

The effectiveness of cultural factors in the marketing of small and medium-sized enterprises in Qatar and the Gulf Co-operation Council (GCC) countries: with special focus on advertising

by

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Declaration

This is to certify that, except where specific reference is made, the work described in this thesis under the title: **The effectiveness of cultural factors in the marketing of small and medium-sized enterprises in Qatar and the Gulf Co-operation Council (GCC) countries: with special focus on advertising** is the result of the candidate's own work. Neither this thesis, nor any part of it, has been presented, or is currently submitted, in candidature for any degree at any other university.

Signed Mohammed Saleh Al-Marri

Signed Dr. Said Al-Hasan

Date

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Dedication

This thesis is dedicated to my parents, my family, my brothers and sisters and my friends

Abstract

There is a close relationship between advertising and culture and both have an effect on each other across all countries. Gulf Co-operation Council (GCC) countries have a unique feature being conservative Islamic countries where adopting Western culture is not very acceptable by the public.

This study examines how SMEs in GCC countries consider marketing and if they practice any sort of marketing activities. The thesis also looks into the role of the SME in GCC countries as a tool to diversify resources. GCC countries are heavily dependent on oil resources which are not infinite. SMEs as a majority of the economy in terms of size and percentage are under focus to play a bigger role in the future economy of the wealthy GCC countries. The fluctuation of the oil price drops from time to time, making it a scary resource to depend on so it does not provide a stable future.

GCC countries are trying to diversify their economies; SMEs are one of the high potential areas on which to target: to focus on, support and encourage. GCC is in a boom era recently in terms of development and foreign investment due to the high oil price. Hence, there have been more conferences on SMEs and new authorities and bodies which have been established to support SMEs in GCC countries. Enterprise Qatar (EQ) and Kuwait National Fund for SMEs are an example of the new establishments to boost SME businesses in the wealthy Gulf States.

Looking into the bright future expected for SMEs' business in GCC, it is important to look into marketing and advertising specifically to examine its readiness for this expected boom and how it looks at its surrounding culture. After the oil price boom

in the seventies; many international advertising agencies came to the Gulf States and started business in a new business area. As SMEs play an important role in business, it is important to examine how they are advertising and whether they are capable of doing advertising or not.

As advertising is seen as the most important element of the marketing mix in terms of cultural boundaries; many advertisers have negatively affected the advertising industry in the GCC. There have been quite a few advertisements that small and medium-sized enterprises (SMEs) have adopted for their own use which do not relate to the culture. The question this raises is who should decide on the nature of the advertisement, the owner or the advertising agency? Hence this study answers some questions related to advertising and culture within the SME sector in the GCC countries.

The study used a quantitative approach to meet the aims and to increase the reliability and validity of the results. The research strategy implemented involved sequential procedures in which a quantitative study was undertaken to investigate the relationship between marketing and culture for SMEs in the GCC countries. This was followed by a qualitative study involving in-depth interviews with owners/managers of SMEs.

The research findings indicate a major improvement in the restructuring of roles and working of SMEs in the GCC is required. Some SMEs did, however, understand the importance of a marketing department which is either controlled by the owner or a general manager who makes the final decision (not a professional marketer).

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List of abbreviations

EQ	Enterprise Qatar
ERP	Economic Recovery Programme
FDI	Foreign Direct Investment
GCC	Gulf Co-operation Council
GDP	Gross Domestic Product
GMT	Greenwich Mean Time
GOIC	Gulf Organization for Industrial Consulting
IMF	International Monetary Fund
MENA	Middle East and North Africa
OPEC	Organization of Petroleum Exporting Countries
PARC	Pan Arab Research Centre
SAP	Structured Adjustment Programme
SBA	Small Business Administration
SESRTCIC	Statistical, Economic and Social Research and Training Centre for Islamic Countries
SME	Small and Medium-sized Enterprise
SMI	Small and Medium-sized Industry
SSA	Sub Saharan Africa
UAE	United Arab Emirates
UK	United Kingdom
USA	United State of America

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Chapter one

Introduction to the study

1.0 Background to the study

The aim of this thesis is to study the relationship between marketing and culture in the Gulf Co-operation Council countries (GCC countries) and to determine whether culture has an effect on the advertising of small and medium-sized enterprises (SMEs) or not. SMEs worldwide comprise most of the businesses in modern economies – around 90%.

The GCC (formed in the year 1981) contains six countries, Qatar, Saudi Arabia, Oman, Kuwait, Bahrain and the United Arab Emirates. They are all new developing countries whose economies are mainly dependant on oil exports. This current economic situation has created a new understanding and definition of business and competition in these ambitious states and, as a result, the populations of all GCC countries are benefiting from the resultant competition that reduces prices and provides post purchase services.

1.1 Research problem and context

The purpose of this study is to examine (with a special focus on advertising) whether SMEs in the GCC countries are applying (practicing) marketing principles and, if so, whether they are considering the context in which that advertising takes place: the surrounding culture. Since the Gulf Co-operation Council countries consider SMEs to be an important sector through which to diversify their economies, they have deployed more effort into facilitating the establishment of SMEs. The positive change in the GCC countries' economies in the new millennium (due to high oil

prices) has influenced them to consider SMEs as an alternative to oil should there be a future fall in oil prices again.

Since advertising is an important element of the marketing mix in terms of cultural boundaries; there is evidence that advertisers have negatively affected the advertising industry in the GCC (Tuncalp, 2001). There have been advertisements that SMEs have adapted for their own use which do not relate to the culture of the country. Therefore this study examines (with a special focus on advertising) whether SMEs in the GCC countries are applying (practicing) marketing activities, and if they are considering the context in which that advertising takes place: the surrounding culture. This raises who should decide on the nature of the advertisement, the owner or the advertising agency. Hence, this study answers questions related to the advertising and culture within the SME sector in the GCC countries.

There is a close relation between advertising and culture and both have an affect on each other across all countries. GCC countries have a unique feature. This feature is that they are conservative Islamic countries where adopting Western culture is generally not acceptable to the public. Hong, Muderrisoglu and Zinkhan (1987), reveal that advertising is a reflection of a culture and its norms. They also stated that the influence of cultural differences on advertising is all encompassing since advertising is a form of social communication. Sutherland and Sylvester (2000), highlight that any advertising message will lead to failure if it is inconsistent with existing beliefs.

1.2 Research objectives

The following research objectives have been formulated:

- 1) To determine what is the degree of the cultural factors involved in the marketing of Small and Medium-sized Enterprises (SMEs) in Qatar and the other GCC countries including Saudi Arabia, UAE, Oman, Bahrain and Kuwait.
- 2) To determine the capabilities of SMEs to undertake marketing and advertising.
- 3) Determine the characteristics of the SMEs' owner/managers.

The research presents results that can be applied practically in businesses in the GCC. It also develops a conceptual model of the effect of culture on marketing activities (with a special focus on advertising) of SMEs in Qatar and the other GCC countries including Saudi Arabia, UAE, Oman, Bahrain and Kuwait.

The research objectives are given in section 4.2, chapter 4, page 126.

1.3 Context of the study and the rationale for the research

By having both academic and practical significance the research contributes to the body of understanding of the processes involving cultural factors and the marketing of SMEs in Qatar and the other GCC countries, with specific reference to advertising. This has significance for the development of specific policy measures to aid this process. The research builds on previous studies identified in the literature review and provides knowledge about the different cultural factors involved in the marketing of SMEs. This may result in the development of specific initiatives in

which SMEs in Qatar and the other GCC countries have access to the benefits of identified cultural factors at the most relevant level.

1.4 Research approach

This research has used quantitative data to maximize the use of secondary data available together with questionnaires. Good research cannot be built on poorly collected data (Gillham, 2000). The research approach is described in section 4.4, chapter 4, page 129.

Some researchers refer to quantitative and qualitative methods as paradigms. For example, data collected in a numerical form is called positivist and data collected in a qualitative manner is called interpretivist. In this study, the terms *quantitative* and *qualitative* were used.

Rossmann and Wilson (1984, 1991) suggested that the linking of qualitative and quantitative data enables: (a) confirmation or corroboration of each other *via* triangulation; (b) elaboration or development of the analysis, providing richer detail; and (c) initiation of new lines of thinking through attention to surprises or paradoxes, turning ideas around, providing fresh insight.

Quantitative research tends to involve relatively large-scale and representative sets of data, and is often, falsely in our view, presented or perceived as being about the gathering of “facts”. Qualitative research, on the other hand, is concerned with collecting and analysing information in as many forms, chiefly non-numeric, as possible. It tends to focus on exploring, in as much detail as possible, smaller numbers of instances or examples which are seen as being interesting or illuminating, and aims to achieve “depth” rather than “breadth”. (Blaxter, Hughes and Tight, 2007:64)

It has been noted from the literature that a variety of authors claim it is common to use more than one research method in a study. Mixing methods is acceptable since

both qualitative and quantitative methods have strengths and weaknesses that need to be recognized by the researcher (Burgess, Sieminski and Arthur, 2006).

Collis and Hussey (2009), however, advise researchers that blending the two approaches might not be acceptable to supervisors and examiners. On the other hand, Collis and Hassey (2009) claim that many of the methods used to collect qualitative data have much in common with those used to collect quantitative data. It has been observed that many studies are increasingly using a mixture of methods. In this study it has therefore been decided to use quantitative data supported by qualitative interpretation. The research strategy followed for the methodology, together with the hypotheses formulated, are described in the section 1.5 below.

1.5 Research Methods

Since the study employed quantitative methods to gather and analyse the data the research strategy adopted involved a sequential procedure with the following three stages:

- Stage 1: an assessment of the marketing industries in the economies of the Gulf countries.
- Stage 2: a questionnaire that followed certain steps to construct and develop a valid and reliable questionnaire.
- Stage 3: a detailed qualitative analysis of the findings.

The questionnaire was designed to fit the objectives of the research, and included details of the study and anonymity and information confidentiality for all participants in the study. At the end of the data collecting period some 1,600 fully usable questionnaires were returned to the researcher, which were prepared for data

analysis. The data from the survey undertaken were examined and analysed using the SNAP survey software package.

In order to answer the research objectives three research questions were formulated as follows:

1. Research Question One (RQ₁): What is the degree of the cultural factors involved in the marketing of Small and Medium-sized Enterprises (SMEs) in Qatar and the other GCC countries including Saudi Arabia, UAE, Oman, Bahrain and Kuwait?
2. Research Question Two (RQ₂): What are the capabilities of SMEs to undertake marketing and advertising?
3. Research Question Three (RQ₃): What are the characteristics of the SMEs' owner/managers?

1.6 Thesis structure

Research methodologies comprise the theoretical frameworks and concepts in which approaches and methods are situated; they provide the rationale and justification for the methods that are selected and the ways in which they are used (Stierer and Antoniou, 2004). Hence, there are seven chapters comprising this thesis (Figure 1.1).

The first chapter gives an introduction to this study and a brief outline of what comes next in this thesis. The background to the GCC in terms of history, economy, population and geography is provided in the second chapter. GCC countries are well known for being heavily involved in the oil industry and, recently, in the petrochemicals industry but there are other aspects of these countries that are not well known. It is important to highlight the historic and geographic elements of these

countries. The third chapter is the base of this study as it gives an overview of the literature regarding SMEs, advertising and the culture of GCC countries. It is vital to highlight the lack of available literature about the GCC. There will be a review for the secondary data available. There is a focus on SMEs within GCC countries but still there is a shortage of data which causes this study to face challenges in the collecting of information. There are a few sources of data which discuss the GCC and which were mainly depended on for this study. It is a critical review where the views of various authors are discussed.

Chapter four focuses on the research methodology used for this thesis and addresses the main questions and purpose of this study. It also gives a general view of different approaches to the study as well as the different ways to collect information to reach the research objectives.

Chapter five shows the study analysis for the questionnaire and information collected. It gives various views of the aspects of the information collected to get the maximum analysis of the collected information and give a view on the interview analysis. Chapter six is mainly linked to chapter five with a discussion of the results of the chapter five analysis as well as other general findings from the study. In chapter seven there will be a summary of the study and how it has contributed to the knowledge contained in the discipline.

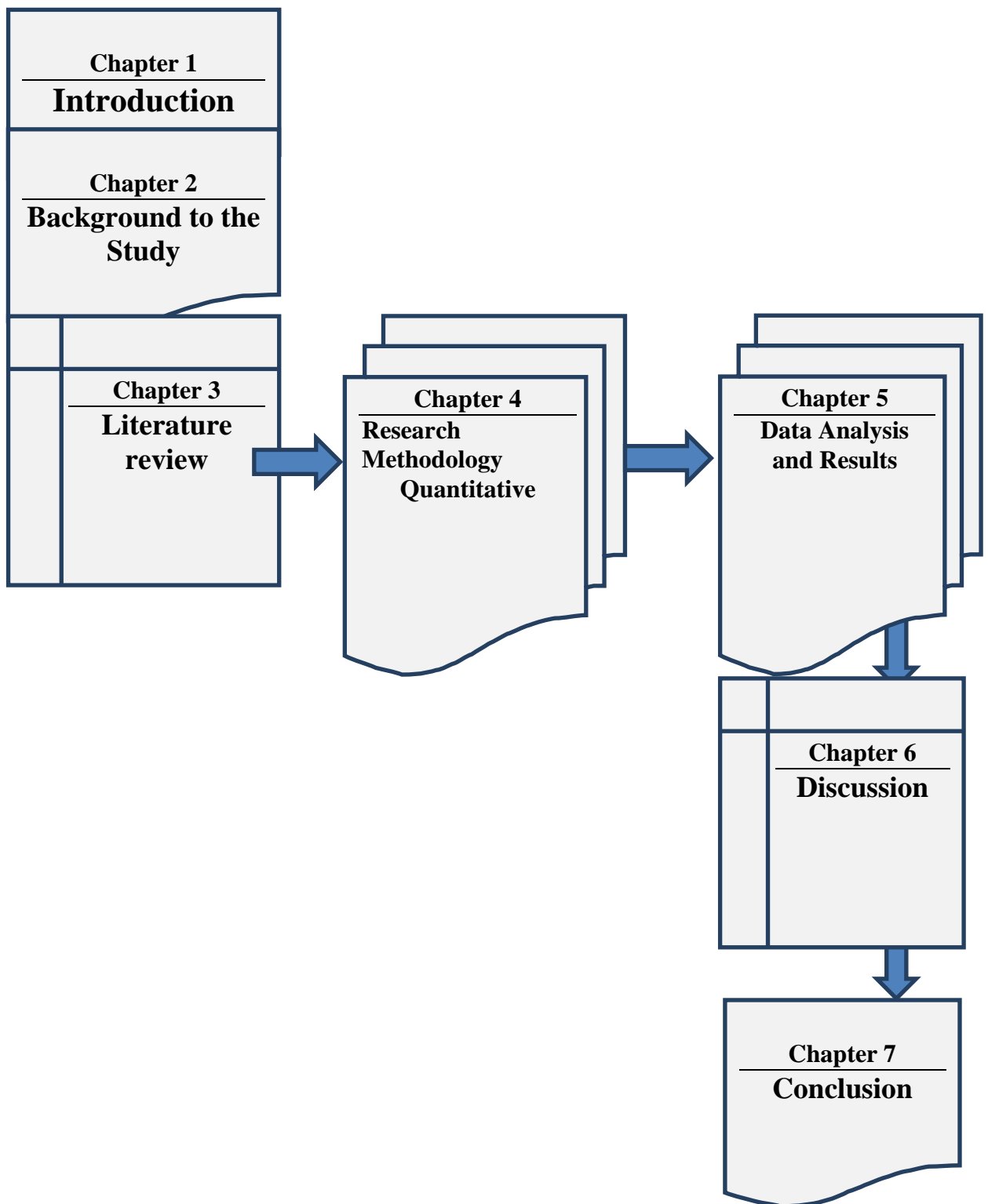
1.7 Summary

Chapter one has provided an outline of the background and rationale of the study, the research problem and context, the aim, objectives and significance of the research and research methodology. It has also given an overview of the thesis structure and how it is organized. The main aspect of the research including the background to the

study, literature review, detailed research methodology, data analysis and results are discussed in the following chapters. Since this research aims to investigate the relationship between marketing and culture in the Gulf Co-operation Council (GCC) countries the next chapter will describe background features of the GCC in general and the countries in particular.

The background of the study considers the GCC in general, history, objectives, economy, oil and gas industry, oil status of the GCC, and populations of the member states. The states of the GCC countries are then considered including the economies, enterprises, history and government. This sets the scene for the literature review in the following chapter.

Figure 1.1 Structure of the research



Chapter two

Background to the study

2.0 Introduction

Following consideration of the general background, research problem, objectives, context, approach, research methods and structure of the study in chapter 1, it is essential in chapter 2, initially, to look at each of the GCC countries individually as it must be assumed that readers will not have an extensive knowledge of the GCC countries in total, or the State of Qatar in particular. A brief introduction is therefore given to the GCC in general, followed by each of the GCC countries separately in terms of basic data, economy and history. Where the GCC is referred to it should be accepted that the State of Qatar is included in the data provided. Where, however, the data or experience of Qatar is different to that of the GCC as a whole, reference will be made to this demarcation.

2.1 The Gulf Co-operation Council (GCC) - general

The GCC is a leader in terms of the oil and gas industry and, as a result of this, its business markets have started to grow in all respects. The member states have employed their resources to develop and reposition as open countries. This has created a new understanding and definition of business and competition in these ambitious states. As a result, the populations of all GCC countries are benefiting from this competition that brings prices down and provides post purchase service.

Figure 2.1 Map of the Gulf Co-operation Council countries



Source: <http://www.nationsonline.org/oneworld/>

2.1.1 History of the Gulf Co-operation Council (GCC)

The GCC's path goes back to a historic meeting on 4 February 1981, when the foreign ministers of the six countries met in Riyadh and agreed to form a council, featuring a general secretariat. It was also agreed to hold periodic meetings at both ministerial and presidential level.

On 25 May 1981, the leaders of these six countries met in Abu Dhabi, United Arab Emirates, and created a co-operative framework. According to Article 4 of the GCC charter, signed by all the six members in that meeting, it was agreed that there should be effective co-ordination, integration and interconnection among all the six states in all fields, in order to achieve unity.

During November/December, the supreme council holds annual meetings, rotating between the capitals of the member states. Some 33 summit meetings have been held up to the end of 2012. At the 19th meeting it was agreed to call for an informal consultative meeting, in between the annual summit meetings. Ministries of foreign affairs, interior, defence and oil and finance of the six states also hold regular ministerial council meetings with *ad hoc* meetings whenever necessary.

2.1.2 Objectives of the Gulf Co-operation Council

The GCC Charter states that the basic objectives are:

... to effect co-ordination, integration and inter-connection between member states in all fields, strengthening ties between their peoples, formulating similar regulations in various fields such as economy, finance, trade, customs, tourism, legislation, administration, as well as fostering scientific and technical progress in industry, mining, agriculture, water and animal resources, establishing scientific research centres, setting up joint ventures, and encouraging co-operation with the private sector.

2.1.3 Achievements

The GCC was founded on 25 May 1981 in Abu Dhabi and in 2006 it commemorated its silver jubilee to honour twenty-five years of its existence. It has existed for over a quarter of a century. For homogeneous states it is enough to have tangible achievements but, unfortunately, the achievement that GCC citizens are seeking has not yet been realized. People seek full integration.

Progress towards unity and integration among the GCC states has been very slow and, in recent years, little hope was held for forward movement in this area. Perhaps the only high profile achievement is the customs union between the six states, which began in January 2003.

Currency union is still under discussion but the main idea is already formulated. There are some other situations relating to GCC citizens' movements between some of the states – such as using an ID rather than a passport between Qatar and the UAE, Qatar and Kuwait and this idea is expanding to cover more of the GCC countries.

Overall, there is some evidence of co-operation but this has not extended as far as achievements such as the Gulf Electricity project.

2.2 Economy of the GCC

The GCC states are mainly dependent on the oil and gas industry, which comprises approximately 85% of their exports (*Al-Watan*, 24 January 2003). This represents an inherent danger, as any changes or instability (fluctuation) in oil prices dramatically affects the economies of these states. The 1998 decline in oil price is a prime example of the effect of such variations. The GCC states have been forced to cut back on expenditure. This has resulted in a delay on major projects, which has adversely affected development in these states. In response to this, the GCC states

are now working hard to establish a strong industrial base, supported by a financial policy that directs the return (revenue) to investments that assist in diversifying resources. It is significant that a decision has been made to support SMEs within the GCC as they are an important mechanism in the drive to diversify resources.

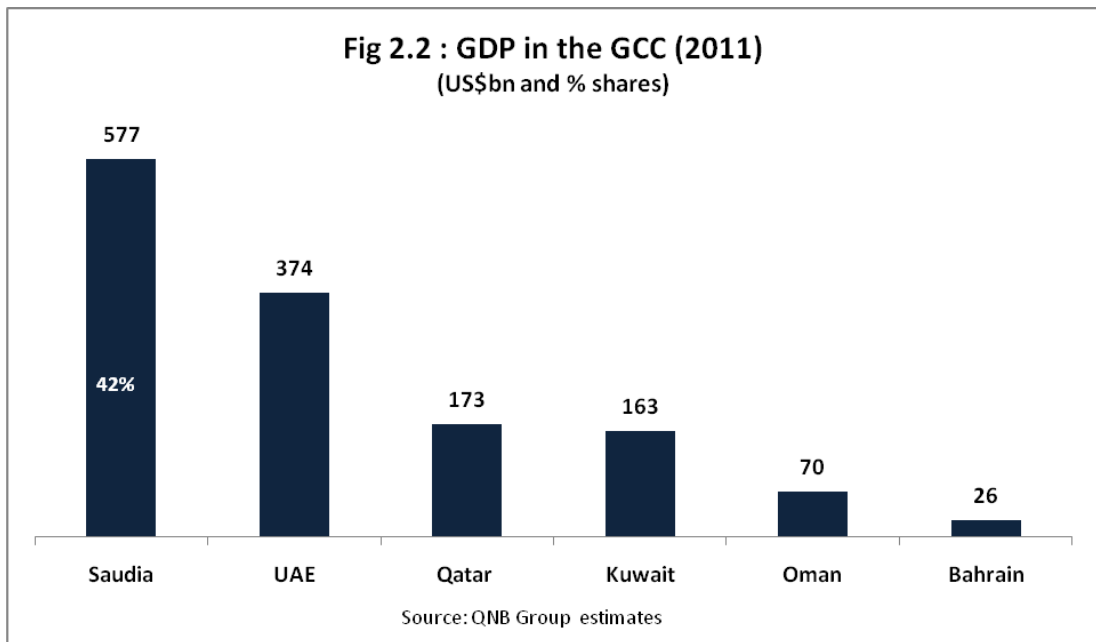
Occasional high oil prices do, however, help to increase the revenue; like that observed during February 2003, where the GCC states (together) had an additional revenue of \$246 million per day, compared to the same period in 2002 (MENA Report, 24 February 2003). The high oil price is expected to continue over the next five years (*Business Monitor International* January 2007).

According to Brad Bourland, Chief Economist at Riyadh's Saudi American Bank (SAMBA), the higher oil prices, currently at \$92.64 a barrel, compared to \$87.04 a year ago (2012), drove strong liquidity growth in the GCC states for the second year running. Bourland told the delegates, who attended the International Islamic Finance Forum in Dubai that the forecasts produced by his bank showed that the GCC states' gross domestic product (GDP) would grow by an average of 3.6% in 2003, compared with 2.2% in 2002. The UAE and Bahrain led the way with a GDP growth of 4.5%, followed by Qatar (4%), Saudi Arabia (3.9%), Oman (3%) and Kuwait (2%) (MENA Report, 24 February 2003). If compared with GDP, shown in Table 2.1 and Figure 2.2 below for 2011, a noticeable increase has taken place.

Details of each country's economy will be discussed and analysed separately.

Table 2.1 GDP in the GCC (2011)

(US\$bn and % shares)	
Saudia	577
UAE	374
Qatar	173
Kuwait	163
Oman	70
Bahrain	26



It is obvious, from the above table, that the GCC countries are very wealthy, especially with respect to *per capita* GDP. The table also shows the domination of the Saudi market in the GCC, as it shares 42% of GDP in GCC. Tables 2.2 and 2.3 illustrate the total value of exports and imports for all GCC states.

GCC: total value of imports and exports

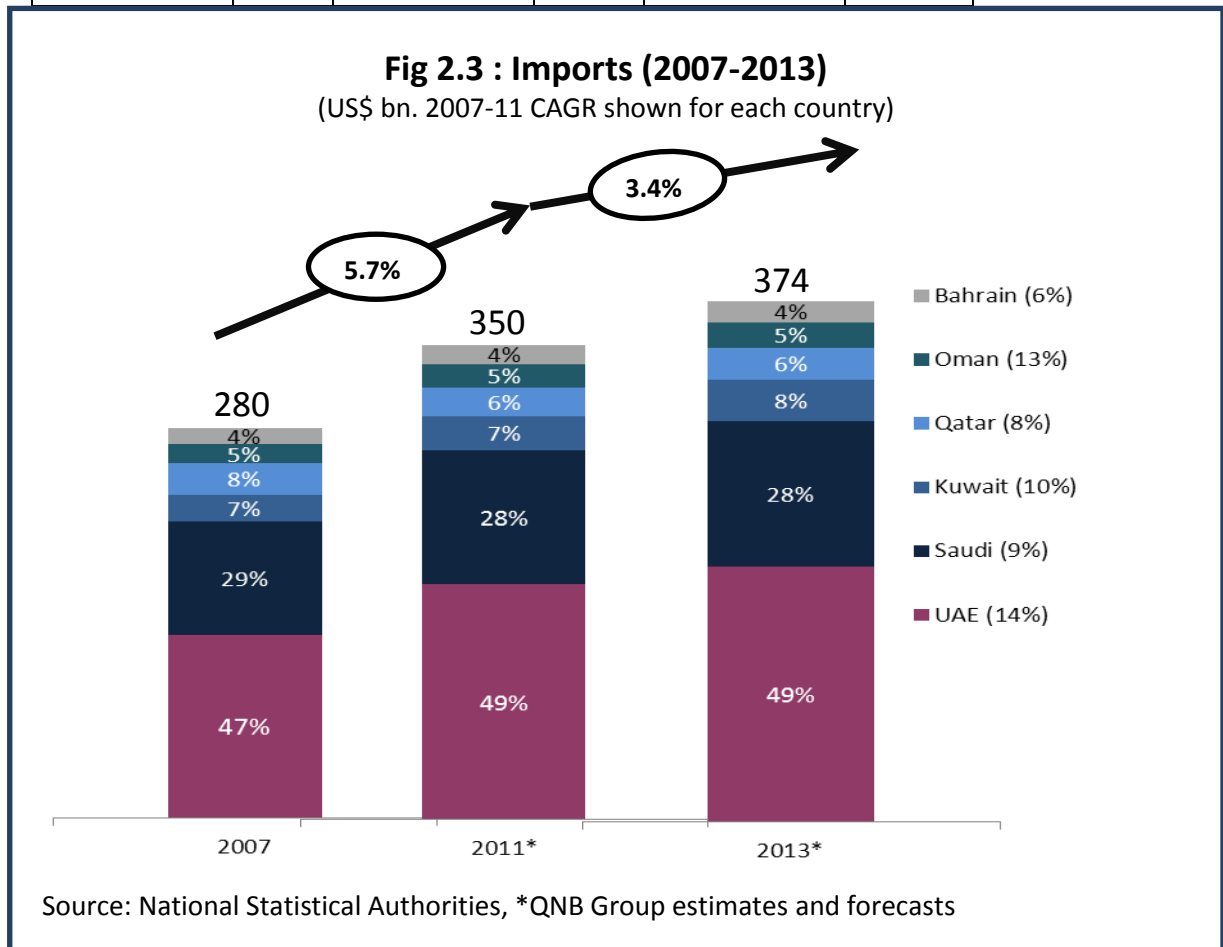
Table2.2 : Total Goods Exports (2007-2013)

(US\$ bn, CAGR in 2007-11 shown in legend)							
	2007	2008	2009	2010	2011*	2012*	2013*
Re-Exports (7.9%)	73%	74%	67%	69%	74%	72%	72%
Other Exports (11.4%)	12%	11%	15%	15%	13%	14%	15%
Hydrocarbons (8.3%)	15%	14%	18%	16%	13%	14%	14%
	555	752	525	653	873	839	887

Source :National Statistical Authorities, * QNB Group estimates and forecasts

Table2.3: Total Goods Imports (2007–2013)

(US\$ bn. 2007-11 CAGR shown for each country)					
	2007		2011*		2013*
UAE (14%)	47%	UAE (14%)	49%	UAE (14%)	49%
Saudi (9%)	29%	Saudi (9%)	28%	Saudi (9%)	28%
Kuwait (10%)	7%	Kuwait (10%)	7%	Kuwait (10%)	8%
Qatar (8%)	8%	Qatar (8%)	6%	Qatar (8%)	6%
Oman (13%)	5%	Oman (13%)	5%	Oman (13%)	5%
Bahrain (6%)	4%	Bahrain (6%)	4%	Bahrain (6%)	4%
	280%		350		374



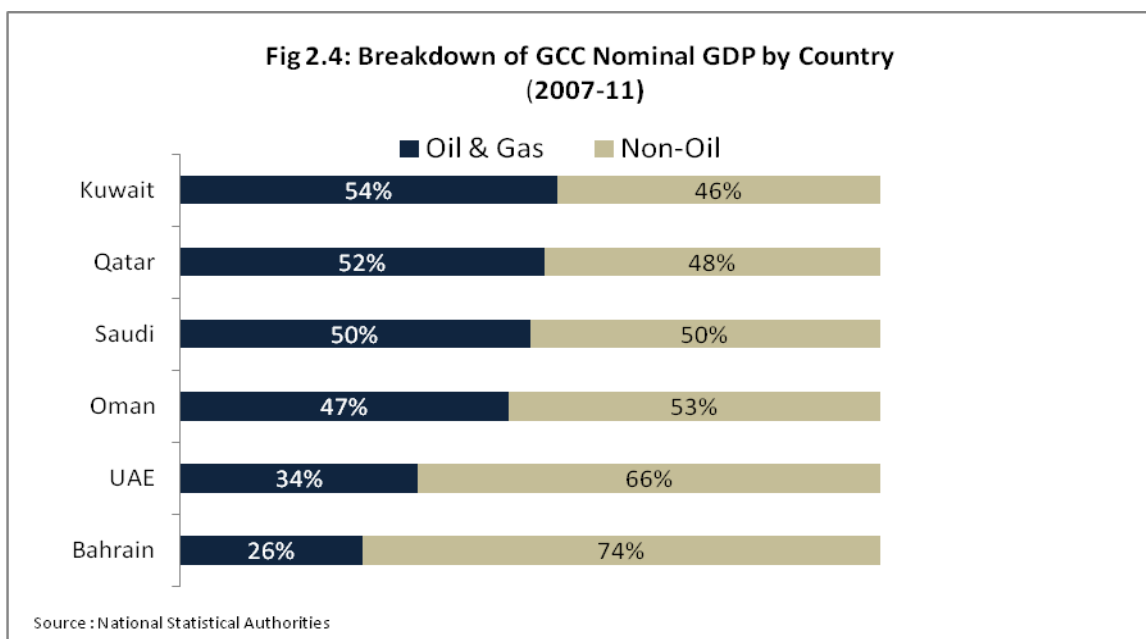
2.2.1 Oil and Gas industry

The Oil and Gas industry in the GCC states provide the base for other heavy industries within the Gulf. It was vital to the Gulf economies that the hydrocarbon industry (chemicals, petrochemicals and steel) should come into existence as it utilizes natural resources. But the instability of the oil price has affected the economy of the GCC in many ways (explained individually) and also brings focus to bear on the role of the Organization of Petroleum Exporting Countries (OPEC) in stabilizing this vital market.

Oil and Gas dominates GCC revenues. From the data in Table 2.4 and Figure 2.4, it can be seen that revenue which comes from Oil and Gas accounts for more than 70% of the total from the six countries. This underlines the dependence on oil of these countries.

Table 2.4 Breakdown of GCC Nominal GDP by country

	Oil & Gas	Non-Oil
Bahrain	26%	74%
UAE	34%	66%
Oman	47%	53%
Saudi	50%	50%
Qatar	52%	48%
Kuwait	54%	46%



There is no doubt that the oil industry is facing a real challenge; one which is already taking shape. Two recent examples are the trend towards a sharp fall in World oil prices, and the wave of mergers involving some of the World's largest oil companies. The challenges facing the industry are very complex, and continuing.

Firstly, the oil industry has to face the global changes with respect to supply and demand. Changes in the financial situation of the oil importing countries are one of the vital factors affecting the demand for oil. Political instability in many countries is another factor in this changing trend.

Secondly, the oil industry is facing competition and, in the process, high cost operators are being squeezed out of the market. This competition emanates not only from the oil producers and traders, but also from the policymakers.

Thirdly, the growing propaganda in the name of environmental protection is also a major factor affecting oil prices. The major economies exploit this issue, in order to push some oil exporting countries towards reducing the price of their oil. The environmental issue also creates some formidable technical and economical challenges for the oil industry. All these factors, together, are producing a high-risk commercial environment and growing pressures on costs and profit margins.

2.2.1.1 GCC oil status

The nature of the oil industry in the GCC is different from that of other countries. The oil fields of the GCC countries are not as deep underground as those of other oil producing countries. This gives a considerable edge for the GCC countries, in production costs, which could help these countries to survive global economic shocks. The GCC countries are working hard to prove that they can guarantee

smooth production and delivery of oil to consumers' future requirements. It is hoped that this will assist in dissuading consumers from looking for alternative sources of energy, or turning to other suppliers for their future oil requirements.

The revival of the growth in oil demand during the past 5 years has helped the GCC and OPEC countries to build up a strong base for facing the challenges that could result from any fall in price. The recovery of the Asian markets was also a major contributing factor in raising the demand and stabilizing the price within a viable range.

The current status of the GCC is stable, but nobody can guarantee the future. People have started raising the question of until when can the Gulf countries depend on oil as their only source of income? The fall in the price of oil in 1998, just after the recovery and high demand of 1997, was an indication of the danger of depending on a single resource. The year 1998 came as a shock to the GCC countries; they have all, now, reviewed and revised their policies and are still in the process of diversifying their economies.

Some GCC countries are exploiting their natural gas reserves, which is a clean and environmentally friendly energy, thus shifting from their dependence on oil as the main source of income. Qatar and Oman have invested heavily in the gas industry as an additional, and clean, source of energy and revenue. Other GCC countries are investing in gas but the two significant investment countries, as mentioned, remain Qatar and Oman. In addition to this, Qatar and the UAE are involved in discussions to import Qatari gas to the UAE. Kuwait is also a party to these discussions (HSBC, *Oman Business Profile*, June, 2002; and, Moody's *Investors Services*, August, 2002).

Also, as another means of diversifying their economies, the GCC states are now investing in SMEs and are supporting people willing to accept the challenge. This strategy could minimize the dependence on oil and increase non-oil exports, which currently constitute only a few percent of total exports. Figure 2.3 shows this low percentage of non-oil exports.

2.2.2 Populations of GCC member states

Table 2.5 Geographical size and length of coastlines – GCC states

Key facts	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
Area (sq km)	665	17,820	212,460	11,437	2,000,000	82,880
Coastline (km)	161	499	2,092	563	2,640	1,318

Source: *CIA Fact Book*, 2000.

Table 2.5, geographical and coastline data, gives a clear picture of the size of each state of the GCC which will assist in clarifying perceptions in the case of comparisons. Table 2.6 provides demographic data relevant to the various member states of the GCC.

Table :2.6 GCC Population Break down (2011)

(m)	
Saudia	28.5
UAE	8.5
Qatar	3.7
Kuwait	3.1
Oman	1.8
Bahrain	1.3

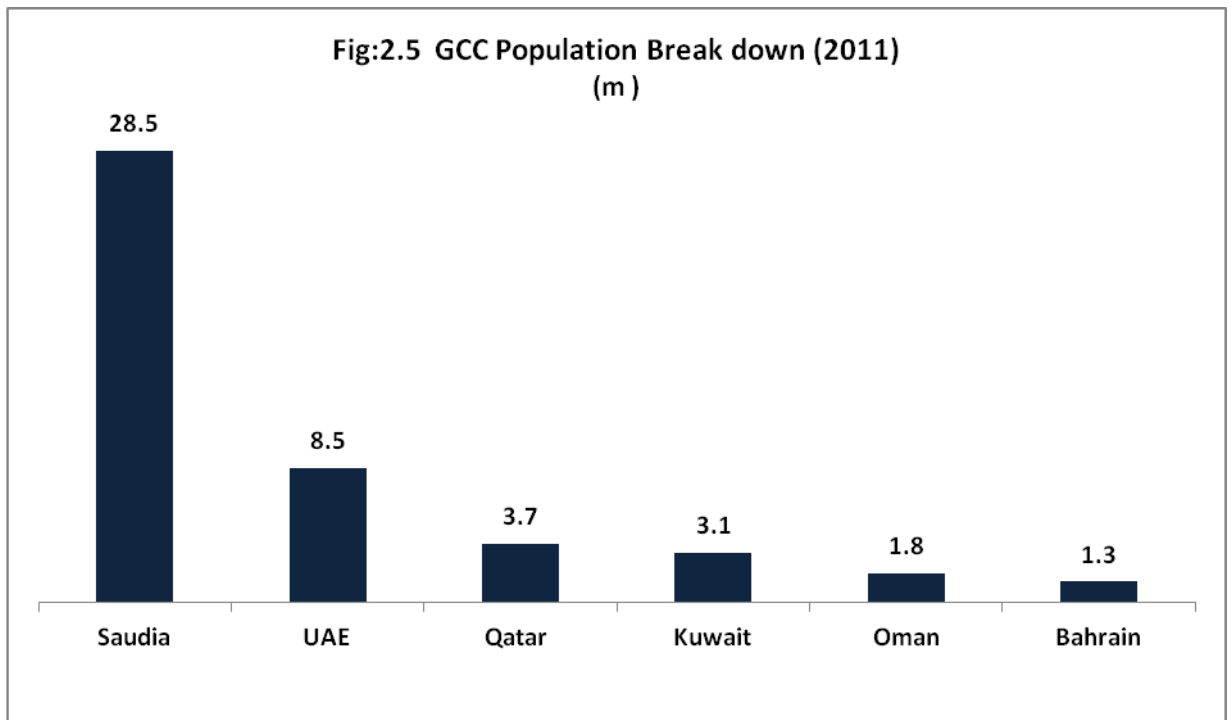
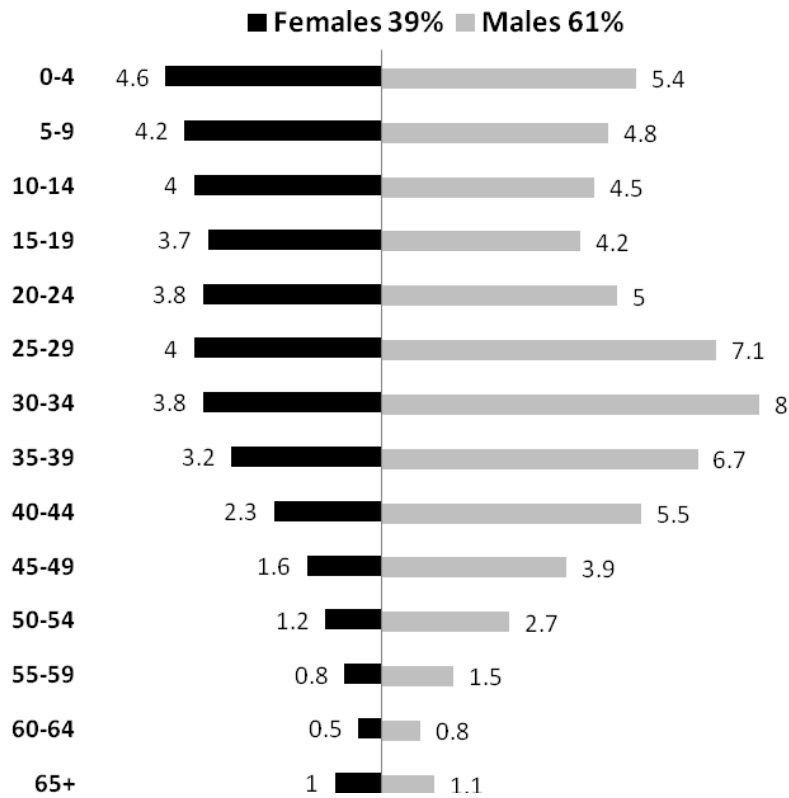


Table 2.7
Population by Gender

Males = 61%		Females = 39%
5.4	0-4	4.6
4.8	5-9	4.2
4.5	10-14	4
4.2	15-19	3.7
5	20-24	3.8
7.1	25-29	4
8	30-34	3.8
6.7	35-39	3.2
5.5	40-44	2.3
3.9	45-49	1.6
2.7	50-54	1.2
1.5	55-59	0.8
0.8	60-64	0.5
1.1	65+	1

Fig 2.6: GCC population by Age and Gender (2010)
 (% of total GCC population)



Source: National statistical authorities and QNB group estimates

The above table and figure (2.6 and 2.7) show the population of each of the GCC states and with respect to Age and Gender group. It is noticeable that the majority in the populations of the GCC countries is under 20-49 years of age, which represents a big opportunity for development and growth as they are a reserve for the future. In comparison to the advanced countries it seems that the GCC states have a better chance for development and workforce strength, based on an educated and productive population.

2.2.2.1 Expatriates in the GCC

The GCC, as developing states, are dependent on expatriates from a variety of other countries to provide support in the early stages of the development process. Expatriates are mainly in construction fields and jobs that need technical backgrounds. They account for a large percent of the total population of the GCC states; about 35% of the total population.

Table 2.8 Comparison between populations of expatriates and nationals - GCC

Population	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE	Total
Nationals	414,100	860,000	1,778,000	219,700	16,208,000	655,000	20,134,800
Expatriates	276,900	1,330,000	624,000	359,300	5,803,000	2,453,000	10,847,000
Total	691,000	2,190,000	2,402,000	579,000	22,011,000	3,108,000	30,981,000

Source: *Gulf Statistical Report*, 2002

2.2.2.2 Challenges facing the GCC states

A few decades ago, the Gulf states were some of the World's poorest countries as there are no permanent streams or rivers, insufficient rain every year, no green land and, apparently, no natural resources, especially with regards to agriculture. Challenges at that time were how to eat and stay alive. Until the second quarter of the last century, all aspects of life were simple and there was nothing to attract foreigners to this part of the World. In 1932 the first discovery of oil took place in Bahrain and this was the start of a new phase in the region. Discovery after discovery took place until it was obvious that this part of the World is rich in natural energy resources. This was the start of different types of challenges.

As the discovery of oil touched the economic life of the Gulf countries its affect can be seen in all aspects of life. Moreover, any changes with regards to demand or the price of oil will significantly affect every aspect of life in these countries. It is natural, therefore, that the Gulf countries become worried when they observe any fluctuation in oil price. After the oil price boom in the seventies, the Gulf States became familiar with the good life and could appreciate the stark difference between life today and life in the past.

The boom in the price of oil during 1973-1974 and 1979 gave the GCC a historic opportunity to achieve sustainable economic development. Oil returns jumped from \$8 billion in 1972 to \$150 billion in 1980. The GCC's GDP increased from \$14 billion in 1972 to \$67 billion in 1975 and peaked at \$242 billion in 1982. *Per capita* income increased proportionately, from \$1,300 in 1972 to \$16,500 in 1980 (Al-Ebrahim, 1996).

Fluctuations in oil price forced the GCC countries to face important policy challenges and opportunities in view of an uncertain oil market outlook and evolving trends in regional and international economies. Linked with these trends are local developments; particularly the increases in population and those entering the labour markets. This proves that the countries of the GCC are in a challenging situation; and at a crossroads. Considering the differences in size, resources and population, the GCC countries are facing five similar challenges.

- **Population:** the population in the GCC doubled in the twenty years from 1975 to 1995, increasing from 10 million to about 25 million. The figure rose to more than 30 million in 2002 and, in 2004, reached more than 33 million. Of this population, one third is expatriates. The big increase in population

requires a corresponding increase in expenditure. People need healthcare, education, jobs and homes. The high percent of expatriates creates social problems due to the differences in culture, leading to crimes and changes in the culture of the citizens.

- **Budget deficit:** the crucial challenge facing the GCC is the budget deficit. It began to increase following the fall in oil price at the beginning of the 1980s. As a result of the oil price decrease, revenues declined from \$150 billion in 1980 to \$25 billion in 1986. The GCC could, however, survive by using its financial reserves. It is possible that countries like Qatar, with the exploitation of its natural gas resources, will not face the budget deficit problem as much as other GCC countries.
- **Wealth:** the GCC has lived at a high standard of living for the past three decades. This would represent a real problem if the oil price came down to a low level. It would be extremely difficult for the governments if people experienced a decrease in their standard of living as a result of government needing to reduce expenditure.
- **Military spending:** as the GCC has enormous energy reserves it is natural that there should be a strong military base. This need became a must following the Iraqi invasion of Kuwait in 1990 and the GCC countries in aggregate rank in the top twelve countries in terms of military spending. According to the International Monetary Fund, the GCC spent 13 percent of its GDP on arms, compared with the whole of the Middle East where the expenditure was 5% of GDP (Joffe, 1999).

- **Job opportunities and economic activities:** the high rate of population growth is a threat to the GCC especially with the existing education system; resulting in an imbalance between economic demands and the competence of the labour force. What makes matters worse is that most of the national labour force prefers to work for the government rather than the private sector. This problem has led to a great influx of foreign labour to the point where the number of expatriate workers has now grown to more than 80% of the total labour force.

To absorb the increases in their populations, the GCC governments need to create about 200,000 jobs per year. The real decline in oil price means, however, that the GCC will not be able to provide the required number of jobs every year. It is also evident that the private sector cannot provide the required number of jobs, and even those it can provide will not, in terms of salary, be able to compete with Government positions (International Monetary Fund, Middle East Department, May 1996).

2.3 State of Qatar

The State of Qatar is an independent sovereign country located along the western edge of the Arabian Gulf. It has maritime borders with Bahrain, United Arab Emirates, and Iran, while sharing a land border with Saudi Arabia. Qatar has a dry desert climate and is comprised of a peninsula that stretches approximately 200 kilometres in length and 100 kilometres in width. The total land area of the state is 11,850 square kilometres, including a number of islands and coral reefs. Qatar's move towards modernisation began in earnest in 1995 when the current ruler Sheikh Hamad bin Khalifa Al-Thani came to power. Rapid social, economic, and

political reforms have been undertaken during his rule including the widening of public participation in national affairs, the introduction of voting for women, a lifting of censorship on media, and an emphasis on arts and education. Qatar is one of the smallest countries in the region. It is a peninsula, having the Arabian Gulf and Saudi Arabia (60 km) on its borders. As mentioned previously, familial connections are strong between the Gulf countries and this is no less so between Qatar and Saudi Arabia. The people who live near to the border between these two countries are, to a large extent, camel herders and habitually roam this region without thought to the intervening border. The land is mostly flat with a few hills in places (maximum height: 103 meters above sea level). Its time zone is +3 GMT. The official language is Arabic but English is spoken extensively. The national currency is the Qatari Riyal (QR).

Independence was achieved on 3 September 1971, since when that event has been honoured as a national holiday although it has changed recently to 18 December which was the date Qatar was established in the year 1878. Following independence, an advisory council was created to support the Emir in the country's affairs. This is a legislative council with 35 members assigned by the Emir. Qatar operates under a civil law system with Islamic law for personal matters.

As an oil producing country, Qatar's economy is based on the exporting of oil and depends heavily on the oil price and its sale. It has, however, tried to exploit the oil returns to moderate Qatari life and its people's wealth. The high price of oil during the seventies helped the country to develop, but the price crisis at the beginning of the eighties slowed this development.

Figure 2.7: Map of Qatar



Source: <http://www.nationsonline.org/oneworld/map/qatar-map.htm>

2.3.1 Economy

Qatar tops the list of the World's richest countries by Forbes. In 2010, Qatar had the World's highest GDP per capita, while the economy grew by 19%, the fastest in the World. The main drivers for this rapid growth are attributed to ongoing increases in production and exports of liquefied natural gas, oil, petrochemicals, and related industries. Qatar has the highest human development in the Arab World. In 2009, Qatar was the United States' fifth-largest export market in the Middle East (after the UAE, Israel, Saudi Arabia and Egypt).

With a small citizen population of fewer than 250,000 people, foreign workers outnumber native Qataris. Foreign expatriates come mainly from other Arab nations (20% of the population), the Indian subcontinent (India 24.5%, Nepal 13%, Pakistan 7%, Sri Lanka 5%), Southeast Asia (Philippines 10%), and other countries (5%). Qatar's average annual inflation rate is 2%. It is a country that still depends on oil as the main factor in its economic growth. Economic growth will continue but so will the inflationary pressures. Although we expect a moderate decline in the growth rates of other Gulf Cooperation Council (GCC) countries, Qatar enjoyed a higher growth rate in 2007 due to a sharp increase in natural gas output (Habibi, April 2007, Monthly Outlook, Qatar Country Monitor, Global Insight).

Qatar's economy mainly depends on hydrocarbon production and export and has been heavily controlled by the government. Qatar's government owns all the agricultural land and controls most of the nation's economic activity. During recent years, Qatar has witnessed a high growth in GDP with 5.5% in 2005, due to the high price of crude oil. Currently, the rapid expansion of the natural gas export business is expected to spearhead Qatar's growth in GDP. It was the first country in the region to exploit natural gas, and the industry is booming; year on year. Its current economic policy is to venture into new financial resources, other than oil. It is also one of the leading countries in the World in terms of the petrochemicals, steel and fertilizer industries. Qatar has exploited its natural gas in new petrochemical plants to produce fertilizers and other products and to convert natural gas to clean diesel fuel and gasoline (*The Economist Intelligence Unit*, 1998).

