

THE ROLE OF SMALL MEDIUM ENTERPRISES IN REDUCING THE PROBLEM OF UNEMPLOYMENT IN JORDAN

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ABSTRACT: *The Jordanian economy is mainly considered a SMEs based economy where small and medium enterprises (SMEs) contribute 98% of Jordanian enterprises and their Employees represent around 60% of the labor force with a total product counts around 50% of the GDP. SMEs sector has been faced with many challenges that have started with development happening in Jordan into a highly freed and open market economy. The whole thing was quickly moving and upgrading, which resulted in a biased and a long-lasting effect on SMEs. Jordan started its open market policy and deregulation in 2000 and then Nine years later the SMEs sector was affected again with the economic disaster. SME plays an essential role in improving Jordanian employment section. This research shows the impact of SMEs in reducing the problem of Unemployment in Jordan. It highlights the main factors affecting the improvement and job opportunities creation. There is increasing evidence that SMEs play an essential role in the economic development in Jordan. SME's provide the majority of new jobs opportunities and produce much of the creativity that leads economic progress. SMEs is the only solution to open new job opportunities to a huge number of Jordanians. This paper highlights this to measure how SMEs can reduce unemployment problem in any country and considering Jordan as case study.*

KEYWORDS: Small medium enterprises, Unemployment, Economic development, Job opportunities creation.

INTRODUCTION

Everywhere throughout the world smaller scale, little and medium ventures (SMEs) are considered as spine of a nation's economy. They assume a key job in financial improvement and make a critical commitment to business and GDP and are essential supporters of complete work and employment creation. In Jordan SMEs contain 98.5% from the aggregate sum of enlisted organizations, and 60% of formal occupations, notwithstanding half of the GDP in 2013, (Baumol 1994), and they are the motor of unraveling the joblessness, (Usher 1989). Normally the most elevated development in employment creation originating from new businesses and youthful firms that are five years of age or less. SMEs job in lessening monetary variations among urban and rustic territories by work are additionally a vehicle for the dispersion of innovative soul, aptitudes and help to (Principles and Policy). SMEs improvement is fundamental to the monetary and social advancement of Jordan therefor it ought to be a need for the administration. Supporting SMEs to be a vital column financial advancement and

enhance social welfare and security was featured in the national agenda, while so far advances taken are so unobtrusive, while the majority of the administration premium is based to draw in super ventures, (Baumol 1994). Enabling SMEs is the main answer for open new openings for work to a decent number of youthful taught Jordanians ladies and men, which regardless they battle and confronting joblessness despite all the legislative actualized arrangements and national business' procedures, (JSF 2018). Multiplicities should assume a fundamental job in the development and aggressiveness of SMEs, an arrangement and a strategy system notwithstanding solid electronic coordination strategies, between various partners is basic and ought to be a need to the legislature too (Usher 1989). We don't guarantee giving us a system and direction for the administration's future activities. Be that as it may, it's a mission to be another outlook and feature emphatically on issues that leads for a superior Jordan, in this manner we are working on a long-haul venture to engage SMEs segment so as to make more occupations, develop to lead SMEs for a bigger scale undertaking or more all keep adding to Jordan's monetary development, (Principles and Policy).

LITERATURE REVIEW

Unemployment is considered an important demanding situation that is going through the Arab world because of the bad impact both socially and economically. Warnings are rising from every where during the last years that knocks an alarm regarding unemployment outcomes at our Arab countries security, but unemployment rate is daily increasing badly. Arabic reports that is published by Arab labor Enterprises and associations of Arab States say that there are clear symptoms signs of spreading unemployment phenomenon in our Arab countries and the lack of effective solutions raised up to now, (JEDC 2013). Teenagers' unemployment in the Arab countries is considered the highest rate compared to the international levels. International labor Organizations (ILO). The analytical frame showed that the Arab revolutions have revealed skewed development guidelines. Social fairness failures and over 20 years of poorly executed financial liberalization "As a region, teenagers' unemployment is the best globally at 23.2%, in comparison to a world common of 13.9%, and varies curiously inside sub-areas," said "Rethinking monetary boom: towards effective and Comprehensive Arab Societies" by using the global hard work employer, (JSF 2018). This paper does have some decent checks of the situation in the middle East. The Arabian area has finished near conventional number one educational activity enrolment from the 1970s. Besides, the youth literacy fee is now ninety-two% in Frederick North Africa and 99 in step with cent in the center Orient and the Gulf, (Al-Rawi, 2004). Cooperation Council reported the Saudi Arabian Closet corporation. Public affair inside the area have been able to tackle debt and inflation during the 1990s and 2000s, they also controlled to spur economic step-up and create chore. But increase meantime at the rachis of worldwide requirements and the newly created jobs were focused within the bowl of low productiveness sectors. Governments paid scant care to the social result in their economic rules, (CDPR2011). In the meantime, according to the report, the non-public region has continued to be one of the least competitive because of low costs of investment and terrible regulatory surroundings. there may be additionally the mentioned issue of great nepotism and corruption. Mohammad Pournik, poverty on the United international locations improvement Fund's - regional center in Cairo -, said that one of the needs of Arab kids was achieving jobs without the need for mediators, (Al-Monitor 2015). The real worry is the need for jobs with social self-respect in place of

