ entrepreneurial orientation in the form of providing innovative and creative products, radically changing the products provided, risk-taking, long term planning, clear vision, and opportunity recognition had a significant and positive relationship with the SME performance. It also emerged that human capital (HC) is significantly and positively related to SME performance. Human capital is an important organizational resource and is based on the levels of education, experience, and skills of workers. When personnel gains knowledge, their capabilities improve which in turn affects different aspects of business performance. While this finding is consistent with Rosa et al. (1996), Shane and Venkataraman (2000), Anderson and Miller (2003), and Bosma et al. (2004), yet Hasan et al. (2016) and Lo et al. (2016) have reported contrary findings. This discrepancy could be justified by the differences in the application context, or since HC deficiencies could be overcome and mitigated by other arrangements such as marketing and sales strategies, product development, and competitive advantage strategies. Enterprise goals and motives (EGM) are also found to influence SME performance. This finding is consistent with previous studies that investigated the influence of the EGM on enterprise performance. For example, the studies of Shane (2003), Teoh and Chong (2007), Sadi and Al-Ghazali (2012), and Hasan et al. (2016) have all supported this positive association.

With regard to the influence of economic factors (EF) on SME performance, the supported hypothesis is consistent with Rosa et al. (1996), Wube (2010), and Ekpe et al. (2010). Economic factors refer to the external market conditions that affect the business, and the internal factors related to financing and raising necessary funds for the business. Concerning the influence of social and cultural factors (SCF) on the performance of SMEs, the findings are compatible with previous studies that reported the impressive effect of social factors on SME performance (Pirolo & Presutti, 2010; Javadian & Singh, 2012; Arasti et al., 2012). Legal and administrative factors (LAF) are claimed to influence SME performance; this is consistent with Shane (2003), Ekpe et al. (2010), Javadian and Singh (2012), and Hasan et al. (2016). LAF factors include a wide range of issues related to the governmental policies, laws, and regulations that organize business, trade, and commerce within a particular market/country including banking rules and regulations, tax laws, and labor laws. All of the three groups are claimed to significantly affect the performance of all types of businesses in general and SMEs in particular.

**CONCLUSION**

This study aimed to examine the relationships between internal and external success factors and SME performance. Moreover, the study also aimed at examining whether gender plays a moderating role in such relationships among the study variables. Success factors were elected from relevant literature and were put to empirical examination to validate their influence on SME performance. The findings revealed that all proposed factors significantly influence the performance of SMEs, which means that having a higher degree of, for example, entrepreneurship orientation is more likely to reflect positively on SME performance. Likewise, investing in human capital is claimed to result favorably in the performance of the enterprise. Similarly, when the enterprise’s goals and motives are entrepreneurial in nature and aspire to creativity, self-actualization, independence, freedom, and social status, they are likely to impact positively on the performance of the enterprise too. If the economic, socio-cultural,
legal, and administrative factors are favorable, it is more likely for the SME to succeed and prosper. On the contrary, SME performance is expected to deteriorate if the above factors are less encouraging and prove unfavorable.

Limitations, managerial implications, and recommendations for future research

This study has investigated SMEs in Saudi Arabia, using a convenient sample from SMEs established and operate in the region of Tabuk. Generalization of the findings to other sectors, contexts, or countries should be treated with care. The use of a convenient sampling technique also limits the applicability of findings.

In terms of the managerial and practical implications, the following are put forward to practitioners and policymakers in contribution to the professional domain of SMEs:

1. There are significant associations between independent variables and the performance of SMEs. These variables are ascribed as success factors that were derived from the literature of SMEs. Accordingly, stressing the EO, HC, EGM, EV, SCF, and LAF factors are likely to guide SMEs to improve their performance.

2. Entrepreneurial orientation, human capital, enterprise goals and objectives, economic factors, socio-cultural factors, and legal and administrative factors were found by the study to influence the enterprise performance leading to its success, or failure if not adequately tackled.

3. Practitioners, i.e., owners, directors, and managers of SMEs have promising opportunities to identify strengths and weaknesses, opportunities and threats that face their enterprises in terms of the six success factors elected by this study as its independent variables that influence enterprise performance.

4. Investing in human capital, adopting an entrepreneurial orientation, and setting adequate organizational goals and motives are three suggestions related to one half of the study’s independent variables. The other half is more relevant to policymakers, legislators, and government officials.

5. Policymakers, legislators, and other officials should pay attention to three success factors if the important SMEs sector is to prosper and flourish. The SMEs sector is an important catalyst of economic development in national, regional, and international economies. These factors are an economic factor, socio-cultural factors, and legal and administrative factors.

6. To encourage and support female entrepreneurs in culturally and religiously conservative societies, legislators and policymakers need to carefully consider economic and legislative and administrative factors as those found to hinder females from establishing and running SMEs. Access to start-up funding, operative and expansion funds, as well as legal and administrative obstacles, are severely discouraging female entrepreneurs.

Academics and researchers are encouraged to consider the following points for future research:

- Researchers are encouraged to put the reported relationships among the study variables to further validation in other contexts, and by using other sampling techniques.

- Future studies are encouraged to test the findings that emerged from this study in other Gulf Cooperation Council (GCC) countries, as well as other developing economies context.
• Comparative studies with other countries, regions, or industries are encouraged for future research to improve understanding of the relationships among the study variables.

• Other research approaches, such as case studies are important for future research to advance understanding of the research variables.

• Finally, a rather qualitative approach in the form of depth interviews with entrepreneurs, policymakers, and other stakeholders in the SMEs sector should be encouraged to induce knowledge and enrich relevant literature.

**AUTHOR CONTRIBUTIONS**

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