Qatar has recently opened its markets by setting up new regulations for foreign investment. This has influenced the lifestyle of its people, in many ways, including a

private sector that is expanding rapidly. Having recently opened the Middle East's largest shopping centre in Qatar, this complex has become a means of demonstrating the country's tourism potential. Also, hosting the 2006 Asian Games in Qatar was a further boost. As a result of this, many large malls were opened and new towns developed. All of these resources together will position Qatar in the list of top countries worldwide, in terms of people's welfare and wealth.

2.3.1.1 Enterprise Qatar (EQ)

As part of the Qatar economy; it is important to highlight an organization that focuses on small businesses support and has a vision to strengthen them. It was established recently in 2008 but has a bright future in providing a strong base for SMEs to start up and grow.

Enterprise Qatar, established in 2008 is the authority to develop and promote the small and medium enterprise entities in Qatar supported by the wise vision and guidance of His Highness Sheikh Hamad bin Khalifa Al-Thani, The Emir of Qatar, and His Highness Sheikh Tamim bin Hamad bin Khalifa Al-Thani, The Heir Apparent, and His Excellency Sheikh Hamad bin Jassim bin Jaber Al-Thani, The Prime Minister and Minister of Foreign Affairs, and driven by the continuous and active support of His Excellency Sheikh Jassim bin Abdul Aziz Al-Thani, Minister of Business and Trade, Enterprise Qatar is leading a new phase of development for small and medium business entities to help in creating a more diversified knowledge based economy.

EQ works as a major partner in transforming intentions into real business through offering a full range of services delivered in partnership with Qatar's leading

institutions and recognized experts to provide guidance and resources pertaining to business administration and financial facilities, consultation on regulatory policy, learning and development opportunities, research, and strategy for innovative business.

Enterprise Qatar, aims to create a comprehensive infrastructure to support entrepreneurial ventures, champion innovation, and foster the growth of business culture. Complementing the Qatar National Vision 2030, Enterprise Qatar will leverage its status as the key partner for the 'SME Evolution Programme' and offer its continuous support for the SME sector. Enterprise Qatar, will work together with Potential to enhance small businesses capabilities and serve the country in building a stronger and more dynamic production sector. EQ enables entrepreneurs and SMEs to achieve greater success by developing a positive ecosystem for startups and SMEs.

➤ **What EQ offers**

EQ provides a wide range of services to entrepreneurs, SMEs and startups. These services are provided through various programmes and in co-operation with business development experts.

➤ **Entrepreneurs**

The Enterprise segment includes innovators, graduates, semi-professionals and anybody with an implementable creative idea. It includes companies that are still in their early development stages, starting with the idea to seeking resources to implement it and charting the company's basic infrastructure. It encompasses all stages prior to the start of operations.

➤ **Startups**

For startups EQ includes companies that are in business for not more than 2 years and have less than 10 employees; this excludes the construction and manufacturing segments where they can have up to 50 employees.

➤ **SMEs**

With some SMEs EQ includes companies that are in business from 2 to 5 years and have less than 50 employees; this excludes the construction and manufacturing segments where they can have up to 150 employees, and includes companies that are in business for not more than 5 years and have less than 250 employees.

Services and programmes offered include:

- Feasibility studies
- Advisory services on bookkeeping and accounting
- Audit services
- Business process improvement and re-engineering
- Legal services
- Coaching and advisory
- Equity programme

➤ **EQ Value proposition**

EQ aims to support the local SME sector by creating a friendly business environment, fostering prevalent business opportunities and introducing new opportunities for local entrepreneurs.

The goals are to be:

1. one of the reliable SME information sources in Qatar;

2. one of the drivers of enabling SMEs' business environment;
3. one of the reliable sources of the SMEs development strategies; and,
4. the advocate for economic diversification.

The SME database is at the core of the operations and creates the platform by which the SME sector is supported through policy reform, business development and economic diversification.

Utilizing SME research, creating platforms for discussions and enforcing avenues of implementation with stakeholders is the key to operations in striving to create effective and viable development strategies within the SME sector.

2.3.2 History

The modern history of Qatar began in the early 19th century when the ruling Al Thani family settled in the southern part of the country. Earlier, other Arab tribes had migrated from neighbouring areas, mainly from Najd, Alihs and Oman, at various periods during the 17th and 18th centuries. They established a fishing and pearling harbour at Zubarah.

The family played a crucial role in negotiations with British forces in the region and brokered the agreement that established Qatar's official formation on December 18, 1878. Until the 1930s, Qatar was a sparsely populated country best known for its pearl industry. The discovery of oil and its subsequent exportation from 1940 onwards had a profound effect on the region and its development. At the same time, Britain's diminishing role in the Middle East would see a number of countries seeking sovereignty. Qatar declared independence on September 3 1971.

Qatar's Emir, Sheik Hamad Bin Khalifa Al-Thani, opened the country to investment, and a new wave of development. Qatar has a moderate democratic political system, although actual power still resides with the Emir. A new constitution was accepted in a public plebiscite on 29th April 2003, which heralded the creation of a new parliament with authority over some areas of specific responsibility. Local elections for municipal councils took place in March 1999; the first experiment of real democracy and free public election in Qatar.

Qatar came under British influence in 1869 and in 1916 it became a British protectorate. On 3 September 1971, Qatar became independent and was admitted to the United Nations organization.

Before the discovery of oil, Qatar's economy depended on fishing and pearling. Petroleum production and the nationalization of major oil producing companies have enabled the government to invest considerably in the infrastructure.

➤ **The Government:** The supreme chancellor has the exclusive power to appoint and remove the prime minister and cabinet ministers who, together, comprise the Council of Ministers, which is the supreme executive authority in the country. The Council of Ministers also initiates legislation. Laws and decrees proposed by the Council of Ministers are referred to the Advisory Council (Majlis Al Shura) for discussion after which they are submitted to the Emir for ratification.

A Consultative Assembly or Majlis Al-Shura has limited legislative authority to draft and approve laws, but the Emir has final say on all matters. No legislative elections have been held since 1970 when there were partial elections to the body. Elections to the Majlis al-Shura have been announced, and then postponed, several

times. In 2011 the Emir announced elections to the council which were held in the second half of 2013.

In 2003, Qatar adopted a new constitution that provided for the direct election of 30 of the 45 members of the Advisory Council. Currently the Council is composed entirely of members appointed by the Emir.

An elected 29-member Central Municipal Council (CMC) has limited consultative authority aimed at improving municipal services. The CMC makes recommendations to the Ministry for Municipal Affairs and Agriculture. Disagreement between the CMC and the Ministry can be brought to the Council of Ministers for resolution. Municipal elections are scheduled for every four years. The most recent elections for the Council were in May 2011. Before 1999, members of the CMC were appointed by the Government.

2.4 Kingdom of Bahrain

Bahrain is the smallest country in the region, lying to the east of Saudi Arabia and located centrally among the six Middle East countries in the +3GMT time zone. It is an archipelago, with the largest island being Bahrain Island at 55 km (34 mi) long by 18 km (11 mi) wide. Saudi Arabia lies to the west and is connected to Bahrain by the King Fahd Causeway. Iran lies 200 km to the north of Bahrain, across the Gulf. The peninsula of Qatar is to the southeast across the Gulf of Bahrain. The planned Qatar Bahrain Causeway will link Bahrain and Qatar and become the World's longest marine causeway. The population in 2010 stood at 1,234,571, including 666,172 non-nationals. Its currency is the Bahraini Dinar (BD) and the official language is Arabic, although English, Farsi, and Urdu are also spoken.

The Emir, HM Sheik Hamad bin Isa Al-Khalifa, has sought to moderate the régime he inherited in 1999 promising a return to democratic rule, which ceased 27 years ago, five years after independence being gained in 1971. Independence Day is marked annually as a national holiday on 16 December. In February 2002, Bahrain was declared a constitutional monarchy and Sheik Hamad bin Isa al-Khalifa became king.

Municipal elections were successfully held in May 2002 and elections for the legislature were held in October 2002. These two events were significant landmarks in the new direction envisioned by the King.

Bahrain's legal system is based on Islamic law and English common law. Bahrain established bilateral relations with 190 countries Worldwide. As of 2012, Bahrain maintains a network of 25 embassies, 3 consulates and 4 permanent missions to the Arab League, United Nations and European Union respectively. Bahrain also hosts 36 embassies. Bahrain plays a modest, moderating role in regional politics and adheres to the views of the Arab League on Middle East peace and Palestinian rights; it supports the two state solutions.

Figure 2.8 Map of Bahrain



Source: <http://www.asia-atlas.com/bahrain.htm>

2.4.1 Economy

Bahrain was the first country in the GCC to discover oil. Like other GCC countries, Bahrain depends on oil production but it possesses minimal oil resources. Limited oil resources forced Bahrain to reduce its dependency on hydrocarbons 24 years ago, resulting in it being one of the most diversified economies in the Gulf region. With smaller oil resources than its neighbours, Bahrain established a policy of openness and diversification and its economy has become one of the region's most advanced and diversified. As a result of efforts to diversify its economy, Bahrain has emerged as a major regional financial centre, with more than 300 financial institutions

providing a wide range of financial services, including banking, insurance, capital markets, and investment advice. Currently, the country's financial sector is the largest contributor to GDP, at about 24 percent. Other major industries include aluminium smelting and iron palletization. Bahrain has also developed other services industries such as tourism and information technology. Despite diversification efforts, the country's economy remains heavily dependent on the oil sector, with petroleum production and refining accounting for about 60 percent of government revenue and export earnings. (*Bahrain Country Review*, 'Country Watch', 2007).

Bahrain today has a high Human Development Index (48th highest in the World) and the World Bank identified it as a high income economy. Bahrain is a member of the United Nations, World Trade Organisation, the Arab League, the Non-Aligned Movement, the Organization of the Islamic Conference as well as being a founding member of the Cooperation Council for the Arab States of the Gulf. Bahrain was also designated as a major non-NATO ally by the George W. Bush administration in 2001.

Oil was discovered in Bahrain in 1932 (the first in the Arabian side of the Gulf). In recent decades, Bahrain has sought to diversify its economy and be less dependent on oil by investing in the banking sector and tourism. The country's capital, Manama, is home to many large financial structures, including the Bahrain World Trade Centre and the Bahrain Financial Harbour.

Bahrain's financial and banking sector is attracting multinational companies to invest in the country. Offshore banking and tourism are other resources for the country.

The Emir has also embarked on a programme of economic liberalization and diversification. The settlement of the border conflict between Qatar and Bahrain on the Hawar Islands was a motivation to explore for more oil fields on the southern boundaries of Bahrain, but, as yet, no discoveries have been announced. Despite the limited size of its resources, oil revenue is still its largest source of income, and accounts for more than 25% of GDP (*Middle East Intelligence Bulletin*, September, 2002).

An advantage for Western business people and for multinational companies is that the social life of Bahrain is freer than that of other Arab countries within the region.

2.4.2 History

Bahrain is believed to be the site of the ancient land of the Dilmun civilisation. Bahrain came under the rule of successive Persian empires, the Parthians and Sassanids' empires respectively. Bahrain was one of the earliest areas to convert to Islam in 628 AD. Following a successive period of Arab rule, the country was occupied by the Portuguese in 1521. The Portuguese were later expelled, in 1602, by Shah Abbas I of the Safavid Empire. In 1783, the BaniUtbah tribe captured Bahrain from the Persians and was ruled by the Al Khalifa royal family since, with Ahmed Al Fateh being the first hakim (ruler) of Bahrain. In the late 1800s, following successive treaties with the British, Bahrain became a protectorate of the United Kingdom. Following the withdrawal of the British from the region in the late 1960s, Bahrain declared independence in 1971. Formerly a state, Bahrain was declared a kingdom in 2002. Since early 2011, the country has experienced sustained protests and unrest inspired by the regional Arab Spring.

In 1782, the Al-Khalifa family came to Bahrain and formed a collaboration between Arabs and Persians, as one community. Bahrain came under British influence in 1820 and soon became the centre of the pearling industry in the Gulf region. In 1971, Bahrain became independent. It has a constitutional form of government, administered by the Emir.

Bahrain is one of the oldest oil producers. Petroleum production began in 1932. It has a sophisticated labour force, although unions are not permitted. It was a founding member of the Gulf Co-operation Council in 1981. The Qal'at al-Bahrain (the harbour and capital of the ancient land of Dilmun) and the Bahrain pearling trail were declared UNESCO World Heritage Sites in 2005 and 2012, respectively.

2.5 Kingdom of Saudi Arabia

Saudi Arabia is the largest among the GCC countries, in terms of size, population and resources. It is the largest Arab state in Western Asia by land area (approximately 2,250,000 km). It is a Middle East country in the +3GMT time zone, bordered by Jordan and Iraq to the north, Kuwait to the northeast, Qatar, Bahrain and the United Arab Emirates to the east, Oman to the southeast, Yemen in the south, the Red Sea to the west and Persian Gulf to the east. Its population is estimated to consist of 28.5 million citizens where approximately one third of them are registered foreign expatriates and about 2 million are illegal immigrants.

There are no permanent rivers in Saudi Arabia. The weather in Saudi Arabia is hot in general with lower temperatures in winter. Sand covers most of the kingdom's landmass.

King Abdel-Aziz al-Saud, who became ruler on 23 September 1932, spent the following 30 years unifying Saudi Arabia. The date of 23 September (Unification Day) is enshrined as a national holiday. There are no political parties in Saudi Arabia. The legal system is Islamic law, which is practiced very strictly, in all life transactions (although some secular codes exist). The official language is Arabic and the national currency is the Saudi Riyal (SR).

Figure 2.9 Map of Saudi Arabia



Source: <http://geology.com/world/saudi-arabia-satellite-image.shtml>

The economy is dominated by the oil sector. The kingdom has used the significant revenues from its oil exports to finance infrastructure development and modernization programmes and to increase health care and education. Saudi Arabia has the World's largest oil reserves which are concentrated largely in the Eastern Province. Oil accounts for more than 95% of exports and 70% of government revenue, although the share of the non-oil economy has been growing recently. This has facilitated the transformation of an underdeveloped desert kingdom into one of the World's wealthiest nations. Vast oil revenues have permitted rapid modernisation, such as the creation of a welfare state. It has also the World's sixth largest natural gas reserves. Saudi Arabia is the only country in the World which bans women from driving.

2.5.1 Economy

The Kingdom of Saudi Arabia has an oil-dominated economy with strong government involvement in all major economic activities. It controls the largest reserves of petroleum in the World, 259.4 billion barrels, or about 25 percent of the proved World total, ranks as the largest exporter of petroleum, and, by virtue of its 'swing' capacity, plays a leading role in the Organization of Petroleum Exporting Countries (OPEC). Saudi Arabia maintains the capacity of producing around 10.5 to 11 million barrels of crude oil per day, and it claims to have the capacity of producing up to 15 million barrels per day. That 'swing' capacity is what gives it power within OPEC; it can (and does) discipline the cartel by increasing production if other members are manipulating their quotas.

The petroleum sector accounts for roughly 75 percent of government budget revenues, 40 percent of GDP, and over 90 percent of export earnings. Only about 40 percent of GDP comes from the private sector. Roughly seven million foreign workers are employed in the Saudi economy, particularly in the energy and service sectors. On the other hand, the high population growth rate exacerbates the unemployment situation among Saudi nationals (around 13 percent) as the government benefits are so generous that they do not prefer the jobs that foreigners will gladly take in the oil and petrochemical industries (*Saudi Arabia Review*, 2007).

Like other GCC countries, Saudi Arabia is also trying to diversify its resources away from hydrocarbons, through promoting the private sector and giving long-term loans to businessmen. A Supreme Economic Council was established in August 1999 to study and formulate the best way to apply economic co-ordination and economic development policies in order to accelerate institutional and industrial reforms. The seventh five year plan (2000-2005) indicates that Saudi's government is serious about the importance and the need to diversify its export base and minimize its reliance on oil. In regard to foreign investment, the government is opening the country for more foreign investment by changing the present rigid regulations. Privatization is another way to diversify the economy; the recent telecommunications privatization is a clear indication of the Kingdom's intentions in diversifying the economy. This policy appears to be bearing fruit as 40% of GDP currently comes from the private sector.

With a population of 22,000,000 Saudi Arabia is the largest consumer market in the region. Roughly seven million expatriate workers play an important role in the Saudi economy, particularly in the energy and service sectors. Due to the purchase

of goods and services for their own use they are, therefore, important for the consumption market locally. A major economic challenge, besides oil price changes is the population growth (about 3.5 percent per year) which has exceeded GDP growth, created a falling *per capita* GDP, high domestic unemployment and an urgent need to develop the private sector to create opportunities for its citizens (*Saudi Arabia Review*, 2007; 'Country Watch'). So, although Saudi Arabia is one of the richest countries in terms of its natural resources, it appears to be facing difficulties in overcoming the challenges of its population growth and unemployment. Nevertheless, if it succeeds in diversifying its resources and exploiting its full capacity for development, Saudi Arabia could survive relatively unscathed into the foreseeable future.

In terms of market potency, Saudi Arabia contributes 70% towards the GCC's total demand for automobiles. With the increase in oil price in the 1970s and 1980s Saudi Arabia was able to use the returns from oil sales and associated revenues, in developing its infrastructure – a move which has involved huge expenditure, considering the size of the country. As a result of this policy, modern highways now link many of the villages, as well as the main cities.

It is indisputable that the main key to the Saudi Arabian economy is the oil price. When the oil price goes up the economy is active and more revenue is available for national development schemes (as from 2000 to the present day). During 1978, when the crude oil price went down, the government faced severe financial problems (Energy Information Administration, October 2002).

Saudi Arabia is one of only a few fast-growing countries in the World with a relatively high per capita income of \$24,200 (2010). Saudi Arabia will be launching

six 'economic cities' (e.g. King Abdullah Economic City) which are planned to be completed by 2020. These six new industrialized cities are intended to diversify the economy of Saudi Arabia, and are expected to increase the per capita income. The King of Saudi Arabia has announced that the per capita income is forecast to rise from \$15,000 in 2006 to \$33,500 in 2020. The cities will be spread around Saudi Arabia to promote diversification for each region and their economy, and the cities are projected to contribute \$150 billion to the GDP.

2.5.2 History

In ancient times, the Arab Peninsula was populated by a number of nomadic Arab tribes. The Prophet Mohamed was born in AD 570 in Makkah where he received revelations from God and founded the Islamic religion.

In 1744 Al-Saud, the present ruling family began a politico-religious campaign of unification on the Arabian Peninsula. Early in the 19th century the Ottomans were alarmed by the Saudi success, which covered all the Saudi territory and most of the Arabian Peninsula.

The present kingdom was created in 1902. In 1932 it was named the Kingdom of Saudi Arabia. In 1937 oil was discovered in the kingdom, which initiated the modernization of the country. By 1976 Saudi Arabia had become the largest oil producer in the World. The Kingdom of Saudi Arabia was founded by Abdul-Aziz bin Saud (known for most of his reign as Ibn Saud) in 1932, although the conquests which eventually led to the creation of the Kingdom began in 1902 when he captured Riyadh, the ancestral home of his family, the House of Saud, referred to in Arabic as Al Saud. Saudi Arabia is the birthplace of Islam and the kingdom is sometimes called

"the Land of the Two Holy Mosques" in reference to Al-Masjid al-Haram (in Mecca), and Al-Masjid al-Nabawi (in Medina), the two holiest places in Islam.

2.6 State of Kuwait

Kuwait stands at the top north corner of the Arabian Peninsula within the +3GMT time zone. It became independent from the United Kingdom on 19 June 1961. Its national holiday is 25 February. Kuwait is an Arab country in Western Asia.

Situated in the northeastern edge of the Arabian Peninsula at the tip of the Arabian Gulf, it shares borders with Iraq to the north and Saudi Arabia to the south. The name "Kuwait" is derived from the Arabic *ākawāt*, the plural of *kūt*, meaning "fortress built near water". The country covers an area of 17,820 square kilometers (6,880 square miles) and has a population of about 2.8 million. Legal matters are dealt with under a civil law system with Islamic law used for personal matters. The official national language is Arabic, although English is spoken extensively. The currency is the Kuwaiti Dinar (KD).

Kuwait has a permanent constitution, approved on 11 November 1962. It was the first country in the GCC to adopt the practice of democratic rule (from as early as the 1960s). The parliament and municipal councils are all elected bodies in Kuwait. As a result, Kuwait is considered a mature country within the region in terms of its practising of democracy. Ministers are held accountable for their mistakes, being liable to cross-examination by parliament. The parliament consists of 50 elected members, in addition to the cabinet ministers who each serve for a term of four years. Voting rights are currently reserved exclusively for males who are over the age of 21 and of Kuwaiti nationality by birth.

A dispute between parliament and the government arose in April 1999, when the MPs accused the government of attempting to prevent them from questioning the then Minister of Justice. When the entire cabinet threatened to resign to prevent parliament's proposed no-confidence vote in the minister, the Emir (Sheikh Jaber al-Ahmad Al-Jaber al-Sabah) dissolved parliament and called for new elections.

Iraq's occupation of Kuwait during 1990-1991 damaged the infrastructure of Kuwait. It has had to spend a considerable sum for maintenance and rebuilding, to overcome the huge amount of damage caused by the war. Kuwait has now passed that critical phase and is, once more, in a stable position (Middle East Intelligence Bulletin, Vol/3 No.11, and November, 2001).

Figure 2.10 Map of Kuwait



Source: <http://geology.com/world/kuwait-satellite-image.shtml>

2.6.1 Economy

Kuwait has a small, relatively open economy dominated by the oil industry. With about 8 percent of the World's total oil reserves, the oil sector accounts for about half of GDP, 95 percent of export earnings, and 80 percent of government revenues. Despite implementation of structural reforms in recent years aimed at broadening the role of the private sector in the economy, progress in this area has been slow due to difficulties in reaching political consensus. The economy remains largely state-controlled, which continues to be a barrier to diversification of the economy and achievement of the country's economic potential.

Kuwait's macroeconomic performance has been strong in recent years reflecting high World oil demand and prices. GDP growth has been robust and inflation low, while the external current account and fiscal surpluses have increased substantially. Over the medium-term, however, GDP growth is expected to slow without acceleration of structural reforms. Downside risks also exist for the financial outlook in the medium-term because of the economy's heavy dependence on high levels of oil price and output.

Kuwait's economic growth has been robust in recent years driven by strong performance in both oil and non-oil sectors. Reflecting sharply rising oil prices and production, economic growth improved greatly in 2003 with real GDP recording a growth rate of 13.4 percent, compared with 5.1 percent in 2002. Strong growth continued in 2004 and 2005, with real GDP expanding 6.2 percent and 8.5 percent, respectively. Inflation remained low at 1.3 percent in 2004, although it increased to 4.1 percent in 2005 due to rising non-oil activity and abundant liquidity (*Kuwait Country Review*, 'Country Watch', 2007).

This meant a conservative payment to the public expenditure. Moreover, Kuwait's government has looked into many ways of diversifying its economy, following the same path that other GCC states have followed. In March 2001, the government introduced an economic reform package which eased restrictions on foreign banks, providing long-term protection to foreign investors against nationalization and eliminating the requirement for foreign companies or investors to have a Kuwaiti sponsor or partner (*The Annual Report of the Central Bank of Kuwait*, 2000/2001). Additional measures not requiring legislative approval were introduced, such as increases in fees and charges on government-provided services.

Another way to diversify the Kuwaiti economy is by the privatization of government owned companies. In other words, the government will save by stopping spending on services such as healthcare, electricity and telecommunication. This would allow the government to concentrate on other productive sectors.

Kuwait is a constitutional emirate <https://en.wikipedia.org/wiki/Kuwait> - cite note-cia-1 with a parliamentary system of government. Kuwait City serves as the country's political and economic capital. The country has the World's fifth largest oil reserves <https://en.wikipedia.org/wiki/Kuwait> - cite note-8 and petroleum products now account for nearly 95% of export revenues and 80% of government income <https://en.wikipedia.org/wiki/Kuwait> - cite note-cia-1. Kuwait is the eleventh richest country in the World per capita and, in 2007, had the highest human development index (HDI) in the Arab world. Kuwait is classified as a high income economy by the World Bank and is designated as a major non-NATO ally of the United States.

An important area of diversification ventured into by Kuwait has been healthcare. Many examples of the advanced state of healthcare in the country occurred during

the Gulf War, when injured from Iraq were airlifted to Kuwait. The standard of healthcare is such that there has been no necessity for severely injured people to be transported to Western hospitals. Their needs were able to be more than adequately met in Kuwait (Middle East Intelligence Bulletin, Vol/3 No. 11, Nov. 2001).

2.6.2 History

Several clans of the original settlers in this region created an oligarchic merchant principality. In 1899 Kuwait became a protectorate of the United Kingdom, to be safeguarded from the attacks of the Ottomans. After Kuwait gained independence from the United Kingdom in 1961, the state's oil industry saw unprecedented economic growth. In 1990, Kuwait was invaded and annexed by neighbouring Iraq. The seven month-long Iraqi occupation came to an end after direct military intervention by United States-led forces. Around 773 Kuwaiti oil wells were set ablaze by the retreating Iraqi army, resulting in a major environmental and economic catastrophe. Kuwait's infrastructure was badly damaged during the war and had to be rebuilt. Twelve years later, Kuwait saw another massive foreign military presence as it served as a spring board for the U.S.-led campaign in 2003 to oust Ba'athist Iraqi leader Saddam Hussein.

During the late 1890s and early 1900s Kuwait expanded its territory. In 1922 half of the enlarged territory was returned to Iraq and Saudi Arabia. In 1961 Kuwait gained its independence but was troubled by claims to sovereignty by Iraq, on the grounds that it used to be a port of the Basra province in Ottoman times. In 1963 Kuwait became a member of the United Nations.

2.7 United Arab Emirates (UAE)

UAE is an Arab country in the southeast of the Arabian Peninsula on the Persian Gulf, bordering Oman to the east and Saudi Arabia to the south, as well as sharing sea borders with Qatar and Iran. The UAE is comprised of seven emirates or states: namely, Abu Dhabi, Dubai, Umm Al-Quwain, Ajman, Ras Al-Khaimah and Al-Fujarah. In 1971, six of these countries (with the exception of Ras Al-Khaimah) merged to form the United Arab Emirates. This event is remembered each year in the national holiday (Nation Day) which is held on 2 December. Ras Al-Khaimah joined the founding six states in 1972. The legal system relies mostly on Islamic law, with some secular codes. There are a number of languages spoken throughout the Emirates (Farsi, English, Hindi, and Urdu) with Arabic being the official language. The UAE is located in the +4GMT time zone. The national currency is the UAE Dirham. The UAE is one of the most stable countries in the region.

Sheikh Khalifa the son of Sh. Zayed bin Sultan al-Nahayan, the current UAE president, is also the Emir of the state of Abu Dhabi; the wealthiest state in the UAE. Sheik Zayed (former president, died in 2005) was the planner of the UAE's development; with his direction and good forecasts Abu Dhabi became modern and well established in infrastructure and agriculture. Since 1962, when Abu Dhabi became the first of the emirates to begin exporting oil, the country's society and economy have been transformed. The late Sheikh Zayed, ruler of Abu Dhabi and president of the UAE at its inception, oversaw the development of the Emirates and steered oil revenues into healthcare, education and national infrastructure.

UAE oil reserves are ranked as the World's seventh-largest. It also possesses the World's seventeenth largest natural gas reserves. The UAE has one of the most

developed economies in Western Asia. Per capita income is the World's seventh highest. This stability is ensured by its huge oil wealth, relative to the size of its population.

The president's policies and good relations with other countries have brought about political and economical development and cautious and conservative policies have not prevented the country from transforming itself into the trading and financial centre of the region. Federal ties between the emirates have been strengthening and the ruling families are secure at the head of the seven emirates. Since 1962, when Abu Dhabi became the first of the emirates to begin exporting oil, the country's society and economy have been transformed. The late Sheikh Zayed, ruler of Abu Dhabi and president of the UAE at its inception, oversaw the development of the Emirates and steered oil revenues into healthcare, education and national infrastructure.

2.7.1 Division of power

The Federation's members co-existed under a temporary constitution, which was renewed every five years until it was made permanent in 1996. The president is head of state and is always from Abu Dhabi. This dominance is based on its size, population and wealth compared with the other states. Similarly, the vice president will always, in practice, be the ruler of Dubai, the second-largest emirate and leading commercial centre. The current vice president, Sheik Mohammed Al-Maktoum is also the prime minister - a post appointed by the president in consultation with the

other members of the Supreme Council. The prime minister appoints a cabinet – known as the Council of Ministers - drawn from the different emirates (CIA World Fact Book, 2000).

Figure 2.11 Map of United Arab Emirates



Source: http://www.nationsonline.org/oneworld/map/united_arab_emirates_map.htm

2.7.2 Economy

Currently, the economy of the UAE is continuing to exhibit positive trends, and is rightly finding its place as the regional service and commercial hub, despite the slowdown of major World economies that have caused it to suffer in the past.

The expectation for robust economic growth will continue in 2007 and beyond, despite the risks of rising inflation and oil price moderation. Indeed, thanks to a concerted diversification programme, the UAE is fairly well-insulated from oil price volatility relative to other regional states, although the oil and gas sector did account

for 37% of nominal GDP according to preliminary 2006 data, up from 35.7% in 2005. Still tourism financial services and property development have expanded strongly in recent years, and it is not expected for there to be a marked decline amongst these sectors across a forecast period (UAE Business Forecast Report, Q3 2007).

It is understood that the UAE still intends the focus to remain on creating the Emirates as the prime commercial location in the region. To reach this target, Dubai, the commercial city of the UAE, became the first place in the whole of the GCC to allow non-GCC nationals to buy property there. According to the Standard Chartered Bank, this move will give a big boost to the real estate sector in the Emirate. This became evident from the strong interest shown by investors in premium residential projects such as Palm Island. The bank has also pointed to the creation of the Dubai Executive Council and Dubai Economic Council, which would lead the owners of local industries to give their businesses a stake in the development of the economy.

The UAE has an open economy that has attracted considerable foreign investment. The two dominant Emirates, Dubai (the leading commercial centre) and Abu Dhabi (the oil producer and exporter) together contribute around 85% of total GDP. Although the Emirates remain dependent on hydrocarbon resources, efforts to diversify the economy are bringing results.

The government of the UAE has given the private sector many opportunities to expand and invest by providing government support. The growth of private investments is most impressive, particularly in the free zone areas. The UAE is number one globally in Government Efficiency and achieved the largest increase in

the global competitiveness ranking in the Global Competitiveness Yearbook 2013, issued by the International Institute of Management Development in Switzerland. The UAE is ranked 8th most competitive nation Worldwide.

The UAE has been spending billions of dollars on infrastructure. These developments are particularly evident in the larger emirates of Abu Dhabi and Dubai. The northern emirates are rapidly following suit, providing major incentives for developers of residential and commercial property. In addition, UAE President Sheikh Khalifa bin Zayed Al Nahyan has allocated Dh16 billion (US\$4.4 billion) for the construction of road networks, new housing communities, drainage networks and other projects, providing integrated solutions to some infrastructure deficits in these areas.

2.7.3 History

The Emirates prospered through trade during the reign of the Baghdad Caliphs (AD 750-1258). The colonial powers of Portugal, Holland and Britain were attracted by the trading potential of the area. The Emirates remained under British protection until 1971. In 1972 the United Arab Emirates was formed by merging Abu Dhabi, Dubai, Sharjah, Ras Al-Khaimah, Ajman, Fujirah and Umm Al-Qaiwan.

Abu Dhabi is the largest Emirate and is home to more than half the population of the federation. Before the discovery of oil in Abu Dhabi, only Dubai and Sharjah had developed trade through their ports. With the discovery of oil, Abu Dhabi grew into a major city with developed administrative and social welfare services. Dubai and Sharjah, the smaller oil producers, also undertook extensive development projects.

The earliest known human habitation in the UAE dated from 5500 BC. At this early stage, there is proof of interaction with the outside world, particularly with civilizations to the northwest in Mesopotamia. These contacts persisted and became wide-ranging, probably motivated by trade in copper from the Hajar Mountains, which commenced around 3000 BC. Foreign trade, the recurring motif in the history of this strategic region, flourished also in later periods, facilitated by the domestication of the camel at the end of the second millennium BC.

By the 1st century AD overland caravan traffic between Syria and cities in southern Iraq began. Also, there was sea borne travel to the important port of Omana (present-day Umm al-Qaiwain) and then to India. These routes were an alternative to the Red Sea route used by the Romans. Pearls had been exploited in the area for millennia but at this time the trade reached new heights. Seafaring was also a mainstay and major fairs were held at Dibba, bringing in merchants from as far as China.

2.8 Sultanate of Oman

The Sultanate of Oman is an Arab state in southwest Asia on the southeast coast of the Arabian Peninsula. It has a strategically important position at the mouth of the Persian Gulf. It is bordered by the United Arab Emirates (UAE) to the northwest, Saudi Arabia to the west, and Yemen to the southwest and also shares a marine border with Iran. The coast is formed by the Arabian Sea on the southeast and the Gulf of Oman on the northeast. The Madha and Musandam enclaves are surrounded by the UAE on their land borders, with the Strait of Hormuz and Gulf of Oman forming Musandam's coastal boundaries.

Oman is on the Indian Ocean (the Arabian Sea). It is in a central position and acts as a trading gateway between Asia and the Arab world; Oman has established itself in this position from early times. Oman is in the +4GMT time zone. The national holiday is National Day, commemorated on 18 November. The country's legal system is based on Islamic law and English common law. The official language is Arabic, with English, Baluchi, Urdu, and Indian dialects also being spoken. The national currency is the Omani Riyal (OR).

Muscat, which is a developed city, is the capital of Oman, the site of the country's main economic activities and its commercial centre. Oman is the latest country in the GCC to have discovered oil; perhaps this is the reason why it has not yet reached a comparator level of modernization to that of its neighbour, the UAE, for example.

Oman controls the strategic Musanedam peninsula, which gives it an extra importance in dominating the vital straits of Hormus, through which most of the World's oil supplies pass. Oman exploits the oil returns by diffusing growth throughout the country.

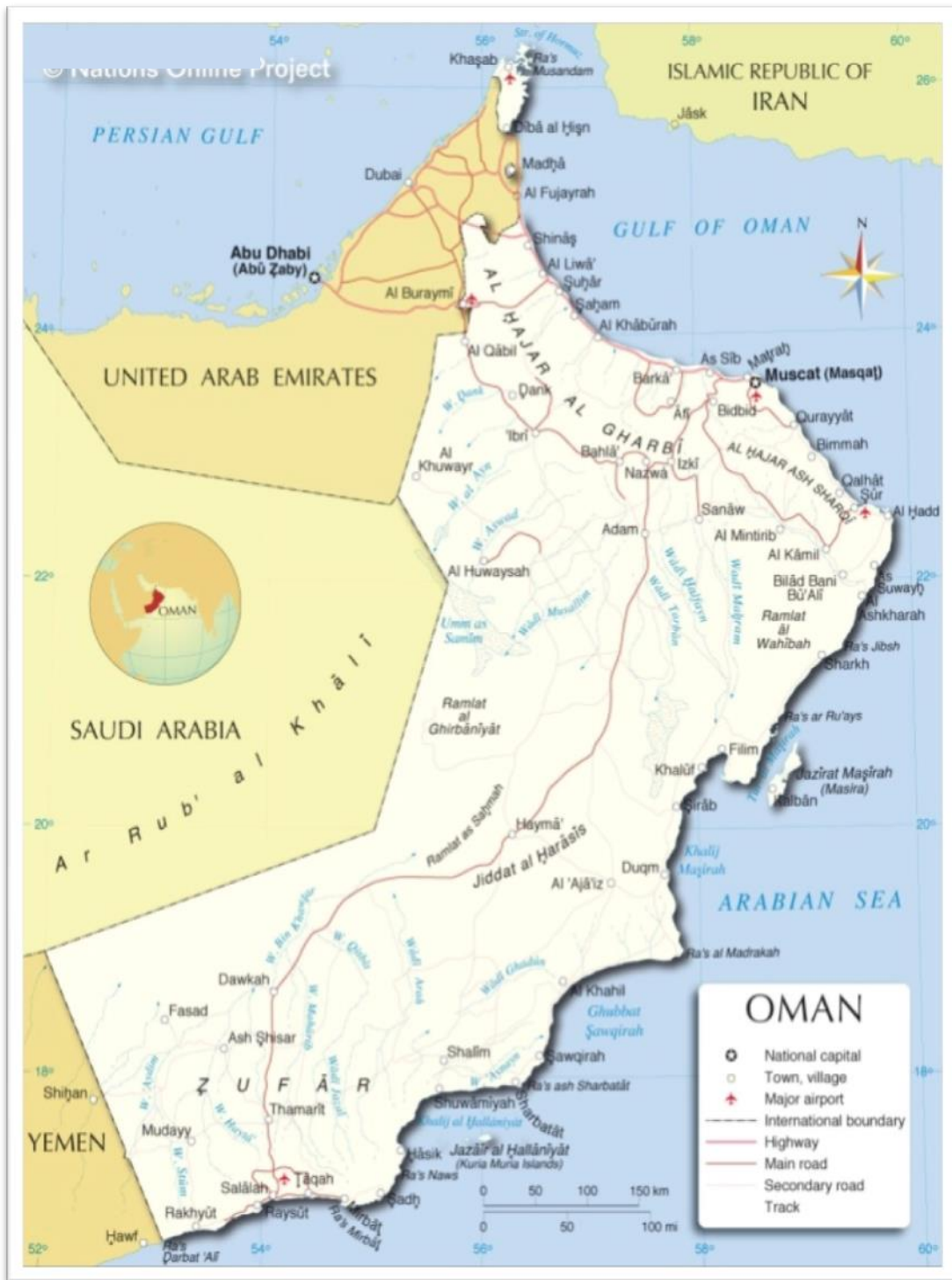
There is pressure to diversify the economy, as in the other GCC countries. Tourism is one way of diversifying income, as there are many mountains in the north and south of the country which have weather similar to that of the Mediterranean.

Sultan Qaboos came to power in 1970, when the real development of Oman began. Before Sultan Qaboos bin Said, Oman was isolated from the rest of the World, as tribal peoples were in control of many parts of Oman. A new and brighter chapter has opened for Oman since Sultan Qaboos took over, and the future continues to look promising (*Country Studies*, US Library of Congress).

2.8.1 Economy

Oman is an oil producing country and depends on oil as the main revenue source, as opposed to the cases of other GCC countries. Oman has no other natural resources to support diversification of its economy. Yet, the government is pushing privatization, to encourage other non-hydrocarbon industries. Oil serves as the main stay of the economy of Oman, a middle-income country in the Middle East. Compared to its neighbours, however, Oman is a modest producer of oil. Agriculture and fishing are also important income sources, and tourism is a fast developing sector as well. The oil sector accounts for Oman's 40 percent of GDP, three-fourths of the government revenue, and two-thirds of export earnings. In recognizing its declining oil reserves, Oman is giving way to growth in natural gas production, liquefaction and exports and petrochemical manufacturing and processing. Oman has been using revenues from high oil prices to support an economic growth strategy that is aimed at both developing its non-oil sectors to promote diversification and privatization of the economy as well as providing more employment opportunities for its citizens. The country's development strategy and continued sound economic management have led to a rapid development of the non-oil economy, a stable monetary and financial system, and substantial fiscal surpluses. Nevertheless, Oman still faces the challenges of a high dependence on oil, declining oil reserves and production, and rapid population growth. Continuing efforts are needed toward further economic diversification, job creation, and fiscal sustainability for maintaining macroeconomic stability and sustaining high growth.

Figure 2.12 Map of Oman



Source: http://www.nationsonline.org/oneworld/map/ united_arab_emirates_map.htm

Oman's economic growth was slightly slower in 2005 than in 2004 with GDP growing 3.8 percent. GDP grew at 4.5 percent in 2004. Although growth declined, it was still strong despite declining oil production. This growth came from development in the non-hydrocarbon sectors, which grew by 6 percent in 2005 owing to increased manufactured exports, construction, and tourism. Despite a decline in oil production, high oil prices ensured substantial export earnings and budgetary revenues (*Oman Country Review*, 'Country Watch', 2007).

The government is committed to promoting investment and to diversifying exports; underscored by the recent formation of the Oman Centre for investment promotion and export development (OCIPED). It is designed to support private investors in acquiring licenses and other aspects of project implementation.

The government is planning to privatize (partially or fully) selected state-owned companies. Other than the anticipated efficiency of work and management promoted by privatization, this step was designed to prompt investors to own shares in government companies and spread the burden of responsibility.

Oil reserves in Oman are limited to another 16 years, so its aim is to transform itself into a major natural gas exporter. (*Middle East Monitor: The Gulf*, May, 2003, Vol.13, Issue 5).

2.8.2 History

From the 17th century, Oman had its own empire, and vied with Portugal and Britain for influence in the Persian Gulf and Indian Ocean. At its peak in the 19th century, Omani influence or control extended across the Strait of Hormuz to Iran, and modern day Pakistan, and as far south as Zanzibar. As its power declined in the 20th century,

the Sultanate came under heavy influence from the United Kingdom, though Oman was never formally part of the British Empire, or a British protectorate. Oman has long-standing military and political ties with the United Kingdom and the United States, although it maintains an independent foreign policy.

The Persians occupied Oman in the 18th century but the Omani people defeated them and installed their own leadership. Oman has a very ancient history as it had links with India and the old Middle Eastern nations, and controlled the spice trade.

In 1970 the name of the country was changed to the Sultanate of Oman. In 1971 Oman became a member of the United Nations. The socio-economic modernizing of the country began with oil exports in 1970. Oman was the last GCC country, to discover oil in its territory (Country Studies, US Library of Congress).

2.9 Summary

The preceding sections show clearly that the member countries of the GCC (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE) have benefited considerably from the oil revenues generated over the past decades. There is a concerted effort on the part of all member states to diversify away from dependence on oil and its derivatives. This push to broaden their economies has, inevitably, led to greater complexity and the need to respond effectively to the imperatives imposed by the widening range of industries and products.

While the demand for and supply of oil continues, these states will be able to draw on the revenues from the industry in order to continue funding their modernization and development. It is the uncertainty of the future with regards to oil that has been

the motor of change but the members of the GCC appear to be acknowledging the threats to their economies and taking the appropriate steps to remedy this situation.

Politically, these are states that are moving forward into the modern world in their embracing of democratic structures. Traditionally, these are all countries that have operated along tribal lines but new situations require new approaches, and their populations are becoming familiar with participatory democracy and the changes this is bringing to their lives.

The evidence presented from the critical evaluation in this chapter shows that the GCC countries consider the SME to be an important tool with which to diversify businesses and incomes. This support is one of the key activities being undertaken within the GCC to diversify its resources. The information discussed in this chapter has informed the research in this study and from the four GCC countries investigated it has been possible to draw conclusions.

In the next chapter (the literature review) the issues concerning the support of SMEs in the GCC countries and the relationship between marketing, in particular advertising and culture, is discussed.

Chapter three

Literature review

3.0 Introduction

This chapter critiques the extant literature relating to the development and support of SMEs in general and the GCC countries and the relationship between marketing and culture in particular. The literature review has used a systematic approach to identify and interpret research with reference to the key dimensions of this research: marketing, advertising, culture and SMEs. According to Fink (1998) “A literature review is a systematic method of identifying, evaluating and interpreting the work of researchers, scholars and practitioners in a chosen field” (Fink, 1998). In terms of the investigation of information, ideas, data and evidence the approach of Hart (1998) was followed. “The selection of available documents (both published and unpublished) on the topic, which contain information, ideas, data and evidence written from a particular standpoint to fulfill certain aims or express certain views on the nature of the topic and how it is investigated, and the effective evaluation of these documents in relation to the research being proposed” (Hart, 1998; 13). In particular the review involved three processes including systematic review (major writings), historical review (chronological order) and thematic review (conceptual) (Thomas, 2011). The main types of sources for the literature were primary – direct descriptions of research studies or other events including academic journal articles that report research studies, and books explaining the author’s philosophy or theoretical models, and secondary – documents written by an author who did not exactly observe or participate in the events described or who was not the originator of the concepts

outlined including textbooks and reviews of research (Marrelli, 2005; Borg and Gall, 1979).

This research is a critique of the literature concerning the key dimensions of this study: marketing, advertising, culture and SMEs.. In order to compile the literature library sources used were the OPAC library catalogue, FINDit gateway to electronic journals and books, guides, inter-library loans and library collections. The literature process involved knowing and comprehending the literature, followed by applying, analysis, synthesis and evaluation (Levy and Ellis, 2006). Also, scholarly literature databases were used including ABI/INFORM, Elsevier, Emerald, Google Scholar, ProQuest and Science Direct. In order to find the appropriate literature a number of searches were used including keywords search (specific word or phrase), backward search (backward references search, backward authors search, previously used keywords), and forward search (forward references search and forward authors search). The literature investigation and analysis was undertaken in three stages: (1) the key dimensions of the research: marketing, advertising, culture and SMEs, (2) the provision of a working definition of the SME on which the study is based, and (3) the development of the conceptual model.

The problematic issue of a general definition for SMEs is raised and attention given to the qualitative and quantitative nature of current definitions and the importance of the Bolton Committee's and the Gulf Organisation for Industrial Consulting's (GOIC) contributions to this issue. The significance of SMEs to all economies is identified. The search for relevant literature with respect to the GCC countries has revealed a marked lack of availability, both with regard to SMEs and the marketing and advertising of their goods and services (Abernethy and Franke,

1996; Al-Olayan and Karande, 2000; Giunipero and Flint, 2001). In addition, the role of culture in the practice of marketing and advertising is investigated through various components: language; religion; attitudes and values and education. On this basis, marketing and advertising in the GCC countries is discussed. The issue of cross-cultural research into marketing and advertising practice is also addressed (Dowling 1980; Hong, Muderrisoglu and Zinkhan 1987; Mueller, 1987 and 1992; Weinberger and Spots, 1989; Javalgi, Cutler and Malhotra, 1995; Abernethy and Franke, 1996; Al-Olayan and Karande, 2000). Marketing and specifically advertising in the Gulf region evolved during the oil price boom in the mid-1970s and is, as a result, relatively new to that part of the World. Initially, following the expansion of the GCC countries' revenues, many local advertising agencies came into existence, some in the form of joint ventures with already established international advertising agencies (Fasano and Iqbal, 2003). The establishment of SMEs and the problems associated with achieving a vigorous community of small businesses in the GCC countries is addressed, particularly in the light of the need for diversification in those economies and the ever-present issue of their dependence on oil revenues.

The most recent significant economic event to have taken place in the Gulf Cooperation Council (GCC) countries is the fluctuation in the oil price and the threat of a significant fall in that price (Klein, Jbili, Taecker and Ghabra, 2000). The last fall in the oil price, in 1998, forced the GCC countries to reassess their budget plans and some countries, like Saudi Arabia, delayed payment to workers (Economist Intelligence Unit, 1998).

Saudi exports account for 24 percent of its GDP, most of it coming from oil. The long-term objective of the Saudi

government's industrial policy must be to diversify the kingdom's economic base and to reduce its dependence on the export of crude oil. Although Saudi Arabia has greatly reduced its dependency on oil in the past two decades, there is still a long way to go. (Jasimuddin, 2001:65)

With the important need in mind to diversify, the 2004 high oil price represented an opportunity to hasten change and has boosted the non-oil sector, a condition which continued during 2005 as the oil price remains high (Business Monitor International, 2005). This issue is constantly discussed at all levels throughout the Gulf States and is taken into consideration in economic arguments (Jbili, 2000). Due to the current lack of economic diversification in these states, the oil price represents a constant threat (Al-Ibrahim, 1996). Thus, the GCC countries continue to look for ways to secure and diversify resources and revenues (Aly and Strazicich, 2000). These countries are working to move from a heavy reliance on oil and the encroachment of the public-sector into the labour market, to private-sector initiatives and a diversified industrial base (ESCWA, 2001). One of the most promising of the suggested solutions is the development of small- to medium-sized enterprises (SMEs) (Muflih, 2002). It is, therefore, necessary to discover when SMEs first began to be considered as a source for remedying economic ills and what constitutes an SME. Unfortunately, SMEs are difficult to define so one of the tasks of this chapter will be to see if there is a definition that may be universally agreed upon.

As a result, this literature review is structured as follows. Firstly, culture as a factor affecting advertising in the GCC countries is investigated and this is followed by marketing and advertising in the GCC. Here the status of the SME as a contributor to economic health and its advertising and marketing is taken into account. Secondly, the general literature on SMEs is explored for a definition and to

reveal the various contributions from scholars in this field. Finally, a conceptual model of the themes, factors and questions arising from the literature review on culture, advertising, marketing and SMEs in the GCC is presented.

3.1 Culture in the GCC

There are two meanings for the word culture. Firstly, culture means civilization as an outcome of the mind's refinement and relates to individual development. Secondly, a comprehensive meaning, *culture*, as used by anthropologists, means values and attitudes that are shared by people which at the end shape the behaviour of a certain society (Evans, 1975; Child and Keiser, 1977; Hofstede, 1980; Tayeb, 1988; Metle, 2002). Values are defined as beliefs that concern preferred modes of conduct or end-states of existence which are shared among people from the same cultural background (Srikadath, 1991). Hofstede (1994:5) argues that culture is *the collective programming of the mind which distinguishes the members of one group or category of people from another*. It is this definition of culture that has been traditionally used by cross-cultural management researchers (Luna and Forquer-Gupta, 2001). In their paper they refer to the *etic* and *emic* approaches to analysing cultural behaviour. These are primarily differences of perspective. The *etic* relates to a position taken by the researcher outside the target culture from where comparisons may be made with other cultures. The *emic* relates to a position within the target culture from which position the researcher is able to construct a content-rich picture of the workings of that cultural milieu and promotes an understanding of the viewpoint of the inhabitants (Geertz, 1973; McCracken, 1988). As McCracken (1988:73; cited in Luna and Forquer-Gupta, 2001:46) explains, culture in this instance is defined as:

...the 'lens' through which all phenomena are seen. It determines how these phenomena are apprehended and assimilated. Second, culture is the 'blueprint' of human activity. It determines the coordinates of social action and productive activity, specifying the behaviours and objects that issue from both. (McCracken, 1988:73).