jobs that arise at the expense of dignity. Financial growth in the coming decade is depending on correct governance that need to improve to draw higher rate of investment and permit structural and institutional reforms. Arabs want a comprehensive development model this is grounded in social justice,” stated Nada al-Nashif, regional Director for the Arab States, international labor organization, (Haltiwanger 2013). The international labor organization (ILO) plan to held discussion talks at the findings of the record, the first is scheduled to occur at the Carnegie Endowment for international Peace’s middle East Centre in Beirut in February 2013. This unemployment indicators are considered one of the most severe demanding circumstances dealing with the Arab economies at this degree, due to huge impact because of the unemployment on the financial and social conditions (ILO 2015). Currently, the Unemployment phenomenon is becoming a serious problem that fears the majority of Arab countries, and it was proven that Arab labor enterprise reflects how severe this phenomenon is, mainly the unemployed new applicants earlier to the hard work marketplace who signify almost 75% of the unemployed in the state of Bahrain and 84% in Kuwait, and more than 66.6% in Egypt and Algeria. The unemployment value among younger people in terms of the teenage hard work force has handed 60% in Egypt, Jordan, Syria, Palestine, and 40% in Tunisia, Morocco and Algeria, (IMF 2014).

Small and Medium Enterprises

Outlining what exactly shapes the SMEs has proven to be a challenging task (Desouza & Awazu, 2006). The official definitions of SMEs differ from nation to county, have quite a wide spectrum, tend to differ significantly, and are often being amended. Instantly, there are definitions for SMEs that refers to the EU, the APEC Committee on Deal and Investment, the OECD and from body politic like the America and from Japanese Archipelago, (JSF 2018). Several factors, which are needed for defining SMEs, are the telephone number of prole and employee (mostly 25 0 or fewer), revenue figures as the annual turnover, and years in the business or number of limb or location (Amin, M 2012). In other earthly concern, a small go-ahead in Japan can be considered as a large one in other commonwealth, the same situation occurs in the Arab countries, where the definition of small and mass culture medium endeavor varies from country to country. for example in Yemen an endeavor is considered small with fewer than 04 worker , medium when the estimated number of prole between 04 and 09 and large number of workers when more than ten workers, In Jordan River , the firm is considered small when the number of employees range between 02 and 10 workers, medium when the number of workers ranges between 10 and 25 workers and large firm includes more than 25 workers ‘lakhlef Othman’.(The reality of small and medium enterprises and ways to support and develop a case study of Algeria , Algiers university), (Jordan 2025). According to the Algerian ministry of commerce, Small and Medium Enterprises is defined regardless of its legal status in term of providing either good or service or even both, by setting some device characteristic which are, (JSF 2018):

- Not more than 250 employees;
- Annual turnover does not exceed 02 billion dinars or whose annual balance sheet sum does not exceed 500 million dinars;
- It should match with the criteria of independence.

From the illustrated definition, it is clear that organizations should be following certain circumstance in edict to be considered as a SME, the routine of citizenry within years of working social unit (YWU), which 1 sense of mean, the number of persons employed

full time in one year. Part-time actor and seasonal worker workers are not included as in the yearly Work Unit, (Haltiwanger 2013).

- Year to be considered is that of the last accounting period.
- Doorstep for determining the overturn or balance sheet total of those of the last fiscal year ending twelve months.
- Independent Company: the company who's 25% or more of its capital owned by one or several enterprises falling outside the definition of SMEs.

According to Act guidance on the promotional material of small and medium enterprises / small and medium industry in December 2001, the following Arts characterize the Algerian SMEs, (CDPR 2011).