In similar vein, Alvesson (1993) divides culture into the *objective*, containing symbols and artefacts, and the *subjective*, containing shared values, beliefs and assumptions. Likewise, Pattison's (1976:799) description of the cultural dimension of human life draws attention to the richness of the context, the environments in which people live and create their realities.

Man is always a piece of the cultural fabric into which he is woven. Space, movement, people, context, buildings, furniture, weather, all impinge and make meaning for the moment. In turn, man creates and imposes meaning upon his environment. Hall is one of the few anthropologists to carefully study the effect of physical settings upon human behaviour, and to investigate the functions and effects of language and cultural expectation that code meaning into our human biological functioning. (Pattison, 1976:799).

Goodenough (1971) presents a similarly deep analysis and is just as specific in saying that culture is a set of beliefs shared by a group of people which help them to decide among their daily life activities. Goodenough (1971) and Hall (1976) seem to have delved deeply, into the source of human cultural behaviour, where it appears to be associated with survival – if a way of doing something has proven to be effective in the past why change it. Eventually the source of the reason for why something was done in a particular way is lost and all that remains is the way of doing that thing. This is why, to some extent, culture works to the detriment of human achievement because it is a static, unreflective form of behaviour. This aspect of culture is drawn to the readers' attention by Hall (1976) and Pattison (1976:799)

when he analyses the dangers inherent in an unconscious identification with one's particular culture and stresses the need to *go beyond culture*.

Since culture is associated in different ways dependent upon context it is a broad concept (Brocke and Sinnl, 2011). Some one hundred and fifty definitions have been identified by Kluckhohn (1952), and many of these definitions have a theme that is common. Hofstede (2005), sees culture as a "collective programming of the mind", whilst it is suggested by Schein (2004) that "a pattern of shared basic assumptions" is learnt by a group. The scope of culture can be defined, in terms of conceptualisations, according to the manifestation of culture and the scope of the referenced group (Brocke and Sinnl, 2011). Concerning the manifestation of culture this can be understood through the concept of culture by Schein (2004) who distinguishes the three cultural layers of visible artefacts, espoused values and the basic underlying assumptions (Brocke and Sinnl, 2011). Through visible artefacts culture can display itself through artefacts that are visible including architecture, the way of dressing, rituals and typical behaviours, products and company symbols (Brocke and Sinnl, 2011). Less visible are espoused values which include rules, norms, goals and publicly expressed strategies providing operating principles on a daily basis for culture group members (Brocke and Sinnl, 2011). Accounting for the largest part of culture are basic underlying assumptions that are below the surface, and a mental map of the basic aspects of life involving self development, family, the relative importance of work, social hierarchies' role, and the nature of space and time, are accounted for by the subconscious aspect of culture (Brocke and Sinnl, 2011). Whereas publicly expressed values, such as commitment, are expressed visibly, lived values, such as appreciating security, based on underlying assumptions

can be hidden (Brocke and Sinnl, 2011). The visible aspects of culture resulting from institutionalisation of underlying values through the deciphering of underlying assumptions allows for the correct interpretation of artefacts (Schein, 2004). An organisation can manifest culture through strategies and structures that are visible (Tichy, 1983).

Concerning the scope of the referenced group, national culture in the studies of Hofstede (2005), and the Goffee and Jones (1996) model, are important examples. With regard to further distinguishable cultural groups, Leidner and Keyworth (2006), in their research on culture in information systems, recognise differences between subgroup, organisational and national levels of culture and recommend, based on its manifestation, a holistic understanding of culture. In the context of business process re-engineering, Baba and Faljenburg (1996), reflecting on the concept of culture, contrast work group, organisational and national, as well. An understanding of culture, concerning the referenced group, links with established differentiation (Brocke and Sinnl, 2011). Although organisational culture is perceived as first group culture which is recognisable in business process management (Spanyi, 2003; Pritchard and Armistead, 1999), there are also work group cultures and national cultures affecting business process management (Vieira and Neumann, 2008; Jayaganesh and Shanks, 2009). Apart from the referenced group, the concept of culture is not basically dissimilar between different culture research streams, when considering culture as a collective phenomenon of the group (Hofstede, 2005). At all group levels values apparent in visible artefacts can be seen as cumbersome or beneficial with regard to business process management (Brocke and Sinnl, 2011).

In the GCC, culture and religion (a further belief system) go together. Culture is affected and shaped by religion to a great extent (Neelankavil, Mummalaneni and Sessions, 1995). Neelankavil, Mummalaneni and Sessions (1995) believe that the social and cultural climate of any country could have an impact on the content of advertising. The cultural dimensions relevant to international marketing communications, as proposed by Griffin (1993), include language, religion, education, attitudes and values, social organisation and aesthetics. These factors have an influence on marketing and advertising in the GCC due to culture being associated in different ways dependent on the context. Since social organisation and aesthetics are, to a large extent, contained within the other cultural dimensions they will not be treated separately in this thesis.

3.1.1 *Language*

Language is an important communication tool as an audience receives the advertised message in a particular language. An unclear and/or incorrect translation of an advertisement can cause negative reactions. Multi-national communications may fail because the message is translated not reinterpreted. For example, Colgate Palmolive introduced its *Cue* toothpaste into the French market without changing the name. They did not realise that, in French, *cue* is an obscene word (Mowen, 1990).

As English becomes the first global language (linguafranca) it is becoming evident that some companies are using the English language as a standard in all their advertising campaigns. This is a poor solution that may cost more than reinterpretation into the target market's language in the long run as it may incite nationalistic feelings against the company (Bovee, 1995). Perhaps surprisingly, for

some readers, this type of hazard even exists within the same language as with that between America and the UK. American-English does not automatically translate into English-English. There are some words in American-English which arrived in the Americas with the Pilgrim Fathers and have remained in that language but have been lost from standard English-English: for example, *sidewalk*. Some years ago this word might still be heard around Plymouth being used by elderly people. It may, by now, have disappeared due to younger generations abandoning its use. There are, however, other words which give offence to some English people which are used in, say, American television programmes aired in the UK – such a word is *pants*, which is American for what the English call *trousers*: *pants* are undergarments worn under *trousers* in the UK. The range of responses from UK citizens will be wide – from acceptance through irritation to offence. A study made by Neelankavil, Mummalaneni and Sessions (1995) *revealed that standardization of advertisements is not applicable universally for all products and countries and that in some instances the advertisements take a total local character including language*. But, the important issue is that there are differences even between instances of what, unreflectively, are considered to be the same language.

The Middle East also suffers, to some extent, from these lexical anomalies and these need to be considered in the construction of advertising messages. The obvious problems between different languages are of particular relevance to the Middle East in general and to some countries in particular. Saudi Arabia, for example, would be one of those most likely to object: also, where there is a strong resistance to a possible domination by the English language, as has occurred in other countries around the World. One example would be Iceland, where everyone speaks

English as well as Icelandic because their population is very small (296,737 est., July 2005, compared to the populations of Cardiff, 305,340 from the census of 2001, Qatar, 863,051 est., July 2005, and Saudi Arabia, 20,841,523 est., July 2005 and excluding 5,576,076 non-nationals – see bibliography for Web addresses) and, as they see it, who would go out of their way to learn Icelandic? In such circumstances it is a necessity for the nation as a whole to learn English. At the other end of the scale is the hegemony of the USA and, on this basis, the growing dominance of English takes on political overtones. To a country such as Saudi Arabia this would be completely unacceptable as the type of political structure associated with Islam is different to that represented by the secular nation of America.

One obvious difference between countries and nations is that the West tends to be more visual and less verbal – relying for the message more on the picture than the words (Mueller, 1992). An example provided by Luqmani and Qurashi (1988) of cultural difference at the visual level is that when a well known tea company advertised its product in Saudi Arabia, the actor drinking the tea held the cup with his left hand. This is rude and, therefore, against the accepted norms and values of the culture and, thus, impacted negatively on the company's objectives. Due to this claimed reliance on the spoken word the advertisers in this case (a Western company) did not consider the image - which, in fact, was the source of the cultural *faux pas*.

3.1.2 Religion

Religion defines the ideals for life, which in turn are reflected in the values and attitudes of societies and individuals. Behaviours and practices of culture are shaped by values and attitudes (Fam, Waller and Erdogan, 2002).

Religion can be considered the most important factor affecting the success (or otherwise) of advertising, especially in such conservative countries as those of the GCC.

Although the Saudi Government had introduced a television service to that state in 1963 there was some quite considerable conservative opposition to this decision which centred around the visual medium of television. It was the ban on idolatry, a prevailing conservative Islamic belief, that posed the problem. If the introduction of television to Saudi Arabia is seen as problematic, then the issue of advertising on television was even more of a problem.

*Religious considerations helped delay the acceptance of television advertising for 23 years and continues to influence its practice today. This is evident from the first paragraph of the Ministry of Information's guidelines (n.d.) for television advertising:
The main principles governing the concept of commercial advertising on Saudi TV consist of the true observation of the Islamic faith, the Teaching of Islam, and its fundamental beliefs which bear high values for man, life and the personal and social conduct of the individual. (Makaty, van Tubergen, Whitlow and Boyd, 1996:17).*

Saudi Arabia continues to prevent the showing of uncovered female faces in cosmetic advertising. Instead a woman would have to appear in a long dress and with her hair covered. For a woman to be seen unsuitably dressed and with her face uncovered would be classed as overtly sexual and totally unacceptable. This issue is different in other GCC countries where most advertisements show women with uncovered hair and with their faces visible. In similar vein, Elbashier and Nicholas (1983) argued that Arab countries cannot be treated as one homogeneous market but have to be considered as separate markets although sharing the same language, cultural heritage and religion. Sexual appeals are, therefore, strictly prohibited in all

GCC countries although this would be seen as common-place in other, mainly Western, countries.

A good example of cultural taboos (as described above) and the changes they may make necessary is the advertisement for the Guy Laroche perfume *Drakkar Noir*, as aired in France and Saudi Arabia. The original, French, advertisement showed a man's bare forearm, held at the wrist by a woman's hand, with the man's hand holding the perfume. The Saudi advertisement showed the man's forearm covered by a suit jacket, with only the cuff of the shirt showing, while the woman lightly touched the forearm (Zubair, 1998).

Very few studies have looked at the influence of Islam on marketing communication and those which did looked only at Saudi Arabia (Luqmani and Quraeshi, 1988; Michelle and Al-Mossawi, 1999). Both of these studies reveal the importance of how Islam can affect advertising. Luqmani and Quaraeshi (1988) advised that unconventional advertisement should first receive approval from the religious authorities before release as, otherwise, trouble may be caused within conservatives groups. Michelle and Al-Mossawi (1999) looked at the religious commitment related to message contentiousness in the GCC countries, and highlighted the importance of matching creative execution and message content to the social values and culture. To date, the effects of religion on advertising remain largely unstudied (Fam, Waller and Erdogan, 2002). Although such studies are enlightening, research within this field that focuses on the Middle East should investigate the culture in general as religion is only one aspect.

3.1.3 *Attitudes and values*

Important environmental and cultural factors are the social forces; the various social and cultural aspects which have a large influence on how a company can promote its products (Waller and Fam, 2000). Religion is a key element in this aspect which can drive the path of advertising in many countries, especially Saudi Arabia. This means that marketers, either in advertising agencies or marketing managers in SMEs have to avoid marketing activities that may cause offence to the local audience. Tuncalp's (2001) study shows that here is an element which should be considered when designing an advertisement. This element, if not considered well, means that the success of an advertising campaign will be insecure. Understanding cultural differences is often considered a prerequisite for successful international advertising communication (Zhang and Neelankavil, 1996).

Since the mid 1960s, the use of sex appeal in advertising has been increasing in Western countries and becoming more overt as advertisers attempt to find ways to break through the media clutter (La Tour and Henthorne, 1994). Price (2002) even claimed that sex appeal has become one of the most popular and effective tactics in mainstream consumer advertising in most of the Western countries such as the United States.

Hofstede (1984) defines values as an attribute of individuals and collectivities; culture presupposes a collectivity. The values of a society will have an impact on the advertising message of indigenously produced advertisements. For example, Japanese magazine advertisements show more respect towards elders than do American (Muller, 1987). An advertisement may be considered acceptable in one culture and yet the same advertisement can be a taboo in another because attitudes

and cultural values differ. Bovee, *et al.* (1995) point out that US advertisements do not contain jokes about death, disease and drunkenness as to do so could offend a lot of people. Conversely, in Japan, subjects which may be considered taboos may, in the US, be perfectly legitimate subjects for receiving a humorous treatment.

Regarding the use of images in advertising: in Buddhist countries, where reincarnation is part of society's beliefs, it is better not to compare humans to animals, or depict humans with animal traits. It is the same in Islamic countries.

A study by Tuncalp (2001), on newspaper advertising in the Arabian Gulf countries, raised the point of the visual design of the advertisement and how it should be linked to the culture of the country. For instance, a newspaper advertisement in Saudi Arabia for a company that produced air conditioners showed, in one corner, a herd of elephants standing next to a pool of water and trying to cool themselves by squirting water from their trunks onto each other. In the other corner, the advertisement showed another elephant, seated in front of an air conditioner whilst leaning against a palm tree. This *wise elephant* was displayed as lamenting to his friends that *I told you, this brand of air conditioner cools better* (Tuncalp, 2001). Several cultural problems are represented in this example advertisement. Firstly, elephants do not exist in Saudi Arabia. Also, most of the people in Saudi Arabia will not have seen an elephant throughout their entire lives, other than on television. The use of elephants as symbols in an advertisement targeting customers in Saudi Arabia or other GCC countries' markets was not appropriate. The elephant does not mean anything to the public in Saudi Arabia so, as a result, a Saudi audience would not be affected/influenced by this symbolism in the advertisement. Secondly, and most importantly, an analysis of the cultural content of this advertisement would show it to

be offensive to Saudi beliefs and values. The values of Islam and the concomitant culture in Saudi (as for all Muslims) prevents comparison between people and animals and any attempt to do so would be treated as offensive and insulting to the general population in Saudi Arabia and the GCC.

This is a real example of the importance of culture when designing advertising. Without the proper preparation in terms of a good plan, and considering the culture and values of the targeted audience, finance could be wasted and the advertising produce the reverse effect to that wished for – Tuncalp calls this *careless advertising*.

Tuncalp (2001) also raised the importance of verbal appeals. Verbal appeals encompass any words contained in an advertisement. These words could be a slogan, a descriptive message or could be verbalised by a character used in a newspaper advertisement. Any verbal message used in any advertisement should be carefully selected to match the culture so as not to provoke complaints on the basis of social values. Failure to do so could cause a failure of the marketing campaign and the waste of considerable financial resources. Tuncalp (2001) gave an example of how the verbal message in the advertisement could negatively affect the marketing campaign and the expected sales. He stated in his study of Saudi's newspaper advertisements that one of the American burger franchises displayed an advertisement showing a burger with a statement saying *Hamburger* which is against the religion and the culture.

An understanding of culture is not always applicable within international advertising only, but also within a single country. A newspaper advertisement that uses a design strange to the country's values and culture is taking risks which, unless thoroughly researched and tested, will not be successful. Zhang and Neelankavil

(1996) in their article in the *European Journal of Marketing* have stated that consumers who grow up in a certain culture become accommodated to that culture's values and beliefs. Customers respond to advertising messages in a manner that matches their cultural norms and values. Moreover, the cultural factor might limit the advertising theme but it should match the target audience's values.

Regardless of how aggressive marketers may be in their use of advertising, their ultimate success hinges upon creative ways of matching advertising content with socio-cultural norms and the legal environment (Beddewyn, 1981; Peebles and Ryans, 1984). In Arab culture, for example, people are not individualistic but collectivist as this is their nature. People like to live together as extended families and believe in the importance of the family (Al-Olayan and Karande, 2000).

3.1.4 Education

The educational level of a society should be borne in mind in an advertising message. The average level of education in a particular society will affect and shape the process of a marketing campaign (Zubair, 1998). In developing countries where the illiteracy rate is high, using a print medium will not succeed.

The influence of education on people is high, as it is closely bound to the development of the adult personality (Usunier, 2000).

Qatar Foundation for Education, Science and Community Development is a private, chartered, nonprofit organisation, founded in 1995 by His Highness Sheikh Hamad Bin Khalifa Al-Thani, Emir of Qatar. Guided by the principle that a nation's greatest resource is the potential of its people, Qatar Foundation aims to develop that potential through a network of centres devoted to progressive education, research and community welfare. (<http://www.qf.edu.qa/output/Page1.asp> - 3 July, 2005)

A study conducted by Han (2002) for the Tanmia Centre for Research in the UAE, indicated that one third of SME owners are without education, half of the owners have only a secondary school certificate, and 21 percent have a bachelor degree or higher. This result gives an indication of the link between the knowledge and understanding of the management and raises the possibility of the failure of a business.

3.2 Marketing in the GCC

Marketing in the Gulf region is, in general, a new discipline and mainly appeared following the oil price boom in the mid-1970's. This was a result of high oil revenues, when the Gulf economies expanded and many small, medium and large companies were established. Al-Shumiamri's (2002) paper, presented at a forum on the problems facing SMEs and ways in which they might be supported and developed, clearly stated that marketing is a new issue in the GCC, so there is a lack of understanding of how marketing should operate.

Al-Shumiamri (2002) also says that there are two theories about marketing in SMEs. Firstly, there is the theory that, as marketing is a science, it is not understandable and is therefore practised incorrectly in small firms. The second theory says that small firms have some characteristics which push the establishment to use marketing in a way that suits its characteristics. On the other hand, we have to consider the costs involved in using the new marketing and advertising techniques and whether small firms will use them.

Yeshin (2006) reports that Marketing communications have got many tools and advertising is one of those tools that companies can use to achieve their defined objectives.

Usually, large firms take advantage of new technologies and use all the new, attractive, marketing advantages. These, of course need extensive financial resources which are largely unavailable to small firms (Lynn, Matz, Jurkat and Hammer, 1999). This can be linked to the qualitative definition where it says that small firms have their own characteristics, such as having an owner or part-owners and a small market share. Carson and Crovrie (1990) state that owners of small firms have their own theory and perspective with regard to how they view the market, especially in the practice of marketing which is definitively different to that of large firms. Gilmore, Carson and Grant (2001) stated that SME owners use their own networks in marketing, such as personal contacts and social networks. In line with Gilmore, Carson and Grant (2001), Lindman (2004) conducted a case study which strongly suggests that the identification of any business and sales opportunities, which help form the basis for building relationships are driven by the entrepreneur's own background and experience. Chaston and Mangles (2002) add that one of the factors influencing the adoption of a marketing plan in a small firm is the personality style of the owner. The Small Business Challenge advances the same idea since it claims the stronger the personality of the owner the greater the value likely to be added to the firm in terms of management and development activities. The owner or the manager of an SME is the focal point, and their personality influences the drive for deals which might change over time in terms of nature and role (Rocks, Gilmore and Carson, 2005). Al-Shumiamri (2002) states that research has shown that when small

firms take part in marketing activities, they do so in an informal sense and the principles used tend to be very old – they are not likely to use the latest marketing and advertising techniques. On the other hand, Hills (1987) expressed an earlier but similar opinion when claiming that there is an absence of marketing theory specifically in relation to the understanding and knowledge of strategic marketing. Wong and Merrilees (2005) believe, however, that marketing can be viewed as an integral part of SME activities. They state that SME business nature is fundamentally intrinsic to and compatible with marketing philosophies. Consequently, it is possible to amalgamate marketing and SME activities. Despite the apparent criticism that small firms do not involve themselves in suitable marketing activities, Lancaster and Waddelow (1998) think that strategic marketing planning is too daunting a task for small and medium-sized businesses, which creates two major barriers in marketing managers' perceptions of such planning:

- it takes too much time to complete (providing a poor return for the effort expended); and,
- it will be out of date by the time it is completed (wasting precious resources).

(Lancaster and Waddelow, 1998:855)

Although the message appears to be that small firms are not utilising modern technology in their marketing practice, this is not true of all small firms. A large and growing number of small firms use the Internet, either for the purpose of displaying a Web site or, increasingly, a Web log (blog).

Arnold (2004), in the publication of the American Marketing Association, gave an example of how a small and basic change in the marketing practice of a small firm could boost sales. The small firm to which they referred changed the design of its

Web site into a more attractive style and as a result sales and visitors more than doubled (see the section on advertising at 3.3).

Ames (1970) indicated that a failure in using marketing is due to a failure in management. This failure could be because of a misunderstanding of the definition of marketing or a failure in practising marketing. Carson (1985) claims that one of the general reasons for failure is a particular style of management, where the owner knows the staff personally and, as a result, there is interference by staff in daily business decisions. Cressy (1996) says, however, that the factors that cause SME failures are deficiencies in human resources, financial resources or external trading conditions. In some cases, small firms succeed in using marketing and this is because the owner understands marketing well, when and how to use it. Han (2002) indicates that the most important marketing strategies for owners of SMEs in the UAE were attention to good customer service and price reductions. Other strategies of lesser importance were selling the latest models and promotions. As the results of this study show, these are classical strategies. This marketing position reflects marketing in the country as a whole and how it is implemented. But many authors claim that lack of marketing is a key cause of company failure (Ames, 1970; Watkin, 1986) also, competence in marketing is cited by Murdoch, Blackey and Blythe (2001) as a key determinant in the success of small businesses. Al-Mubiareek (2002) also stated in her paper that adopting marketing behaviour would minimise failure in SMEs. On the other hand, Robinson and Pearce (1984) suggest that small firms lack the necessary staff and time to engage in strategic planning.

A further important factor which is highly relevant to the successful creation and operation of SMEs is that of culture.

3.2.1 Cultural factors in marketing in the GCC

The context of cultural factors can be expressed in terms of economic success as follows:

Economic success depends – according to Porter – on hard factors such as infrastructure, resource availability, local demand, supporting industries and competition within the domestic economy. All these can be measured with some degree of confidence for developed economies. Porter’s model can be applied quite effectively to that of the UK, France or Switzerland. However, one resource that becomes harder to measure is the availability of skills, the levels of education and the cultural orientation towards trade and entrepreneurship. At one level we could argue that the strength of the US economy now depends as much on social factors as on questions of resource, competition and infrastructure. Jasimuddin, in talking about Saudi Arabia, argues that the socio-economic environment of the kingdom is a vital element in driving development. (MCB University Press in Jasimuddin, 2001:68)

Jasimuddin (2001) points out that Porter’s (1990) reliance on *hard* statistics to discover the potential for the economic success of nations is insufficient. There are other aspects to the success of economic activity and, inevitably, these must include the people who take part in that activity. This thesis, however, goes further than Jasimuddin (2001) and argues that culture in its entirety, and not just its orientation towards trade and entrepreneurial activity, must be taken into account when assessing its influence on the marketing of SMEs (in particular). The types of cultural aspects which need to be considered include language, religion, education, attitudes and values, social organisation and aesthetics (Griffin, 1993).

3.3 Advertising in GCC countries

As a consequence of the high oil revenues in the seventies (Fasano and Iqbal, 2003) and the resulting expansion of the Gulf economies, many local advertising agencies opened, with some establishing themselves as joint ventures with international advertising agencies. Research shows that advertising expenditure will rise or fall based on the economy of the country.

It is unfortunate that many advertisers have negatively affected the advertising industry in the GCC. There have been advertisements that SMEs have adapted for their own use which do not relate to the culture. The question this raises is who should decide on the nature of the advertisement, the owner or the advertising agency?

Before considering the issue of advertising it should first be defined. Advertising is seen as the most important element of the marketing mix in terms of cultural boundaries. Wells, Moriarty and Burnett (2006) see advertising as a form of mass communication. It transmits different types of market information to connect buyers and sellers in the market place.

The term, *advertising*, is usually used in a general way to cover everything from the postcard in a newsagent's window to expensive commercials appearing five times a night on television. An advertisement is not necessarily a commercial on television, or a page in a newspaper. Advertising is any piece of material produced by a company for the purpose of broadcasting its existence and products/services to other companies and the wider public, even if it is in the form of an invoice (White, 1993). Shimp (2003) says that the major forms of marketing communication are personal selling, advertising, sales promotion, sponsorship marketing, publicity and

point-of-purchase communications. Sutherland and Sylvester (2000: 128) see that *advertising is usually the weaker influence compared to what we already know or have in our minds.*

Schutte and Ciarlante (1998) point out that:

...because an advertising message consists of language and other communication instruments that are themselves very deeply rooted in a given culture of a society. Even within the same language, word connotations can vary extensively from culture to culture.

Hong, *et al.* (1987) reveal that advertising is a reflection of a culture and its norms. They also stated that the influence of cultural differences on advertising is all encompassing since advertising is a form of social communication. Sutherland and Sylvester (2000) highlight that any advertising message will lead to failure if it is inconsistent with the existing beliefs. A further recent definition (American Heritage Dictionary, 2014) refers to advertising as *the activity of attracting public attention to a product or business, as by paid announcement in print, broadcast or in the electronic media.* Wen-Ling's (2002) research showed that an attitude towards advertisement has been provided as a crucial influence on advertising effectiveness, brand attitudes and purchase attention.

The concept of advertising effectiveness has been defined as "the extent to which advertising generates a certain desired effect" (Corvi and Bonera, 2010, 2; Corvi, 2007). Corvi and Bonera (2010) report that the problem of the measurement of the overall effectiveness of advertising arises from three considerations: (i) for the long-term effects the results may not arise at the same time as the costs, (ii) advertising effects may be varied and not translated into a quantitative measure, and (iii) through interacting with other business variables (such as financial decisions, marketing policies, and behaviour), and environmental variables (economic aspects, and

competition), advertising is not an isolated activity. The evaluation of advertising effectiveness in practice and the literature, according to Corvi and Bonera (2010), has involved two models: the dichotomous model, and the three dimensional model. Applied mostly in brand and product advertising, the dichotomous model evaluates and isolates the sales and communication effects. The effectiveness of advertising can be considered according to the effect on short term sales (Batra and Ray, 1986; Batra et al., 1995), with this marketing performance measurement based on marginal theory (Chamberlin, 1948). On the other hand, the effect of communication, through appropriate messages, arises from ability to reach a significant number of the public, and this effect has been examined in the literature according to the four approaches of (i) sociological, (ii) semiotic, (ii) psychological and (iv) socio-psychological. Focusing on the community, sociological analysis is a system controlled by social norms and rules, and social behaviour (Moingeon, 1993). Further to this, messages can be adapted to a wider audience through symbolic values (Friedman, 1979), and in the first instance semiotic analysis will focus on symbols. The effectiveness of advertising can be assessed with reference to the message's language (Durand, 1970; Barthes, 1964), on the one hand, and on the other the message's graphic image (Scott, 1994; Eco, 1979; Mick, 1986). Psychologists, with regard to communication and in particular advertising, have treated these areas as occupying a central point in analysis, according to the motivations of the recipients, due to their influence on the recipient's perception (Mittelstaedt, 1990). Finally, the message and the recipient are taken into account simultaneously by the socio-psychological approach (Corvi and Bonera, 2010). The effectiveness of advertising according to persuasiveness is

studied by this approach (Ray, 1982), through observation of effects on the formation process of behaviour, attitude, memory and attention (Kapferer, 1990).

Major criticisms of the dichotomous model involve evaluation on a partial basis and a failure to give breakdowns reliably concerning the effects by company politics (communication and marketing) and advertising (Corvi and Bonera, 2010). As a result there is a preference for three dimensional models, and these models are implemented in the planning of advertising campaigns and the evaluation of their effectiveness. A hierarchy of behavioural, cognitive and communication effects is proposed (Marbach and Fabi, 2000; Brasini, et al. 1993).

Edrem and Tuncalp (1998) explained the situation of marketing in Saudi Arabia (the largest market in the GCC), stating that the sales promotion industry was almost non-existent 30 years ago. The few local agencies that existed at the beginning of the 1970s used simple newspaper advertisements, billboards on roads, and neon signs. Since only simple marketing techniques were used at that time, the most popular technique was *word of mouth*. It was not until 1985 that television advertising was allowed in Saudi Arabia (Luqmani and Quraeshi, 1988). Al-Makaty, Van Tubergen, Whitlow and Boyd (1996) argued that television advertising until recently was virtually unknown in the Saudi Arabian home, except for about 30 percent of the population in the Eastern Province who could receive broadcasts from neighbouring states such as Bahrain and the United Arab Emirates (UAE). This was not so much due to a lack of television sets in Saudi homes, as to the fact that prior to 1986 the government of Saudi Arabia did not open its national television system to commercial advertising.

All advertising agencies could do was hire one or two people to go around asking people to go to the advertised shop to buy the advertised product. Tuncalp (1994) expressed the view that Saudi Arabia still requires a long time to catch up in marketing, even with some of the other GCC countries. For example, the *per capita* advertising spend is estimated to be around \$10.5 in Saudi Arabia. In comparison, the same statistic is estimated to be \$48 for Kuwait (before the war), \$45.1 for the United Arab Emirates, \$27.4 for Qatar and \$21 for Bahrain. But the delay in using marketing and advertising has not only been in the GCC countries, a state like China only started advertising after 1978, when the country applied the open-door policy: no marketing tools were used there before 1978 (Zhang and Gelb, 1996).

But, meanwhile, the Arab media remain under-developed, in contrast to, say, the United States, even though they are in the process of evolving into a more progressive industry (Al-Olayan and Karande, 2000). Kaynak and Mitchell (1981) note that many marketing authors have claimed that America and Europe (even though they are developed countries) have attempted to market their products in foreign countries but faced difficulties. Al-Olayan and Karande (2000) also mentioned that print media have had the dominant share of advertising. A supporting comment from *Al-Iqtisadia* (issue no.1471) stated that newspapers carried 88 percent of advertisements in Qatar, 63% in Kuwait, 61% in Saudi Arabia, and 55% in the UAE.

Perhaps because of this lack of an adequate choice between media combined with a lack of sufficient information available to clients and advertising agencies (to enable decisions on where to invest financial resources) the marketing and advertising spend in the GCC is very small (Akram Miknas, 2004).

Melewar, Turnbull and Balabanis (2000) differ from the above on the issue of choice as they have stated that the Middle East is a region that has attracted increasing attention from advertisers as new opportunities for the Pan-Arab media open up. Despite this claimed growth in choice there is still little research into advertising decisions or strategies in the region. In addition, Melewar, Turnbull and Balabanis (2000) have pointed out that the advertising industry in the Middle East was dominated by small local agencies until the late 1980s, which explains the lack of experience in these agencies. On the other hand, the situation has changed now, in 2007 a consulting firm Booz Allen Hamilton had found that the Arab media market in terms of television viewers has become strong.

As SMEs account for more than 90 percent of the firms in most countries (Storey, 1982 and 1994; Thomas, 1998; Al-Mubiareek, 2002; Al-Gernas, 2002) this means that most of the advertising and marketing in a country has the potential of arising from the activities of SMEs (Carson, 1995). One only has to see the efforts of the UK commercial television companies in their attempts to attract advertising from SMEs in the UK to appreciate the veracity of this statement. SMEs account for a potentially huge market with respect to their own advertising and marketing.

Globally, the media and advertising industry faced many challenges because of the financial and economic crisis in the later part of 2008; however, the GCC region was not as badly hurt by the economic downturn as the Western economies. In the GCC, the print media is still considered more trustworthy. However, the readers' preferences are gradually shifting towards digital media. The television market in the GCC has undergone radical changes in the recent past. The free-to-air market continues to be a dominant segment in the region. As consumers increase their use of

digital media, more ad-spending is expected to be directed toward digital platforms. Pointing to this is the growing use of social media in the GCC. The tables below examine, individual GCC spending on advertising for the years starting from 2000 to 2009. Reference <http://www.warc.com/DataAdspendNotes>

3.3.1 Bahrain (Study Country 1)

Total Advertisement spend by Bahrain in 2009 was 38.6 Million Bahraini Dinar, which comprised newspaper adverts as the highest with 24m. There was a slight decline in their total spending while comparing with previous years. They were going back to the figures equal to the year 2005 total spending. Their outdoor advert figures were null during the last 4 years. Their highest spending on adverts was in 2004, where television advertising was high when comparing to all the years of television advert figures. Though their entire advert figures were falling in 2009, Radio and Cinema adverts were raised a little which shows the people's interest in viewing or listening than reading.

Table 3.1 Advertising spend - Bahrain

Bahrain 2000 – 2009							
	Total Ad spend	Total Newspapers	Total Magazines	Total Television	Total Radio	Total Cinema	Total Outdoor
	BHD (millions)	BHD (millions)	BHD (millions)	BHD (millions)	BHD (millions)	BHD (millions)	BHD (millions)
	Current prices	Current prices	Current prices	Current prices	Current prices	Current prices	Current prices
2000	21.4	9.5	2.5	9.1	0.3		
2001	23.5	10.1	2.5	10.0	0.7		0.2
2002	28.4	13.3	3.3	11.2	0.5		0.1
2003	32.4	15.0	3.7	11.2	0.2	0.6	1.7
2004	43.8	21.2	4.9	16.8	0.3	0.5	0.2
2005	38.9	23.1	5.2	9.2	0.3	0.8	0.3
2006	41.0	25.3	6.4	7.4	0.9	1.0	
2007	40.7	25.4	8.3	5.8	0.5	0.6	
2008	41.0	25.2	8.3	6.0	0.8	0.8	
2009	38.6	24.0	6.9	5.4	1.3	1.1	

Date Created: 30 September 2010 15:20, <http://www.warc.com/DataAdspendNotes>

3.3.2 Kuwait

Kuwait's Advertising spending considerably increased in 2009, when comparing to the previous year's spending. Television media showed the highest growth in spending while comparing to previous years which was 92.8 m, though print media dominates in the year. It shows digital media consumption growing in the country similar to other GCC Countries. Both Radio and Outdoor figures fluctuated year by year with no higher growth in spending.

Table 3.2 Advertising spend – Kuwait

Kuwait 2000 - 2009

	Total Ad spend	Total Newspapers	Total Magazines	Total Television	Total Radio	Total Outdoor
	KWD (millions)	KWD (millions)	KWD (millions)	KWD (millions)	KWD (millions)	KWD (millions)
	Current prices	Current prices	Current prices	Current prices	Current prices	Current prices
2000	61.2	41.2	10.4	3.5	0.9	5.1
2001	70.8	49.2	10.7	2.8	0.7	7.4
2002	85.2	59.5	11.9	2.5	0.9	10.3
2003	90.5	65.0	11.6	4.8	0.9	8.3
2004	112.6	79.8	14.4	7.9	1.9	8.6
2005	127.9	88.1	16.9	13.0	2.2	7.8
2006	150.6	102.4	15.0	19.1	1.3	12.9
2007	183.8	115.2	17.4	42.0	2.3	6.9
2008	193.0	121.5	17.2	45.7	1.9	6.7
2009	258.4	139.1	17.2	92.8	2.3	7.0

Date Created: 30 September 2010 15:24 <http://www.warc.com/DataAdspendNotes>

3.3.3 Oman (Study Country 2)

Oman had a declining figure in their total advertising spending figure in the year 2009, though for the year 2008 their advertising figures were high while comparing to the previous years. Interestingly cinema and radio figures were null for the years in 2008 and 2009. Though the media industry landscape is changing rapidly as a

consequence of technological advancements and changing consumers' habits, Oman was not affected during 2009. A change in spending was predictable later in 2009.

Table 3.3 Advertising spend – Oman

Oman Ad spend 2000 – 2009

	Total Adspend	Total Newspapers	Total Magazines	Total Television	Total Radio	Total Cinema	Total Outdoor
	OMR (millions)	OMR (millions)	OMR (millions)	OMR (millions)	OMR (millions)	OMR (millions)	OMR (millions)
	Current prices	Current prices	Current prices	Current prices	Current prices	Current prices	Current prices
2000	12.2	10.1	0.4	1.7			
2001	13.2	10.3	0.6	2.3			
2002	16.5	11.8	1.3	3.4			
2003	20.8	15.1	1.7	4.0			
2004	27.5	20.5	1.7	5.0	0.1	0.1	0.1
2005	40.2	33.0	1.8	5.2	0.1	0.1	
2006	53.3	45.0	2.2	5.9		0.2	0.1
2007	65.2	55.2	2.3	7.4	0.1	0.1	0.1
2008	96.9	85.7	3.1	8.1			
2009	90.6	80.4	2.5	7.6			0.1

Date Created: 30 September 2010 15:25

<http://www.warc.com/DataAdspendNotes>

3.3.4 Qatar (Study Country 3)

Qatar rapidly increased their advertising spending with 1,462m spending in 2009. Still the newspaper media were considered to be trustworthy as adverts went to 1,180m in the year 2009, which was higher than 2008. Despite every GCC country except UAE decreasing their outdoor spending Qatar increased it to more than 300%. Other interesting figures were their television, magazine and radio advert spending. All of them were considerably reduced in 2009, while comparing to the previous year's figures. Qatar readers/viewers' preferences were gradually shifting towards newspaper adverts.

Table 3.4 Advertising spend - Qatar**Qatar Ad spend 2000 – 2009**

	Total Adspend	Total Newspapers	Total Magazines	Total Television	Total Radio	Total Outdoor
	QAR (millions)	QAR (millions)	QAR (millions)	QAR (millions)	QAR (millions)	QAR (millions)
	Current prices	Current prices	Current prices	Current prices	Current prices	Current prices
2000	130.5	123.5	0.6	6.4		
2001	156.9	146.7	1.8	8.3		
2002	181.8	161.4	2.5	17.9		
2003	204.1	179.9	4.1	20.1		
2004	338.9	302.5	7.0	27.2	2.2	
2005	430.6	404.6	7.4	17.6	1.1	
2006	885.6	801.7	33.9	25.9	8.1	16.0
2007	1074.0	949.2	55.3	41.3	5.8	22.4
2008	1295.8	1084.7	72.8	58.2	25.5	54.6
2009	1462.8	1180.6	58.9	32.4	14.2	176.8

Date Created: 30 September 2010
15:27<http://www.warc.com/DataAdspendNotes>**3.3.5 Saudi Arabia**

Even after taking into consideration cultural inhibitors and preferences, the breakdown of advertising spent by the media category in Saudi Arabia is considerable. The year 2009 was considered as a low figure in advertising spending compared to other years. Print Media dominates in Saudi Arabia. Only 16% of total advertisement spend in 2003 devoted to visual media and total outdoor, which improved in the following years. In the category of outdoor advertising Saudi Arabia stayed as the highest spender in the GCC.

Table 3.5 Advertising spend – Saudi Arabia**Saudi Arabia Ad spend 2000 – 2009**

	Total Ad spend	Total Newspapers	Total Magazines	Total Television	Total Radio	Total Outdoor
	SAR (millions)	SAR (millions)	SAR (millions)	SAR (millions)	SAR (millions)	SAR (millions)
	Current prices	Current prices	Current prices	Current prices	Current prices	Current prices
2000	1413.9	1007.3	227.8	76.3		102.5
2001	1564.4	1104.5	211.4	93.6		154.9
2002	170	1265.8	225.7	145.1		152.4
2003	1871.0	1388.1	195.9	126.5		160.5
2004	2621.1	1855.9	206.1	277.2	76.0	205.8
2005	3414.4	2644.8	234.6	246.0	61.1	227.9
2006	3671.6	2801.4	245.5	226.8	84.8	313.2
2007	3648.4	2844.8	241.6	212.4	31.0	318.5
2008	4126.0	3106.7	284.8	314.8	78.7	341.0
2009	3863.1	3004.8	263.2	215.4	63.9	315.9

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15:28

<http://www.warc.com/DataAdspendNotes>

3.3.6 United Arab Emirates (Study Country 4)

Although the wider Pan-Arab market barely dipped in 2009, the UAE can be treated as the advertising capital of the GCC. There are many factors to make the UAE a hub of advertising. The figures in the table clearly indicate their dominant position in the GCC. Though their total figures in print media such as newspaper and magazines reduced in 2009, they have increased all the other spending in advertising. The newspaper advert remains the top choice of the advertisers in the UAE.

The digital media is growing in influence and effectiveness in the UAE.

Table 3.6 Advertising spend – United Arab Emirates**UAE Ad spend 2000 – 2009**

	Total Adspend	Total Newspapers	Total Magazines	Total Television	Total Radio	Total Cinema	Total Outdoor
	AED (millions)	AED (millions)	AED (millions)	AED (millions)	AED (millions)	AED (millions)	AED (millions)
	Current prices	Current prices	Current prices	Current prices	Current prices	Current prices	Current prices
2000	785.8	462.4	120.5	97.2	70.5		35.2
2001	965.3	601.5	153.7	101.3	73.2		35.6
2002	1292.8	814.7	203.0	116.5	67.7		91.0
2003	1642.5	862.5	260.0	328.1	55.7	13.1	123.1
2004	2328.3	1267.4	416.4	450.8	40.6	28.4	124.8
2005	3190.2	1937.2	546.8	485.8	28.0	38.5	153.8
2006	3957.0	2583.7	661.6	437.3	44.7	39.8	190.0
2007	5222.1	3503.6	664.7	749.0	80.8	44.1	180.0
2008	7370.7	5593.2	752.9	646.4	91.8	51.4	235.0
2009	5384.0	3625.6	639.1	650.5	97.4	72.7	298.6

3.3.7 Cultural factors in advertising in the GCC

Abernethy and Franke (1996) and Al-Olayan and Karande (2000:69) point out a gap in the literature stating that “... *no study has examined the advertising information in any African nation, nor any part of the Middle East other than Saudi Arabia*”. Also, as *per* Arab markets in general (Amine and Cavusgil, 1990), there has been little marketing research to aid in solving the problem of market segmentation. Giunipero and Flint (2001) also agreed that a review of the literature indicates that there is a significant lack of research investigating business practices in the Middle East, whereas the rest of the World is rich with similar studies. Abernethy and Franke (1996) stated also that, in recent years, a wealth of literature has increased our understanding of cross-cultural differences in advertising content and many studies have analysed and studied advertisement content across dissimilar cultures, such as the United States and Japan (e.g., Hong, Muderrisoglu and Zinkhan 1987; Mueller,

1987 and 1992; Javalgi, Cutler and Malhotra, 1995). Kaynak and Mitchell (1981) claim that many marketing authors have agreed that cultural differences between countries and within the same country should be recognised in devising advertising as part of the company's marketing strategy. Many other studies have been conducted drawing attention to the similarities and differences in advertising expressions between the United States and other culturally similar countries such as Great Britain and Australia (Dowling 1980; Weinberger and Spots, 1989).

Such advertising restrictions as exist within the type of social framework so far attributed to countries such as those in the GCC will have a major influence on the degree of standardisation allowed for a company's marketing programme (Waller and Fam, 2000).

Duncan and Ramaprasad, (1995) identified culture as the most important factor affecting marketing and advertising and influencing both the content variables, such as strategies and values, and the executional variables, such as colour. McQuarrie and Mick (1996) agreed with Duncan, *et al.* (1995) that visual language varies from one culture to another exactly the same as textual language. Consideration of the limitations which might be imposed by cultural norms and values are important whatever is taken to market but is of considerable importance for service companies. As global competition increases, understanding the cultural impacts of services becomes more critical for service firms (Riddle, 1992). Kalliny, Morris and Minor (2008) have stated that their findings suggest that the advertisements used in one country cannot simply be directly translated for use in another. For example, an advertisement that clearly violates Islamic teaching may be viewed negatively and have an adverse effect.

Although the current popularity of global marketing underscores a growing homogenisation of markets and increasing similarities in the tastes of consumers around the World, cultural differences have not disappeared and remain largely deeply ingrained between nations (Mattila, 1999). One example of an acknowledgement of such differences and the seriousness with which they are regarded within cultures is HSBC's television advertising.

Unfortunately, few studies have been conducted to investigate cultural factors in the GCC countries. Most of the studies so far conducted have been attempts to investigate the cultural values reflected in East Asian countries and the UK and to make comparisons with the USA. Waller and Fam (2000) reflect that there is also a shortage of research in the field of marketing as to cultural effects on the target audience and their ability to understand advertisements.

An important issue in the discussion of marketing in the GCC are the questions, when using marketing tools, *are firms using the right images and is the culture of the country taken into account when preparing design or advertisement material?* This is of particular relevance when the new multinational advertising (which has recently entered the scenario as a new player to take advantage of the growing market in the Middle East) is taken into consideration (Melewar, Turnbull and Balabanis, 2000). With such entries into formerly unexploited markets there is a possibility of advertising offending the society. So, if it does or is misleading or untruthful, a structure needs to be put in place in order to provide protection for the members of that society (Haker, 2000).

It is well known that customers respond positively to advertising messages that match their culture (Yong and Gelb, 1996). An understanding of cultural differences

is therefore, usually considered and a must for successful international advertising (Keegan, 1996) because when consumers grow in a certain culture they will be aligned to that culture and dictated to its values and norms. This means that, in the long term, the task for advertisers will be simpler if cross cultural differences are considered and dealt with prior to any offence being caused. As culture plays such an important role in determining how customers expect services to be delivered, today's SME managers should be aware both of their ability to leverage culture-driven expectations and the cost of ignoring cultural norms (Mattila, 1999).

3.4 Economic value of SMEs, their definition and the SME in the GCC

3.4.1 Economic value of SMEs

It might be argued that the “*big push*” regarding the drive to bring SMEs into existence, in the UK economy at least, dates back to the Thatcher government, which came to power in 1979. That government may have been guilty of many less admirable policies but the *enterprise culture* it is credited with ushering into existence rode on the back of a belief that small- and medium-sized firms were the life blood of a healthy economy. Some of the beliefs which led to the growing dependence on the entrepreneurial abilities of the UK's citizens arose from a cynical decision to shift the blame for economic stagnation from the government to the citizenry and included the farthest excesses of privatisation.

This latter policy was then *rolled out* to many other countries through the embracing of this *panacea* by their governments. Notable amongst such governments were those of sub-Saharan Africa (SSA) where privatization and Economic Recovery Programmes (ERPs) – later called Structural Adjustment

Programmes (SAPs) - went hand in hand. These are the self same countries which are now the subject of so much political and media discussion and whose social and economic ills are behind the ideas and emotions associated with the G-8 summit. All of the policies, which in part looked to the entrepreneurial activities of individuals seeking survival, arose out of the so-called *free market*, monetarist economic theory – largely generated in the USA through the thoughts of economists such as Milton Friedman. These in their turn had arisen out of the philosophy of Adam Smith – hence the inception of the Adam Smith Institute during Thatcher’s tenure of premiership.

Twenty five years later the International Monetary Fund (IMF) and World Bank are no longer imposing ideas of complete privatization on underdeveloped and developing countries as they have learned that partial privatizations and co-operation with the private sector show better prospects for success. Likewise the SAPs also imposed on the SSA countries have mostly been abandoned (Debrah and Toroitich, 2005). This shift has come about because of a growing realisation that it is one thing for governments to change their perspective from large-scale industry dominated by the public sector to a greater dependence on small-scale private sector economic activity and, yet another, for the public to change its collective mind. Although there can be no direct comparison between the economies of, say, the SSA countries and the UK, in each instance the main component is human beings and the cultural backgrounds of such human beings play a large part in their abilities to adjust to new expectations and the manner in which those changes take place. Although many of the policies associated with the Thatcher government have been largely discredited, the creation of ideas concerning how economies are built and thrive – the idea that it

is individuals in small businesses that make the difference – have remained and gathered strength.

It is now acknowledged that SMEs play an important role in an economy, especially in the process of transferring from the developing to industrial phase as they are currently considered to be the base for development in a country (Storey, 1994; Thomas, 1998; Al-Kibbi and Jbili, 2000; Al-Shumaimri, 2002). A report from the UK round table (1999) goes further in saying that SMEs play an important role in urban and rural communities as they are important for social benefits. In fact, it is argued that no economy can survive without SMEs, regardless of its stage of development (Al-Romy, 1999). In this respect, it is important to note that SMEs substantially contribute to country exports around the World (Fletcher, 2004). In all situations, however, marketing remains of equal value to large and small businesses alike (Davis, *et al.*, 1985).

The study of SMEs has become one of considerable importance as these enterprises account for more than 90 percent of businesses worldwide (Storey, 1982 and 1994; Thomas, 1998; Al-Mubiareek, 2002; Al-Gernas, 2002). For instance, in the United States, small businesses represent 99.7 percent of all employers and, in Australia, 96 percent of all businesses in non-agricultural business (Morrison, Breen and Ali, 2003). There is a multitude of books written by academics and retired middle managers of multinationals on the subject of running small businesses, but few seem to take account of the significant fact that small firms are different to other business structures (Patten, 2001). Patten (2001) also claimed that, after 25 years of running his own and assisting with other small businesses, he could only recall a handful of companies that had written a business plan or had a marketing budget.

Hannon and Atherton (1998) suggest that planning in small businesses could be beneficial but not if it entails a formal approach which is alien to the ethos of most small firms.

As already stated, the SME is an important tool in any economy, in both industrialised and developing countries, and makes a real contribution, despite a relatively small size, to the GDP of industrialised countries (Al-Bayan, 2000). Over the last 25 years, the most observed change in economic development is the rising importance of the small firm. Small and medium-sized enterprises have a strong influence on the economies of all countries, especially in the fast-changing and increasingly competitive global market (Lin, 1998). In the Western World, small firms are considered essential to economic development in terms of wealth creation and employment (Packham, Miller and Thomas, 2004). According to the *Bulletin on Small and Medium Sized Enterprise (SME) Statistics for the UK* (1997), there were an estimated 3.7 million active businesses in the UK at the start of 1997. Of that entire business population of 3.7 million enterprises only 25,000 enterprises were of medium size (50 to 249 employees) and only 7,000 were large (250 or more employees) leaving a remainder of a staggering 3.39 million which were all considered to be small businesses employing less than 50 people (Carter and Jones-Evans, 2012). On the other hand, many large businesses start out as small businesses, but most small businesses remain small throughout their life cycle so they do not have the required resources to drive the markets (Ottesen, Grønhaug, 2007). This is an example of the size of the percentage of SMEs within the active business community.

3.4.2 SME definition

Despite the common existence and high percentage of SMEs within all economies, there is no agreed definition for this type of venture (Kamasky, Saif and Al-Sadiq, 1995; Choueke and Armstrong, 2000). Storey (1982), points out that the term *small firm* is in such common use that the unwary reader might be forgiven for thinking that there was some generally accepted definition which would point towards some universal truth. There are several definitions and these vary from one scholar to another and from one country to another (Storey, 1982). Definitions are also capable of varying within the same country. For example, even a small country like Qatar has two different definitions for an SME, as already illustrated in Table 3.10 (Al-Hawaj, 2001) (see page 114). Barrow (1993), in trying to define the essence of small businesses, says that we apply the term *small business* to so-called “one-man bands” such as neighbourhood shops and restaurants, and we apply the term *big business* to such giants as IBM, General Motors, Shell and ICI. But, between these two extremes, fall businesses at various points on the yardstick used to measure business size. The Small Business Administration (SBA), founded by the US Government in 1953 does, however, have a definition of a small business which embraces almost 99% of full-time businesses (Barrow, 1993). Literature on the SME is, nonetheless, widely diversified due to the differences between countries and the differences within markets. The problem of an agreed definition is a major factor facing researchers studying SMEs. What exactly is a small business, and when does it become medium-sized or large? The application of a universal definition means that each enterprise has certain characteristics and management issues in common, which

distinguish them from other companies. In reality it is difficult to define these characteristics (Stokes, 2002).

As has already been made abundantly clear, there is no single, agreed and generally acceptable definition of the SME (Storey, 1982; Burns, 2001) but, on the other hand, Liang (2003) argues that the only common feature of SMEs is that they are not large. The most well known attempt to provide a description of the details of the SME was that made by the UK Bolton Committee in its 1971 report on small firms. Any discussion of SMEs should, therefore, begin with and refer to the 'Committee of Inquiry Report on Small Firms' (*Bolton Report*) (Thomas, 1998).

This report stated that a small firm is an independent business, managed by its owner or part-owners and having a small market share (*Bolton Report*, 1971:1). The *Bolton Report* (1971) revealed that there can be various statistical definitions. For example, a small business could be treated as small where the market is large with other competitors; whereas a firm of similar size could be considered to be large in another sector with fewer competitors (Carter and Jones-Evans, 2012). The most commonly used criteria are generally divided into quantitative and qualitative measures. These definitions are also referred to as, statistical and economic definitions (Storey, 1996).

Liang (2003) says that identifying a definition of SMEs depends on the purpose to which it will be applied. There are definitions used for policy purposes which often differ from the definitions used for statistical purposes and also differ by industry and by policy programme. Carter and Jones-Evans (2012) also stated that, in practice, schemes which are targeted at small businesses adopt a variety of working definitions depending on the particular objective.

3.4.2.1 Quantitative definition

The most popular definition, and that approved of by policy-makers, is the quantitative definition (Curran and Blackburn, 2001; Liang, 2003). This definition is based on the number of employees or turnover. The reason it is favoured by researchers and policy-makers alike is its simplicity (in focusing, in particular, on the number of employees). The quantitative definition is also seen as being objective and is amenable to statistical manipulation (Al-Mahmod, 1996; Curran and Blackburn, 2001).

The number of employees is usually easy to acquire as such statistics are provided by national organizations (Council of Saudi's Chamber of Commerce, January, 1994). Investors, for example, are more willing to provide data on the number of employees than capital. Although quantitative definitions represent ease of measurement and are simple to apply, there are disadvantages such as that statistical information needs to be regularly updated and the technological revolution has affected the number of staff required to carry out administration tasks (Boer, Thomas and Webster, 1997).

The Japanese have experimented with a different approach, where each sector has its own classification, as follows.

- *Industrial sector*: a small business is defined as one with less than 300 employees.
- *Wholesale sector*: a small business is defined as one with less than 100 employees.

- *Retail sector*: a small business is defined as one with less than 50 employees (Kikuchi, 1990).

The European classification is different again. In February 1996, the European Commission produced a single definition of SMEs and applied this across the EU (Carter and Jones-Evans, 2012). The details are as set out in table 3.7

Table 3.7 European Commission’s definition of an SME

<u>Criteria</u>	<u>Micro</u>	<u>Small</u>	<u>Medium</u>
Max. Number of Employees	10	50	250
Max. Annual Turnover		7M ecu	40M ecu
Max. Annual Balance Sheet Total		5M ecu	27M ecu
Max. % owned by one, or jointly by several enterprises not satisfying the same criteria		25%	25%

Source: Carter and Jones-Evans, *Enterprise and Small Business - Principles, Practice and Policy*, 2012, page 25

The main criterion used in classifying SMEs is the number of employees, as this is the easiest to determine. Other criteria, such as annual turnover or the total on the annual balance sheet, are used but depend on the need. In Saudi Arabia, some studies have looked at SMEs based on capital, such as a study of SMEs as presented by Dr.Ahmed Al-Shemiamry (2012) in the Forum of SMEs, sponsored by the Ryadh Chamber of Commerce. This might be because it is easier to conduct a study that focuses on commercial activity in the capital.

In the USA, a small business is one with less than 250 employees (*Forum for the Tools of Developing SMEs in GCC countries*, Oman, January, 1994, Saudi Arabia Chamber of Commerce). In India, a small business is an enterprise with less than 100 workers (*Forum for the Tools of Developing SMEs in GCC countries*, Oman, January, 1994, presented by the Saudi Arabia Chamber of Commerce). Using a

definition that relies upon the number of employees is not feasible when attempting to compare the statistics from one business sector to another. Storey (1994) notes that there is no single, generally acceptable, definition of a small firm. He offers an explanation for this by pointing out that a small firm in an industry like petrochemicals, for example, is likely to have much higher levels of capitalization, sales and, very possibly, employment, than a small firm in the car repair trade. A small oil refinery might employ a few hundred people and a small, independent back street garage may employ only three. Both could be treated as small but the difference is obvious in terms of number of employees let alone in any other respects.

Curran and Blackburn (2001) also stated that one of the disadvantages of using *number of employees* as a measure is that it becomes difficult to use where part-time, casual and temporary labour is employed and that they are not evenly spread across the size distribution of businesses.

The quantitative definition may be the most popular, tending to be favoured by researchers and others. As a result of the above drawbacks, however, it should be used with care as it could generate inaccuracies in research results with regards to the number of employees (possibly including part-timers and others) and variations which could exist between sectors.

Curran and Blackburn (2001) have put forward an alternative quantitative definition: turnover. But as it is quantitative it will have the same inherent problems as that of employment. This definition faces the problem of classification within the same sector. For example, a small corner shop may have a turnover of \$100,000, whereas a small manufacturer, selling throughout the country, could have a turnover

of \$2,000,000 a year, which is twenty times higher. Another serious problem facing this type of definition is that firms will not give an exact figure of turnover as competitors or others might then be free to exploit this data. Burns and Dewhurst (1996) criticise any definition dependent on financial terms, e.g., turnover will suffer from inflation. This, of course, will affect the application of this definition and will prevent it being used with confidence as the input data may be inaccurate, thus producing inaccurate results.

3.4.2.2 Qualitative definition

The qualitative approach has become the most used in many countries for definitions of the SME. It has the same features as the quantitative definition in terms of differences from one country to another and from one industry to another, but the qualitative definition depends on the characteristics of the small firm whereas the quantitative depends on statistical aspects. In other words, being a small firm is not just about size, defined in simple statistical terms. Small firms also have other important defining characteristics (Burns, 2001).

Qualitative definitions are less rigorous than quantitative but are intellectually more satisfying since they relate to the essential operating differences between small and large enterprises (Al-Marzooqi, 2000). From a managerial point of view, the small firm can be described, in qualitative terms, as one in which the operation and management are under one owner, or part-owners, responsible for decision-making (Burns, 2001). The Bolton Committee (1971), which produced one of the best-known qualitative definitions, combined three elements.

Firstly, in economic terms, a small firm is one that has a relatively small share of its market. Secondly, an essential

characteristic of a small firm is that it is managed by its owner or part-owners in a personalised way, and not through the medium of a formalised management structure. Thirdly, it is also independent in the sense that it does not form part of a larger enterprise and that the owner-managers should be free from outside control in taking their principal decisions. (Bolton Committee, 1971:1)

This definition appears to be the best in describing the characteristics of a small firm, but some critics claim it still has the same problems as the quantitative definition. A firm may be small but can have a large market share. The *Bolton Report* definition has proved contentious because it will not work within real markets, especially in comparisons (Burns, 2001). For example, a small transport firm (one with five or fewer vehicles) may not easily be compared with a small construction firm, defined as having 25 or less employees (Curran and Blackburn, 2001). The Bolton Committee therefore adopted a non-comparable, quantitative definition from selected economic sectors.

Table 3.8 Bolton Committee definitions

<u>Sector</u>	<u>Definition</u>
Manufacturing	200 employees or less
Retailing	Turnover of 250,000 pa or less (Pounds)
Wholesale trades	Turnover of 200,000 pa or less (Pounds)
Construction	25 employees or less
Mining/quarrying	25 employees or less
Motor trades	Turnover of 100,000 p. a. or less (Pounds)
Miscellaneous services	Turnover of 50,000 p. a. or less (Pounds)
Road transport	5 vehicles or less
Catering	All excluding multiples and brewery-managed pubs.

Source: *The Bolton Report* (1971).

The above *Bolton Report* definition (or, more accurately, collection of definitions) contains some known possibilities and categories in defining small firms but is still ineffective due to some difficulties. For example, a small manufacturer, with close

to 200 employees would be difficult to manage if this were to be carried out solely by an owner or part-owners in a personalized way and not through the medium of a formalized management structure (Curran and Blackburn, 2001). Many definitions clearly cause practical problems (Burns, 2001). To overcome the disadvantages of the two types of definitions, a combination has been created.

The *Bolton Report* results show that, for an industrialised country, the UK had the least number of small firms. By using its classification of 200 employees, the number of employees in firms of this size accounted for 22 percent of the total number of employees in industry. On the other hand, however, Italy, with 66 percent, was at the opposite end of the scale (Bagnasco and Sabel, 1995).

Burrows and Curran (1989) worked together in a research team investigating small service-sector business for the Economic and Social Research Council (ESRC). For the purpose of the research programme, the team developed a combination of the quantitative and qualitative definitions; with legal independency being selected as the first criterion in their definition. Firstly, the team concentrated on size and its link with legal independence, which is not always linked with the smallness of a business. For instance, some small businesses are branches of larger organisations and some are small independent businesses.

As legal independency is the basis for their definition, the team interviewed a wide range of people working in different sectors and their associated activities within the small business. From these interviews some qualitative beliefs were extracted from different sectors which were then expressed in quantitative terms to make them operational (Curran and Blackburn, 2001). This definition was not widely used as it had some disadvantages. As in the above table (3.8), comparison is impossible

between sectors. Burrows and Curran (1989:531) argued, however, that using numerical statistics is a return to what they regard as discredited size-reductionist analyses. Storey (1994) made the very telling comment that small enterprises, virtually no matter how they are defined, constitute at least 95 percent of enterprises in the European Community and this fact must be constantly borne in mind lest individual size becomes conflated with size in terms of the total number.

Since the publication of the *Bolton Report*, several commentators have noted its shortcomings. Stanworth and Gray (1991) have argued that statistical definition was affected by varying the definitions. Also, any definition which links to any financial term should take into account inflation (Burns and Dewhurst, 1996). In addition, Storey (1994) added two other disadvantages identified in the *Bolton Report*. Firstly, he notes the incompatibility of a definition which emphasises the personalised nature of management while simultaneously using statistical bands relating to numbers of employees. He argues here that research has shown that there are firms with up to 200 employees which still need decisions to be made by employees that are not owners. Secondly, in challenging the influence which the notion of perfect competition had on deliberations in the *Bolton Report*, he argues that many small firms work in niche markets where premium prices can be charged. A general disadvantage argued by Stanworth and Gray (1991) is that the *Bolton Report* was very much problem-oriented; that is to say, of its 435 pages only 82 were devoted to the section headed *economic analysis*, the remainder being given over to the problems faced by small firms and policies suggested for dealing with them.

A further factor associated with the successful creation and maintenance of businesses – whether large or small – is the issue of culture. Before dealing with the

existence of SMEs in the GCC, their marketing and advertising of products and services, the issue of culture must be considered for its impact on those activities.

3.4.3 The SME in the GCC

The GCC countries have been consistently linked with only one resource: oil. It can be said, therefore, that the real economic history of the GCC began following the oil price boom in the 1970's (Fasano and Iqbal, 2003). The relative importance of SMEs as generators of business activity is affected by the general economy of the country. In the Gulf, SMEs have been treated as important for the main reason that they are seen as providing a spearhead for the drive towards economic diversification (Al-Sahlawy, 2002) and as a means of diminishing a reliance on public sector employment. This importance began at the beginning of the 1980's when the oil price fell. There was obviously, then, a need to diversify the economy which supports the GCC budgets. Unfortunately, there have been no in-depth studies concerning SMEs in the GCC states. Many surveys and research have, however, been conducted but they were neither comprehensive nor in-depth.

A paper presented at the *Strengthening Small and Medium-sized Enterprises Facing Globalisation and Liberalisation* (SESRTCIC) Joint Workshop, 2000, concerning the role of the Gulf Organisation for Industrial Consulting (GOIC) in the promotion of small and medium-sized industries (SMIs) stated that the GOIC was founded in 1976 to promote and enhance industrial development in the GCC. A further aim was that it should provide individual and professional advice to the national governments' public and private sectors. In the main, GOIC objectives are as follows:

- Collection and publication of data on industrial projects and industrial development policies.
- Preparation of proposals for establishment of joint industrial projects in the member states.
- Recommending ways and means of co-ordination among industrial development projects.
- Development and co-ordination of technical and economic co-operation among existing and planned industrial companies and establishments.
- Provision of technical assistance in preparing and evaluating industrial projects.
- Conducting studies on industry in general.

The GOIC has done a lot to benefit the GCC economies and industries, including SMEs (GOIC, 2000). It was stated at this workshop that data on GCC industry would soon be on line at the GOIC Web page. Five years have passed, however, since that workshop and still the promised information has not been made available. Abu-Huliaqa and Zind (1994), of the GOIC, did, however, submit a definition of the SME, within the GCC, based on lower and upper indicator values.

Table 3.9 GOIC definition of SME

Criteria	<u>Small</u>		<u>Medium</u>		<u>Large</u>	
	From	To	From	To	From	To
Invested Capital (\$) Million	.05	1.0	1.0	5.5	5.5	----
No. of Workers	10	30	30	60	60	----

Source: Abu-Huliaqa and Zind, 'SME characteristics in GCC', *Industrial co-operation in GCC*, April, 1994.

Thus, the GOIC has provided a definition that suits the GCC market environment (as it is not yet a mature market) which explains why there is an upper and lower limit, thus giving flexibility in matching the exact segment.

On the other hand, each country in the Gulf has its own definition. For example a small country like Qatar has two definitions from two different sources which mainly deal with capital of companies not number of workers.

Table 3.10 Definition of SME - Qatar

Source of Definition	Size	Criteria (Qatari Ryals)
Ministry of Energy and Industry – Qatar	Small	Capital from 250,000 to 5m
	Medium	Capital from 5m-20m
	Large	More than 20m
Qatar Bank for Industrial Development	Small	Capital not more than 1.5m
	Medium	Capital 1.5m-10m
	Large	Capital more than 10m

Source: Industrial Data Bank, Gulf Industrial Consultancy Organization (2014)

The same difference can be seen in Saudi Arabia’s definition of SMEs as from three different sources, below.

Table 3.11 Definition of SME – Saudi Arabia

Source of definition	Size	Criteria (Saudi Ryals)
Chamber of Commerce Jeddah	Small	Less than 3.75 Million and less than 30 employees
	Medium	3,75m-20.6m and 30-60 employees
	Large	More than 20.6m and more than 60 employees
Saudi Al-Dar for Service Consultancy	Small	Investment less than 10m
	Medium	Investment 10-100m
	Large	More than 100m
Saudi Bank of Industrial Development	Small	1-5m of investment
	Medium	5-50m
	Large	More than 50m

Source: Industrial Data Bank, Gulf Industrial Consultancy Organization (2014)

At the outset, the GOIC was given an advisory role with an additional brief to conduct workshops on, for example, SMEs, although this role has not been fulfilled until recently and only in a limited way. There may be papers on the SME in some industrial workshops but there is a lack of specialised workshops being conducted on that subject (Al-Mutrif, 2001). The GOIC does, however, have an extensive data bank from which it provides information to support research, but as stated by Al-Mutrif (2001), some of the GCC countries do not have sufficient data on production capacity, licensing (at the level of federal, provincial, and municipal authorities) and the extent of SME failures and the reasons thereof.

There are other authorities and banks that also support SMEs in the GCC, but they are not specialised enough to develop and sponsor SME activities. Al-Gernas (2002), in his paper in the SME forum on development, stated that the main obstruction is that there is no authority to develop and support SMEs in Saudi Arabia (as the largest market in the GCC) besides the chamber of commerce whereas in, for example, Wales (in the UK) there were three authorities in the mid-1990's to support SMEs and these managed to increase the number of SMEs by 40 percent over the 1996 figure (Murdoch, Blackey and Blythe, 2001). The success of those government initiatives lay in their ability to promote small and medium-sized enterprises so that they were able to contribute to the economy. This raises the question of why there is no evidence of any real support for the SMEs in Saudi Arabia, a country which is well aware of its need to diversify its economy. Al-Gernas (2002), mentioned in addition that the SME sector in Saudi Arabia has not been exploited sufficiently to serve the economy. This sector could assist the national economy if it were to be

well organised. Al-Arfaj and Al-Sahlawi (2006) believe that SMEs in Saudi Arabia have been supported by Saudi's authorities because of their role in the economy. Many initiatives were disposed; for example, the fourth development plan (1985-1990) initiated many proposals on how to develop SMEs. One of the proposals was the facilitating of obtaining loans.

Some GCC countries do support their SMEs but, as in Saudi Arabia, there is no specialised establishment for the support of the SME; although there are some experiments taking place in this field, especially in Kuwait. Al-Najjar (2000) reported that the Kuwait Parliament had discussed the SME topic several times and, in 1997, the SME issue was discussed in three different proposals to the effect that Kuwait should develop SMEs in order to provide an additional 10,000 jobs from 1997-2002. In February, 1997, the Kuwaiti Company for Developing Small Enterprises was established. The reasons behind establishing this company were to create SMEs in all aspects of the economy, develop skills to make SMEs successful and to create jobs for local people. But, as Auni (2002), from the Kuwait Institute for Scientific Research, mentioned in his article, SMEs in Kuwait has no clear strategy involving industrial and economic development as do large businesses. This led to the establishment of some SMEs where there is no need or demand. In the UK, by contrast, one of the features of general elections is claims made by the different parties as to the support each would give to small businesses (Beaver and Prince, 2004). This shows the direct support from government and also emphasises the importance of small businesses.

A study conducted by Al-Mahmod, Al-Rumihi and Mohmaood (1998) on the SME in Bahrain stated its importance for economic development and in diversifying

business. They raised a similar criticism to that raised by Auni (2002), with regard to Kuwait; that the SME in Bahrain has no clear path for its own development and there are insufficient research studies. They also emphasised the shortage, in libraries, of scientific research studies on the SME.

The criticisms put forward by the above studies are typical of the current situation facing SMEs in the GCC – a collection of states who have stated their clear objective as being to diversify their economies into areas other than oil! In other words, there are many obstructions facing the development of SMEs. Some of these obstructions are almost insurmountable and SMEs cannot be expected to solve them alone – others are created by SMEs themselves. For instance, marketing is one of the main roles that an establishment should undertake in order to sell its products and services. But this activity is found in only 64 percent of establishments in Saudi Arabia and the position of marketing manager was found in only 40 percent of establishments (Ali, 2000). This raises four questions.

- *Are SMEs in the GCC applying the marketing function?*
- *If so, how are they applying marketing principles?*
- *How is the marketing role carried out in those SMEs without a marketing manager?*
- *If SMEs are not able (or willing) to apply marketing principles to their business activities, what is their potential for survival?*

Claudio and Janek (1995) revealed that marketing is not exclusive to large firms and that small firms also need to use it for their survival and growth. This leads to questions about the status of marketing in GCC countries.

Based upon the various definitions researched in this literature review, and taking into account SME definitions in the Gulf region, the definition for SMEs amongst the GCC adopted for this study is smaller (1-5) employees, medium (6-49) employees, and larger (50-250) employees (see section 5.2, general profiles – businesses, chapter 5).

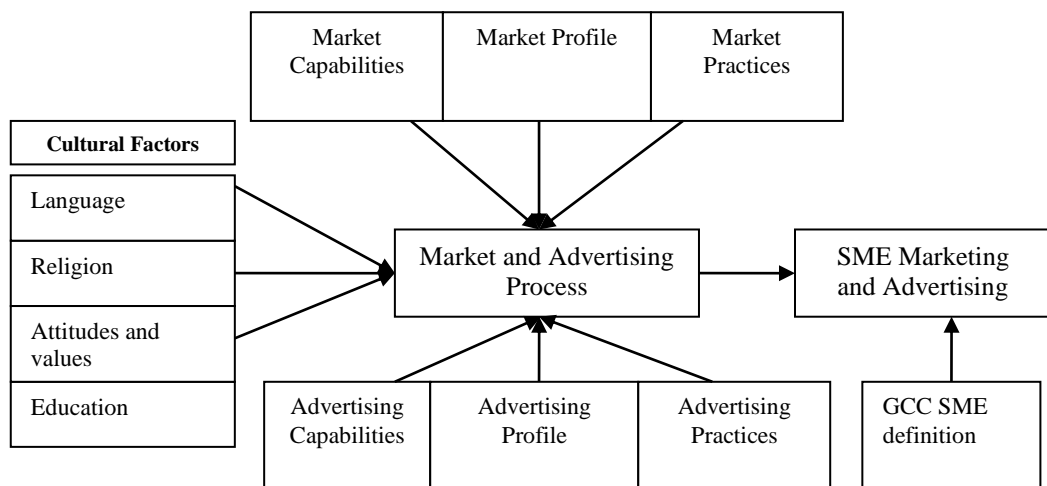
3.5 Conceptual model

To clarify marketing complexity, people deal with marketing. Every one uses and builds models all the time. When you give a colleague direction to your office, you are providing a verbal model of the (physical) route (Lilien, Kotler, Moorthy 1992). Therefore, in this study a model will be used to clarify the link between the cultural factors and marketing in SMEs.

The literature review has considered the key dimensions of the research: marketing, advertising, culture and SMEs. The approach has involved building a conceptual model according to philosophy, definitions and procedure (Jabareen, 2009). Definitions have been taken into account noting that ‘every concept has components and is defined by them’ (Deleuze and Guattari, 1991, p. 15) and ‘a conceptual framework is not merely a collection of concepts but, rather, a construct in which each concept plays an integral role’ (Jabareen, 2009, p. 51). Moreover, a conceptual model ‘lays out the key factors, constructs, or variables, and presumes relationships among them’ (Miles and Huberman, 1994, p. 440). The procedure followed to build the conceptual model concerning the key dimensions of marketing, advertising, culture and SMEs involved an eight phase qualitative process of analysis (Jabareen, 2009, p. 57). Phase 1 mapped the selected literature by ‘scoping’ (Morse and Richards, 2002) to ensure validity (Morse and Mitcham, 2002), phase 2 involved

extensive reading and categorizing, phase 3 identifying and naming concepts through ‘discovering’ and allowing the concepts to emerge from the literature (Morse et al, 2002), phase 4 deconstructing and categorizing the concepts, phase 5 integrating concepts, phase 6 synthesis and making sense, phase 7 validating the conceptual model and phase 8 rethinking the conceptual model. Although the conceptual model analysis has its limitations it offers important advantages to identify marketing, advertising, culture and SME factors through flexibility (flexible conceptual terms), capacity for modification (the conceptual model can be reconceptualised and modified) and understanding (the conceptual model helps in understanding the phenomena) (Jabareen, 2009, p. 58). This model shows how SMEs should relate all their marketing material to cultural factors that have been mentioned in this chapter.

Figure 3.1: Conceptual Model for the SME Market and Advertising Process in the GCC



In order to effectively operationalise the model there is the need to clearly show the factors involved with the concepts and to relate these to the research questions derived from the literature. This is shown in Table 3.12 below.

Table 3.12 Conceptual Themes, Factors and Research Questions arising from the Literature Review on Culture, Advertising, Marketing and SMEs in the GCC

Concepts	Seminal Work	Factors	Research Questions
Culture	Hofstede (1980, 1984) Tuncalp (2001)	Language Religion Attitudes and Values Education	What is the degree of the cultural factors involved in the marketing of Small and Medium-sized Enterprises (SMEs) in Qatar and the other GCC countries including Saudi Arabia, UAE, Oman, Bahrain and Kuwait?
Advertising	Erdem and Tuncalp (1998) Tuncapl (1994)	Advertising spend by owner or advertising agency	What are the capabilities of SMEs to undertake marketing and advertising?
Marketing and SMEs	Al-Shumiamri (2002) Al-Hawaj (2001)	Definition of SMEs. Market capabilities, profile and practices. Marketing function, principles and role. Potential for survival.	What are the characteristics of the SMEs' owner/managers?

Many SMEs run marketing activities, some of them run many activities and some run minor activities depending on the size of the company. Moreover, there are many factors affecting marketing activities in SMEs. This study will consider the cultural factors only as they have a major impact on the results of the marketing activities.

That means a marketing campaign should refer to cultural factors, if it is taking into account religion, language, value, attitudes then the feedback from these factors should be positive which mean SMEs' management can continue in their marketing process campaign written message which should be checked with religion, education attitudes and values as it should not be offensive or damaging to local people's feelings. The same is the case with the images used in marketing materials.

That advertising messages should be congruent with the values of local culture has long been advocated (Zhang and Gelb, 1996; Boddewyn et al., 1986; Belk et al., 1985; Harris, 1984; Hornik, 1980). In addition, empirical studies have found that advertisements reflecting (some) local cultural values are more persuasive than those that ignore them (Gregory and Munch, 1997; Taylor et al., 1997; Han and Shavitt, 1994).

The issue of whether, driven by their need to diversify, the GCC countries have given sufficient attention to the establishment of SMEs and the problems associated with their survival has been investigated and generally the various countries, have been found to be lacking in regard to the encouragement and support on offer to nationals to take the entrepreneurial route. Considering the importance of the SME to all economies this is somewhat surprising. Despite the professed need for diversification of their economies this suggests that the mind set in the GCC is one of continued dependence on the availability of oil revenues.

3.6 Summary

The structure of this literature review has been in three main parts. Firstly, the literature was investigated regarding the status of the SME as a contributor to economic health and its marketing. This was conducted with a focus on culture as a factor affecting marketing in the GCC countries and it was discovered that the issue of the culture effects has not received sufficient attention to date. Secondly, attention was given to the general literature on SMEs to discover a general definition and to reveal the various contributions from scholars in the field. The result has been that no single definition has been found to exist and this may be a failing of the research community or may, in fact, reflect the wide difference between SMEs and the varying nature of the research undertaken. Thirdly, cultural factors in marketing and advertising were explored through a conceptual model.

Overall, the investigations carried out in this chapter have taken place in the light of the significant economic issue relevant to all GCC countries – that of the fluctuations in the price of oil and future threatened falls in that price (Al-Ibrahim, 1996; Jbili, 2000); its finite availability; and, the search for new ways to maintain and enhance the growth and sustainability of those economies and communities. The current high price of oil has brought significant advantages to the GCC economies in their attempts to diversify and discover future stable and secure underpinnings to their economies; issues constantly under discussion in those countries (Aly and Strazicich, 2000). It is widely acknowledged that the GCC countries need to look to, and support their private-sector entrepreneurs through the development and support of SMEs (ESCWA, 2001; Muflih, 2002). The significance of SMEs to the growth and health of economies, whether developing or industrialised, has been identified.

This chapter has taken a critical look at recent literature relating to the development and support of SMEs in general and in the GCC countries in particular. The investigation into the problematic issue of a general definition for SMEs has shown that there is no single definition currently available to researchers. Both the qualitative and quantitative definitions have been shown to have shortcomings and the two most influential definitions with regards to this study (that of the Bolton Committee and the GOIC) have also been shown to be unsatisfactory as regards their usefulness as research tools.

As identified in the introduction to this chapter, there is a serious lack of literature that focuses on the Middle East in general (Abernethy and Franke, 1996; cited in Al-Olayan and Karande, 2000; Giunipero and Flint, 2001). It is hoped that this study will go some way to remedying that lack and to encouraging more research in a similar vein.

Much of what has been discussed in this chapter has acknowledged the, now, uncontested claim that an understanding of the prevailing culture of any market is of paramount importance in the search for effective marketing and advertising practice. The components of culture (the local language(s), religion, attitudes and values, and education) have been discussed for the part they play in influencing the direction of marketing and advertising strategies and their effectiveness. On this basis, marketing and advertising strategies in the GCC countries have been addressed. The contributions of many scholars to the issue of cross-cultural research into marketing and advertising practice have been investigated for the contributions they might make to this study (Dowling 1980; Hong, Muderrisoglu and Zinkhan 1987; Mueller, 1987 and 1992; Weinberger and Spots, 1989; Javalgi, Cutler and

Malhotra, 1995; Abernethy and Franke, 1996; cited in Al-Olayan and Karande, 2000). The relative appearance of marketing in the Gulf region (during the oil price boom in the mid-70s) led to the growth of advertising companies in that area: some indigenous and some as the result of joint ventures with established international agencies (Fasano and Iqbal, 2003). Some notable mistakes have been made due to little attention being paid to the demands of the local culture and these have been identified. Also, due to the appearance of the discipline in that region there is some doubt as to whether the practice of advertising is fully understood by large as well as small local companies. Many studies had attempted to study the responses of customers on certain offensive advertising using culture as an explaining factor (Chan, Li, Deihl and Terlutter, 2007).

It would not be surprising for the owners of SMEs in that part of the World to be unaware of the pitfalls that might occur in creating advertising materials but it shows a marked lack of attention to current views on cross-cultural advertising and even a lack of respect for the local culture when this occurs as the result of an advertising campaign mounted by a large international company.

Chapter four

Research methodology

4.0 Introduction

The research design element of a study is the logical sequence that connects data collected through field research to the study's research questions and finally to the conclusions extracted (Yin, 2009). Research methodologies, therefore, comprise the theoretical frameworks and concepts in which approaches and methods are situated; they provide the rationale and justification for the methods that are selected and the ways in which they are used (Stierer and Antoniou, 2004). It is important to use the literature review to learn about possible methodologies and to support a particular research method (Hair, Money, Samouel and Page, 2007).

This chapter reviews the research methods suitable to this study. Since Gulf Cooperation Council countries consider SMEs to be an important sector for diversifying their economies, they have put more effort into encouraging the establishment of SMEs. The positive change in the GCC countries economy in the new millennium (due to the high oil price) has influenced them to consider SMEs as an alternative to oil should there be another future drop in oil prices.

4.1 Research questions

The research questions investigated in this study are:

1. Research Question One (RQ₁): What is the degree of the cultural factors involved in the marketing of Small and Medium-sized Enterprises (SMEs) in Qatar and the other GCC countries including Saudi Arabia, UAE, Oman, Bahrain and Kuwait?

2. Research Question Two (RQ₂): What are the capabilities of SMEs to undertake marketing and advertising?
3. Research Question Three (RQ₃): What are the characteristics of the SMEs' owner/managers?

4.2 Research objectives

The research objectives of the study are:

- 1) To determine the degree of the cultural factors involved in the marketing of Small and Medium-sized Enterprises (SMEs) in Qatar and the other GCC countries including Saudi Arabia, UAE, Oman, Bahrain and Kuwait.
- 2) To determine the capabilities of SMEs to do marketing and advertising.
- 3) Determine the characteristics of the SMEs' owners/managers.

The research presents results that can be applied practically in businesses in the GCC. It also develops a conceptual model of the effect of culture on marketing activities (with a special focus on advertising) of SMEs in Qatar and the other GCC countries including Saudi Arabia, UAE, Oman, Bahrain and Kuwait.

A primary aim of the research is to understand the influence in practice of cultural factors in the advertising of SMEs in the Gulf States. Consequently, the methods adopted should also match the main objectives of the research (Jones-Evans, 1994).

The research was carried out in three distinct stages. Figure 4.1, below, illustrates the research strategy, which used the methods most appropriate to addressing the research questions posed.

4.3 Research design

Table 4.1 Stages of the research

The stages of the research	
Research Stages and Focus	Research Findings
Stage 1 Overview of the marketing industry in the economies of the Gulf countries	The environment within which the marketing of SMEs takes place
Stage 2 Population of SMEs Survey of consumers	Determining the cultural factors involved
Stage 3 Selected SMEs	Nature and importance of the factors Involved

The research has used:

- secondary data to assess the existing environment which exists for the marketing of SMEs in Qatar and the GCC countries;
- quantitative methods to determine the cultural factors involved in the marketing of SMEs.

4.3.1 STAGE 1: an assessment of the marketing industries in the economies of the Gulf countries

The first stage of the research has set out the existing advertising environment which currently exists within the economies of the Gulf countries. This has drawn primarily on existing research, secondary data sources and information from key policy makers regarding advertising and SMEs. Secondary data sources include existing literature in the area, consisting of both published material and *grey* literature (including reports from national bodies, universities and consultants).

4.3.2 STAGE 2 – questionnaires

The second stage of the research involved three main sub-tasks. Firstly, to establish a population of suitable SMEs from Qatar and the other GCC countries, using the guidelines established in stage 1. Following this, a sample of SMEs have been drawn up and stratified by size and type. The second sub-task has been the development of an initial (pilot) questionnaire and follow-up questionnaire. The initial questionnaire was a short two-side survey to gauge the significance of cultural factors on the marketing of SMEs in Qatar and the other GCC countries. Following this a longer, three-side questionnaire was used to obtain more in-depth information. A questionnaire for distribution to consumers in Qatar and the other GCC countries concerning SME advertising was also constructed. The final part has been data collection using the questionnaires developed. The methods of distributing the questionnaires for data collection were post and e-mail. Data cleaning and the input of information followed this. The data gathered was examined quantitatively using the SNAP survey software package.

The way in which questionnaires are constructed is as important as the nature and wording of the questions asked. Respondents can be confused and misunderstand the questions if they are not presented in a suitable format (Babbie, 1990). In drafting an initial questionnaire, borrowing questions from other research studies is acceptable, even encouraged (Czaja, Blair 1996). As a general rule, the questionnaire should be spread out and uncluttered.

4.3.3 STAGE 3 – detailed cluster analysis

This stage of the research had the objective of undertaking a detailed cluster analysis of the issues regarding the cultural factors arising from the analysis carried out in stage 2 (see section 4.5).

By having both academic and practical significance the research contributes to the body of understanding of the processes involving cultural factors and the marketing of SMEs in Qatar and the other GCC countries, with specific reference to advertising. This has significance for the development of specific policy measures to aid this process. The research builds on previous studies identified in the literature review and provides knowledge about the different cultural factors involved in the marketing of SMEs. This may result in the development of specific initiatives in which SMEs in Qatar and the other GCC countries have access to the benefits of identified cultural factors at the most relevant level.

4.4 Research approach

This research has used quantitative data and the use of secondary data available together with primary data such as the questionnaires: a combination of methods. Good research cannot be built on poorly collected data (Gillham, Bill, 2000).

Some researchers refer to quantitative and qualitative approaches and paradigms. Data collected in numerical form is called quantitative (positivist) and data collected in a qualitative form is called interpretive. In this study the terms *quantitative* and *qualitative* will be used.

4.4.1 Positivist

Positivism is a philosophical concept, and refers to a particular set of assumptions about an appropriate way of study (McNeill and Chapman, 2005). Positivism assumes that there is a social reality to study that is independent of the researcher and the research subject.

As highlighted by Matthews and Ross (2010), the positivist approach has a number of distinct features:

- knowledge is defined so it can be observed by the researcher;
- knowledge of the social phenomenon is based on what can be observed and recorded rather than on subjective understanding;
- data usually are gathered to test hypotheses which have been generated from an existing theory; and,
- the researcher is independent of and has no impact on the data.

In other words, positivism means quantitative data are collected. It has the facility to measure large amounts of data and statistical analyses are often used where the research needs to be objective, reliable and produces mainly quantitative or statistical data.

4.4.2 Interpretive

Many researchers believe that there should be an understanding and explanation of a phenomenon which is not necessarily observable by the researcher but can be interpreted by them.

An interpretivist approach has the following features:

- knowledge gathered should include people's explanation and understanding;

- the main focus is on how people interpret the social world and social phenomenon;
- the researcher is interpreting other people's interpretation; and,
- the researcher works with the data gathered to generate theory.

(Matthews and Ross, 2010)

The interpretive approach means that qualitative data is collected within a specific context.

Rossmann and Wilson (1984, 1991) suggested that the linking of qualitative and quantitative data enables: (a) confirmation or corroboration of each other *via* triangulation; (b) elaboration or development of the analysis, providing richer detail; and, (c) initiation of new lines of thinking through attention to surprises or paradoxes, turning ideas around, providing fresh insight.

Quantitative research tends to involve relatively large-scale and representative sets of data, and is often, falsely in our view, presented or perceived as being about the gathering of "facts". Qualitative research, on the other hand, is concerned with collecting and analysing information in as many forms, chiefly non-numeric, as possible. It tends to focus on exploring, in as much detail as possible, smaller numbers of instances or examples which are seen as being interesting or illuminating, and aims to achieve "depth" rather than "breadth".

(Blaxter, Hughes and Tight, 2007:64)

It has been noted from the literature that a variety of authors claim that it is common to use more than one research method in a study. Mixing methods is acceptable since both qualitative and quantitative methods have strengths and weaknesses that need to be recognized by the researcher (Burgess, Sieminski and Arthur (2006).

Collis and Hussey (2009), however, advise researchers that blending the two approaches might not be acceptable to supervisors and examiners. On the other hand, Collis and Hussey (2009) claim that many of the methods used to collect

qualitative data have much in common with those used to collect quantitative data. Although many studies have used a mixture of methods to gain a wider perspective on the study (Table 4.2) this study has used a quantitative approach.

Table 4.2 Matching quantitative and qualitative approaches to data collection method

Approach	Data collection methods
Quantitative	Surveys and questionnaires which ask the same questions of usually large numbers of people or cases
	Secondary quantitative data which is available for further analysis
	Content analysis- counting the number of cases of different words or ideas in written or spoken material
	Observation – counting the number of occurrences of different events
	Case records/formats with ready structured information
Qualitative	Semi-structured /unstructured interviews which enable research participants to talk about a set of questions or topics in their own way
	Focus groups- a semi- structured facilitated discussion with a small group of people
	Gathering documents relating to research questions and asking questions of the documents
	Narrative – gathering people’s stories to analyse how the story is told
	Participant or non-participant observation of a situation or social context

Source: Matthews and Ross (2010)

4.4.3 Primary data

Primary data is the data researchers gather themselves for the purpose of their research (Matthews and Ross, 2010). Primary data is gathered by the researcher using data collection methods appropriate for the type of research they are doing. Most popular primary data tools are interview and questionnaire. Although they are more costly than secondary data most researchers use this method of data collection to enhance their research through their own data collection.

4.4.4 Secondary data

Any research needs secondary data to start with as a base and as a background to the study. It is common that researchers search in other scientists' and authors' work for more information and build up the base for their work. It is an important start for any researcher to do a secondary data collection. Few researchers, for example, feel able to manage without a literature review or secondary data collection and More (2006) and Grix (2004) say that all dissertations or theses will have to engage with a body of existing scholarly work. Governments and some universities have facilitated researchers to access others' research results.

Walliman (2011) explains the advantages and disadvantages of secondary data.

- Advantages of secondary data:
 - 1- it has been the result of expert's work which added to subject knowledge;
 - 2- it has been done in long term not short term studies; and,
 - 3- usually this data is open to the public and everybody can look into it.
- Disadvantages of secondary data:
 - 1- missing out on the experience of gaining this information in reality; and,
 - 2- the purpose of why the data were collected might not be the same as that of the researcher looking into them.

This means that researchers should be careful when using secondary data and ensure that they are matching the purpose of their study.

4.4.4.1 Types of secondary data

The types of secondary data are as follows.

- Written materials

Companies and organizational records such as internal reports, annual reports, balance sheets, personnel data and communications such as emails, letters and any other means of publications issued by the company.

- Non-written materials

Television programmes, radio programmes, video tapes, tape recordings and lectures.

- Survey data

Government census of population, employment, household surveys, economic data, economic surveys.

4.4.5 Quantitative approach

Firestone (1987) suggests that, on the one hand, quantitative studies *persuade* the reader, through de-emphasizing individual judgment and stressing the use of established procedures, leading to more precise and generalizable results. Conversely, qualitative research persuades through rich depiction and strategic comparison across cases, thereby overcoming the abstraction inherent in quantitative studies. In the context of this piece of research, quantitative research is concerned with the measurement of markets and can include the calculation of market size, market segments, brand shares, and frequencies of buying, amongst others. Such quantitative data is required to be to some level of accuracy (though not in all cases to very high levels) and the methods used must be capable of achieving this (Hague, Hague and Morgan, 2004).

Quantitative research is considered hard-nosed, data-driven, outcome-orientated, and truly scientific (Yin, 2009). It deals with statistical and countable manipulations of numbers to process data and summarize results. Usually, it is not difficult to think

of the questions that are to be asked by investigators using quantitative designs (Locke, Silverman, Spirduso, 1998). The quantitative approach is considered less expensive and easier than the qualitative approach.

Before discussing the questionnaire methods, it is necessary to highlight the questionnaire and its details.

➤ **Questionnaire:** the questionnaire usually is the favourite survey tool when seeking responses from large numbers of respondents as they can be counted, measured and statistically analyzed. A questionnaire has a job to do and uses responses as the data for analysis.

The term questionnaire has been utilized in different ways. Some use the term for only self-administrated and postal questionnaires while others would include an interview whether face to face or by telephone (Oppenheim, 1992). As per (Matthews and Ross 2010), a questionnaire is a set of questions which can be answered by the research participants in a set of ways.

After many weeks of planning, reading, design and exploring pilot work, there will be a need for a questionnaire to lead to an answer of the research target. Grix (2004) says that questionnaires are most effective when used in conjunction with other research methods. He continues that a questionnaire is a list of questions sent to specific individuals and if lucky the researcher will get a response.

When setting a questionnaire, the following should be considered.

- Clear questions
- Straightforward questions
- Avoid too many questions and pages
- Assurance of confidentiality

When sending out questionnaires, the below should be followed.

- Explain the purpose of the questionnaire and assurance of confidentiality
- Mention the purpose of the research
- Provide the address for returning the completed questionnaire
- Highlight that the response is voluntary
- Thank the respondent for the effort and time spent in completing the questionnaire

➤ **Covering letter:** a covering letter is crucial. A good covering letter can improve the response rate by ten or fifteen percentage points (Moore, 2006). There was a covering letter with each questionnaire sent explaining the purpose of this survey and signed by the researcher. It was only in English as most of the business people targeted in this study are in high positions and have a strong English base. The University of Glamorgan (now University of South Wales) name was printed prominently, together with its logo indicating that the survey was for an academic purpose and for PhD study.

➤ **Layout:** a questionnaire should not be over long otherwise there will be a lower response rate. Respondents will be bored by a long questionnaire and will not respond or will respond without full completion of the questionnaire. To obtain a better layout, it is wise to do the following.

- Number the pages and questions
- Do not crowd questions on top of each other. Have enough spaces between questions
- Make sure that questions are clear to attract respondents to answer

- Try putting easier questions at the beginning and gradually allow them to become more complicated
- Clear presentation is highly encouraging to gaining a response to the questionnaire
- **Questionnaire delivery:** there are two main ways to deliver questionnaires either postal or email. Postal is more difficult these days even though there was a paid envelope in which to return the completed questionnaire.
- **Questionnaire structure:** the questionnaire was divided into three main sections, A, B and C.
- **Section (A), information about the owner or manager**

In this section there are sets of questions designed to provide a full background of the owner or manager of the SME.

- 1- Name and position
- 2- Age
- 3- Income
- 4- Qualification
- 5- Training and type of training

- **Section (B), the business**

In this section there are questions about the business and ownership type to give an overview about the business.

- 1- Ownership status
- 2- Type of business
- 3- Number of staff

- 4- Sales turnover
 - 5- Departments
 - 6- Website and purpose of web site
 - 7- Importance of departments
- **Section (C), Marketing** section C has three sub sections C1, C2 and C3.
- **C1, Companies with marketing departments**
 - 1- Number of staff in the marketing department
 - 2- Marketing budget
 - 3- Importance of marketing department
 - 4- Control of marketing budget
 - 5- Responsibility of advertising design
 - 6- Responsibility of advertising design selection
 - 7- Consideration of cultural factor
 - 8- Cultural criteria
 - 9- Position of cultural factors
 - 10- Measurement of advertisement success
 - **C2, companies without a marketing department**
 - 1- Marketing activities without marketing department
 - 2- Reasons for not having a marketing department
 - **C3, view on marketing**

Section C is mainly focused on the degree of agreement with certain questions and the degree of satisfaction. It is designed to seek the opinions of the respondents on how they look into advertisement and cultural factors affecting the advertisements.

➤ **Sampling:** Sampling is usually linked to the research target. Who are you targeting? Based on the target of the research, sampling can be defined. Sampling is difficult. Sampling means taking a sample of a bigger group, looking into the detail of the sample and then applying its characters on the whole group from those samples (Moore, 2006). It aims to produce a sample that can be shown to be highly representative of the targeted population.

In this research; the target is a business segment; small and medium-sized enterprises which have many categories to them. There are corner shops, small factories, book stores, automobile repair shops ... and many others.

As the research encompasses four different countries, a work plan was set out to approach those four countries' authorities to provide the relevant database of SMEs. Yellow pages and chambers of commerce were main bodies used for building the SME data base. At the initial stage there was a random sample selected from the businesses but to overcome this, sampling frames were used.

➤ **Sampling frames:** to select randomly, first a list of the whole group to be sampled is needed. This is known as a sampling frame; and in this context the group to be sampled is known as the population. It is important that the sample frame is accurate such as the number of companies is up-to-date and that the list contains the right contacts and addresses.

As the research was undertaken within the four countries, the sample was collected into four areas and divides the research among those four countries, Qatar, UAE, Bahrain and Oman.

The quantitative approach has three questionnaire methods: self-completion, interviewer-completion and observation.

Self-completion: uses a structured questionnaire. It consists of closed questions, mostly with predefined answers. Structured questionnaires are used for sample sizes of large quantities. Self-completion is usually conducted by telephone, face-to-face or by the respondent alone.

Interviewer-completion: is also called a semi-structured questionnaire where it is completed through a personal face-to-face interview or by telephone. Using semi-structured questionnaires enables the researcher to gather a mixture of quantitative and qualitative information.

Observation: is a quantitative method involving the collection of large amounts of numerical data, such as studying individuals' click-through behaviour on the internet or purchase behaviour using scanner methods (Hair, Money, Samouel and Page, 2007).

Questionnaires have two major problems which have been faced in the pilot study conducted by the researcher. Non-returned questionnaires (and having some questions not answered) affects the total number of respondents. Also, some respondents may have given more than one answer to a question.

For the benefit of this study, using both methods permits the generation of more data and provides resources for data triangulation (Brewer and Hunter, 1989). Researchers are allowed to use a combination of approaches as one is dealing with numbers (quantitative) and the other deals with people's words and feelings (qualitative).

Table 4.3 Features of quantitative approaches

Quantitative

Ontological and epistemological approaches are positivist (assumes that the social world is real)

Research questions may be set out as testable hypotheses

The research question can be answered (or hypothesis tested) by counting events and using statistical analysis

Researcher normally knows what he is looking for

Research design/ strategy is usually fixed before data collection

Objective (researcher is not part of the research)

Often uses tools (such as surveys or questionnaires) to collect data

Data is often represented by numerical or named codes

It may be possible to generalize from the data

Source: Matthews and Ross (2010)

4.5 Cluster analysis

Cluster analysis was used to analyse the data and the results of the research. This involved the grouping of the data as clusters which were groups that were more similar to each other than those in other groups (clusters). Cluster analysis is a recognised method for exploratory data mining and a technique used for statistical analysis. It is also used in many fields such as informational retrieval, pattern recognition and machine learning. It involves the general task to be solved and is not one specific algorithm. Cluster analysis can be achieved through various algorithms differing significantly in notion of what is constituted by a cluster and how they can

be efficiently found. In this research the notion of a cluster is perceived as an interval or particular statistical distribution. It can be formulated as a multi-objective optimization problem. The parameter settings and the appropriate clustering algorithm, such as the number of expected clusters or the density threshold, depend on the intended use of the results and the individual data set. Accordingly, cluster analysis is an interactive multi-objective optimization or an iterative process of knowledge discovery. In order to achieve the desired properties model parameters and data pre-processing will often need to be modified. Whereas in automatic classification the resulting discriminative power is of interest and in data mining resulting groups are of interest.

The origin of cluster analysis goes back to anthropology where it was originated by Driver and Kroeber in 1932 and following this used in psychology by Zubin in 1938 and Tryon in 1939 (Bailey, 1994; Tryon, 1939), and then for trait theory classification in personality psychology by Cattell in 1943 (Cattell, 1943). The notion of a cluster, according to Estivill-Castro, cannot be clearly defined, and this is one of the reasons why there are many clustering algorithms (Estivill-Castro, 2002). The common denominator is a group of data objects. Different researchers employ differing cluster models, and different algorithms can be used for each of the cluster models. Therefore, a cluster varies considerably with its properties according to different algorithms. A key to understanding differences between algorithms is the understanding of the cluster models. In this research a non-complex or simple model has been employed whereby clusters are modelled as a group of data objects. Clustering is basically a set of clusters containing the objects in the data set. Also, the

relationship between the clusters can be specified. The clusters have been identified according to hard clustering where data objects belong to a cluster. Finer distinctions for this research have included strict partitioning clustering where each object belongs to one cluster and strict partitioning clustering with outliers where objects also can belong to no cluster being considered outliers. Since there is no correct clustering algorithm clustering can be considered to be in the “eye of the beholder” (Estivill-Castro, 2002). For a particular problem the appropriate clustering algorithm needs to be experimentally chosen unless there is preference for one cluster model over another. An algorithm designed for one type of model is inappropriate for another type of model (Estivill-Castro, 2002).

The non-complex clustering model (Estivill-Castro, 2002) employed in this research is based on the grouping of data objects. Here the clusters are defined as objects belonging to the same cluster. This resembles the way artificial data sets are generated by the random sampling of objects. Although the theoretical foundation is good this method suffers from “over fitting”, which is a key problem. This can be overcome through constraints on model complexity. Since more complex models can explain data better, the choice of appropriate model complexity is difficult. Correlation and dependence between attributes can be captured by models produced by clustering. But these algorithms can be problematic for the user since real data sets may not have a strictly defined mathematical model.

Since this research is in the area of business and marketing, and more specifically market research, cluster analysis has been deemed appropriate since it is widely used

in market research when working with survey data. Through using cluster analysis the researcher has been able to partition the data in order to better understand the relationships between the different groups. Therefore for this research the main clusters are defined as follows:

Cluster A - “Limited interest and ability”

Cluster B - “Interested but crippled”

Cluster C - “Interested with demi ability”

Cluster D - “Sophisticated but not interested”

Cluster E - “Sophisticated and interested”

Since 57 respondents of the 403 respondents were outliers (14% of the respondents) these could not be used in the clusters. The results of the cluster analysis are presented in chapter 5.

4.6 Pilot study

A pilot study was undertaken to examine the responses from SME owner/managers in support of forming the full survey. The questionnaire was the method used at this stage as it is the easiest way to measure respondents’ rates of reply and their understanding of the questions. This can be proved by the number of questions left without answers. As a general rule, the researcher must continuously ask why s/he is asking this question (Sudman and Bradburn, 1982).

It must be borne in mind that GCC countries have not yet reached the state of business analysis which produced the levels of data as exist in the West. As a result there is a paucity of data on which to draw for the purposes of this study.

Concomitant with that condition is the fact that many business owners and managers (of SMEs in particular) are simply not aware of the vocabulary associated with the various aspects of management (which has arisen from the wide-ranging analysis undertaken in the West) and are, therefore, at a disadvantage, even in discussing elements of their own businesses. This has resulted in difficulties related to the questionnaire for this study. On the other hand, a questionnaire is still the widely accepted method of collecting data to reach an acceptable level of data collected. Some of the businesses approached in the pilot study did not return questionnaires completed in such a way for the data to be usable. As a result of this, attention needed to be given to the wording of the study questionnaire to reduce the amount of unusable data.

The initial questionnaire targeted 20 SMEs in four countries (Qatar, UAE, Bahrain and Oman), there were 17 responses (85%).

There were four sections to the questionnaire:

- a. information about the questionnaire respondent;
- b. the business;
- c. marketing: (c1) companies with marketing units; and, (c2) companies without marketing units; and,
- d. views on marketing

All correspondence was *via* e-mail. In Oman, Bahrain and the UAE all correspondence was *via* contacts' e-mails – they then forwarded the questionnaire to the selected companies based on the criteria set by the researcher; mainly to small or medium-sized companies.

In Qatar (the researcher's home country) the researcher submitted the questionnaire to companies by hand. The most completed questionnaires were received from Oman. Regarding responses from other countries, respondents answered some questions and left others unanswered.

Generally, the pilot study is important in terms of the information and knowledge gained for the design of the final survey. There are many issues and additions that will be considered in forming the final draft based on what has been learnt from this pilot study. Examples of what could be learnt from a pilot study are as follows.

- (1) Some questions were left unanswered so it was advisable to rephrase them in a clear way for the main questionnaire and it was necessary to interview some owners to obtain clear answers;
- (2) regarding the target recipients, it was only owners or general managers but no other managers (such as marketing or sales) as most of the SMEs surveyed conducted marketing activities but did not necessarily have a marketing/sales manager in charge of this activity; and,
- (3) the marketing department question was changed to discover which companies conduct marketing activities.

4.7 Summary

An important aspect of the chapter lay in describing the range of methods used in achieving the goal of the study. In this chapter research philosophies were reviewed and the quantitative approach evaluated.

The research strategies in this study are therefore based on quantitative methods. Adoption of quantitative methods followed sequential procedures in which a

quantitative study was undertaken to investigate the relationship between marketing and culture for SMEs in the GCC countries. Throughout the research quantitative data were analysed. Following the construction of the proposed conceptual model (see figure 3.1) the main features were explained in both the questionnaire and cluster analysis studies. These were then considered in relation to the literature in order to triangulate the results.

The description of the research methodology adopted in this research provides a basis for carrying out the research and understanding the data analysis of the results in the next chapter.

Chapter five

Data analysis and results

5.0 Introduction

In chapter four it was explained that the main driver for this research is the questionnaire, which was an important element in the data collection. It is of particular importance due to the severe lack of literature available in countries such as those of the GCC.

Based on the questionnaire distributed among four GCC countries, Qatar, Bahrain, UAE and Oman, this chapter critically discusses the findings to discover how important marketing and advertising are to SMEs in those countries. It will also look at the role of culture in advertising in the GCC countries and whether the companies investigated consider this issue when embarking on an advertising campaign.

Firstly, this chapter looks at the general profile of the respondents, on variables such as age, country, income and qualification. Characteristics such as age and qualifications of respondents are important as they shape their understanding and, hence, their answers.

Secondly, the chapter focuses on the business profile of the SMEs surveyed in terms of their ownership status, size, type, turnover, and whether they even have a marketing department. These business characteristics are an important indication in relation to whom and what is being surveyed.

Following the analysis of the findings regarding the respondents' characteristics and business profiles, five clusters were created based on the beliefs held by the

participants concerning the importance of marketing and advertising and their capabilities of carrying out any advertising activities.

The content of each cluster is provided together with the findings which arose as the outcome of the clusters analyzed.

5.1 Analysis of questionnaire

The questionnaire was the main tool used to collect primary data for the study. The table below illustrates the number of questionnaires sent and received in return.

Table 5.1 Number of questionnaires sent and received

COUNTRY	NO. OF QUESTIONNAIRES SENT:	NO. OF QUESTIONNAIRES RECIEVED:	PERCENTAGE
Qatar	500	166	33%
UAE	400	100	25%
Bahrain	400	99	25%
Oman	300	38	13%
Total	1600	403	25%

5.1.1 General profiles – respondents

In this section, an analysis is presented of the respondents' geographical location, age, qualifications, training and income.

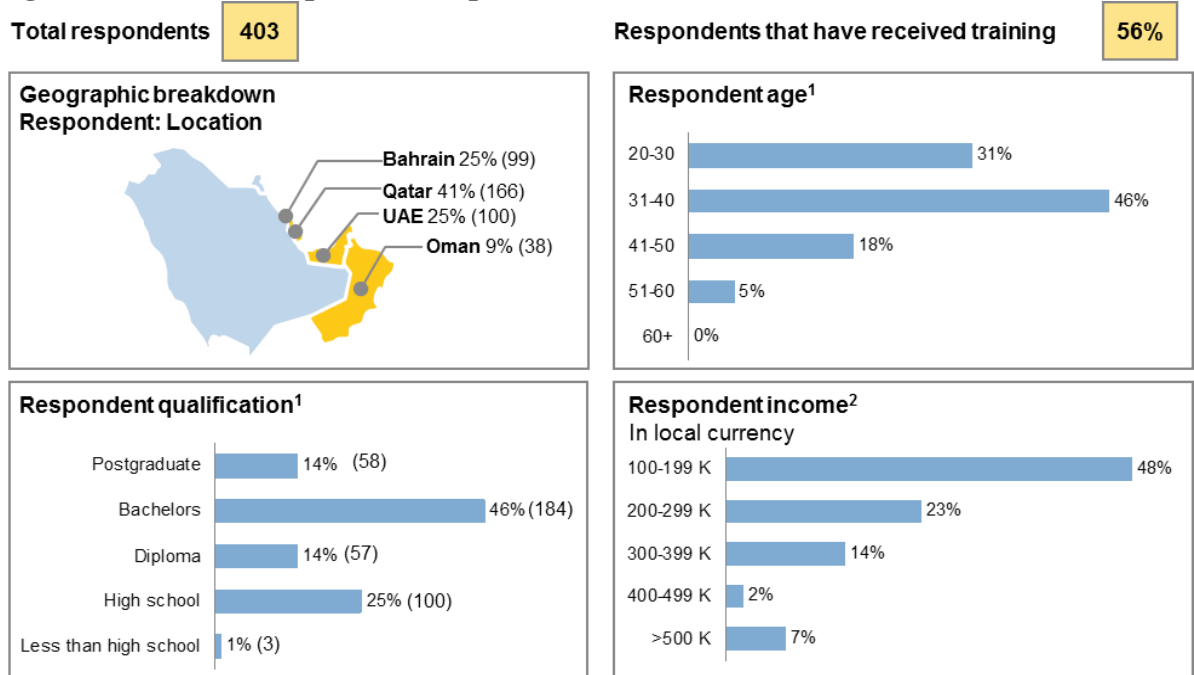
The total number of respondents in the study is 403. As shown in the graph (fig. 5.1), the response from Qatar was 166, (41%) of the total respondents.

The response from the UAE was 100, (25%) of the total respondents. The number of respondents from Bahrain was 99, (25%) of the total respondents. The least number of responses came from Oman: where only 38 (9%) responded from the total number of respondents.

Of the total respondents, 60% have a bachelor's degree or higher qualification which suggests why more than half of the total respondents claimed that they had received some training (56%). A smaller percentage (14%) had a diploma and 25% had a high school certificate. Those with less than a high school qualification amounted to only 1%, which indicates that the majority of SME owners or workers are well educated.

Age is a positive sign for high qualifications and training and the majority of respondents in this study were aged from 20-30 years (31%) and 31-40 years (46%). Only a few respondents answered the question on income but those responses do indicate that the majority were on relatively low pay. This shows that most of the workers in the SMEs under investigation (53%) had no ownership. This is explained in the section on business profile.

Figure 5.1 General profile – respondents



5.2 General profiles – businesses

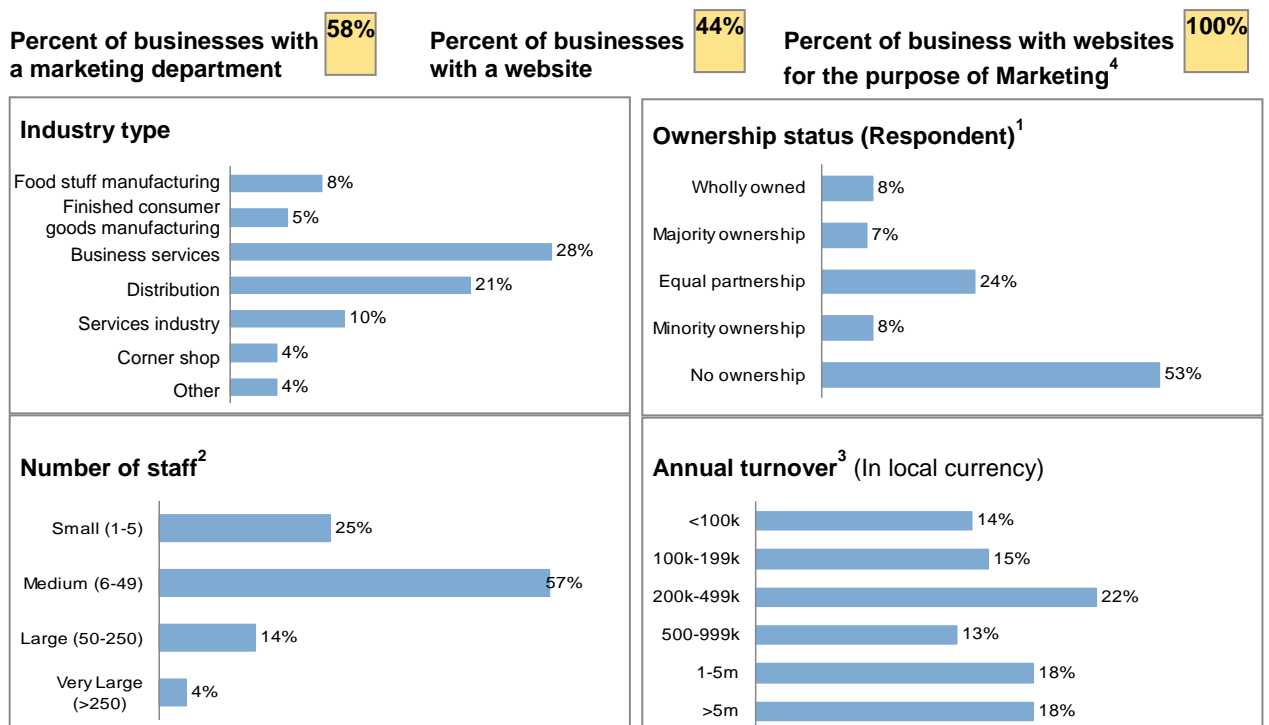
In chapter three it was explained that, according to the Gulf Organization for Industrial Consulting (GOIC), small industrial companies have between 10-30 staff and medium companies from 30-60 staff. Large companies are those with more than 60 staff (Abu-Huliaqa and Zind, 1994). But there is no common definition amongst the GCC countries for small and medium-size enterprises. As there is no common definition for SMEs amongst the GCC, SMEs have been classified, for the purpose of this study, as small (1-5) employees, medium (6-49) employees, and large more than 50 employees. It is clear from the business profiles of the companies surveyed, that the majority of the companies are small to medium-sized. In fact, a quarter (25%) of the companies had 1-5 staff members which makes them even smaller than the gradations on size as supplied by the GOIC. A further 57% are medium-sized, having 6-49 staff.

The companies surveyed have shown an understanding of marketing and how important it is with 58% of them answering that they do have a marketing department. The size of the marketing department depended on the size of the business as some departments consisted of only one person in the smaller companies. It shows also that 44% of them have a web site as an advertising tool and these websites were 100% for marketing purposes.

The GCC, as wealthy countries, have their markets dominated by foreign labour (Kapiszewski, 2007) which may explain why the workers in the SMEs surveyed were not owners.

The survey results show that 53% of SMEs visited had managers or workers that did not have any element of ownership in the business and only 8% had a minority ownership. Of the total, 24% had an equal ownership but continued to work in the business. GCC labour markets are unique in terms of the dependence on foreign labour (Forstenlechner, 2010).

Figure 5.2 General profile – businesses



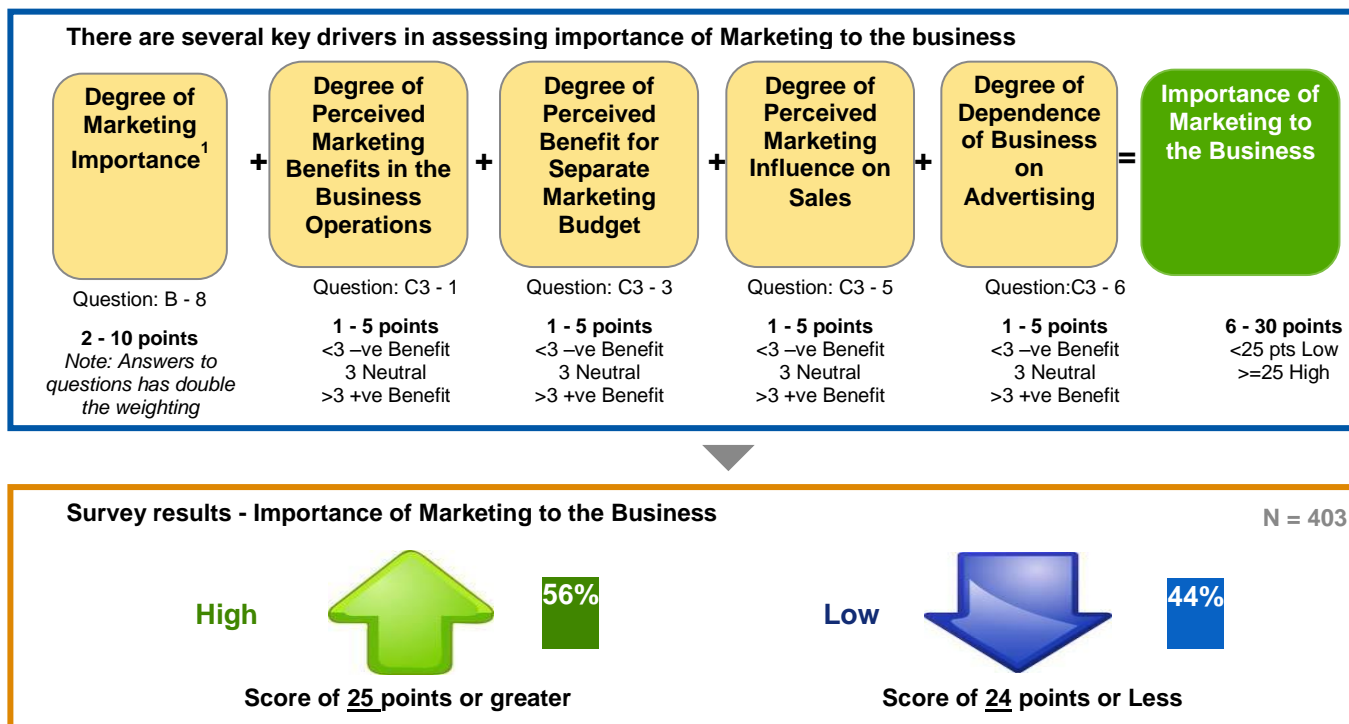
Note: 1 Sample Size 398, 2. Sample size 306, 3 Sample size 335, 4: Any respondent which checked "Marketing" as a purpose for the website, may also include answers which other options were also chosen.

5.3 Importance of a marketing department to the business

Various questions in the questionnaire distributed (five questions from sections B and C3) were designed to measure the importance of the marketing department for the business. From analyzing these five questions the importance of marketing within the respondents' businesses could be gauged. The direct question about the importance of marketing was given double weight.

It can be seen from the results that 56% of the respondents thought that marketing is highly important to their business. In contrast, we also should not forget that 44% of the respondents see that marketing is not important to their business. It is not a small percentage. On the other hand, are these companies' marketing departments actually capable of conducting marketing and advertising activities? The following section shows their capabilities.

Figure 5.3 Importance of marketing department to the business



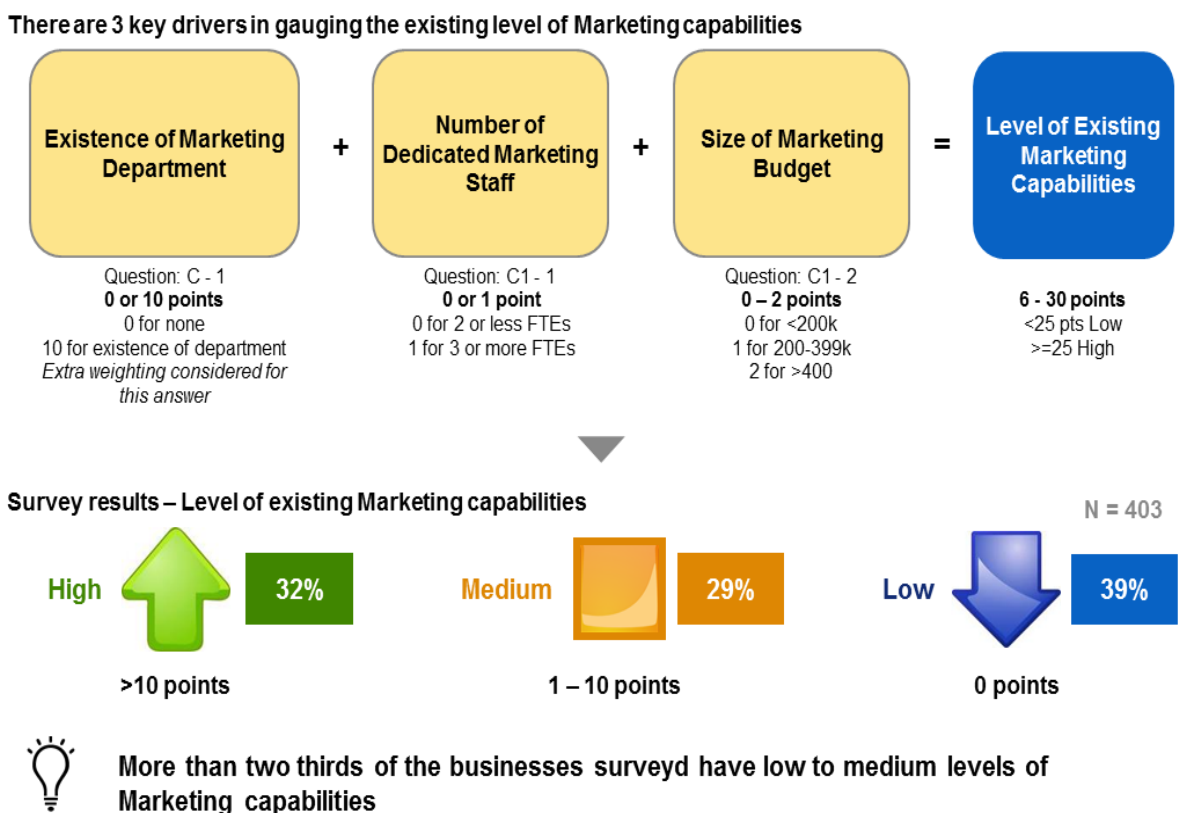
More than half of all respondents view Marketing as highly important to their business

Note 1. Degree of Marketing Importance is given double weight, all other drivers are counted in degree indicated (1-5)

5.4 Marketing capabilities in SMEs

Although 56% of SME respondents think that marketing is important, other questions in the survey show that there is a lack of marketing capabilities. From the answers to several questions in section C, it can be seen that more than two thirds of the businesses surveyed have low to medium levels of marketing capabilities; especially in terms of marketing staff and budget. Specialized staff in marketing could also be one of the problems regarding capabilities. A more in depth investigation of advertising and culture will be given as culture should have an important effect on shaping the advertisement message (Kalliny and Gentry, 2007).

Figure 5.4 Marketing capabilities in SMEs



The unawareness of marketing and advertisement techniques is a capability issue within SMEs as they are important to strengthen the marketing capability.

5.5 Main clusters

As reported in section 4.5 a cluster analysis was used to analyse the data and the results of the research. This involved the grouping of data as clusters with groups which were more similar to each other than those in other groups. The common denominator was the group of data objects. In this research a simple cluster model was used whereby clusters were modeled based on the group of data objects. The clustering was basically a set of clusters containing the objects in the data set. Through using a simple cluster model, with grouping of the data objects, the clusters were defined as objects belonging to the same cluster. The cluster analysis enabled the researcher to partition the data in order to understand the relationships between the different groups. For this research the main clusters are defined as follows:

Cluster A - “Limited interest and ability”

Cluster B - “Interested but crippled”

Cluster C - “Interested with demi ability”

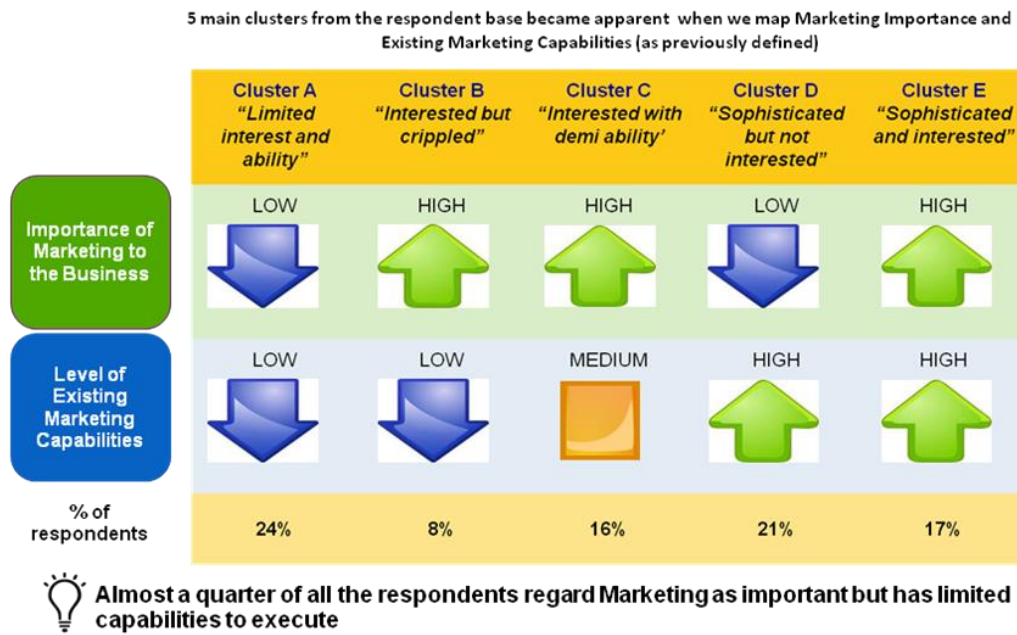
Cluster D - “Sophisticated but not interested”

Cluster E - “Sophisticated and interested”

The analysis of the clusters involved an overview of the businesses, marketing practices and an advertising analysis. Following this with regard to the effectiveness of the cultural factors in the marketing of SMEs in Qatar and the Gulf Co-operation Council countries with special focus on advertising the findings of the cluster analysis are tested according to the hypotheses formulated for the research study.

For a deeper understanding of SMEs’ key attributes and their behaviour in marketing and advertising, they are grouped together on the basis of their view of marketing importance and existing marketing capabilities as obtained from the survey results.

Figure 5.5 Main clusters with views on marketing and marketing capabilities



Respondent base = 403, however 57 respondents were outliers and cannot be clusters (14% of respondents)

As may be seen in table 5.5 above, a small percentage of SMEs regard marketing activities as important but, in general, they have limited capabilities to plan and to execute those plans.

Each cluster is discussed individually with regards to other questions in the questionnaire such as culture and advertising. This is as an outcome from the questionnaire in four GCC countries, Qatar, UAE, Bahrain and Oman. These clusters are investigated based on the countries where the SMEs are sited.

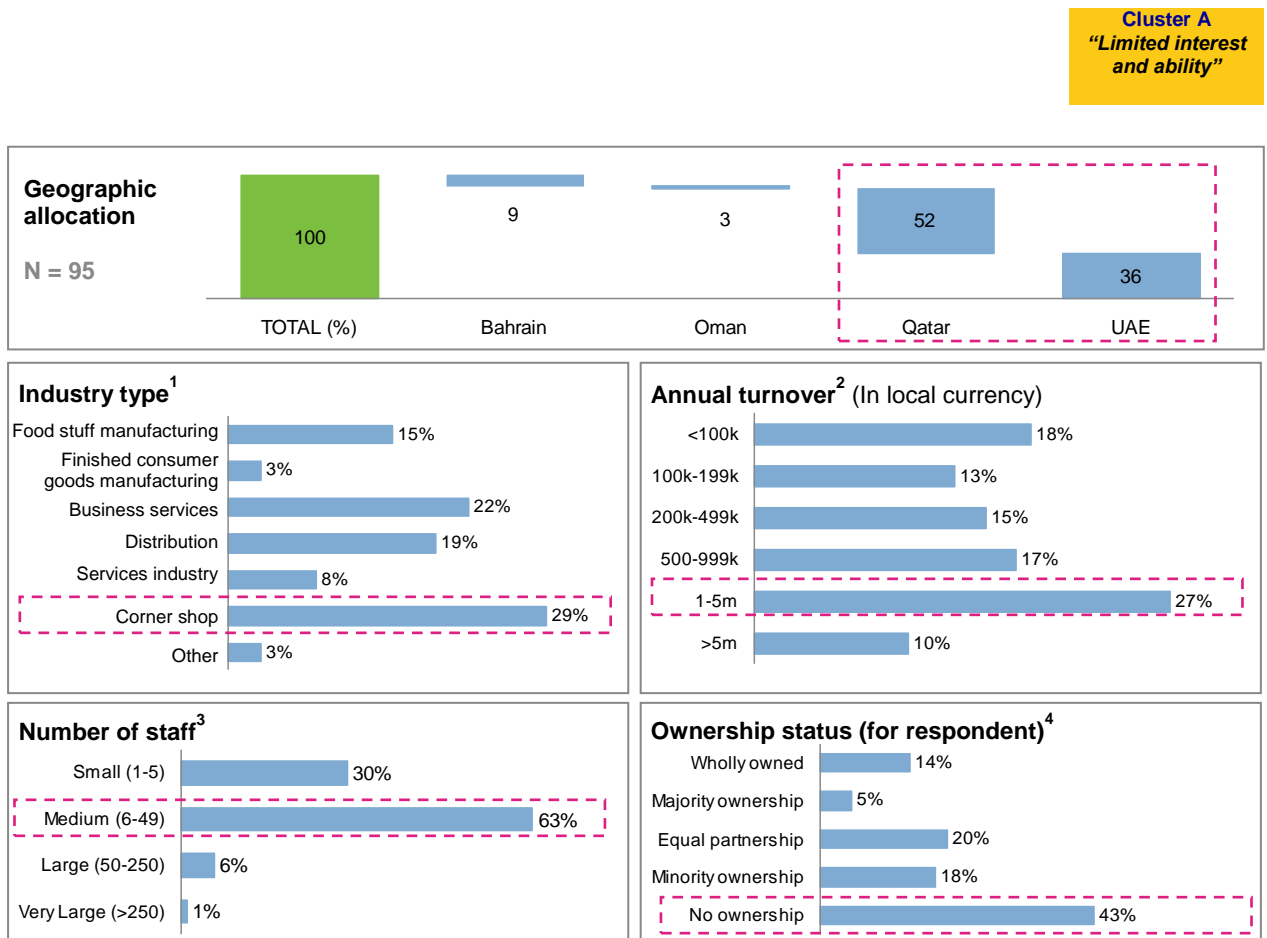
5.5.1 Cluster (A) - Limited interest and ability

This cluster of SMEs is grouped together because they have a low opinion of the importance of marketing and little ability to execute it.

5.5.1.1 Overview of the businesses – Cluster A

The majority of this cluster of SMEs is in Qatar and the UAE where most SMEs are corner shops, business services, distribution, and food manufacturing. Turnover is quite high due to a high percentage of distribution and manufacturing. The largest proportion of these businesses are medium sized (63%) employing from 6-49 people. As a result of their size they also have the largest annual turnover. Only 30% of the businesses surveyed employed from 1-5 staff. Most of the managers of the SMEs within this cluster have no ownership status in the business.

Figure 5.6 Cluster A – marketing profile



Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. Some respondents chose both an industry type and “Other”, for these, we exclude “Other”, N = 95, 2. N = 88, 3. N = 81, 4. N = 94

5.5.1.2 *Marketing practices – Cluster A*

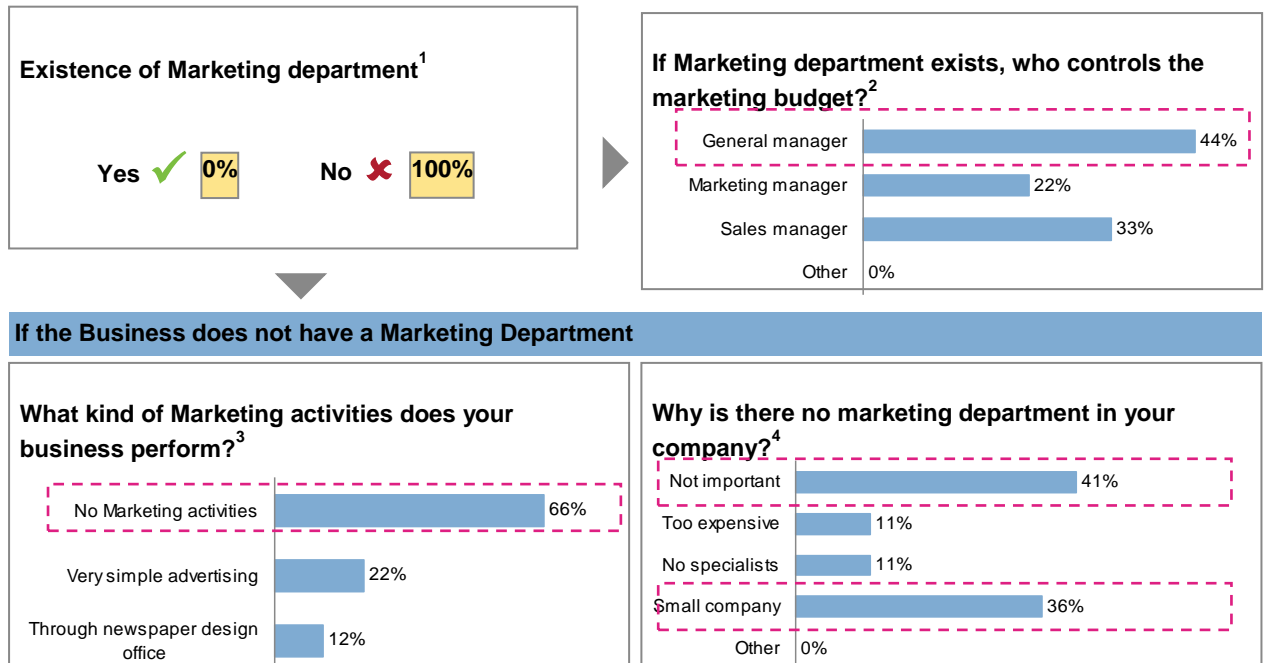
All the SMEs within this cluster have no marketing department but 22% do simple advertising and 12% have some newspaper advertisements created for them by newspaper design offices. A much larger proportion, 66%, have no marketing activities at all. That is why this cluster is categorized into no interest and ability for marketing activities.

If a marketing department exists (or was to exist), 44% of SMEs believed that the general manager should control the budget whereas 22% thought that the marketing manager should control it.

Almost half (41%) believed that a marketing department is not important in answer to the question of why there was no marketing department. The belief that this was because they were small companies was held by 36% of the respondents. To be a small company and not to have a marketing department or unit is a more acceptable reason than that marketing is not important.

Figure 5.7 Cluster A – marketing practice

Cluster A
“Limited interest and ability”



Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. N = 95, 2. N = 9, (note people who answered Yes to existence of Marketing department and answered this question will be included to account for understanding control of Marketing budget. 3. N = 94, 4. N = 95 For 3 & 4: Includes some respondents who answered Yes to Existence of Marketing Department (yet still answered for both questions.)

5.5.1.3 Advertising analysis – Cluster A

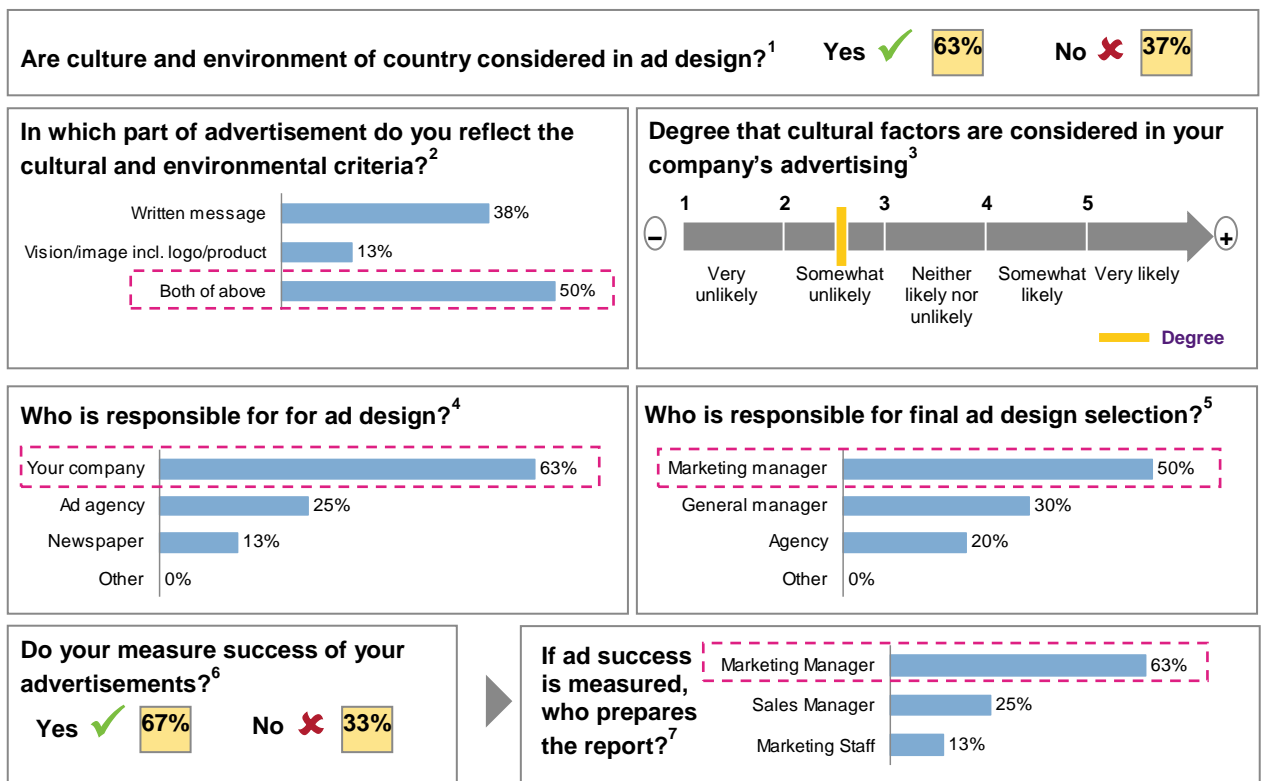
In this cluster, 63% do consider the culture of the country in their advertisement design, especially in the written message and visual image of the advertisement design. But the degree of cultural factors considered in the SME design is somewhat lacking.

Of the total, 63% of SME managers reported that the company is responsible for advertisement designs and 50% that it is the marketing manager who is responsible for design selection.

Measurement of the success of advertisements was conducted by 67% of the SMEs in this cluster and 63% claimed that the marketing manager prepares a report of the success of the advertisements.

Figure 5.8 Cluster A – Advertising analysis

Cluster A
"Limited interest and ability"



Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. N=8, 2. N=8, 3. N=8, 4. N=8, 5. N=10, 6. N=6, 7. N=8

5.5.2 Cluster (B) – ‘Interested but crippled’

In this cluster a group of SMEs surveyed believe in marketing but they have less capability in practicing marketing and advertising.

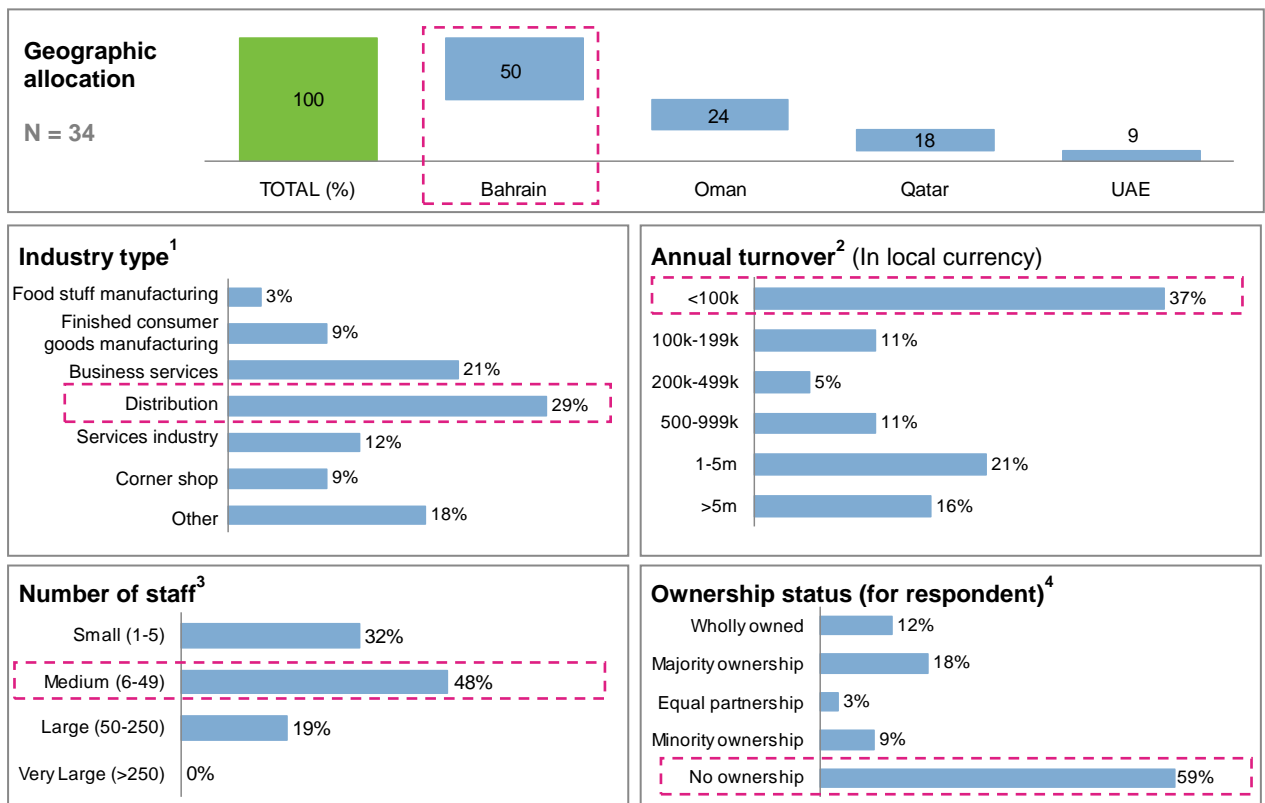
5.5.2.1 Overview of the businesses – Cluster B

Most of the respondents (50%) were from Bahrain and were mainly involved in distribution and business services: 24% from Oman, 18% from Qatar and 9% from UAE. In this cluster 32% of companies were small, 48% were medium-sized (6-49

staff) and 19% of these companies within this cluster were large being between 50 to 250 staff. Even though most of the companies were medium-sized, their annual turnover is small. Despite this, 21% and 16% of these companies had an annual turnover of around 1-5m and more than 5m respectively. (local country’s currency). Most of the people surveyed in SMEs in the GCC (59%) had no ownership in those companies.

Figure 5.9 Cluster B – Overview of the businesses

Cluster B
“Interested but crippled”

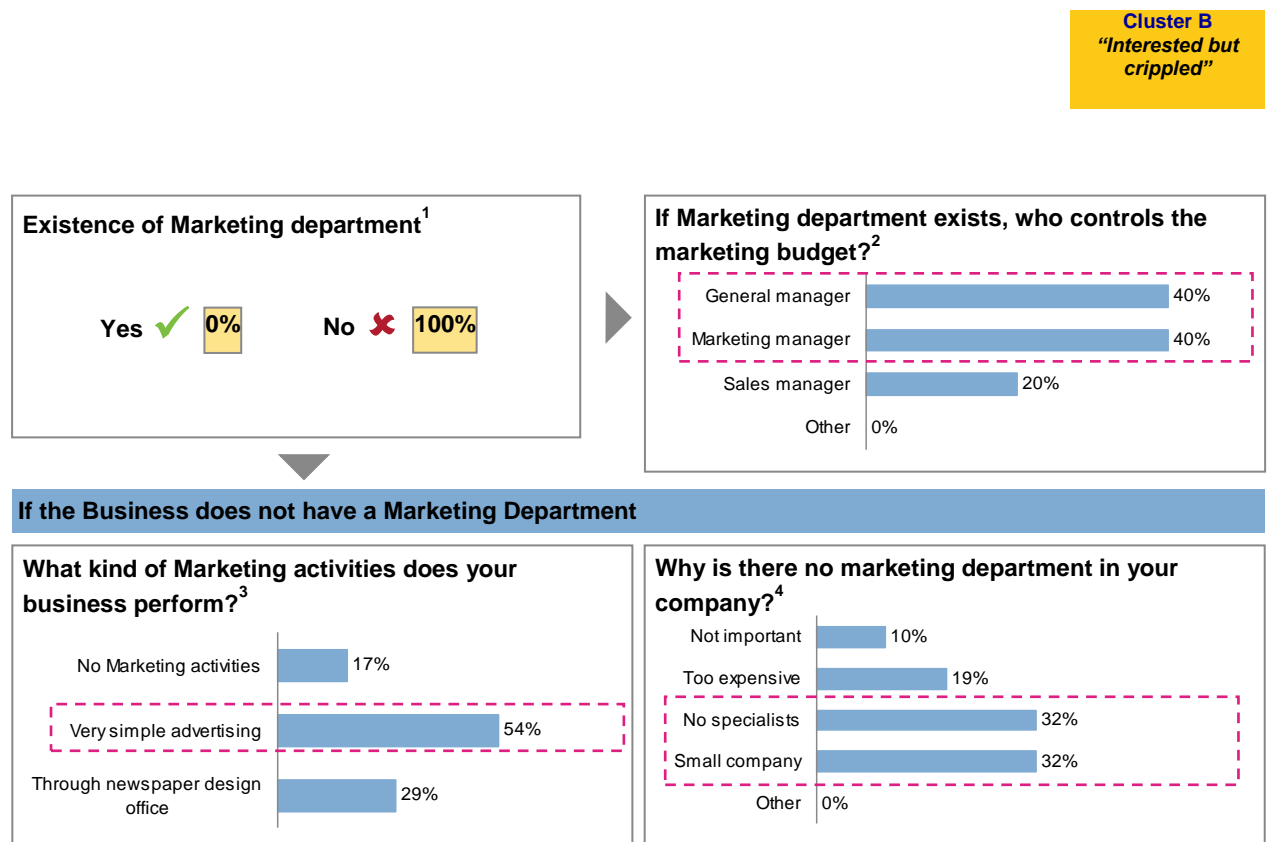


Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. Some respondents chose both an industry type and “Other”, for these, we exclude “Other”, N = 34, 2. N = 19, 3. N = 31, 4. N = 34

5.5.2.2 Marketing practices – Cluster B

It is obvious from figure 5.10 that this group of SMEs has no marketing department but if a marketing department was to exist, it was felt that the general manager and marketing manager should control its marketing budget. On the other hand, 54% carry out very simple advertising, some 17% have no marketing activities and 29% advertise through newspaper design offices. Of the companies without a marketing department, 32% have staff members with marketing expertise and a further 32% are unable to justify a separate department as they are too small. A small number of companies believe it is not important to have a marketing department (10%) and 19% feel that it is too expensive.

Figure 5.10 Cluster B – marketing practices

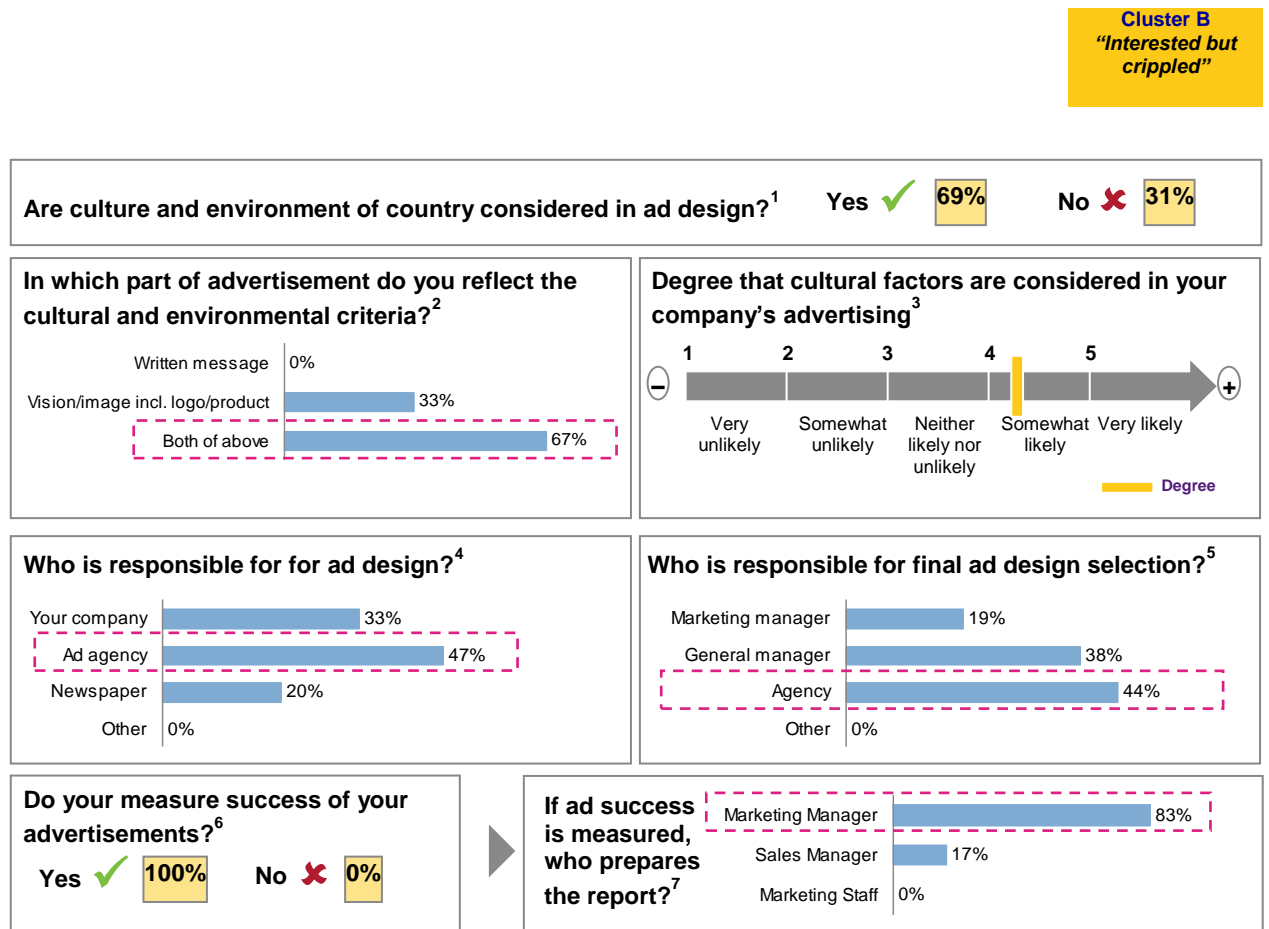


Note:: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. N = 32, 2. N = 15, (note people who answered Yes to existence of Marketing department and answered this question will be included to account for understanding control of Marketing budget. 3. N = 34, 4. N = 31 For 3 & 4: Includes some respondents who answered Yes to Existence of Marketing Department (yet still answered for both questions.)

5.5.2.3 Advertising analysis – Cluster B

The companies in this cluster have no marketing department but still use some small advertisements. In this group of SMEs, 69% consider the culture of the country in their advertisements. This consideration is mainly brought to bear on the written message, images and the overall design of their advertisements. Of the total, 33% consider culture in the perception and image of advertisements. This group of SMEs is somewhat unusual in terms of the degree that cultural factors are considered in their company’s advertisements. It shows a high reflection of cultural factors in this respect.

Figure 5.11 Cluster B – advertising



Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. N=16, 2. N=12, 3. N=12, 4. N=15, 5. N=16, 6. N=3, 7. N=12

5.5.3 Cluster (C) - Interested with demi-ability

This group of SMEs does have some interest in marketing but with only a reduced capability of carrying it out. Details of the results are discussed in the following section.

5.5.3.1 Overview of the businesses – Cluster C

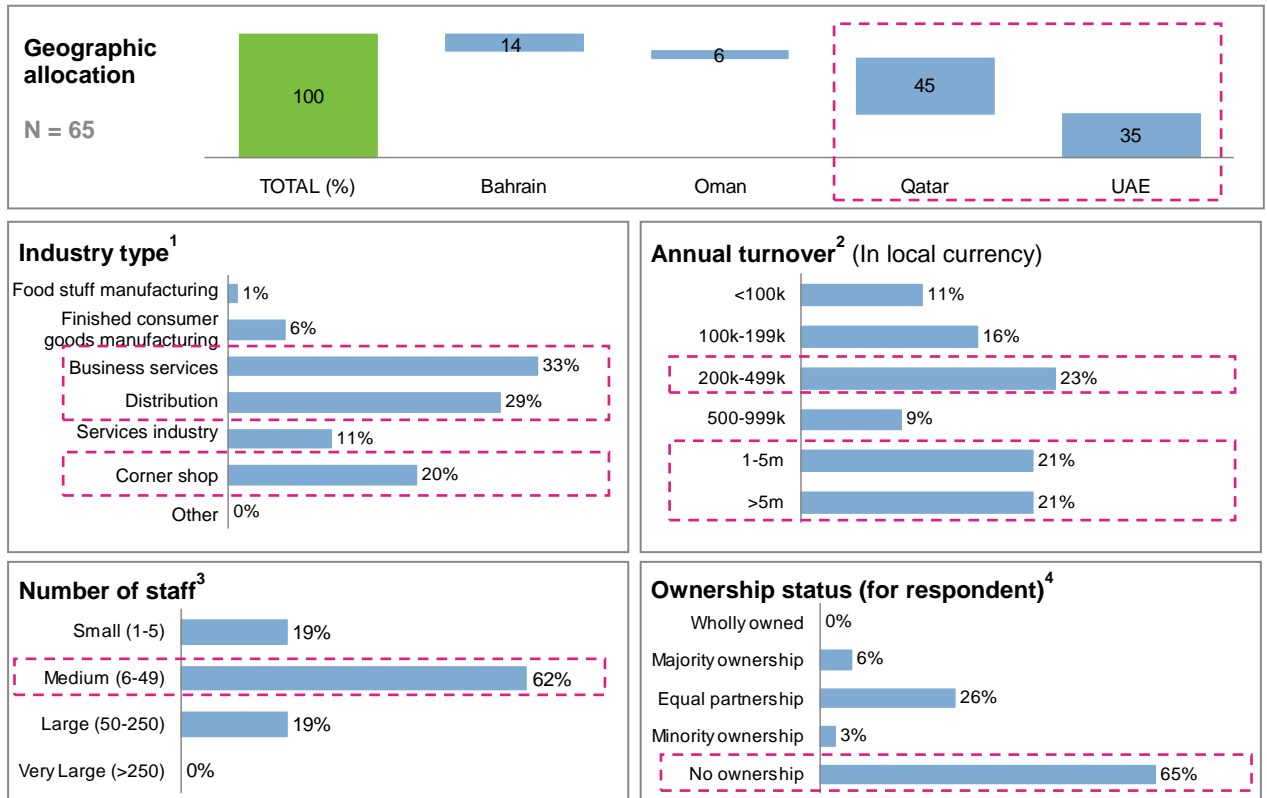
From the business overview it can be seen that the majority of SMEs in this cluster are in Qatar and the UAE and that most of the companies are providing business and distribution services - 33% and 29% respectively. A smaller percentage (20%) is corner shops.

As the majority of the SMEs in this cluster provide business and distribution services, there is some similarity in their turnover. Those with an annual turnover of 5m account for 21%, 1-5m for 21%, and 200k-499k for 23%. (Turnover is each country's currency).

Most of the respondents in this cluster are medium-sized (62%) having 6-49 staff, 19% are small and 19% are large. From these companies, 65% of the staff have claimed that they have no ownership.

Figure 5.12 Cluster C – overview of the businesses

Cluster C
“Interested with demi ability”



Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. Some respondents chose both an industry type and “Other”, for these, we exclude “Other”, N = 65, 2. N = 57, 3. N = 47, 4. N = 65

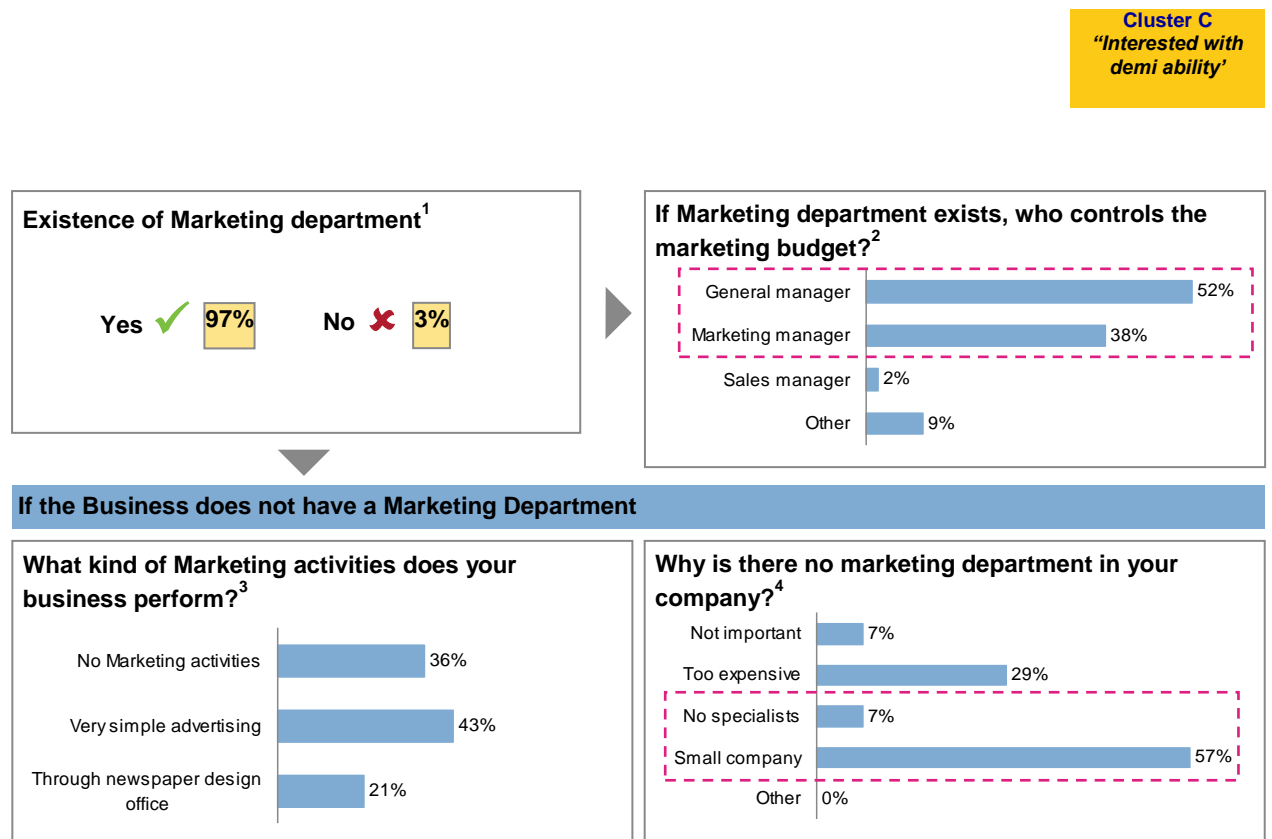
5.5.3.2 Marketing practices – Cluster C

In this cluster, 97% of respondents answered *yes* to having a marketing department with the budget being controlled by the general or marketing manager (52% and 38% respectively).

From their responses it can be seen that 36% answered that there is no marketing department and no marketing activity. A further 43% answered that they undertake simple advertising and 21% carried out marketing through newspaper design offices. The reasons given for why there is no marketing department were two-fold with 57%

claiming that they are small companies and 7% that they had no specialists capable of managing this activity. A small percentage (only 7%) said it is not important and 29% said it is too expensive.

Figure 5.13 Cluster C – marketing practices



Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. N = 65 2. N = 66, (note people who answered Yes to existence of Marketing department and answered this question will be included to account for understanding control of Marketing budget. 3. N = 14, 4. N = 14 For 3 & 4: Includes some respondents who answered Yes to Existence of Marketing Department (yet still answered for both questions.)

5.5.3.3 Advertising analysis – Cluster C

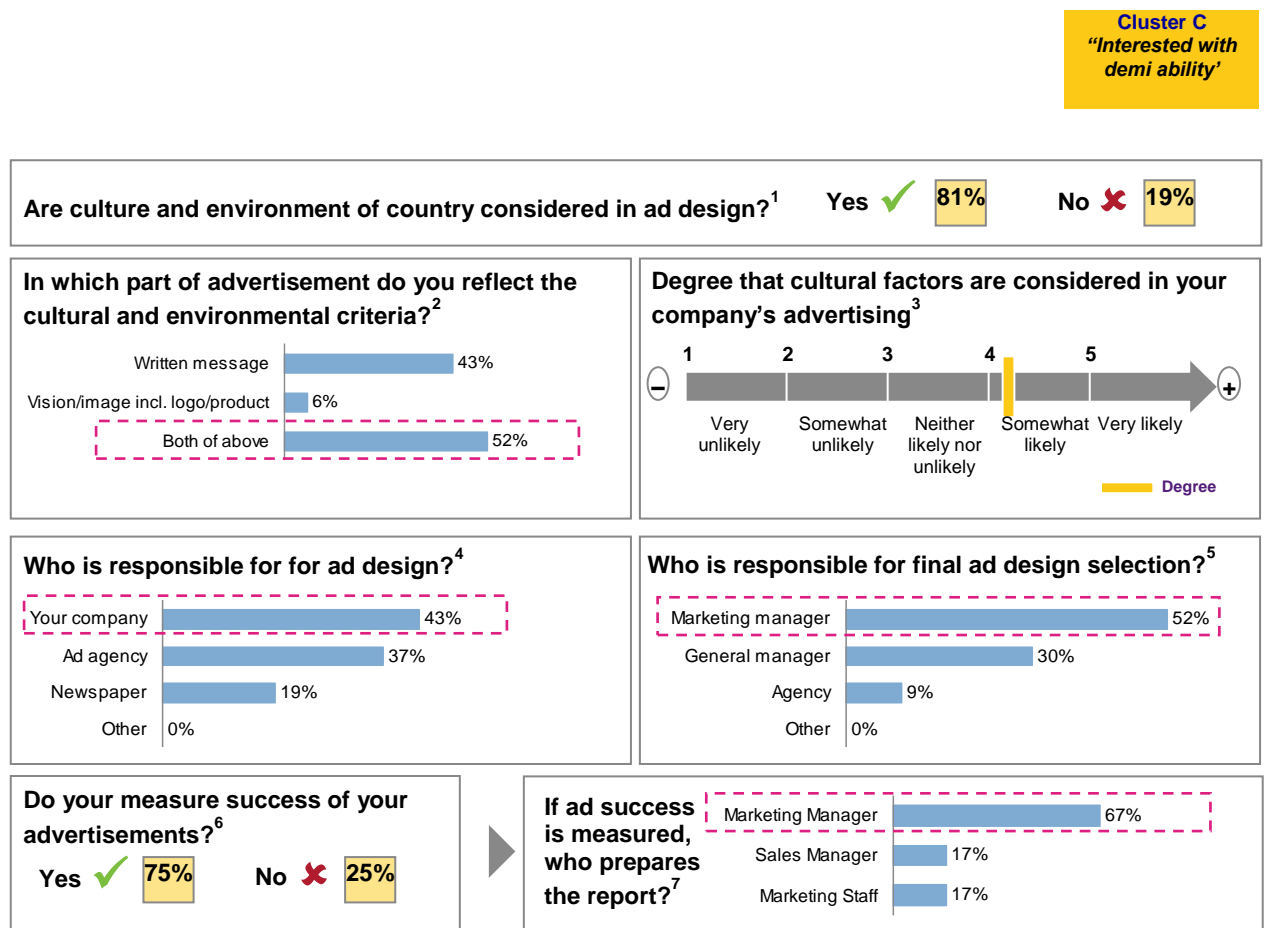
In this group of SMEs, 81% do consider the issue of culture in their advertising and 52% consider it in both the written message and the vision/image which is how their advertisements might be perceived by the local/national population.

This shows that the degree to which cultural factors are considered is of some importance. In this cluster, those companies with responsibility for the advertisement

design are 43% with 37% giving this responsibility to the advertising agency. The responsibility of the design is with the company; similarly the selection of the advertisements is the responsibility of the marketing manager (52%).

Most of this group of companies assess the outcome of their advertising, with 75% answering *yes* and 67% saying that the marketing manager is responsible for preparing the report on the success (or otherwise) of the campaign.

Figure 5.14 Cluster C – advertising



Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1 N=64, 2. N=54. 3. N=54, 4. N=65, 5. N=65, 6. N=59, 7. N=48

5.5.4 Cluster (D) - Sophisticated but not interested

This group of SMEs has a good basis for conducting their own marketing activities but little interest in doing so.

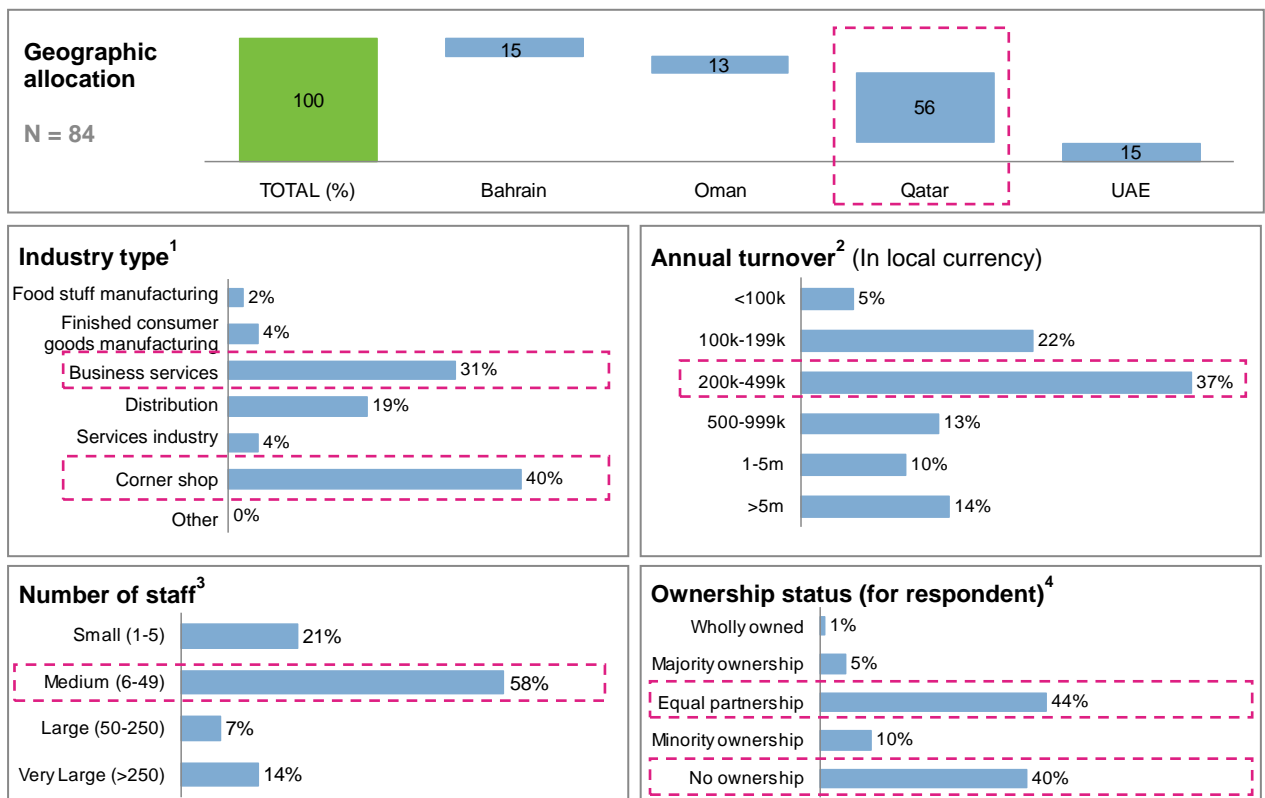
5.5.4.1 Overview of the businesses – Cluster D

An overview of this cluster shows that most of the companies are corner shops (40%) and business services (31%). The majority of them (56%) are located in Qatar, 15% in Bahrain and UAE and 13 in Oman. Their annual turnover of 58% (which are medium-sized with 6-49 employees) is 200k-499k and 21% are small businesses. Also, 22% of these companies have an annual turnover of 100k-199k. (Currency used here is that of each individual country.)

In terms of ownership, 44% are equal partnerships and 40% have no ownership, 10% have minority ownership, 5% have majority ownership and 1% have full ownership.

Figure 5.15 Cluster D – Overview of the businesses

Cluster D
"Sophisticated but not interested"



Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. Some respondents chose both an industry type and "Other", for these, we exclude "Other", N = 84, 2. N =79, 3. N =43, 4. N =84

5.5.4.2 Marketing practices – Cluster D

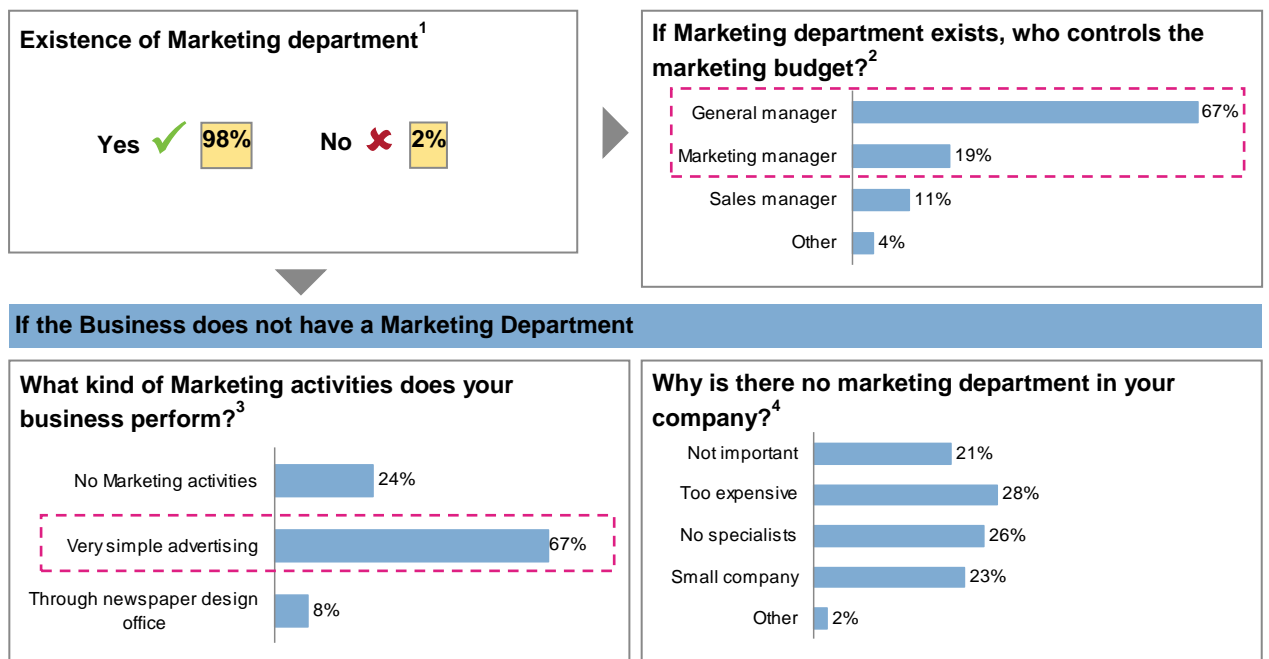
Most of the companies in this cluster do have a marketing department (98%) even though 24% claim that they do not practice any marketing activities! Of these companies 67% conduct very simple advertising.

If a marketing department does exist, 67% claim that the general manager controls the budget and 19% that this is the responsibility of the marketing manager.

In answer to the question of why there is no marketing department: 28% said that it is too expensive; 26% that there is no specialist; 23% that the company is too small; and, 21% that it is not important. This shows that there is no majority opinion regarding any of the possible reasons.

Figure 5.16 Cluster D – marketing practices

Cluster D
"Sophisticated but not interested"



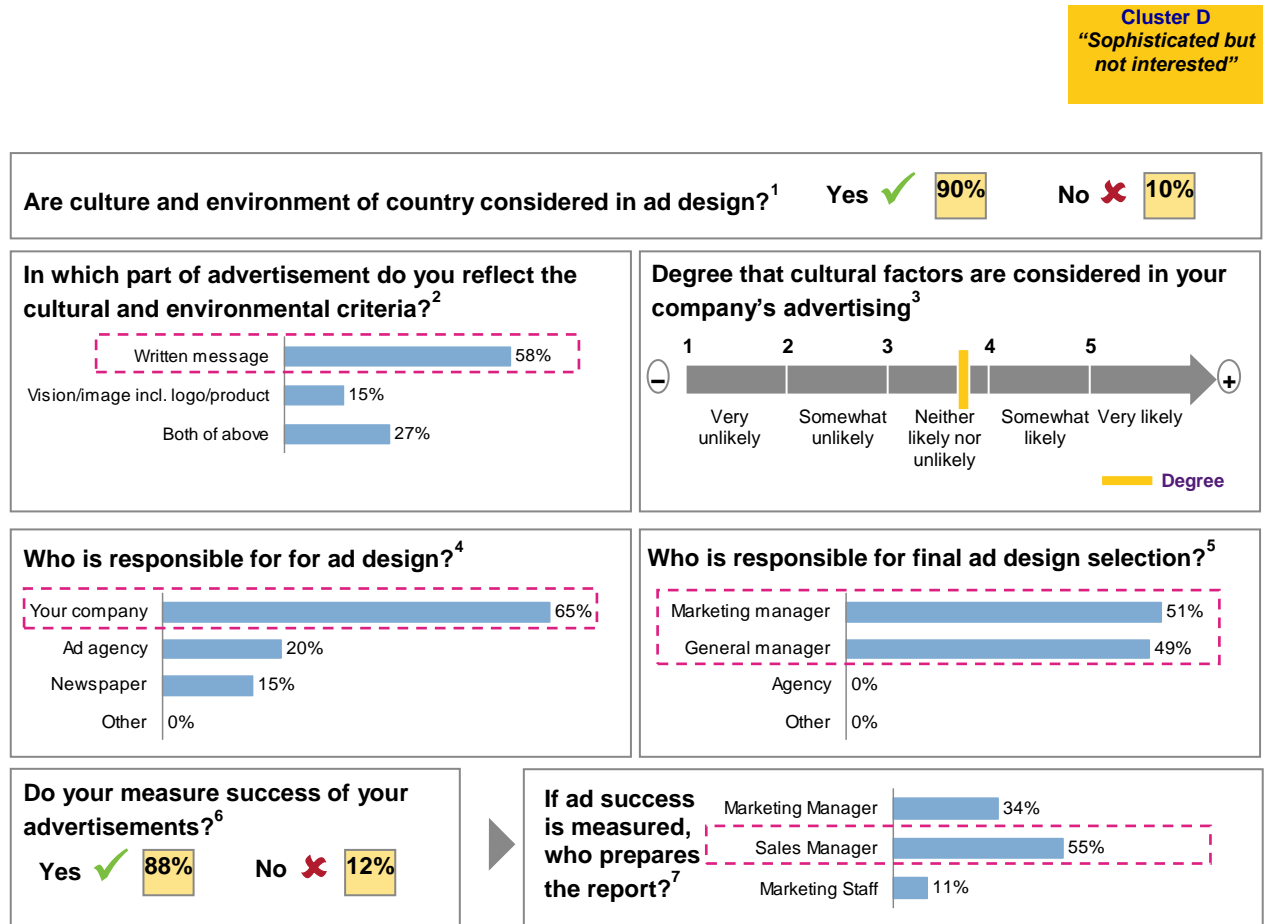
Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. N = 82, 2. N = 84, (note people who answered Yes to existence of Marketing department and answered this question will be included to account for understanding control of Marketing budget. 3. N = 49, 4. N = 47 For 3 & 4: Includes some respondents who answered Yes to Existence of Marketing Department (yet still answered for both questions.)

5.5.4.3 Advertising analysis – Cluster D

By looking into the activity of advertising and the role played by culture, it can be seen that 90% of this cluster's SMEs do consider culture in the advertisement design. Cultural and environmental criteria are reflected more in the written message by 56% and both written and visible messages is 27%. The degree to which cultural factors are considered in this cluster is neither likely nor unlikely. The company in this cluster is mainly responsible for the advertisement design (65%), with the advertising agency being responsible (20%) and 15% saying that they rely on the newspaper advertising department being responsible for the design. The final selection of advertisement design is with the marketing manager (51%) or the general manager (49%).

In answering the question on the assessment of the success of advertising, 88% do measure the success of their advertisements. In this respect, 55% of the companies claimed that these assessment reports are prepared by the sales manager and 34% claiming that the responsibility is that of the marketing manager.

Figure 5.17 Cluster D - advertising



Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. N=83, 2. N=81, 3. N=81, 4. N=84, 5. N=84, 6. N=83, 7. N=76

5.5.5 Cluster (E) – ‘Sophisticated and interested’

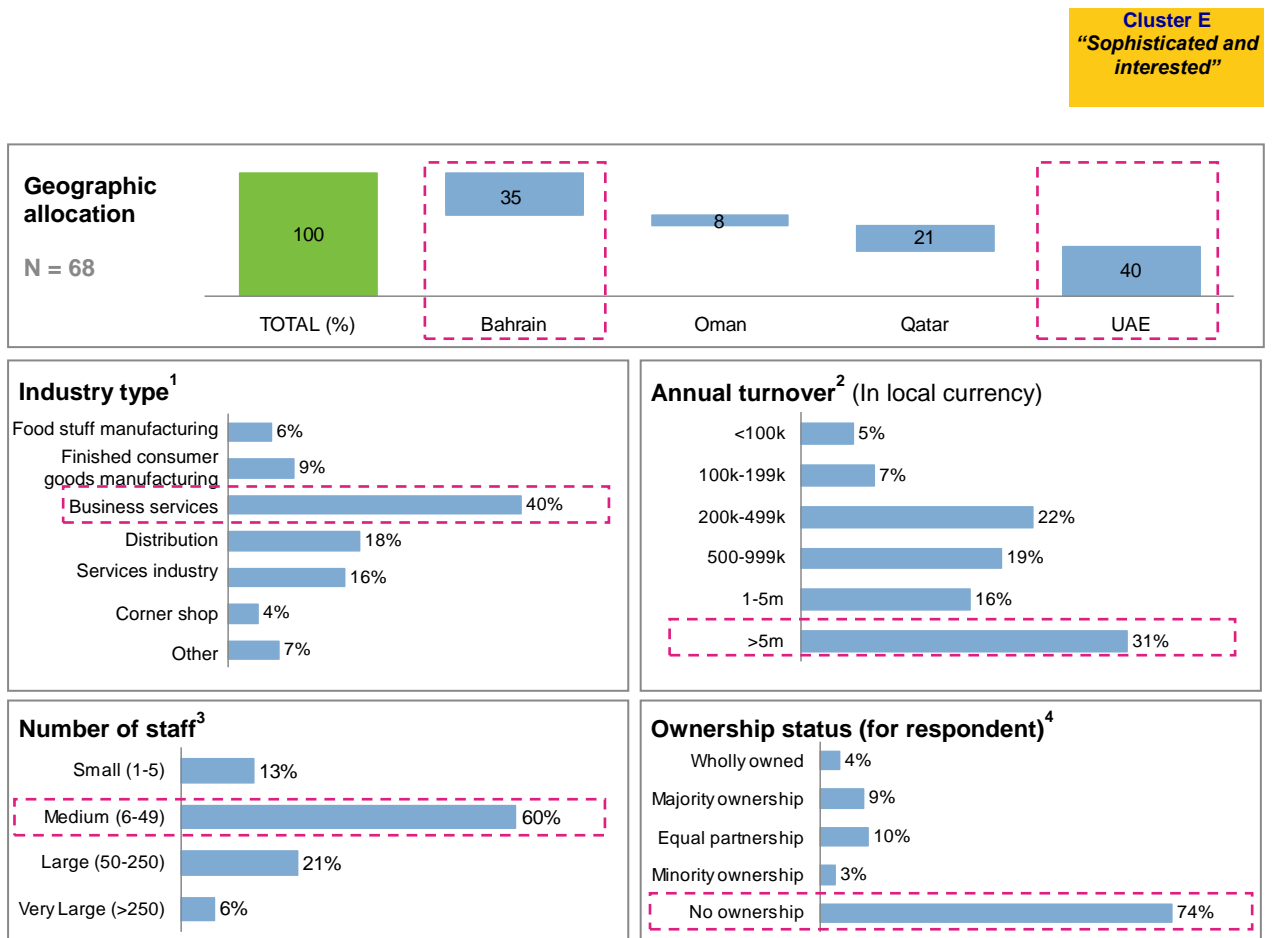
This group of SMEs is sophisticated and interested in practicing marketing.

5.5.5.1 Overview of the businesses – Cluster E

Most SMEs in this group are from the UAE and Bahrain (40% and 35% respectively) with 40% of them in business services and 18% in distribution (which explains why 31% of them have an annual turnover of more than 5m. Of the remainder, 22% have a turnover of 200k-499k and 19% have 500k-999k (currency used here is that of each individual country). In terms of the number of the staff, 60% are medium-sized with

6-49 employees and 21% of them are large, having between 50-250 staff (which may be explained by the type of business and the annual turnover). As in the other wealthy GCC countries, 74% of these companies' managers have no ownership.

Figure 5.18 Cluster E – overview of the businesses



Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. Some respondents chose both an industry type and "Other", for these, we exclude "Other", N = 68, 2. N = 58, 3. N = 62, 4. N = 68

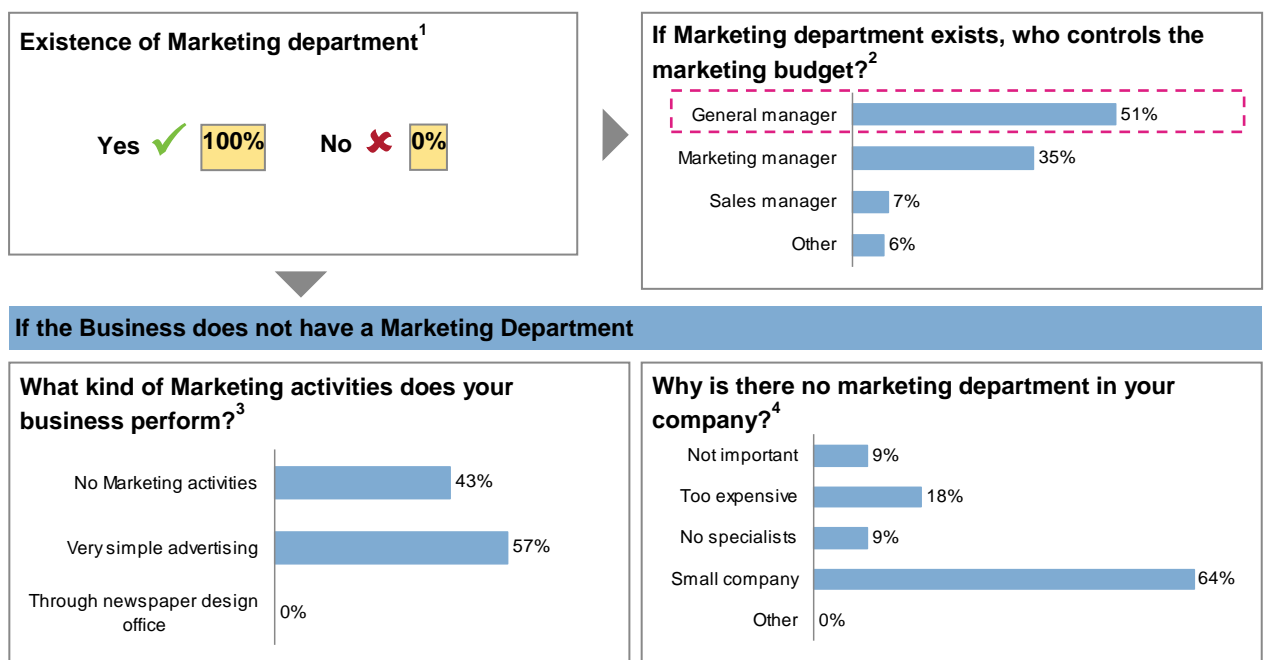
5.5.5.2 Marketing practices – Cluster E

This cluster of SMEs all claim that there is a marketing department in existence and yet, at the same time, 43% claim that they do not carry out any marketing activities and 57% claim that they only do very simple advertising. Of the SMEs in this cluster, 51% have answered that the general manager is responsible for the marketing

budget. In their answer to the question of why there is no marketing department? 64% claimed that the reason is because they are small companies and 18% claimed that it is too expensive.

Figure 5.19 Cluster E – marketing practices

Cluster E
“Sophisticated and interested”



Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1. N = 68, 2. N = 68 (note people who answered Yes to existence of Marketing department and answered this question will be included to account for understanding control of Marketing budget. 3. N = 21, 4. N = 22 For 3 & 4: Includes some respondents who answered Yes to Existence of Marketing Department (yet still answered for both questions.)

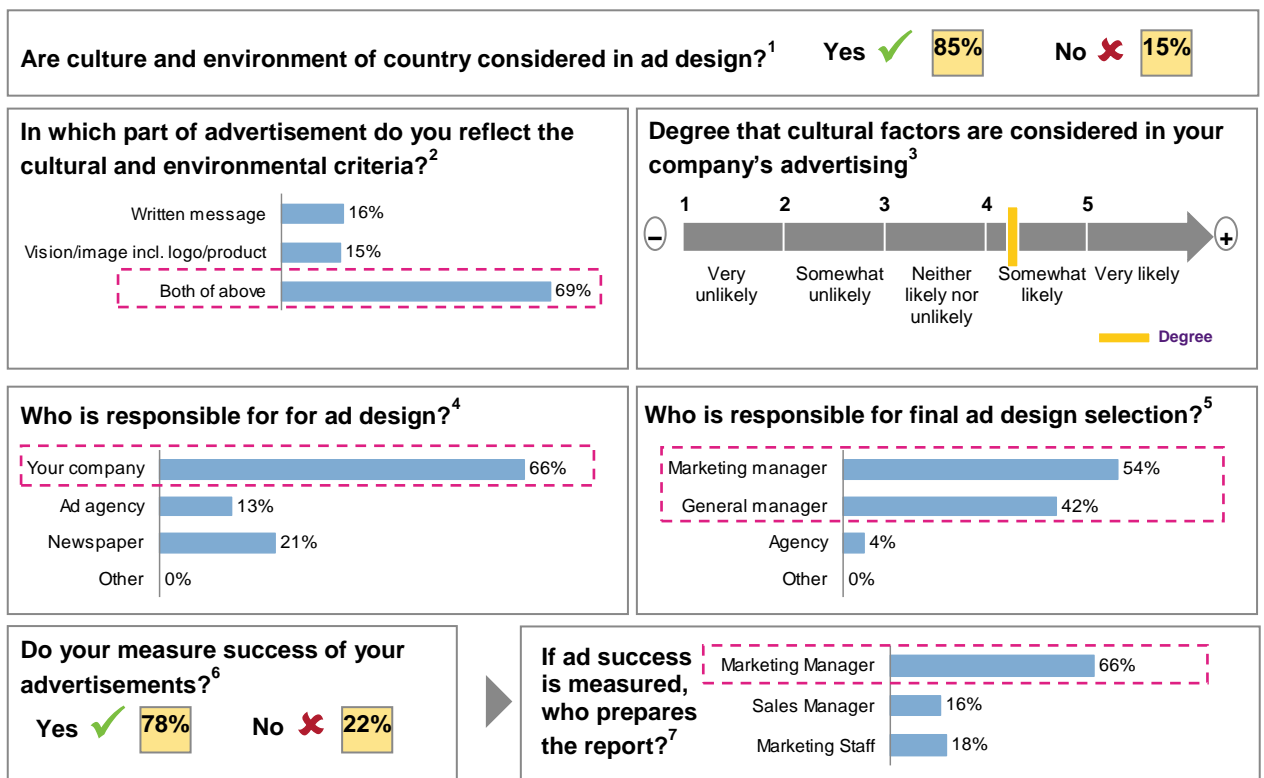
5.5.5.3 Advertising analysis – Cluster E

In this part of the analysis of this cluster, the issue of advertising and culture is looked into and, from the answers received, it can be seen that 85% do consider culture in advertisement design. Cultural factors are considered by 69% with respect to both the written word and the images used where the degree to which cultural factors are considered in a company’s advertising leans more towards somewhat likely. A fairly large number of the companies in this cluster (66%) said that they are

responsible for advertisement design, and 21% that the newspaper used for their advertisements is responsible. They have shown that the marketing or general manager is responsible for the final design selection - 54% and 42% respectively. A proportion of these companies claimed that they measure the success of their advertisement (78%) and 66% said that the marketing manager prepares the success report.

Figure 5.20 Cluster E - advertising

Cluster E
"Sophisticated and interested"



Note: Not all answers complete, respondents that left the answer blank were not included in the sample size. 1 N=68, 2. N=62. 3. N=62, 4. N=68, 5. N=68, 6. N=60, 7. N=56

5.6 Findings

There are many findings illustrated in the above tables which show that there could be improvements made in some areas whilst in other areas there is no need or likelihood of investment taking place as there is no sign that improvement is considered necessary.

From table 5.1 (page 145) (which is an analysis of question 4 in section C3 of the questionnaire) it is clear that there is a link between the clusters analyzed. Using the SNAP programme to carry out the analysis, with respect to the link with marketing and advertising issues, it was identified which clusters have the potential to improve and which do not have that potential. Clusters B, C and E have the potential to improve if the right money, planning and execution is provided. Clusters B and E have no concerns regarding advertising design as their satisfaction level is high. Clusters B, C and E scored high in marketing activities in general in terms of satisfaction. In terms of cultural consideration, cluster B shows a high satisfaction level. In customer service, only clusters C and E have shown a high satisfaction level. In distribution, only cluster E has shown a high satisfaction level. Promotion of products and services has resulted in a high satisfaction level in clusters B, C and E and, in staffing levels for marketing tasks, cluster E was scored the highest. By looking into only the high level of satisfaction of different *pain points/issues* we can clearly make the link that there are some clusters more than others that are worth investing in and being provided with care.

Table 5.2

Satisfaction levels of Marketing “Pain Points” for respondents with high Marketing regard can be improved in budgeting, planning & execution and staffing levels

Issues – “Pain Points”	Cluster A “Limited interest and ability”	Cluster B “Interested but crippled”	Cluster C “Interested with demi ability”	Cluster D “Sophisticated but not interested”	Cluster E “Sophisticated and interested”
Ad Design	3.47	4.16	3.89	3.44	4.01
Adequate MKTG Budget	3.11	3.90	3.71	3.38	3.90
Comprehensive MKTG Plan	3.16	3.87	3.75	3.24	3.90
MKTG Efficiency	3.13	3.90	3.80	3.19	3.82
MKTG Activities in General	3.27	4.03	4.02	3.32	4.06
Cultural Considerations	3.36	4.00	3.98	3.59	3.94
Customer Service	3.66	3.90	4.15	3.55	4.21
Pricing	3.61	3.63	3.92	3.60	3.92
Distribution	3.65	3.96	3.87	3.64	4.07
Promotion of P&S	3.56	4.29	4.17	3.78	4.20
Staffing levels for MKTG Tasks	3.52	3.89	3.91	3.65	4.18

Legend 1: Very Dissatisfied → 5: Very Satisfied Neutra Can be Improved No Issues



These satisfaction levels indicate Clusters B, C and E as potential targets that would benefit from SME Marketing services

Hence, Cluster B is mostly located in Bahrain, Cluster C tends more towards Qatar and the UAE and Cluster E is mostly connected with the UAE and Bahrain. This indicates that SMEs in the UAE, Bahrain and Qatar have a generally better understanding of marketing with the greater strength of understanding being amongst those companies in Bahrain and the UAE.

5.7 Cluster Analysis

The cluster analysis was undertaken according to the following five main clusters in the research:

Cluster A - “Limited interest and ability”

Cluster B - “Interested but crippled”

Cluster C - “Interested with demi ability”

Cluster D - “Sophisticated but not interested”

Cluster E - “Sophisticated and interested”

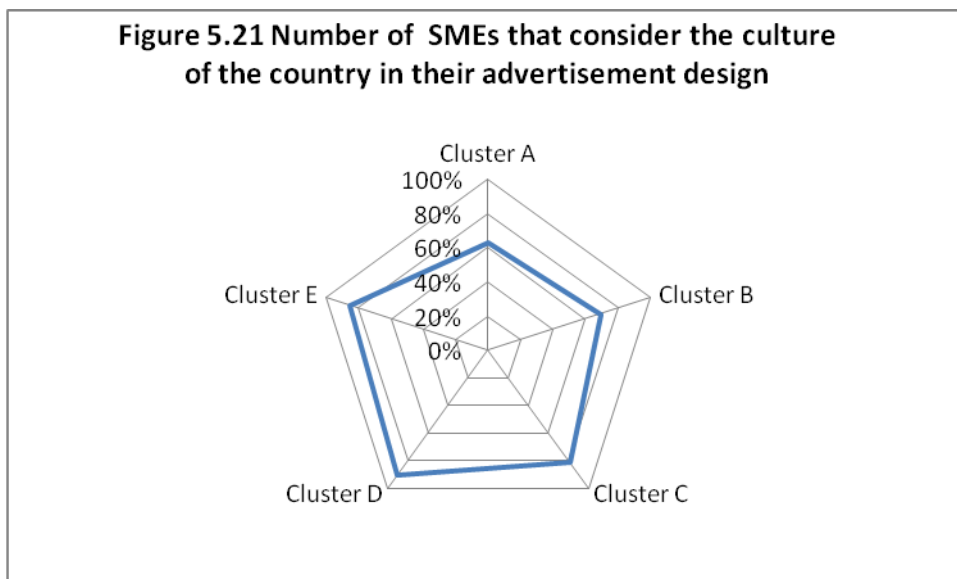
5.7.1 SMEs that consider the culture of the country in their advertisement design

The number of SMEs that consider the culture of the country in their advertisement design is shown in Table 5.3 below.

Table 5.3 Number of SMEs that consider the culture of the country in their advertisement design

Cluster	A	B	C	D	E	Average
No	61	22	52	76	59	54
%	63	69	81	90	85	78

The results in Table 5.3 are also illustrated below in the cluster chart in Figure 5.21.



A comparative analysis of the number of SMEs that consider the culture of the country in their advertisement design shows that cluster D had the highest percentage (90%) followed by cluster E with 85% and C with 81%. The clusters with the lowest percentage were B (69%) and A (63%).

Since the findings from the cluster analysis show that 78% of the respondents in the clusters consider the culture of the country in their advertisement design the culture in the GCC countries appears to have an effect on the advertising of SMEs.

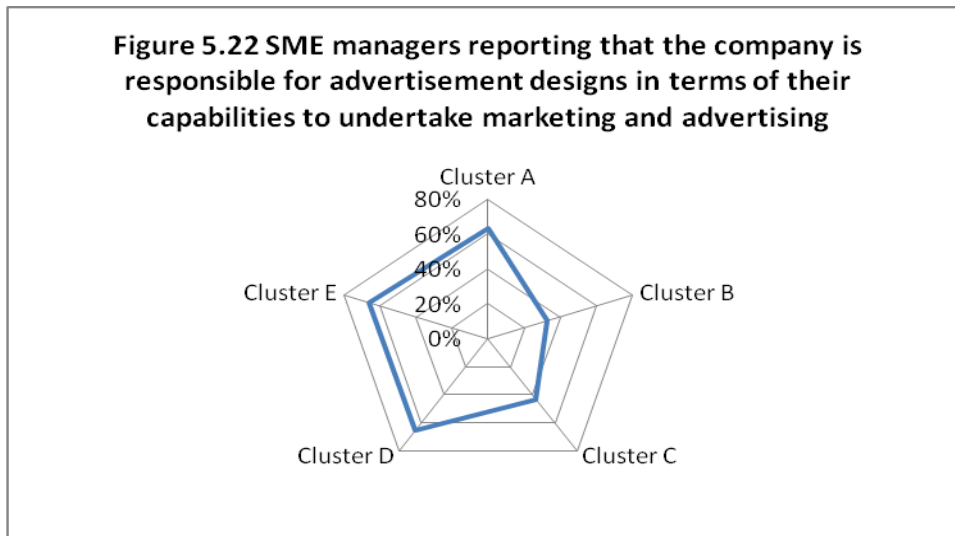
5.7.2 SME managers reporting that the company is responsible for advertisement designs in terms of their capabilities to undertake marketing and advertising

The number of SME managers reporting that the company is responsible for advertisement designs in terms of their capabilities to undertake marketing and advertising is shown in Table 5.4 below.

Table 5.4 Number of SME managers reporting that the company is responsible for advertisement designs in terms of their capabilities to undertake marketing and advertising

Cluster	A	B	C	D	E	Average
No	61	11	28	55	45	40
%	63	33	43	65	66	54

The results in Table 5.4 are also illustrated below in the cluster chart in Figure 5.22.



A comparative analysis of the number of SME managers reporting that the company is responsible for advertisement designs in terms of their capability to undertake marketing and advertising shows that cluster E had the highest percentage (66%), then cluster E (65%) and cluster A (63%). The lowest percentages were cluster C (43%) and cluster B (33%).

The findings from the cluster analysis show that an average of 54% of the respondents in the clusters have SME managers reporting that the company is responsible for advertisement designs as well as marketing and therefore SMEs in the GCC countries have the capabilities to undertake marketing and advertising.

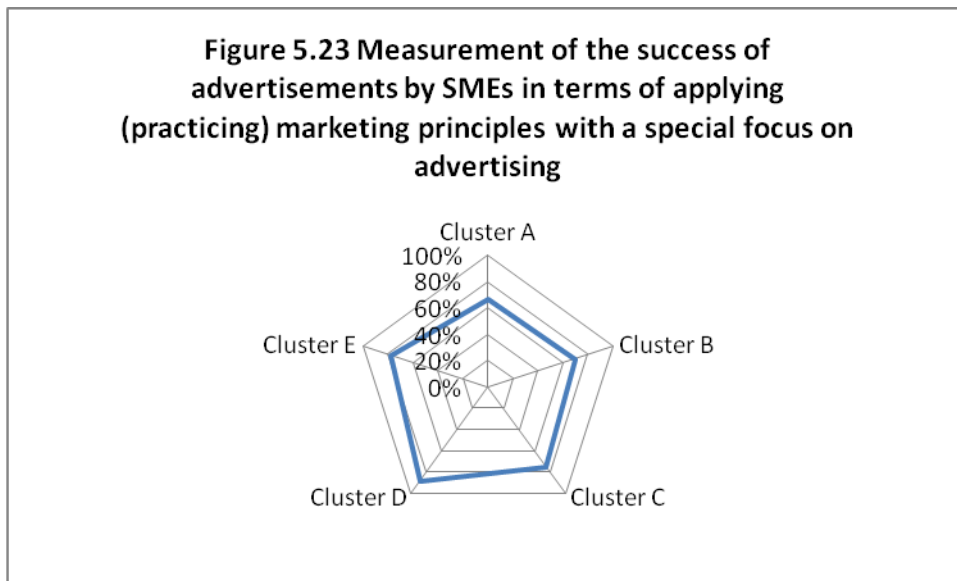
5.7.3 Measurement of the success of advertisements by SMEs in terms of applying (practicing) marketing principles with a special focus on advertising

The results of the measurement of the success of advertisements by SMEs in terms of applying (practicing) marketing principles with a special focus on advertising is shown in Table 5.5 below.

Table 5.5 Measurement of the success of advertisements by SMEs in terms of applying (practicing) marketing principles with a special focus on advertising

Cluster	A	B	C	D	E	Average
No	65	22	48	75	53	53
%	67	70	75	88	78	76

The results in Table 5.5 are also illustrated below in the cluster chart in Figure 5.23.



Comparative analysis of the measurement of the success of advertisements by SMEs in terms of applying (practicing) marketing principles with a special focus on advertising illustrates that cluster D (88%) had the highest percentage, then cluster E (78%) and cluster C (75%). Clusters B (70%) and A (67%) had the lowest.

The cluster analysis findings illustrate that 76% of the respondents in the clusters measure the success of their advertisements in terms of applying (practicing) marketing principles with a special focus on advertising, and therefore SMEs in the GCC countries are applying (practicing) marketing principles with a special focus on advertising.

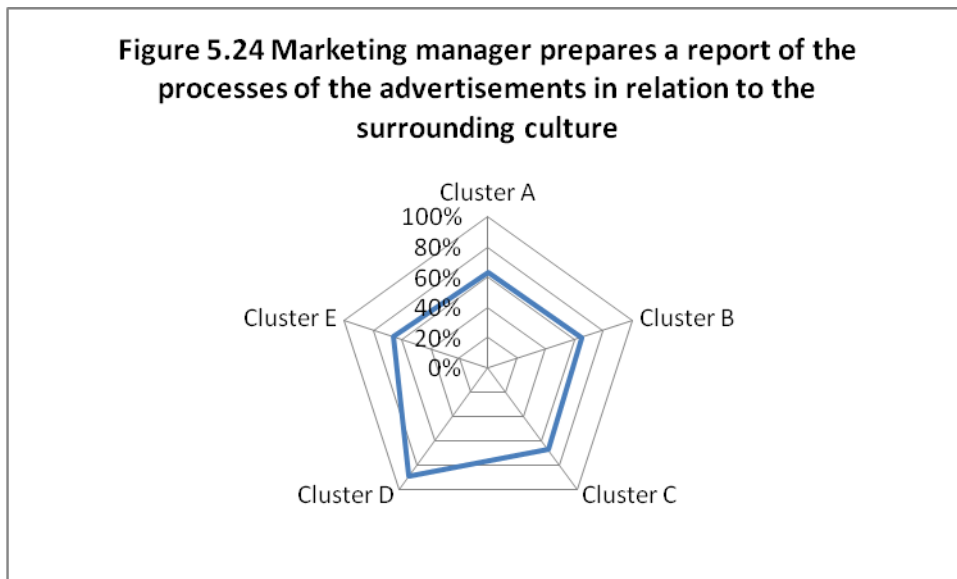
5.7.4 Marketing manager prepares a report of the success of the advertisements in relation to the surrounding culture

The results of whether the marketing manager prepares a report of the success of the advertisements in relation to the surrounding culture are shown in Table 5.6 below.

Table 5.6 Marketing manager prepares a report of the success of the advertisements in relation to the surrounding culture

Cluster	A	B	C	D	E	Average
No	61	21	43	76	45	49
%	63	65	67	89	66	70

The results in Table 5.6 are also illustrated below in the cluster chart in Figure 5.24.



A comparative analysis as to whether the marketing manager prepares a report of the success of the advertisements in relation to the surrounding culture reveals that cluster D (89%) has the highest percentage followed by cluster C (67%), cluster E (66%) and cluster B (65%). The cluster with the lowest percentage is A (63%).

Findings from the cluster analysis reveal that 70% of the respondents in the clusters have a marketing manager who prepares a report of the success of the advertisements in relation to the surrounding culture. Therefore SMEs in the GCC countries consider the context in which their advertising takes place: the surrounding culture.

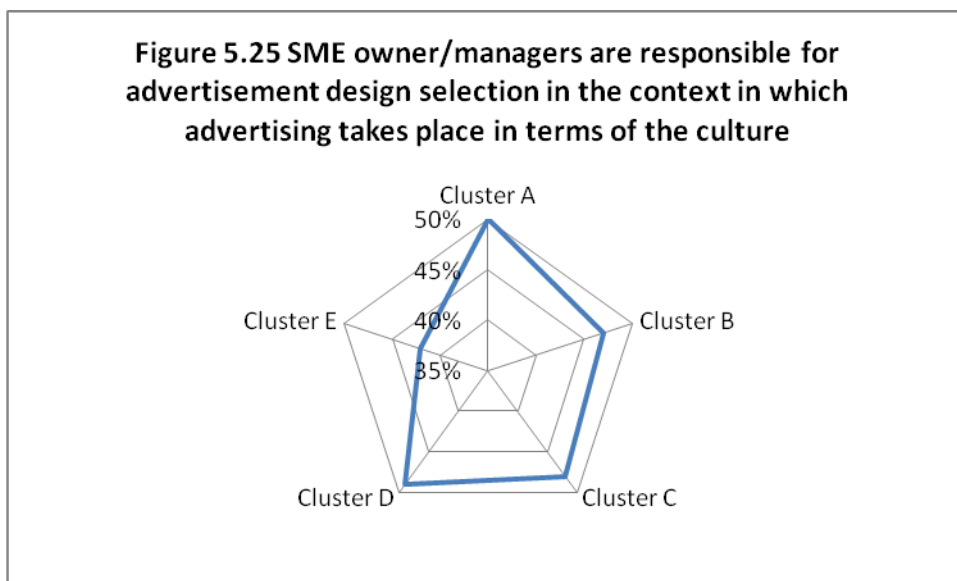
5.7.5 SME owner/managers responsible for advertisement design selection in the context in which advertising takes place in terms of the culture

The results as to whether SME owner managers are responsible for advertisement design selection in the context in which advertising takes place in terms of the culture are shown in Table 5.7 below.

Table 5.7 SME owner managers responsible for advertisement design selection in the context in which advertising takes place in terms of the culture

Cluster	A	B	C	D	E	Average
No	48	15	31	42	29	33
%	50	47	48	49	42	47

The results in Table 5.7 are also illustrated below in the cluster chart in Figure 5.25.



Finally, the comparative analysis of whether SME owner/managers are responsible for advertisement design selection in the context in which advertising takes place in terms of the culture shows that cluster A (50%) has the highest percentage followed by D (49%), C (48%) and B (47%). Cluster E has the lowest percentage with 42%.

From the findings of the cluster analysis it is found that an average of 47% of the respondents report that the SME owner/managers are responsible for advertisement design selection in the context in which advertising takes place in terms of culture. The characteristics of the SME owner/managers appear to influence the context in which advertising takes place in terms of the culture.

5.8 Summary

This chapter looked into the analysis of the questionnaires which have been explained in chapter four. As the questionnaire was the main driver for the analysis, there was focus on it. The questionnaire is one of the best data collection tools. There were three sections in the questionnaire which have been analyzed by the researcher. From the first section analysis the characteristics of owners/managers became clear. They are quite well educated and have received relevant training.

The second section looked at the characteristics of the businesses such as ownership status, number of staff, departments, types of business, amongst others. It was obvious that most of the managers had no ownership or minor ownership. About half of the SMEs had a web site for marketing purposes.

The third section of the questionnaire was about marketing, the marketing activities of the SMEs and how they are run. It seems that most of the decisions

related to marketing reside with the owner or manger. This could be because of the small size of the SMEs or could be budget availability.

As a result of the analysis of the questionnaire this section categorized the SMEs (in terms of marketing activities) into five clusters.

Cluster A - limited interest and ability.

Cluster B - interest but are crippled

Cluster C - interest with demi-ability

Cluster D - sophisticated but not interested

Cluster E - sophisticated and with interest

Each cluster represented a number of SMEs based on the analysis of their answers. There was also investigation into which cluster can be improved in terms of marketing in budgeting, execution and staffing levels which are linked to the five clusters.

In summary, the questionnaire results have provided findings on what the SMEs are doing in terms of marketing practice and their ability to utilize cultural factors when creating advertising.

Chapter six

Discussion

6.0 Introduction

This research is generally focused on the economy, culture, lifestyles, regulatory obstacles and challenges being faced by SMEs within member countries of the GCC (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE) (Nations Online, 2013) which have benefited significantly from the oil generated revenues over the past decades. The GCC has, for some considerable time now, striven to move away from dependency solely on its oil reserves to a diversified business economy (Al-Watan, 2003). It would rather generate, or at least invest, in efforts to diversify away from its dependence on oil and related products. This effort alone has broadened the horizons to explore and invest in many other products and services to generate revenues for the local economies of the member Gulf countries. There have obviously been major complexities associated with this broadening out of interests and this has led to challenging regulatory and advertising obstacles imposed by the broader range of industries and products.

Diversifying business is always discussed in detail supported by research, regardless of stressing upon other industries to generate revenues. The international demand and supply of oil will continue and the Gulf countries will see their oil reserves as a major source of revenue for now and in years to come (Business Monitor International, 2005). It is also suggested in the research that these oil reserves should be used as a major source of finance to continue investing in the modernization and development of these countries, such as SME industries, air lines and encouraging foreign investments. These resources are looked into as a substitute

to oil which will not last forever. Another major resource which is becoming more important in the GCC, especially Qatar, Oman and Saudi Arabia is natural gas but it is, in one respect, the same as oil since it also will not last forever (Al-Watan, 2003). The Gulf States are challenged with the uncertainty of the future with regards to their oil reserves as they are currently the major suppliers to international markets (Al-Ibrahim, 1996; Jbili, 2000) – the question arises, for how long they can and they should alone depend on their oil reserves as the major economy drive to run and develop the country.

Political challenges and avenues have been raised in discussion. Currently these states are, and their nationals want, to modernize and move towards democratic structures. Kuwait, Qatar and Oman are among the active members of the United Nations. Not so long ago these countries were typified by belonging to tribal culture systems with old orthodox ideas and living styles. But now, with education, environment issues and initiatives taken by their leaders (together with foreign influence) the Gulf countries are becoming familiar with democracy and the changes bringing improvements to their lives.

6.1 Role of SMEs in GCC development

Research leads us to believe that the GCC countries already consider SMEs to be important in diversifying businesses and developing the countries to generate general revenues (ESCWA, 2001; Muflih, 2002). This belief in considering SMEs as a tool to diversify the economy may also be the main challenge as it needs a lot of work to make it a substitute to oil and gas. At the same time SMEs as a substitute to oil and

gas are a great initiative on behalf of GCC countries to diversify their resources and focus on remote utilization.

The discussion leads us to address two major issues.

1. The focus is on the general literature on SMEs to find a clear definition and to explore the various contributions from various industries as benchmarks. There is a challenge in unifying one single definition which could apply to all the GCC countries. The challenge arises from the different definitions of an SME for different GCC countries due to their size, regulatory procedures and population. There is a great disparity in terms of the population and business potential in all the Gulf countries due to the size of their populations and area. The conclusion is that there is no single definition which can be applied and this could be the major reason why the research community fails in exploring the wide difference between SMEs and the different nature of the research undertaken in the past. This is not a surprise if it is compared to World wide practice where there is no standard definition used. If GCC countries with all their similarities cannot have one common definition then it is difficult for them to agree on what they want from SMEs in any future economic drive.
2. Secondly, earlier research has investigated the status of the SME as a main contributor to the economy and its marketing. The main focus was on culture as a clear divisive factor affecting marketing and advertising in the GCC countries and it has been concluded that the cultural effect has been addressed sufficiently so far even though some key SMEs' decision-makers believe that culture is not important but this is a minority.

The GCC countries' income based on the oil price situation and its up and down movement in the Gulf countries has been generally discussed (Klein, Jbili, Taecker and Ghabra, 2000). The oil price changes in the international market have a major effect on the economies of the Gulf countries, since oil is their major source of income. The existing high price of oil has brought significant advantages to the GCC economies (Business Monitor International, 2005) in the form of higher revenues and in turn their efforts to explore more investment sectors, foreign investments, and development of SMEs to contribute in a major way to the economies of the countries. It is also suggested that encouragement and support of their private-sector small and big businesses through the organized development and support of SMEs will benefit their economies. The main advantage of SMEs to the growth of all economies, whether developing or industrialized has been acknowledged.

In general, from the above two points discussed; it leads us to the following main areas.

1. The major stress upon the development of an SME sector always plays a vital role in the economy of any country. Some of the countries referred to in the discussion are the UK, USA, EU and the GCC. The development and support of SMEs in the GCC countries specifically is of considerable importance, where the dependency is more on natural resources such as oil and gas. There are not many SME specialised authorities and bodies to provide guidance, support and consultancy to new or existing SMEs.
2. Another challenge and conclusion to the whole discussion, is that there is no single and general definition for SMEs which has been either currently available or

could be devised by researchers due to geographical and infrastructural challenges and the disparities of these countries.

3. Qualitative and quantitative definitions have been devised and researched yet they have shortcomings and there are clear challenges to being accepted as one unified definition for all countries due to major disparities.

4. Lack of research material is another challenge. There is a serious lack of available literature and research in this area that focuses in particular on the Middle East. In this research it is suggested that more research should be undertaken in the Gulf countries for this area to be assessed on real strengths and weaknesses. Although there are many scholars and academic researchers who graduated from Western universities there is still a lack of written material available for researchers and students.

5. The main focus in this discussion has been in acknowledging the wider claim that an understanding of the current existing culture of any market is of greatest importance in finalizing effective marketing and advertising practice.

The major components of culture including language, religion, general attitudes and people's values, and education have always been talked about and it is realized they play an important rôle in influencing the direction of marketing and advertising strategies and their final outcomes.

6. The development of marketing in the Gulf region, especially during the oil price boom in the mid-70s, led to a major growth of some leading (and most of them very reputable) advertising companies in that area (Fasano and Iqbal, 2003). Some of these companies were indigenous and some came about as a result of joint ventures with established international marketing firms.

7. There were, of course, some major challenges due to insufficient attention being paid to the demands of the local culture and life styles and recently these have been identified. Also, due to the general focus of the culture and related disciplines in the Gulf there were many doubts as to whether the implementation and importance of advertising is fully realized on a large scale by SMEs and other businesses.

It may not be a wonder for the owners of SMEs in the Gulf to realize the importance and outcomes for their business that might occur as a result of devising advertising materials, rather it shows a clear lack of focus on current research and views on cross-cultural advertising – and even a lack of understanding by the local Arabian culture. The current model (Figure 3.13) shows how SMEs should direct all their marketing efforts towards cultural related factors as mentioned in this discussion.

6.2 Diversification and foreign direct investment in the GCC countries

As pointed out by Kubursi (1984:1), were oil supplies to be everlasting, and the demand for oil strong and continuous, economic diversification would be pointless. The governments of the region would instead need only to ensure the distribution of oil revenues among the population.

Economic diversification, privatization and GCC monetary union are said to be the keys to attracting investors. Economists agree that the greater diversification of the economies, privatization of industry and formation of a single monetary union are the most important factors to increasing foreign direct investment (FDI) into the Gulf Co-operation Council (GCC) countries.

Currently, as can be seen, the level of foreign investment in the GCC (although increasing due to the major initiatives by the kingdoms) is yet unstable and mostly revolves around the oil and gas sector, followed by financial services and transportation sectors.

6.3 Diversification by the GCC countries

Being the two largest of the Gulf countries, the UAE and Saudi Arabia are currently making significant efforts towards diversifying their economies away from oil and gas, but a lot more is required to guarantee a steady flow of FDI (Aly and Strazicich, 2000).

Recently, the 19th International Conference on Investment Rules and International Agreements, addressed by academicians and government representatives from across the Middle East and North Africa (Mena) has generally thrown light on improving the investment infrastructure of the Gulf region.

As the two largest GCC countries amongst the GCC nations, Saudi Arabia and the UAE attract the most FDI, whereas Kuwait and Saudi Arabia have the greatest amount of outbound FDI.

Some of the experts addressing the conference claimed that the flow of foreign direct investment (FDI) into the GCC had reduced by \$9.3 billion between 2008 and 2009, which shows an instability. Although part of the fall in FDI was aided by the overall economic crisis, there is still a need for major improvements in the investment infrastructure. We can take privatization in the GCC as an example, which has been quite limited and careful, largely due to the majority of companies being family-owned or part of the oil and gas sector. This causes the administrative

procedures to slow down and government channels often obstruct industrial efficiency due to bureaucracy.

6.4 GCC judicial independence and its overall effect

While discussing the GCC, economists have always added the establishment of a unified monetary union which could contribute greatly to inbound FDI.

It is suggested that the pegging of certain GCC currencies to the US dollar has been a roadblock to establishing a common GCC currency which may be generally required in the same way as the Euro: to have a uniform flow of imports and exports without any effect on the international exchange rates.

6.5 Business crime and *best practice* in the GCC

As claimed by Dr. Samah, a well known economist in the Middle East, the possibility of business crime and lack of current judicial independence are also affecting the flow of global FDI into the GCC countries (Samah, 2013).

There are certain arbitrations and disputes that have derailed the GCC courts due to judicial interference. Foreign investors, when they watch such cases carefully, tend to move away from investing in the GCC countries where dispute settlement takes either longer than usual or sometimes favours the local governments or investors more than the foreign investors. There is a crucial need to increase judicial independence and efficiency (Samah, 2013).¹

¹ Dr Samah Al Agha, professor of law at the University of Damascus

6.6 Advertising expenses in the GCC

It is encouraging to know, as compared to the previous year; that advertising expenditure in the GCC increased well above 20% in 2010 (albawaba, 2010).² According to the Pan Arab Research Centre (PARC, 2010), advertising expenditure in the region, which includes Pan Arab media which is generally satellite TV channels, also reached \$5.05 billion from January to June compared to \$4.22 billion in 2009.

The increase in advertising expenses has exceeded expectations due to the effects of the global financial and economic crisis on advertising and promotional activity in the Gulf region and has caused the sector to grow by a relatively modest 9% in 2009, improving to \$9.2 billion compared to \$8.9 billion in 2008.

Khamis Al-Muqla, (Chairman of the Gulf Marcom Group headquartered in the Kingdom of Bahrain) and Worldwide Board Member of the International Advertising Association once commented that these figures are quite encouraging and they indicate that advertising activities in the GCC are improving and slowly returning to the previous level of growth which was noticed and recorded over the last ten years (Al-Muqla, 2010). Should the rate continue, advertising expenditure was expected to exceed the \$10 billion barrier by the end of 2010 for the first time: a great GCC milestone which was expected to be reached last year had trade globally not been affected by the economic crisis (Al-Muqla, 2010).

Al Muqla (2010) also suggested that the PARC reports indicated the Pan-Arab media share of the advertising expenditure had gone up to a considerable \$2.86

² www.albawaba.com/main-headlines/advertising-expenditures-gcc-pace-reach-10bn-milestone-2010

billion, representing an increase of 34% compared to \$2.14 billion in 2009 (Al-Muqla, 2010). As *per* these noted figures, Pan Arab Media had one of the largest shares of the increase in GCC advertising expenditure with 57% of the total GCC spend.

The experts talk about one of the smallest countries of the GCC, Bahrain, where advertising expenditure went up by 40%, the highest rate amongst all the GCC countries, followed by Oman (12%), Qatar (11%), Saudi Arabia (9%), and Kuwait (8%). The UAE was the only country to record a decrease (4%).

Despite the drop in its advertising expenditure, one of the largest GCC countries, the UAE, went ahead by maintaining its lead in terms of market share in the GCC of general spending at 31%, followed by Saudi Arabia (27%), Kuwait (21.7%), Qatar (10.2%), Oman (6%), and Bahrain (3%). These percentages do not include Pan Arab expenditure which is directed to key markets in the GCC, particularly Saudi Arabia.

There are other Arab countries including Egypt which also registered impressive growth by topping non-GCC countries at 36% followed by Lebanon (19%) and Jordan (9%) considering that they are not as wealthy as the GCC countries.

Al-Muqla (2010) also added, by focusing on TV advertising, including Pan Arab media, that grew by 39% to reach \$3.48 billion and continues to lead the total GCC advertising expenditure with a greater market share of 57% (Al-Muqla, 2010). Print media was a distant second at 37%, with newspapers comprising 31% to reach \$1.89 billion, an increase of 6%, followed by local and international magazines with 6% market share and \$368 million in total spend.

The outdoor advertising's market share went down to 4% having decreased by 6% to \$244M. The list ends with the studies on radio spending (1%), which increased by

10% to reach \$73M, while surprisingly cinema only reached \$10M, the same figure as 2009.

It is quite obvious that amongst local markets, print media dominated local media ad spend with a share ranging between 70%-80% per Arab media outlook (2009-2013), the print advertisement industry had shown a positive growth unlike the trend world-wide where most newspapers have an Internet version. The Arab region and the GCC are still not saturated in newspaper advertising and there is potential to increase advertising revenue and expenditure.

Al-Muqla (2010) also mentioned in his research that the biggest advertising sectors during this period were communications and public utilities which recorded a 39% increase to achieve 15% of the market share. It was clearly followed by the FMCG group such as toiletries hygiene/house care and other consumable items (15%), up 26%, government organizations (14%), up 27%, and food, beverages, and tobacco (11%), up 37%.

It is also said that the advertising expenditure *per capita* in the Gulf region is still far below the international rate and is not, as it had been expected to be, above the charts. The Gulf advertising expenditure *per capita* had been estimated at US\$ 29.00 during the first quarter of 2006, against US\$ 110 *per capita* during the first quarter of 2006 in the United States of America. The current expenditure is far below what was expected by the regional experts and advertising and media agencies.

Some of the advertising specialists and regional experts also say this trend will continue in the region for a longer time than in the West due to the loyalty of people of the region to the sources of news and information. This is unlike the West in which it is generally expected that a shorter life is predicted for newspapers in the

long run. A recent survey in the US clearly shows an increase in advertising expenditure in recent electronic media reports and publications that reached 34.9% during the first quarter of 2006, as compared to the increase of 0.3% in printed publications. As reported, the difference between the first quarter of 2005 and the similar period in 2004 was 24%. This indicates that the annual increase in advertising expenditure is generally reducing for printed publications but improving for electronic publications (ameinfo, 2013).³

It was generally witnessed as a growth that is naturally commensurate with that of all business sectors. The major increase in general and in all fields of investment being experienced by the Gulf countries is the main reason for the growth. The most encouraging part is that the advertising awareness among advertisers has been high over several years. The advertising agencies considered the GCC market was in a good position so advertising at that time was unnecessary. Today, the views are different; however, with the increased demand in sales advertising expenditure, it is in addition to reinvestment of the generated profits of the local Gulf companies instead of taking such profits overseas, as was happening in previous years. This has created new opportunities for the advertising market although it is not as large as was expected.

The recent statistics published by Merrill Lynch (2013) regarding the sums of money expected to return after the nine-eleven incidents, were estimated at more than one trillion US dollars. In the current boom the Gulf region has been experiencing, the volume of cash inflow and liquidity would have been more than the

³ <http://www.ameinfo.com>

three trillion dollars being invested in new regional projects. Assuming that advertising expenditure is 3%, in that case such expenditure would now exceed 90 billion dollars as *per* the recent statistics. It was, however, estimated to be barely over 10 billion US dollars over the last three years. The current modernization and independence of markets and the relative removal of monopolies in certain industries such as telecommunications have resulted in a positive increase in advertising expenditure. Statistics indicate that Mobili alone in Saudi Arabia spent more than 8 million dollars during the first quarter, compared to 3.8 million dollars by the other Saudi telecommunications. In this case the Saudi telecommunications sector alone has fairly contributed to more than 11% of the total GCC expenditure during the first quarter, according to statistics by a data collection company. It is, therefore, anticipated that a clear prosperous future is in store for the industry in Saudi Arabia.

Critics also said that statistics for the first quarter of the year indicated that advertising expenditure was US\$ 29 *per capita* in the first quarter of 2006 which is approximately 1 billion dollars by 35 million people in the GCC countries, against US\$ 110 *per capita*, i.e., 35 million dollars by 270 million people during the first quarter of 2006 in the United States.

6.7 Advertising spend in the GCC

The Pan Arab Research Centre research figures show that the Media, which consists exclusively of satellite channels, had accounted for 87% of the total TV advertising (Al-Muqla, 2010).⁴ In addition to that, TV advertising accounted for 50% of the total expenditure which was followed by print, 45%.

⁴ Chairman and Managing Director of Gulf Saatchi & Saatchi and Board Member of the International Advertising Association (IAA) Worldwide, Khamis Al-Muqla.

As mentioned previously, the print media is still the main source for local markets like Bahrain and Saudi Arabia. Saudi Arabia exclusively accounts for the largest print spending in the Gulf, which is approximately 84%.

As the critics say, the same statistics almost apply for the Emirates. With the expenditure on print accounting for 68% and television 20%, outdoor 8%, radio 3% and cinema 1%. The other Gulf markets also show rising figures accordingly, the increase in advertising spending was around 4.5% to 26%.

Although the Kingdom of Saudi Arabia is generally criticized for being very strict in making any exceptions in advertising or supporting any liberal ideas as may or may not go against their culture, in Saudi Arabia, the increase still was from \$477 million to \$499 million representing a 4.5% rise and forecasted to be \$980 million by the end of 2013 as per Arab media outlook (2009-2013), while in the United Arab Emirates (UAE) from \$355 million to \$446 million and forecasted to be \$1,181 million, that is a huge increase of almost three times. As regards other GCC countries such as Kuwait, the spending jumped from \$280 million to \$303.5 million, an increase of 8.3% before 2007 and forecasted to be \$472 million by the end of 2013. Bahrain's spending rose from \$77 million to \$86 million, an increase of 11.4% and forecasted to be \$95 million by the end of 2013.

One of the richest and highest *per capita* countries in the GCC, Qatar, spent \$49.9 million on advertising in 2002 and \$56 million in 2003, an increase of 12.2% and reached \$313 million as forecasted by the end of 2013. Oman, which is much bigger in population as compared to Qatar, recorded a 26% increase from \$43 million to \$54 million to be \$113 million forecasted to be reached by the end of 2013. Similarly

Oman and the UAE witnessed more growth than the others, followed by Pan Arab Media which had a 19.9% increase. As *per* a recent data report the expenditure on Pan Arab Media reached \$1.38 billion in 2003 compared to \$1.15 billion in 2002. In 2013 as stated earlier UAE itself is forecasted to spend \$1,181 compared to the total GCC expenditure in 2003.

6.8 GCC on-line advertising

As *per* recent figures, the online advertising spend was projected to reach 4% of total advertising spend by 2011. Online advertising in the Gulf Co-operation Council (GCC) states is currently increasing at a huge 50% growth rate every year and may continue to do so at the same pace for the next few years, according to an official from Ikoo, one of the largest online ad networks in the region (Ikoo, 2013).

Relatively speaking, advertising expenditure in the GCC reached \$5.05 billion in the first six months of 2010, which marked an increase of 20% over the same period the previous year.

This increase exceeded the local expectations of the impact of the global financial and economic crisis on advertising activity in the region which caused the advertising sector to grow by a relatively modest 9% in 2009, in turn a \$9.2 billion spend compared to \$8.9 billion in 2008, according to the Pan Arab Research Centre (PARC, 2010).

These figures were a good indicator that the advertising activities in the GCC are recovering and steadily returning to the previous level of growth seen over the last ten years.

It was also predicted, if this continues, that advertising expenditure may exceed the \$10 billion barrier by the end of 2010 for the first time. That was a milestone which was expected to be reached in 2009 had it not been for the economic crisis. It was also noticed that the Pan-Arab Media share of advertising expenditure also went up to \$2.86 billion, representing an increase of 34% compared to \$2.14 billion in 2009 (PARC, 2010).

As per the above mentioned figures, Pan Arab Media had the greatest share of the increase in GCC advertising expenditure with 57% of the total GCC spend (PARC, 2010).

The country-wide charts show that Bahrain's advertising expenditure grew by 40%, the highest rate amongst all the GCC countries, followed by Oman 12%, Qatar 11%, Saudi Arabia 9%, and Kuwait 8%. Surprisingly the UAE was the only country to record a decrease (4%).

Despite the drop in its spending, the UAE still maintained its leadership position in terms of market share in GCC advertising spend at 31%, followed by Saudi Arabia 27%, Kuwait 21.7%, Qatar 10.2%, Oman 6%, and Bahrain 3%. These percentages do not include Pan Arab expenditure which is currently focused on the key markets in the GCC, particularly Saudi Arabia.

There are other Arab markets which have also registered impressive growth including Egypt topping non-GCC countries at 36% followed by Lebanon 19% and Jordan 9%. It is also said by the advertising specialists that TV advertising including Pan Arab Media which grew by 39% to reach \$3.48 continues to lead the total GCC advertising expenditure with a huge market share of 57%.

Print media was a distant second at 37%, with newspapers comprising 31% to reach \$1.89 billion, an increase of 6%, followed by magazines with a 6% market share and \$368 million in total spend.

The outdoor advertising's market share slowly reduced to 4% having decreased by 6% to \$244 million. The given list is actually averaged by radio statistics of 1% which have now increased by 10% to reach \$73 million, whereas cinema hardly amounted to \$10 million which in 2010 was the same figure as 2009.

In the GCC, amongst local market statistics, the print media dominated local media advertising spend with a share value of 70% to 80%.

6.9 Growth in online advertising expenditure in the GCC

Online advertisement spending among the GCC countries remains below 1% of the total globally, although the Internet as an active marketing medium is building up in several sectors of the region (Arab News, 2013).⁵

A growth rate of more than 50% took place over a period of six years in the Gulf countries for several reasons. By the end of 2006, online advertising spending in the GCC rose to 54.6% from the previous year that cost \$18.71 million. All the marketers and advertising companies saw this development and trend as an encouraging sign that would push online advertising spending to break the 1% share in the overall advertising market in future years. According to marketing experts and gurus of on-line businesses the online advertising spending in the region has, incredibly, been increasing each year.

⁵ <http://www.arabnews.com/node/302384>

The market value of online advertising expense in the Arab region was estimated at \$1.5 million, but it has increased to an average compounded rate of over 52% in the past six years. The actual spending of 50% in the next five years will push online advertising to rise steadily.

As per the Madar Research (2013) statistics the expected growth in the next coming years is expected to be due to many factors; primarily to a thorough small base, in terms of dollar investment and a huge volume of very active online marketers (Madar Research, 2013). The other crucial factors that will add to this considerable growth include the consistent rise in the number of Internet users, particularly broadband; the Internet's potential to achieve a high level of functionality and flexibility in terms of pricing and internal efficiencies, delivery and a faster reach out ability as compared to the other media channels. It is the same as the acceptance of online entertainment and social work services by consumers.

There are some marketers who believe that the expected growth value will remain minimal compared to international standards. The overall online advertising market, however, in the GCC region, which accepts 0.64% of the overall advertising expenditure, is below defined international standards. For example, the US total online advertising spending had reached \$15 billion by the end of 2006 as reported by IAB (2007) the interactive advertising bureau. In comparison to the GCC online advertising spending in the same year was estimated at \$18 million.

There are many reasons but one main obstacle prevents marketers coming online. This is their own media planning or middlemen who remain largely skeptical about the online source and its effectiveness. There are strong marketers in the GCC

countries who spent less than 5% of their overall advertising budget on an online medium in 2006, as per a recent survey (IAB, 2007).

A comprehensive study on the subject shows that companies in the GCC countries were still able to reach their target audience without shifting their campaigns online which shows other media options as their preference. Still a large amount of advertising is done through traditional media such as newspapers which are mainly retailers, automotive, and fashion retailers, amongst others.

In order to move to online advertising it could be hard for companies in the Arab world as the region's total internet users represent only 1.78% of the World's total users as per a recent survey by a leading media magazine (IAB, 2007). But at the moment, not all sectors and businesses are undermining online advertising. There are many leading businesses which are competing to advertise online. We can take for example the aviation, travel and hospitality industries which were the top online advertising spenders in the GCC countries in 2006, and they account for almost a quarter of the spending estimated at \$4.68 million, followed by the banking and finance sector with \$3.28 million (IAB, 2007).

6.10 Discussion of the main findings of the study

Based on the questionnaire distributed among four GCC countries, Qatar, Bahrain, UAE and Oman, this chapter critically discusses the findings to discover how important marketing and advertising are to SMEs in those countries and if they consider the cultural factors within countries. It also looked at the role of culture in advertising in the GCC countries and whether the companies investigated consider this issue when embarking on an advertising campaign.

Firstly, the data analysis and results chapter looked at the general profile of the respondents, on variables such as age, country, income and qualification. Characteristics such as age and qualifications of respondents are important as they shape their understanding and, hence, their answers.

Secondly, the chapter focused on the business profile of the SMEs surveyed in terms of their ownership status, size, type, turnover, and whether they even have a marketing department. These business characteristics are an important indication in relation to whom and what is being surveyed.

Following the analysis of the findings regarding the respondents' characteristics and business profiles, five clusters were created based on the beliefs held by the participants concerning the importance of marketing and advertising and their capabilities of carrying out any advertising activities.

The total number of respondents in the study is 403. The response from Qatar was 166, (41%) of the total number of respondents. The survey response from the UAE was 100, (25%) of the total respondents, from Bahrain it was 99, (25%) of the total number. The least number of respondents came from Oman: only 38 (9%) responded from the total number of respondents.

The quantitative research was structured and of the total respondents, 60% had a bachelor's degree or higher qualification which suggests why more than half of the total respondents had received some training (56%). There was a smaller percentage of respondents (14%) who only had a diploma and 25% had a high school certificate. Those with less than a high school qualification amounted to only 1%, which indicates that the majority of SME owners or workers are well educated.

Only a few respondents answered the question on income and age but those responses do indicate that the majority were on relatively low pay and of a higher age. The research clearly shows, from the business profiles of the companies surveyed in this research, that the majority of the companies were small to medium-sized and almost a quarter (25%) of the companies had 1-5 staff members and a further 57% were medium-sized, having 6-49 staff.

The SME companies surveyed in this research have shown an understanding of marketing and how important it is with 58% of them answering that they do have a marketing department. The size of the marketing department depended on the size of the business. The survey results also showed that 53% of the SMEs visited, had managers and other low rank employees who did not have any element of ownership in the business and only 8% had some sort of ownership. There was a total of 24% which had equal ownership.

6.11 Summary

The above discussions indicate a major improvement in advertising could happen within SMEs which would lead to a better SMEs' position. It also indicates that a bright future is expected for SMEs if a proper plan is followed. Following the discussion in this chapter the next chapter provides main findings, conclusions and contributions to knowledge, research limitations, future research directions and policy implications.

Chapter seven

Conclusion

7.0 Summary of the study

This study aimed to discover the effect of culture on advertising and found more than one finding in countries that do not have much academic literature. The GCC countries have large oil and gas reserves and are treated as wealthy countries. This wealth did not exist fifty years ago before the oil price boom in the seventies. After the oil price boom; development started and wealth was established in the GCC countries. This development has resulted in requests to experts from all over the World to assist in supporting and developing these countries. Since then, the GCC countries gradually “opened their doors” to all different nationalities with their different cultures and values. This has affected the local culture and the conservative culture of the GCC.

In addition to the different nationalities brought to the countries, the satellite channels and the open space have affected the local social life of the GCC countries. In line with booming economies, marketing and advertising are the main market drivers which are affecting demand and sales. Hence, there should be a careful use of advertisements when advertising international brands and products. Below are the research objectives which led to this research and study.

7.1 Research objectives

The research objectives of the research were:

- 1) to determine the cultural factors involved in the marketing of Small and Medium-sized Enterprises (SMEs) in Qatar and the other GCC countries including Saudi Arabia, UAE, Oman, Bahrain and Kuwait;
- 2) to determine the capabilities of SMEs to undertake marketing and advertising;
- 3) to determine the characteristics of the SMEs' owners/managers.

The research presents results that can be applied practically in businesses in the GCC; and develops a conceptual model (figure 3.1, page 119) of the effect of culture on marketing activities (with a special focus on advertising) of SMEs in Qatar and the other GCC countries including Saudi Arabia, UAE, Oman, Bahrain and Kuwait.

A primary aim of the research was to understand the influence in practice of cultural factors in the advertising of SMEs in the Gulf States. Consequently, the methods adopted should also match the main objectives of the research (Jones-Evans, 1994).

7.2 Main findings

There are many findings illustrated in chapters, three, four and five showing that there are facts available about SMEs in the GCC: on how they are handling their advertising and how cultural factors affect them. There are, however, also many ways to improve the existing SMEs in handling their marketing activities and there could be improvements made in some areas within SMEs, whilst in other areas there is no need or

likelihood of investment taking place as there is no sign that improvement is considered necessary.

7.2.1 Findings in connection to research objectives and research questions

There have been a number of findings from this thesis that answered the main research objectives. Some were found from the secondary data collected and some from the primary data.

Objective 1: *to determine the degree of the cultural factors involved in the marketing of Small and Medium-sized Enterprises (SMEs) in Qatar and the other GCC countries including Saudi Arabia, UAE, Oman, Bahrain and Kuwait.*

It is clear from the research analysis in response to RQ₁ that there is a good positive response rate for the degree of cultural consideration. In cluster A, the degree of cultural consideration was unlikely. In cluster B and C, the response was somewhat likely. In cluster D, the response was neither likely nor unlikely and in cluster E, the response was somewhat likely to consider the culture in any advertisements undertaken.

Objective 2: *to determine the capabilities of SMEs to do marketing and advertising.*

Generally as an outcome from this research in response to RQ₂ a clear gap can be perceived in marketing capabilities and interest. There is an intention to conduct marketing activities but the capability is low in many SMEs in terms of specialists, budgeting and planning. Two thirds of the surveyed groups have low to medium levels of marketing abilities.

The findings from the cluster analysis showed an average number of the respondents with a small significance in the clusters had SME managers reporting that the company is responsible for advertisement designs as well as marketing.

The cluster analysis findings also illustrated that an average number of the respondents in the clusters measured the success of their advertisements in terms of applying (practicing) marketing principles with a special focus on advertising.

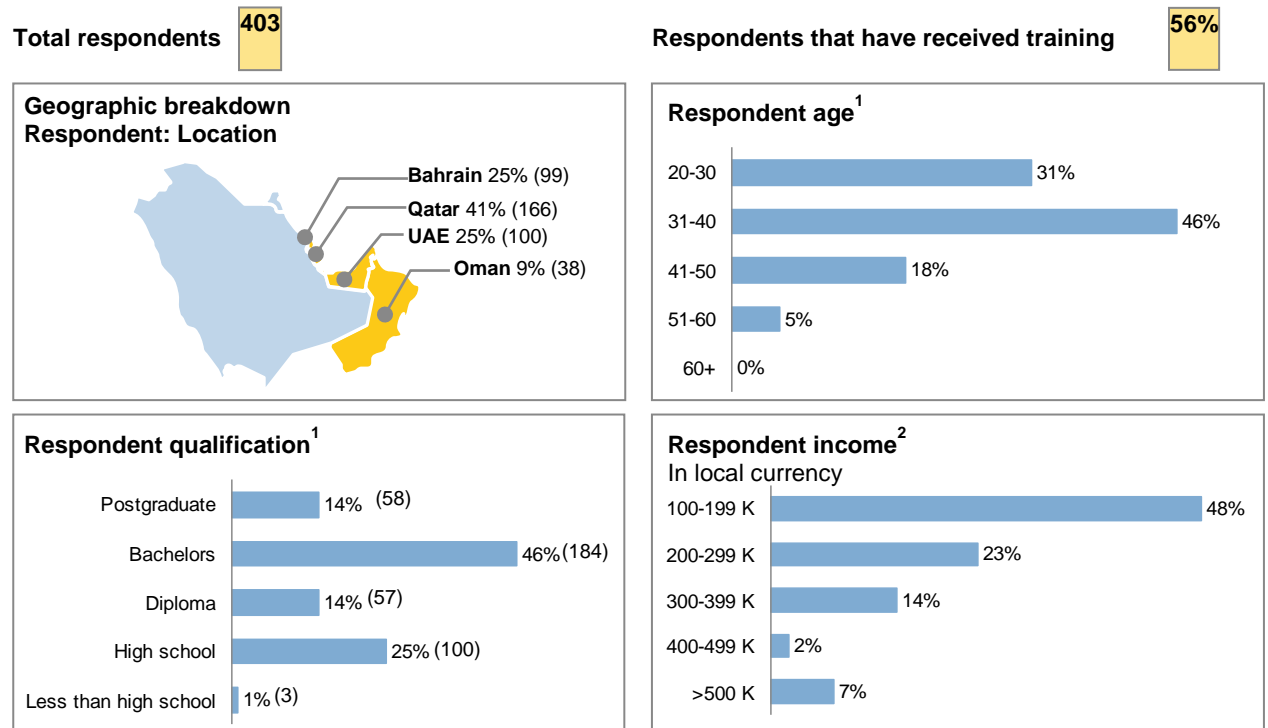
In addition the findings from the cluster analysis revealed that an average number of the respondents in the clusters had a marketing manager who prepared a report of the success of the advertisements in relation to the surrounding culture.

Objective 3: *to determine the characteristics of the SME owner/managers.*

In response to RQ₃ this research has investigated the characteristics of SME owner/managers.

The figure below shows the age, income and qualifications of respondents as a sample of the GCC SMEs (bearing in mind that all respondents are males).

Figure 7.1 Respondents' age, qualification and income



Note 1 Sample size: 402, 2 Sample size: 373

From the findings of the cluster analysis it was found that a less than average number of the respondents reported that the SME owner/managers were responsible for advertisement design selection in the context in which advertising takes place in terms of culture.

As a result of the research there are many practical solutions that can be applied to three main areas.

- **Governments:** GCC governments have to play an important role in driving the SMEs' economy to a higher level and in terms of influencing SME authorities to support and encourage SMEs and put a plan in place for implementation.
- **SME organizations and funding bodies:** these authorities have an important role to play in supporting the government in implementing the plan to gradually be able to depend on SMEs as an economic driver.
- **SME owner/managers:** there are no developments for them so they have to educate themselves on SMEs' roles in other countries especially those in developed countries. It is also important to have more training available on marketing and advertising which will enable their businesses to perform better by applying the right marketing tools.

It is not difficult to implement the above if each party plays its part. They are suggested solutions to fill the gap found by this research.

In chapter three, as a result of the existing literature and outcomes from the primary data analysis, a conceptual model (figure 3.1, page 116) was created to fill the gap of the marketing/advertising process of advertisement within SMEs in considering the surrounding culture.

Therefore the findings of the study prove the research question that “SMEs in the GCC countries are applying (practicing) marketing activities and that they are considering the context in which that advertising takes place: the surrounding culture”.

7.2.2 Major findings of the study

- *Importance of a marketing department to the business:* 56% of the respondents thought that a marketing department was important to their business.
- *Marketing capabilities in SMEs:* more than two thirds of the businesses had a low to medium level of marketing capabilities.
- Most of the SMEs within this research had no independent marketing department but 22% do simple advertising and 12% have some newspaper advertisements created for them by newspaper design offices.
- If there is a marketing department, as was the case with 44% of the SMEs, everything is controlled by a general manager not by a team of professional marketers. All the decisions are with the GM or the owner.
- Almost half of the selected participants responded (41%) that a marketing department is not important because they were small companies.
- There were 63% who did consider the culture of the country of vital importance in their advertisements and messages.
- A total of 63% of SME managers responded that the company is responsible for advertisement designs but 50% said it is the marketing manager who is responsible for design selection.

- It was also observed that this group of SMEs had no marketing department but, for those where it did exist, it was felt that the general manager and marketing manager should control its marketing budget.
- A total of 97% of respondents answered positively to having an independent marketing department with the budget being controlled by the general or marketing manager (52% and 38% respectively).
- From the survey, it was seen that 36% answered that there is no marketing department and no marketing activity.
- There was another mix of 43% who answered that they undertake simple advertising and 21% carried out marketing through newspaper design offices.
- In terms of ownership of an SME by an employee, there were 44% who were in equal partnerships and 40% had no ownership.
- This cluster of SMEs surveyed also responded that there is a marketing department in the company but it is non-functional and 43% claimed it did not carry out any marketing activities and 57% claimed that they only do very basic advertising.
- There is no agreed definition of SMEs in the GCC countries. Although the GCC countries have so many similarities in all aspects especially in business still there is no agreed definition for SMEs. The GOIC organization had a common definition but it is not widely used in the GCC countries.

- SMEs that have a marketing department in the GCC are 58%. This shows how important marketing is for companies to run their advertisement plans. This leads to the next finding which links to this finding.
- Out of 403 SMEs surveyed; 44% of them had web sites, the purpose of which was (as *per* the survey) as an advertisement tool.
- Two thirds of the respondents view marketing and advertising as highly important for their businesses. This was linked to how educated the owners and managers of these SMEs were.
- Two thirds of the SMEs surveyed had low to medium levels of marketing capabilities.
- There was an understanding and belief in the importance of marketing and advertising but capability is a barrier.
- Most of the SMEs did consider the culture of the country as being an important factor when conducting advertising. This shows that managers and owners of SMEs consider and understand advertising but because of their lack of capabilities global advertising is adopted in GCC countries and used without looking into the culture.
- The GOIC is focusing more on small and medium industrial and manufacturing businesses and not on all types of businesses.

The above research findings indicate a major improvement in restructuring the roles and working of SMEs in the GCC is required. There are some SMEs which understand the importance of a marketing department in their companies, and some also have a

department which is either controlled by the owner or a GM who makes the final decision (not professional marketers).

7.3 Contribution to knowledge

This research looked into many different resources in the data available from journals as well as the questionnaire survey. An outcome of this research has been the following major contributions to the knowledge.

7.3.1 Literature on SMEs and advertising fields in Gulf countries are not available as much as in other countries. So, having this study published will be a strong source for researchers and will enrich the GCC countries' libraries.

7.3.2 As an outcome from this research; there is an understanding of the importance of advertising but there is a barrier in the capabilities required to carry out this function. From the questionnaire survey, it shows that there are no specialists in marketing or advertising.

7.3.3 Looking into the similarities in the GCC economies, it is obvious that there is an easy way to create a common definition for SMEs and to apply it among all authorities within the GCC countries.

7.3.4 Another major contribution is the conceptual framework that has been created to consider all the factors when developing an advertising plan.

7.4 Limitations

- One of the main limitations of the study was the availability of the literature on SMEs in the GCC. Most of the available literature is in the form of brief basic

slides which have been made for presentational use in conferences. These presentations slides are also difficult to use as a reference as no full reference is given. The research outcome could have been more robust and sophisticated but the lack of data resources resulted in its current form. On the other hand, this lack of information did encourage the researcher to undertake field work involving the questionnaire survey. Authors such as Abernethy and Franke (1996), cited in Al-Olayan and Karande, 2000; Giunipero and Flint, 2001) have highlighted the lack of literature focusing on the Middle East in general.

- Having undertaken this study in four different countries representing most of the GCC was difficult to implement but important for the study to be more comprehensive because of the similarities amongst the GCC countries. Although there are a lot of similarities amongst the GCC countries, conducting this research in four different countries did present some difficulties in the nature of people handling the business. Also, some of each country's internal regulations affected the response rate. As an example, some owners requested permission from the ministry of trade and some requested permission from the police. These permission requirements are not required by officials but they are used as an excuse not to complete questionnaires.
- Interviews have proven that some SME owners and managers are mixing hope and reality in terms of understanding and practicing marketing. This also was supported by the analysis of the questionnaire where in clusters A, B, C and even D, there are limitations in marketing capabilities. SMEs have, however, to some

extent practiced some marketing activities but in a very basic manner. The reason for this is the lack of awareness of marketing theories and new marketing tools.

- Although there are many similarities between the GCC countries, there is no agreed single definition for an SME which can be used by all officials. Even more than one definition is found within the same country. This has affected the study and the research because the study is among four countries which are using different terms and definition of SMEs. Hence, the researcher has had to use his own understanding to produce an SME definition.

7.5 Recommendations

It has been mentioned in the study that all GCC countries are considering SMEs as one way to diversify their economies which mainly depend on oil exports. This diversification cannot be a success unless SMEs have a good understanding of marketing and practicing advertising in the right way.

- To have a solid SME economy, there should be a better understanding of marketing and advertising. This better understanding can be achieved through workshops to SME owners and managers where they should have an idea about marketing activities and advertising. As in figure 5.5 chapter five, two thirds of the survey sample consider marketing as not important. In contrast 60% of the respondents are well educated having a bachelor degree or higher.
- The Gulf Organization for Industrial Consultation (GOIC) should have published more journals and studies on SMEs. Not only that, but making them available. There could be publications but with limited access.

7.6 Recommendation for future research

This thesis was a result of a mixture of both secondary and primary data. Without this it would be hard to accomplish this study.

- Moreover, this thesis is a real contribution to knowledge, however, additional research is needed to measure the support offered by the GCC countries to SMEs and how they have contributed to the success of SMEs. In recent years there has been more focus on SMEs in terms of forums and conferences but still they are not studied or looked into on how they are supporting the SME.
- Future research may look into how consumers see SMEs as contributors to countries' economies.
- More research is needed in the field of marketing within SMEs. There is a large grey area in marketing practice within SMEs as there are marketing activities as per this research but the process and when to do marketing activities are still ambiguous.
- In this research, 44% of the respondents claimed that they have web sites for marketing purposes. It is worth looking into how SMEs depend on web sites for their sales and marketing. Web sites recently have been increasingly used for sales, marketing and publicity by large and medium companies. How is this affecting SMEs and utilized by SMEs? This can be looked into by researchers who are interested in the SME's future in the GCC countries.

- The GCC countries are lacking in academic journal publications. Researchers have very little opportunity to study in the current research institutions and how effective they are. Maybe further investigation is needed to measure their performance and the number of publications.
- The key area that is now in research investigations is the use of a focus group – a sample of the population to investigate the effect on their purchases when looking into advertisements.

7.7 Policy implications

It is important that the GCC countries are clear about, and have the right intention in, supporting SMEs for the benefit of their countries economic diversification. To make this happen:

- the GCC needs to establish a fund bank for SME funding and encouragement. This should be able to give support by financing new SMEs to start-up their businesses with some in refundable funds and with no interest funds;
- to establish authorities or bodies to support SMEs with new ideas, guidance and consultancy; and,
- revise and make the existing SME authorities more effective. There are existing authorities but it is difficult to be sure if what they are doing for SMEs is enough or if they need to apply more effort. So there should be a review by the GCC governments to discover what existing bodies are doing.

These authorities or banks should be governmental organizations to have the same vision as the state as well as having the right support and funding from the government.

There should be a plan from the GCC governments to support SMEs and include this in the state yearly plan. If these policy proposals are implemented there will probably be more effective advertising for the marketing of SMEs in the GCC countries.

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Mohammed Saleh Al Marri
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Date:

Dear Sir:

My name is Mohammed Saleh Al Marri and I am a Phd scholar at University of Glamorgan in United Kingdom. For my final project, I am examining **“The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising”** I am inviting you to participate in this research study by completing the attached surveys.

The following questionnaire will require approximately 30 minutes completing. There is no compensation for responding nor is there any known risk. If you choose to participate in this project, please answer all questions with your honest opinion as much as possible and return the completed questionnaires promptly by mail provided stamped envelope or hand over directly to me. My Address is mentioned above. Participation is strictly voluntary and you may refuse to participate at any time.

Thank you for taking the time to assist me in my educational endeavors. Completion and return of the questionnaire will indicate your willingness to participate in this study. If you require additional information or have questions, please contact me at the number listed above.

Sincerely,

Mohammed Saleh Al-Marri



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

•SECTION (A) Information about the Owner/Manager

(1) What is your name and position in the company?

.....
.....

(2) Please tick the appropriate box to signify your age.

Age

- a. 20-30
- b. 31-40
- c. 41-50
- d. 51-60
- e. 60+

Tick
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

(3) Please tick the appropriate box to signify your income.

Income (use your country currency)

- a. 100,000 – 199,000
- b. 200,000 – 299,000
- c. 300,000 – 399,000
- d. 400,000 – 499,000
- e. more than 500,000

Tick
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

(4) What level is your highest qualification? Please tick one appropriate box

Qualification

- a. postgraduate qualification
- b. bachelor degree
- c. diploma level
- d. high school graduation
- e. less than high school (please specify)
.....
.....

Tick
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input checked="" type="checkbox"/>

5) Have you received any training, either in this or a previous employment?

Training

- a. yes
- b. no

Tick
<input type="checkbox"/>
<input type="checkbox"/>



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

(6) If yes, please specify in which field. Please tick the appropriate box or boxes.

Type of training

- a. management
- b. marketing
- c. planning
- d. finance
- e. other (please specify)
-

Tick
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

• SECTION (B) The Business

(1) What is your ownership status in the company? Please tick only one answer.

Ownership status

- a. wholly-owned by yourself
- b. you have a majority of ownership
- c. you own the company equally with another
- d. your ownership in the company is minor
- e. you have no ownership in the company

Tick
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

(2) What is the business activity of your company? Please tick only one answer.

Type of business

- a. manufacturing of food stuffs
- b. manufacturing of finished consumer goods
- c. business services (consultancy, design, technology, etc.)
- d. distribution (retail, warehouse, transport, etc.)
- e. services industry (hotel, accommodation, restaurant, catering, etc.)
- f. corner shop (grocery, laundry, tailoring, etc.)
- g. other (please specify)
-

Tick
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

(3) Please state the number of staff employed by your company.

Number of staff

Number



Survey Questionnaire

"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

- a. full time
- b. part time

(4) In terms of sales turnover on a yearly basis, where would you place your firm?

Sales turnover per annum (use your country currency)

- a. less than 100,000
- b. 100,000–199,000
- c. 200,000 to 499,000
- d. 500,000 to 999,999
- e. 1,000,000 to 5,000,000
- f. more than 5,000,000

Tick

(5) Please indicate your company's departments.

Company departments

- a. finance and accounting
- b. marketing
- c. sales
- d. procurement
- e. planning
- f. production
- g. human resources

Tick



Survey Questionnaire

"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

h. other(s) not mentioned above

.....

(6) Does your business have a web site?

Web site

- a. yes
- b. no

Tick

(7) If 'YES' what is the purpose of the web site?

	Yes	No	No answer
a. to show the company's profile			
b. to be advanced and modern			
c. for marketing purposes			
d. to use it for on line services			

Any other purpose, please specify

.....

.....



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

(8) How do you view the following departments in terms of importance?

Department	Very unimportant 1	Somewhat unimportant 2	Neither important nor unimportant 3	Somewhat important 4	Very important 5
a. finance and accounting					
b. marketing					
c. sales					
d. procurement					
e. planning					
f. production					
g. human resources					

• SECTION (C) Marketing

(1) Is there a marketing department in your company?



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

Marketing department

Tick

- a. yes
- b. no

If your response was 'YES', please answer the following questions.

If your answer was 'NO', please go to section (C2)

• SECTION (C 1) Companies with marketing departments

(1) How many staff are there in the marketing department?

Staffing levels

Tick

- a. one member of staff
- b. two members of staff
- c. three members of staff
- d. More than three (please specify)

.....
.....

(2) How much is the marketing budget a year?

Marketing budget (use your country currency)

Tick

- a. less than 100,000



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

- b. 100,000– 199,000
- c. 200,000 to 299,000
- d. 300,000 to 399,000
- e. 400,000 to 499,000
- f. more than 500,000

(3) How would you rank the importance of the marketing department?

Importance of marketing department

- a. extremely important
- b. very important
- c. important
- d. not important
- e. don't know

Tick

(4) Who suggests/proposes the marketing budget?

Control of marketing budget

- a. general manager
- b. marketing manager
- c. sales manager

Tick



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

d. other (please specify)

.....

(5) Who has responsibility for advertisement design?

Advertisement design responsibility

a. your company

b. an advertisement agency

c. a newspaper

d. other (please specify):

Tick
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input checked="" type="checkbox"/>

6) Who is responsible for selecting the advertisement design?

Advertisement selection responsibility

a. marketing manager

b. general manager

c. the agency

d. other (please specify)

Tick
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

.....

--

(7) In the process of advertisement design, are the culture and environment of your country taken into consideration?

Consideration of culture and environment

- a. yes
- b. no

Tick

(8) If yes, are any of the following criteria considered?

Cultural, environmental criteria

- a. religious principles
- b. media rules and conditions
- c. newspaper rules
- d. manager's views only
- e. advertising agency view only

Tick

(9) In which part of the advertisement do you reflect the above factors?



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

Position of cultural/environmental factors

- a. the written message
- b. the vision/image including the logo or the product
- c. both of the above

Tick



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

(10) Do you measure the success of your advertisements?

Measurement of advertising success

a. yes

b. no

Tick

(11) If yes, who prepares the post advertisement report?

Preparation of advertising report

a. marketing manager

b. sales manager

c. marketing staff

Tick



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

•SECTION (C2) Companies without marketing departments

(1) If no marketing department exists, do you perform any marketing activities?

Marketing activities without marketing department

- a. no marketing activities
- b. very simple advertising
- c. through newspaper design office

Tick
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

(2) Why is there no marketing activity in your company?

Reasons for no marketing

- a. not important
- b. too expensive
- c. no specialists
- d. small company
- e. other reason(s) (please specify)
-
-

Tick
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>



"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

•SECTION (C3) Your views on marketing

PLEASE READ THE FOLLOWING NOTE BEFORE CONTINUING

The following section of this questionnaire has been designed to gain your views on issues surrounding marketing. In some questions a statement is made and you are asked to give your views on them. The choices range from strongly agree to strongly disagree. We would ask that you tick **only one** of the options in each case. In other questions there will be a range of issues against which we would like you to give your opinion. Again, please tick only one of these options.

- (1) The existence of a marketing department could be of assistance in the running of a company.

Strongly disagree	Disagree	No opinion	Agree	Strongly agree

- (2) It is necessary to give consideration to issues of culture and environment in the design of advertisements.

Strongly disagree	Disagree	No opinion	Agree	Strongly agree



Survey Questionnaire

"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

- (3) In order for a company to gain the most benefit from marketing it should allocate a separate marketing budget.

Strongly disagree	Disagree	No opinion	Agree	Strongly agree

- (4) In the following there are a number of issues relating to taking to market goods or services. Even if your company is not currently carrying out any marketing tasks we would ask you to think about these issues and give your opinion.

Issues	Very dissatisfied	Dissatisfied	No opinion	Satisfied	Very satisfied
a. advertising design					
b. amount of marketing budget					
c. comprehensive marketing plan					
d. marketing efficiency					
e. marketing activities in general					
f. attention given to cultural considerations					



Survey Questionnaire

"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

g. company's level of customer service					
h. pricing					
i. distribution					
j. promotion of goods and/or services					
k. levels of staffing in relation to marketing tasks					

(5) How often, as a manager, do you think marketing will increase sales?

Never	Rarely	Sometimes	Often	Always

(6) How likely is it that your company would depend upon advertising?

Very unlikely	Somewhat unlikely	Neither likely nor unlikely	Somewhat likely	Very likely



Survey Questionnaire

"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

(7) To what extent are the following cultural factors of importance to your company?

Department	Very unimportant 1	Somewhat unimportant 2	Neither important nor unimportant 3	Somewhat important 4	Very important 5
a. language					
b. attitude					
c. customs					
d. religion					
e. education					
f.. other (please specify)					



Survey Questionnaire

"The effectiveness of cultural factors on the marketing of small and medium sized enterprises in Qatar and the GCC Countries: with special reference to advertising"

(8) How likely is it that cultural factors are considered in your company's advertising?

Very unlikely	Somewhat unlikely	Neither likely nor unlikely	Somewhat likely	Very likely

(9) How likely is it that advertising influenced by you?

Very unlikely	Somewhat unlikely	Neither likely nor unlikely	Somewhat likely	Very likely

As the researcher, I would like to thank you for taking the time and trouble to complete this questionnaire.



The 2nd Middle East SME Forum 2012

المنتدى الثاني للشركات الصغيرة والمتوسطة في الشرق الأوسط

☞ *Shifting Gears: Educate, Facilitate and Innovate* ☞

28 – 29 MAY 2012, GRAND HYATT, DOHA – STATE OF QATAR

UNDER THE PATRONAGE OF:



HEADLINE SPONSOR:

al khaliji الخليجي
next generation banking بنك الجيل القادم

HONORARY KEYNOTE SPEAKERS



H.E. Sheikh Hamad Bin Faisal Thani Al-Thani
Al Khalij Commercial Bank (al khaliji) QSC
Chairman



Robin McCall
Al Khalij Commercial Bank (al khaliji) QSC
Group Chief Executive Officer



Hamad Al-Abdan
Enterprise Qatar
Chief Business Operation Officer



Dalia Al-Khalaf
Enterprise Qatar
Senior Associate: Debt & Equity Financing

CONFIRMED SPEAKERS & PANELISTS

Mohamed A. Abdelkhalek
Al Khalij Commercial Bank (al khaliji) QSC
Group Head of Corporate and International Banking
Abeer Al Kalla
Al Khalij Commercial Bank (al khaliji) QSC
Head of PR & Communications
Mian Ehsanullah
Al Khalij Commercial Bank (al khaliji) QSC
Head of Public Sector & Liability Management:
Corporate Banking Division
Mohammed Al Marri
Qatar Telecom (Qtel) Q.S.C
Chief Sales & Service Officer
Billye Vegh Atout
Qatar Telecom (Qtel) Q.S.C
Director: Enterprise Sales (A)
Emad Turkman,
Rumailah Group W.L.L.
Chief Executive Officer | Chairman – Qatar British
Business Forum
Yasmeen Hasan
Bedaya Center for Entrepreneurship and
Career Development
Business Advisor
Tamer W. Bazzari
Genero Capital
Founder and Chief Executive Officer

Basim M. Al-Saie
INSTALLUX Gulf
Managing Director | Chapter Launch Director:
EMEA – EO | Entrepreneur's Organization
Saleh Ahmed Al-Badi
NAS International LLC
Chairman and Managing Director
Ravi Raman
Oryx Advertising WLL-Qatar
Vice President
Moinuddin Malim
Mashreq Al Islami
Chief Executive Officer
Dr. Basel Hussein Roshdy
Nile Capital
General Manager & Chief Investment Officer
Jawaher Al-Naimi
Qatar Development Bank
Al Dhameen Program Manager
Fatih Karatash
Qinvest LLC
Chief Investment Officer
Shareefa Fadhel
Roudha Center for Entrepreneurship and
Innovation
Co-Founder and Managing Director

Aysha Al-Mudehki
Roudha Center for Entrepreneurship and
Innovation
Co-Founder
Fahad A. Al-Semari
Saudi Aramco
Managing Director: Saudi Aramco Entrepreneurship
Center Company (Wa'ed)
Hassib Khatib
Why Qatar Magazine
Managing Director
Anand Venkateswaran
Gulf Bank KSC
Business Process Reengineering, Process Excellence
& Program Management
Javed Abbasi, GISBA Group
Founder and Principal Consultant
Shadi Eideh
TRILIGHT Studios
Founder
Omar Al Juraifani
Economic and Financial Analyst

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SUPPORTING ASSOCIATIONS:



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Email: fahd.ali@fleminggulf.com, www.fleminggulf.com

FIND YOUR REASONS TO ATTEND

- ▶ **Understand** how the SME Ecosystem works in the Middle East
- ▶ **Explore** the challenges and opportunities towards business start ups
- ▶ **Nurturing** with best practices and successful stories in the region's SME sector
- ▶ **Key learnings** on how to establish the SME through various mechanisms
- ▶ **Update yourself** with government initiatives towards boosting the SME sector
- ▶ **Identify key projects** lined up for SMEs to grow their businesses
- ▶ **Great Networking and Business Development Opportunities**

WHO MUST ATTEND

- **Business Enterprises:**
Small & Medium Company Owners, Partners, Chairman, CEOs, Family Business Owners, Entrepreneurs, Founder, President, Vice President, General Manager, Financial Controllers, Large Enterprises: Chief Investment Officers, CEOs, Head of New Businesses, Head of Business Planning & Development.
- **Banks and Financial Institutions:**
SME Bankers, Business Bankers, Commercial Bankers, Relationship Managers, Business Development Managers, Private Equity Experts and Venture Capitalists.
- **Government & Others:**
Government Support Institutions, Banking Regulators, Management Consultants, SME Development Centres, Chamber of Commerce, Ministry of Economic Development and Ministry of Business & Trade.

MEDIA PARTNERS:



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DAY 1 | 28th May 2012

8:00 Registration and Coffee

8:50 Welcome Note from Fleming Gulf

9:00 Chairman's Opening Remarks
"Shifting Gears: Educate, Facilitate and Innovate"
H.E. Sheikh Hamad Bin Faisal Thani Al-Thani
Al Khalij Commercial Bank (al khaliji) QSC
Chairman

9:10 KEYNOTE | "How Enterprise Qatar supporting SMEs towards Qatar's National Strategy: Vision 2030"
Hamad Al-Abdan, Enterprise Qatar
Chief Business Operation Officer

9:20 KEYNOTE | Drivers of SME Economic Growth
Robin McCall, Al Khalij Commercial Bank (al khaliji) QSC
Group Chief Executive Officer

9:30 KEYNOTE | SME as a drive for Economic Growth: MENA, GCC & Qatar
Dalia Al-Khalaf, Enterprise Qatar
Senior Associate: Debt & Equity Financing

9:45 Morning Coffee Break and Networking

10:15 Panel Discussion | Facilitating Investors with proper Infrastructure for Business Start-ups

This is an interactive panel discussion involving civic bodies and SME authorities in highlighting the significance of a joint collaboration of governing entities and the private sector to boost SME Development across the region. The session will cover:-

- Access to Capital: How Financial Institutions can contribute to develop Entrepreneurs?
- Coaching, Resource gathering and other amenities required to ensure sustainability and profitability across all SMEs
- Knowing that larger players in the region have the luxury of being exclusive tender holders of large projects, what is left for the SMEs if they would want a piece from the pie?
- Sustainability of SMEs or Start-ups in the time to move forward. What are the chances of survival?

Featured Panelist:

Dr. Basel Hussein Roshdy, Nile Capital
General Manager & Chief Investment Officer

Fahad A. Al-Semari, Saudi Aramco
Managing Director: Saudi Aramco Entrepreneurship Center Company (Wa'ed)

Mohammed Al Marri, Qatar Telecom (Qtel) Q.S.C
Chief Sales & Service Officer

Emad Turkman, Rumaillah Group W.L.L.
Chief Executive Officer | Chairman – Qatar British Business Forum

Moderated By:

Mian Ehsanullah, Al Khalij Commercial Bank (al khaliji) QSC
Head of Public Sector & Liability Management: Corporate Banking Division

11:00 al khaliji – "A True Business Partner for Businesses"

- SMEs – How they survived the Crisis?
- Global Successes – SME Models
- GCC SME Market trends
- Qatar – A straight road ahead for SMEs
- SME Banking – al khaliji story
- Video – al khaliji business banking

Mohamed A. Abdelkhalek, Al Khalij Commercial Bank (al khaliji) QSC, Group Head of Corporate and International Banking

11:30 Increasing Productivity for SMEs via ICT Investments

- The Behaviour of a Common SME
- Need of Simplicity & Value for Money
- Business ICT Solutions
- Information Security & Tackling Fraud
- Data Storage & Warehousing
- Best Practices & Key take-away

Billye Vegh Atout, Qatar Telecom (Qtel) Q.S.C
Director: Enterprise Sales (A)

12:00 Panel Discussion | Growing the SME Business

- Embedding a culture of business process improvement
- Need of strong corporate governance systems and management structures
- Business Finance – Measuring the effectiveness of the bank's involvement or sticking to your own personal wealth... What are the consequences?
- Changing your Business Model: From Trade to Manufacturing
- Regulatory Challenges: Moulding into the situation
- Impact on the Job Market Propositions

Featured Panelists:

Basim M. Al-Sale, INSTALLUX Gulf
Managing Director | Chapter Launch Director: EMEA – EO | Entrepreneur's Organization

Tamer W. Bazzari, Genero Capital
Founder and Chief Executive Officer

Saleh Ahmed Al-Badi, NAS International LLC
Chairman and Managing Director

Dr. Basel Hussein Roshdy, Nile Capital
General Manager & Chief Investment Officer

Omar Al Juraifani, Economic and Financial Analyst

Moderated By:

Mohamed A. Abdelkhalek, Al Khalij Commercial Bank (al khaliji) QSC
Group Head of Corporate and International Banking

12:30 Boosting Entrepreneurship: The Saudi Aramco Story

- The Kingdom of Saudi Arabia... an Oasis of Opportunities
- Entrepreneurship in Saudi Arabia benchmarked with the rest of the Middle East
- Saudi Aramco and SME Development: The Framework
- Innovation Management for Start-ups
- Education and Training the Entrepreneur
- Key Take Away from Saudi Aramco's experience in entrepreneurship development

Fahad A. Al-Semari, Saudi Aramco

Managing Director: Saudi Aramco Entrepreneurship Center Company (Wa'ed)

**13:00 Lunch – Hosted by:
Al Khalij Commercial Bank (al khaliji) QSC**

14:00 Understanding how the SME Ecosystem works in the Middle East

- Evaluating the type of SME business to establish
- The Business Plan
- Funding
- Operational Aspects
- Expansion Plan
- Managing the Risks

Tamer W. Bazzari, Genero Capital

Founder and Chief Executive Officer

14:30 Overcoming a National Challenge: The Interconnection of Stakeholders in the Region's SME Sector

- The SMEs current & future returns to economy
- Government Role and efficient Support towards the development of the SME sector region-wide
- The Role of the Private Sector and Large Corporate in SME development
- The Real Motto – Creation of Jobs; Creation of Stability
- Access to Finance: investor & Bank's Role
- SME Development in Oman – A short story
- The Way Forward

Saleh Ahmed Al-Badi, NAS International LLC

Chairman and Managing Director

15:00 Opportunities and Challenges in Developing a Small Business

Setting up a business has remained a challenge for any entrepreneur. Getting your mind set to face all probable challenges is essential before starting a new business. No matter how innovative your business models are, it's never a piece of cake to ensure stability in your business start-ups. This presentation will take you through the following verticals:-

- Adequate utilization of Financing Start-ups
- Performance Measurement and Organizational Excellence
- SMEs in Bahrain: Challenges & Opportunities
- The Role of EO in Facilitating Entrepreneurs to tackle dilemmas

Basim M. Al-Sale, INSTALLUX Gulf

Managing Director | Chapter Launch Director: EMEA – EO | Entrepreneur's Organization

15:30 Afternoon Coffee Break and Networking

16:00 SME Development: The QDB Story

- SME challenges in Qatar
- The Al Dhameen Programme
- Achievements from Al Dhameen
- Other QDB's Initiatives towards SME Support & Development in Qatar

Jawaher Al-Naimi, Qatar Development Bank

Al Dhameen Program Manager

16:30 "How Women can contribute to the Small Business Community?"

- Global Entrepreneurship Trend amongst Women
- Top 10 Women who are CEOs of MNC: Key Learning
- Best Practices and Key take-away

Aysha Al-Mudehki, Roudha Center for Entrepreneurship and Innovation, Co-Founder

17:00 Panel Discussion | Empowering Women to become Entrepreneurial Leaders

- Women and SME Development
- Featured Sectors that Empower Women to participate in Entrepreneurship
- Centers of Excellence for Women Entrepreneurship
- Ladies Banking: Does that work?
- Global Best Practices in Women Entrepreneurship

Featured Panelists:

Aysha Al-Mudehki, Roudha Center for Entrepreneurship and Innovation, Co-Founder

Jawaher Al-Naimi, Qatar Development Bank

Al Dhameen Program Manager

Yasmeen Hasan, Bedaya Center for Entrepreneurship and Career Development, Business Advisor

Moderated By:

Abeer Al Kalla, Al Khalij Commercial Bank (al khaliji) QSC

Head of PR & Communications

Billye Vegh Atout, Qatar Telecom (Qtel) Q.S.C

Director: Enterprise Sales (A)

17:30 Closing Remarks from the Chair

17:40 End of Day 1

Speakers & Delegates are cordially invited to a
NETWORKING COCKTAIL RECEPTION

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Email: fahd.ali@fleminggulf.com, www.fleminggulf.com

DAY 2 | 29th May 2012

8:00 Registration and Coffee

8:50 Welcome Note from the Chairman

9:00 Creation of Business Start-ups in the Construction & Real Estate segment – The Opportunities

- Doha Group's vision for Qatar's future in the construction and real estate industry
- The Role of media in helping SMEs to have bigger influence on the economy
- Development of infrastructure and the role in Qatar's Economic Development
- Boosting Qatar's SME sector with Infrastructure, Construction and Real Estate
- The Way Forward

Hassib Khatib, Why Qatar Magazine
Managing Director

9:30 Biz-Process Re-Engineering: Dynamics of the Change and the Change Management itself

- Designing the "Future" model for Biz
- Identifying & Scoping the to-be changed factors
- Challenges... Challenges... Challenges...
- Lessons learnt from the trenches

Anand Venkateswaran, Gulf Bank KSC
Business Process Reengineering, Process Excellence & Program Management

10:00 Changing Business Models: From Trade to Manufacturing

- History of Trading Business in the region
- Which one is better for the Economy?
- Why do I need to change from Trade and Manufacturing as private sector?
- What does the private sector need from the public sector to do a successful change?
- Regional Case Study

Omar Al Juraifani
Economic and Financial Analyst

10:30 Morning Coffee Break and Networking

11:00 "Media is an SME's Best Friend"

- Understanding the role of media. How media can support, grow a SME
- Developing an effective media strategy
- PR & Social media, how to use them effectively
- Social Responsibility, when is a SME ready?

Ravi Raman, Oryx Advertising WLL-Qatar
Vice President

11:30 Jo'preneurs

Jo'preneurs is a unique documentary about the trending entrepreneurship in the MENA region, that is rising from being random initiatives to a fully blown movement; A movement of freedom, success, inspiration, and professional upbringing of a young generation. Started as a personal and creative journey, the project is now an entrepreneurial social media hub that is backed by an active online community.

Shadi Eideh, TRILIGHT Studios
Founder

12:00 "How to Market SMEs better with the help of Achieving Certifications?"

SMEs have a big challenge to recognize themselves as the professional organization that is following the best practices. Adopting Standards and achieving certification can help them to join the Elite club. Following topics will be covered:

- Importance of adapting Standards
- What Standards should be adopted as fast-track approach
- ISO 9000 & ISO 27001 for Information Security
- ISO 20,000 for ITIL and Service Management
- BS 25999/ISO 22301 for Business Continuity
- Top 10 tips for implementing and fast tracking standardization projects.

Javed Abbasi, GISBA Group
Founder and Principal Consultant

12:30 Panel Discussion | Creating an Islamic Center of Excellence in the Region



- Enabling SME Growth through Islamic Financing
- Shari'ah Models for Small Business Financing
- Various Financing Options for SMEs via Islamic Financing
- Promotion of Islamic Arts & Culture
- Significance of Islamic Education to the Next Generation
- Targeting sectors such as Tourism, Hospitality, Small Businesses to encourage Shari'ah Compliancy
- Sights on other alternate investment opportunities in the Islamic space

Featured Panelists:

Moinuddin Malim, Mashreq Al Islami
Chief Executive Officer

Fatih Karatash, Qinvest LLC
Chief Investment Officer

Javed Abbasi, GISBA Group
Founder and Principal Consultant

13:00 Close of the Conference & Closing Remarks from the Chair
Farewell Lunch – Hosted by: Al Khalij Commercial Bank (al khaliji) QSC

I would like to thank everyone who has helped with the research and organization of this event, especially the speakers for their support and commitment.

Fahd Ali Akmal, Conference Production Specialist
fahd.ali@fleminggulf.com



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THE ADVISORY COUNCIL

The advisory council will aid in the quest for providing high quality education on the most significant topics to ever impact the region's SME sector.

Mohamed A. Abdelkhalek, Al Khalij Commercial Bank (al khaliji) QSC
Group Head of Corporate and International Banking

Faisal Al-Kadi
Al-Kadi Commerce & Industry, Saudi Arabia
Group Vice President and General Manager

Abeer Al Kalla
Al Khalij Commercial Bank (al khaliji) QSC, Qatar
Head of PR & Communications

Shareefa Fadhel, Roudha Center for Entrepreneurship and Innovation
Co-Founder and Managing Director

Omar Al Juraifani, Economic and Financial Analyst

BIOGRAPHIES – SPEAKERS & PANELISTS



H.E. Sheikh Hamad Bin Faisal Thani Al-Thani
Al Khalij Commercial Bank (al khaliji) QSC
Chairman

H.E. Sheikh Hamad Bin Faisal Bin Thani Al-Thani joined al khaliji in February 2009. His Excellency, widely known in the region and regarded as one of Qatar's most influential business figures, brings an enviable track record

to al khaliji.

His Excellency has held a number of prominent positions, including the post of Minister of Economy and Commerce of Qatar, and Vice Chairman at Qatar National Bank (QNB).

Other senior positions previously held by His Excellency include:

- Chairman of Qatar General Organization for Standard & Metrology
- Member of Supreme Council for Economic Affairs & Investment
- Director of Customs Department
- Heir Apparent Office, Diwan Al Amir

His Excellency is also a very active member of the Qatar business community. In addition to his post as Chairman and Managing Director of al khaliji, His Excellency holds the following key positions:

- Vice Chairman, Al Khalij Holding Company
- Board Member, Qatari Businessmen Association
- Board Member, Qatar Insurance Company (QIC)

His Excellency holds a Bachelors Degree in Political Science.



Hamad Al-Abdan, Enterprise Qatar
Chief Business Operation Officer

Hamad Mohamed Al Abdan is a Telecommunication Engineer and Strategic Business Executive with fifteen years of experience in business development. He joined Enterprise Qatar as Chief Business Operation Officer in December 2011. Eng. Hamad held Senior Executive Positions at Al Jazeera Children Channel, Investments House Dubai and Barwa Bank (The First Investor).

He also founded and managed Technology Trading Resources (TTR – QATAR) a local trading Company specialized into the import and distribution of Nano-Technology fabrics. During his career, Eng. Hamad has assisted in the formation of many Small and Medium Enterprises (SME's) in Information Technology, Industrial Manufacturing and Aromatics Sectors. He also initiates and participates in the execution of fund raising dealing for several Regional and International Firms. Being a solid business developer with leadership skills, Eng. Hamad has assisted, promoted and implemented Strategic Joint Ventures (JV's) across the Gulf Cooperation Council Estates, Singapore, Korea and other emerging markets. He was nominated by the US State Department to enroll Middle East Partner Initiative for Leadership program "Tomorrow's Leaders" at Maxwell School in the University of New York. Eng. Hamad earned a B.S. degree in Telecommunication from Widener University in Philadelphia - United States of America in 2001 and became a Microsoft Certified Systems Engineer in 2003.



Robin McCall, Al Khalij Commercial Bank (al khaliji) QSC
Group Chief Executive Officer

Robin McCall is a senior banker with over 20 years of experience. He has worked various geographies covering Africa, Europe and the Middle East. South African by origin, Robin started his career in 1990 as a junior dealer

treasurer with Finansbank in South Africa which is the investment banking arm of Nedbank, one of South Africa's prominent banks. At Nedbank within the commercial banking domain he became a senior relationship manager and later on moved to Barclays Bank South Africa as their Associate Director for Corporate Banking. In 2001, Robin moved to London to work with Barclays Bank as a Relationship Director in their corporate banking team. From Barclays, Robin moved to HSBC between 2003 and 2007 where he was heading the corporate, institutional and commercial banking business for Sub Saharan Africa. In March 2007, Robin moved to Qatar where he became al khaliji's Head of Wholesale Banking and presently he is with the bank serving as their Group CEO. Robin is an alumni of the University of Witwatersrand from Johannesburg – South Africa where he attained his Bachelor degree of Commerce in Legal.



Dalia Al-Khalaf, Enterprise Qatar
Senior Associate: Debt & Equity Financing

EDUCATION

- Graduated from Portland State University math major
- Executive MBA with London Business School

WORK EXPERIENCE

- Worked as an accountant with Maersk Oil
- Work as credit analyst with Alkhaliji Bank in the corporate department
- Worked in Private Equity at Q-invest
- Work with Enterprise Qatar in SME financing (Debt and Equity)
- o Develop strategic relationships and alliances with the existing financial infrastructure to increase access to finance for SMEs through existing distribution channels of the private and public sectors.
- o Formulate, develop and implement business strategies to ensure incremental finance allocation to SMEs through utilization of Debt and Equity funding.

MEMBERSHIP

- I am a member in the National Advisory Committee (NAC) to help develop a National Human Development Report for Qatar
- Member of Tender and Auction committee for Enterprise Qatar

AWARD RECEIVED

- Qatar Businesswoman Awards 2011 –Innovation
- Best Performance Award -Learning Journey to Korea – (Daewon Advisory)
- Islamic Finance (IFQ)
- Certified Accounting Technician



Emad Turkman, Rumailah Group W.L.L.
Chief Executive Officer | Chairman – Qatar British Business Forum

Emad Turkman MBE is a qualified Mechanical Engineer graduated from a UK University. Also he has a postgraduate diploma in Business and Marketing. He started his career working for GKN in the UK, and then moved to Dexion Group. In 1988, he was appointed Area Manager for the Middle East based in Saudi Arabia. In 1995, he moved to Qatar to run Dexion's distributor, Rumailah Services. Today, Rumailah is a group holding with seven wholly-owned companies specializing in trading and contracting. The group employs more than 1500 people and is well known and respected in the country. Rumailah Group has also nine joint venture companies with well-known international organizations. In 2010, Rumailah Group acquired the majority shares of Birmingham based Apton Partitioning in the UK. In addition to his role as CEO of Rumailah Group, Emad is also the Vice Chairman of Qatar British Business Forum, the Advisor to the Board of Governors of Doha English Speaking School, Chairman of Apton Partitioning and a Member of the Commerce Committee for Qatar Chamber of Commerce. In 2011, Emad was awarded an MBE by HM Queen Elizabeth II for his services to promote British businesses and to the British community in the State of Qatar. Emad is married with two children and is fluent in both Turkish and Arabic languages.



Mohammed Al Marri, Qatar Telecom (Qtel) Q.S.C
Chief Sales & Service Officer

With over 15 years of achievement in the Telecommunications industry, Mohammed Al-Marri brings a wealth of experience and leadership to his role in Qtel as Chief Sales and Service Officer. As CSSO, he is responsible for driving growth in all market segments, inclusive of SME. Since joining Qtel in 1997, Mohammed has headed a variety of areas across Marketing,

Third Party Distribution, Customer Service and Sales. He has held membership in various organizations, most notably:

- *Central Municipal Council - Qatar
- *Chartered Institute of Marketing - UK
- *Board Member of Wataniya - Maldives

Additionally Mohammed has a rich educational background with an MBA from University of Hull, UK in 1996. He is currently a PhD student with a focus on SME businesses at Glamorgan University, UK which positions him as an authority on Qatar's own SME Sector.



Dr. Basel Hussein Roshdy, Nile Capital
General Manager & Chief Investment Officer

Dr. Basel Roushdy is a senior professional and director in the private equity and fund management area with over 18 years of professional experience. He was a corporate banker responsible for project financing and syndicated loans for large projects in Egypt and some offshore projects. Currently with Nile Capital, the group is managing private equity funds based in Egypt (having a regional and local institutional and high net worth shareholders), and it has made direct private equity investments in Egypt, the Arab region, and selected global markets. Dr. Basel is also involved in several Euro-Mediterranean and Mediterranean activities and initiatives including promoting SMEs access to finance, increasing foreign direct investments to the Mediterranean countries, and enhancing entrepreneurship and innovation as well as

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technology transfers and professional development for SMEs and entrepreneurs. Dr. Basel has been a regular speaker and promoter in a number of forums, activities and initiatives including lately the Mediterranean Economic Leaders Week in Barcelona and the Med-Ventures innovation events and panels in Marseille. This is as well added to participating as an expert member in the SMEs Access to Finance workshops organized by the European Commission in Barcelona last May and in Brussels last September (both ending with official declarations and announcements by EU entities). Dr. Basel is a founding member and heads the international relations committee of the recently launched "Egyptian Private Equity Association EPEA". He has also participated in writing and reviewing the first guidebook of "SMEs Access to Finance" published in Egypt and sponsored by the Egyptian Junior Business Association (EJB).



Mohamed A. Abdelkhalik, Al Khalij Commercial Bank (al khaliji) QSC
Group Head of Corporate and International Banking

Mohamed has more than 18 years of international banking experience, predominantly in leading and managing corporate banking teams and in-depth expertise in structured debt and corporate advisory services. He is involved in establishing corporate banking business and setting up the relevant strategies, portfolio plans, business plan, departmental policies, instructions and operational plans. In al khaliji, Mohamed was involved in all facets of the bank merger process including merger due diligence, financial forecasts and management presentations and he contributed to the achievement of the first credit rating for Financial Institutions. Prior to working with al khaliji Mohamed was working with a number of prominent Banks in the Middle East including Mashreqbank PSC and Commercial International Bank CIB Egypt (formerly Chase Manhattan Bank).

Mian Ehsanullah, Al Khalij Commercial Bank (al khaliji) QSC
Head of Public Sector & Liability Management: Corporate Banking Division

A seasoned MBA with over 23 years of diverse banking experience spanning commercial, investment & development banking, of which 16 years is in Qatar. Expertise includes Syndicate & Club Financing, Corporate Finance Advisory, Financial Restructuring, Contracting Finance, Real Estate Finance, Project Finance, Islamic Finance, Marine Finance, Remedial Management and Liability Management.

Billye Vegh Atout, Qatar Telecom (Qtel) Q.S.C
Director: Enterprise Sales (A)

Billye joined Qtel in 2005 at a pivotal time when the company was just entering deregulation from a monopoly to a competitive market. Over the last 7 years at Qtel, Billye has been instrumental in creating and leading the Enterprise Sales team which focuses on developing the SME sector of Qatar through a rich portfolio of innovative communication technologies. She has been actively engaged in both the private and public sectors to develop a robust ecosystem of partners and alliances to deliver the most value for the SME sector. Originally from the USA, Billye is a dynamic, tenacious Sales and Channel Management professional with over 15 years of achievement across various technology industries in the Business Sector in the USA and Middle East.



Tamer W. Bazzari, Genero Capital
Founder and Chief Executive Officer

Tamer Bazzari has 18 years of experience focusing on Corporate Finance and Private Equity in the MENA region. He covered over 20 industries mainly in the SME sector and concluded over 30 transactions in MENA. He resigned from his position as CEO of Rasmala Investment Bank in November 2010 where he worked for 8 years, to establish Genero. He previously worked at Dubai Financial Market, Deloitte in Canada, and Ernst & Young in the UAE. In 2002, Mr. Bazzari founded CFA Emirates which currently has over 420 members. He is currently on the Investment Committee of Beirut based Middle East Venture Partners and the Middle East Advisory Board of PlaNet Finance, a Paris based not for profit organization focused on Microfinance. Mr. Bazzari holds a Bachelors' in Accounting and Finance from McGill University and a Graduate Degree in Accounting from Concordia University, Canada. He is a Chartered Accountant (CA) and a Chartered Financial Analyst (CFA) Charter holder.



Fahad A. Al-Semari, Saudi Aramco
Managing Director: Saudi Aramco Entrepreneurship Center Company (Wa'ed)

Fahad A. Al-Semari is the Managing Director of the Saudi Aramco Entrepreneurship Center Company (Wa'ed). Mr. Al-Semari started his career with Saudi Aramco in the Treasury in 1990. In 1996, Mr. Al-Semari headed the Banking Operation of Treasury. In 2005 he assumed the position of Finance Director for the Saudi Aramco China Project. Mr. Al-Semari is a board member of the National Industrial Training Institute and a member of the Board of Directors of the National Entrepreneurship Institute (RIYADAH). Mr. Al-Semari graduated from the King Fahad University of Petroleum and Minerals, and also completed the Executive Program at London Business School in 2006.

Saleh Ahmed Al-Badi, NAS International LLC
Chairman and Managing Director

A result oriented dynamic business leader with more than 28 years of experience spreads in both private & government owned sectors and currently associated with multiple global firms.

Strong business acumen with skills to remain on the cutting edge, drive new business through conceptualising strategies, augmenting & streamlining networks, implementing state of art product and services, empowering colleagues, identifying top talents. Saleh is an authority in the region's SME sector and is presently the:-

- Chairman of Donauer Albadi Gulf LLC
- Chairman and President of NAS International LLC
- Chairman of the executive committee at the Hotel Management Company
- Committee Member of the Investment Committee at the Chamber of Commerce – Muscat, Oman
- Committee Member of the Oman UAE Businessman Council
- Committee Member of the Oman Qatari Businessman Council

Saleh has worked on senior management roles with various organizations such as Haya Water, Oman Arab Bank, Ministry of Regional Municipality etc. Saleh has an MBA in Business Administration from UK, he has a Diploma in Marketing Financial Services with the American Banking Association – US. Saleh has participated as a speaker at various SME conferences in Oman. He also supports the SME drivers with his experience and thoughts whenever applicable.

Aysha Al-Mudehki, Roudha Center for Entrepreneurship and Innovation
Co-Founder

Aysha is the Founding Member / Co-Founder of the Roudha Center for Entrepreneurship and Innovation. Prior to joining INJAZ Qatar staff as Executive Director, Al Mudehki worked at the Qatar Financial Centre (QFC) and the Qatar Finance and Business Academy (QFBA). During her time at QFC, she served as a Client Relations officer in Business Development, Insurance and Reinsurance. Following her three-year stint at QFC, she worked at QFBA where she held the position of Corporate Development Specialist overseeing the design and development of customized financial programs including "Women in Business". In addition to her commitment to her professional career, Al Mudehki dedicates time pursuing personal interests. She was a moderator with the Solya Connect Programme, has co-hosted the Doha Film Institute's TEDx in Doha and is also a founding member of the Roudha Centre, a woman's Entrepreneurship and Innovation center. A Qatari national, born and raised in the State of Qatar, Al Mudehki has completed post-graduate programs at Wharton School of Business at the University of Pennsylvania and Carnegie Mellon University Qatar and is a graduate of Qatar University.



Hassib Khatib, Why Qatar Magazine
Managing Director

Hassib Al Khatib is a veteran media professional with over 18 years experience covering industries ranging from Real Estate, Construction and Business. He is currently the Managing Director of 'WhyQatar', the media arm of Doha Group, a publishing house overlooking the construction, business and real estate developments talking place specifically in Qatar. Al Khatib has previously served as Project Director and Commercial Manager of Real Estate and Investment ME, a real estate publication, published by IMC, where he was responsible for the business development side of the magazine, procuring new advertising clients and managing brand exposure in major symposiums and PR functions. At Coldwell Banker, Al Khatib was the Advertising and Media Manager for a major real estate Lebanese publication, where he was instrumental in developing a marketing and business development strategy to capture market share and helping boost property sales.



Anand Venkateswaran, Gulf Bank KSC
Business Process Reengineering, Process Excellence & Program Management

Anand Venkateswaran currently Manages Process Improvement and BPR initiatives within Gulf Bank Kuwait, one of the leading banks in the region. His expertise lies in the Standardization, Consolidation & Re-structuring related engagements, "Hub and Spoke" model creation and Lean Six Sigma across multiple industries. He set up the first captive Finance Shared Services Centre for a large conglomerate in the GCC. He is a certified in LSS Black Belt, Economic Value Add (EVA) from Harvard Business School & Program Management (PMP & PRINCE2). He has led complex & critical Tech-Ops transformation programs in Standard Chartered for multiple geographies (APAC, MENA & AMERICAS) with the focus on reduction in cost, turnaround time & errors. His experience spreads across Banking, Finance, Retail, Insurance & Outsourcing domains. He is an active speaker within the GCC and Nanyang Business School, Singapore on Process Excellence & Change Management. Anand also professionally practices Ten-Pin bowling, Diving, Toastmaster, Salsa and Art of Living.



Omar Al Juraifani,
Economic and Financial Analyst

Omar Al Juraifani brings 10 years of experience in statistical analysis, business development and budgeting across different sectors. Born April 1982, he holds a MBA in Finance from the University of Leicester United Kingdom. The title of his master dissertation is on: "Public-Private Partnership (PPP) Projects: Risk Allocation Versus Financial Returns". Presently he is working to convert the dissertation into a book format to be published later. Omar Al Juraifani is also Vice President of Asharqia Chamber Young Businessmen Executive Council, a Columnist in Al Eqtsadiyah newspaper and other GCC Media.

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**Shadi Eideh, TRILIGHT Studios
Founder**

A creative expert with 14 years experience in the Levant and the GCC strategizing and implementing new media, digital channels and e-propositions, e-commerce and e-payment initiatives. During his career he lead e-initiatives for one of the leading banks in the region, during which he was creating and managing innovative and disruptive self-service programs that drive customer loyalty, market acquisition, and profitability. Before that he was one of the first employees to build the first portal in the Arab world. Shadi holds a degree in Industrial Engineering and Management, has 3 beautiful kids, and is a passionate photographer and film maker.



**Abeer Al Kalla, Al Khalij Commercial Bank (al khaliji) QSC
Head of PR & Communications**

Abeer Al Kalla leads al khaliji's marketing and communications team since 2008. Prior to joining al khaliji, Abeer held a number of positions in strategic planning, marketing, and communications for a host of companies and institutions. After earning her bachelor's degree in political science from Arizona State University in the United States, Abeer joined Al Jazeera Network, holding roles in news and programs production for several years. She later joined the Qatar Ladies Investment company as Head of Corporate Communications before returning to Al Jazeera in 2003, and played a pivotal role in Marketing and strategic planning for the Network. Abeer earned her master's degree in International Management in 2007, before joining al khaliji in her current role.



**Yasmeen Hasan, Bedaya Center for
Entrepreneurship and Career Development
Business Advisor**

Yasmeen Hasan is currently the entrepreneurship development manager at Bedaya Center where she is responsible for assisting entrepreneurs throughout all stages of their journey from building their business plan, market analysis, acquiring funding, mentorship and launching the business. Yasmeen brings with her a wealth of experience in business modelling, financial analysis, change management and training and development from her previous roles in KPMG Middle East, Atos Origin UK and Azrek Bahrain.

**Shareefa Fadhel, Roudha Center for Entrepreneurship and
Innovation
Co-Founder and Managing Director**

Shareefa Fadhel is an enthusiastic and dedicated professional with passion towards Entrepreneurship & Innovation, and SME businesses, as well as having extensive telecom experience in sales, marketing management and customer care acquired from a diverse and rewarding career. Shareefa holds an MBA in Management & Marketing Strategies and a Diploma in Corporate Innovation & Entrepreneurship from Carnegie Mellon University Qatar. She is a motivational leader who is adept at managing, motivating and developing successful and productive teams to ensure full delivery of company objectives. She also acts as a consultant for women in the retail sector and has initiated the Johara Initiative in Vodafone Qatar to help women obtain skills to become entrepreneurs, through selling Vodafone products from home to their surrounding network.



**Moinuddin Malim, Mashreq Al Islami
Chief Executive Officer**

Moinuddin Malim Moin has vast experience of Islamic banking stretching near 20 years. He lead's Mashreq Al-Islami as a originator of Islamic deals as well as a product house serving the entire Mashreq bank group across regional markets and providing full range Shari'ah complaint products and services for retail to wholesale banking needs of its clients. Previously, Moin was the Managing Director in Dubai Islamic Bank for Asset Management & Capital Markets where he successfully led arranged a number of Sukuks aggregating to US\$9 billion and Islamic investment funds. Under Moin, DIB established its credentials as Best Global Sukuk House (Euromoney); Best Sukuk House (Banker Middle East) led Euromoney Lead Tables in 2004 & 2005 plus other awards. Moin had also worked with The International Investor as Senior Partner, running the investment banking activities for the group in UAE and in Qatar. His Islamic career started in early 90s with Al Baraka Banking Group.

**Fatih Karatash, Qinvest LLC
Chief Investment Officer**

Fatih Karatash is the Chief Investment Officer for Wealth Management in Qinvest, which he joined in 2009. Qinvest is Qatar's largest Investment Bank and one of the largest in the GCC region. Qinvest was licensed by the Qatar Financial Centre Authority in April 2007 and is authorised by the Qatar Financial Centre Regulatory Authority. The Bank has authorized capital of USD 1 billion and paid up capital USD 750 million. Qinvest is a fully Sharia'a compliant bank and the Qinvest shareholder structure includes Qatar Islamic Bank and other institutional investors, as well as prominent high net worth individuals from

across the region. Prior to joining Qinvest, Mr Karatash served as Head of Commodities in Investment Management and a member of the 5-person Global Hedge Fund Investment and Management Committee at UBS in Zurich, responsible for combined hedge fund investments of over \$100bn at peak. As part of his responsibilities, he was the sole portfolio manager of the UBS Multi Manager Alternatives & Commodities Fund Ltd., as well as the UBS Active Commodity Fund Ltd. Both of which had peak assets combined, north of \$5bn. UBS MMAC was one of the only fund of funds in the world, larger than \$750m, to deliver positive performance in 2008 and double digit annualized returns during Mr. Karatash's tenure as PM, from October 2005 to August 2009. Prior to UBS, Mr Karatash was CIO of AIS Advisors, a boutique family office advising on Alternatives for a small number of clients. Prior to that he worked at SNS Partners in New York, a boutique Hedge Fund Advisory firm, advising on combined hedge fund assets of over \$13bn. He began his career at Commerzbank in New York, where he helped build the first vehicle ever to allow German clients to invest into Hedge Funds via the COMAS Index Certificates. Fatih studied at Wesleyan University, where he received his A.B. in Economics.

**Javed Abbasi, GISBA Group
Founder and Principal Consultant**

Javed Abbasi MBA Bi-major (Finance & MIS), DIBI (IIBI, UK), IFQ (SII, UK), CIPA (AAOIFI) is Principal Consultant at GISBA. (GISBA was nominated in two of the best in its class categories by CPI Financial in 2009). His consulting assignments are across three continents from Switzerland, KSA, Bahrain, UAE, Kuwait, Nigeria and Malaysia. Mr. Abbasi is a prominent consultant with expertise in Islamic Finance vertical. Mr. Abbasi is conducting the Strategic session for Senior Executives of banks for quite some time. He is considered as an authority on how the "Blue Ocean Strategy" can be applied in the banking environment.

SPONSOR PROFILE

Under the Patronage of: Ministry of Business & Trade

As stipulated under Article (12) of Amiri Decree No (16) of 2009, the Ministry of Business and Trade is responsible to:

Develop programs necessary to execute policies related to development of business and trade sector, monitor business activity and provide guidelines and directions in line with national development requirements, propose and implement policies and programs that aim at attracting investments, support and develop exports, develop measures and channels used to provide public services to business and investment sector, monitor commercial professional practices, record and register investment and commercial establishments and corporations, issue licenses required to operate, regulate and control local markets, take necessary measures and arrangements to protect consumer and combat commercial fraud, protect competitiveness and prevent monopoly practices, and monitor implementation of policies related to tourism, exhibitions, transportation and telecommunications.



Ministry of Business & Trade

Headline Sponsor: Al Khalij Commercial Bank (al khaliji) QSC

Vision: "To become the most highly rated and respected bank in Qatar by our staff, preferred clients, shareholders, regulators, and the community that we serve" al khaliji is Qatar's pioneer 'next generation bank' offering a full



range of conventional banking products and services to retail, business, corporate and institutional customers. Al Khaliji France is our subsidiary in Paris, France with a network of branches in the UAE covering Dubai, Sharjah, Ras Al Khaima, and Abu Dhabi. This branch network offers customers and businesses local, regional and international banking services. Headquartered in Doha, al khaliji is one of Qatar's leading banks and a member of the Qatar Exchange Index, with QR 23.85 billion in total assets and QR 11.58 billion in customer deposits as of 30 September 2011. At al khaliji we believe that success lies in the financial security and development of people to enable them to sustain a prosperous life. Our products and level of service reflect our belief that to be successful, we must meet the needs of both this generation and future generations of employees, customers, investors and business partners. While financial objectives are key to sustaining our prosperity in any market, at al khaliji's we believe that long-term sustainability is maintained by balancing our commitments to achieving our results, with the commitment towards the development of people and the preservation of natural resources. Visit www.alkhaliji.com and www.alkhaliji.fr to discover the latest 'next generation bank' news and information.

Gold Sponsor: Qatar Telecom (Qtel) Q.S.C.

Qatar Telecom (Qtel) provides a full range of telecommunications services in Qatar and across its presence in 17 countries. Qtel's vision is to be among the top 20 telecommunications companies in the world by the year 2020 through expansion in both the MENA region and Southeast Asia. Qtel Group's consolidated customer base exceeded 84 million customers as of 31 March 2012. Qtel also offers diverse and leading-edge products and services, and enjoys partnerships with many of the world's leading telecommunications players