SMEs and Contribution to reduce Unemployment

Small and medium businesses have a leading role inside the activity creation procedure, soak up a large proportion of the body of workers from several tiers, and for that reason SMEs contribute to the relief of the unemployment trouble, as properly as making sure the sustainability of the monetary development procedure, (Baumol 1994). This kind of establishments is considered to be a tremendous efficient supply in the task introduction system because it relies at the intensification of labor not like massive businesses who require huge capital investments, technological patterns which requires high capital and much less handwork as properly as specialized sophisticated technical capabilities which aren't available particularly in developing international locations, (Principles and Policy). Supply for the development of the capabilities and creations, Small and medium enterprises are taken into consideration to be the ideal place to broaden, create and innovate as specialized studies in this subject said that the variety of inventions that have been made via small and medium companies extra than double those completed via large organizations. On pinnacle of, SMEs collect all of the society segments and regions to have them contribute actively to the national financial system with the aid of mobilizing capital from individuals, associations and non-governmental bodies, which leads to decorate their saving behavior amongst people, and different self-financing assets, (Al Kayal 1994). On one hand the Arab labor enterprise play and critical position toward the trouble of unemployment with the aid of assisting the SMEs, while the international financial institution specializes in the monetary rules to reform structural financial in many Arab nations, specifically the small and medium establishments characterized by way of low quantity of capital invested as well as dependence on nearby uncooked substances, (Khleifat 1995).

SME role

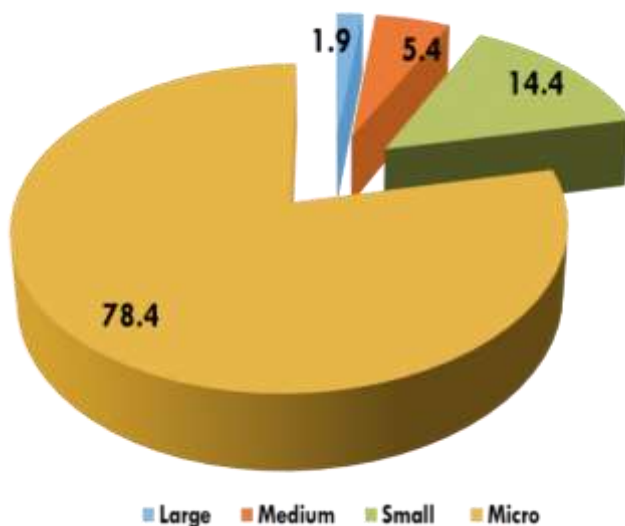
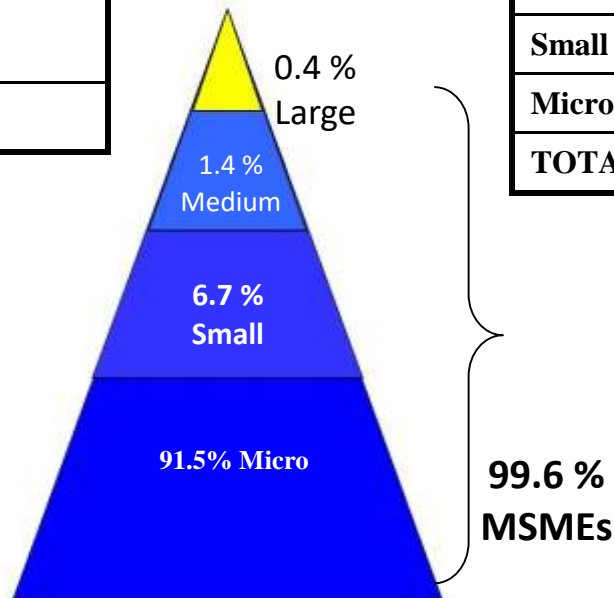
Small and medium enterprises in Jordan comprises over 90% of the complete enterprises working in different areas of the economy, where they retain about 60% of the workforce and contributes almost half of GDP. This demonstrates the need to give these establishments a lot of consideration and help to conquer the impediments that limit their development to be a key driver of the national economy improvement in different fields. The assessed size of the absolute reserve given by these foundations is about a large portion of a billion Jordanian dinars, added to the fund the development and advancement of 134 thousand ventures. These ventures have given around eighty thousand perpetual occupations. Since the end of the only remaining century, (CDPR 2011). Jordan has begun to actualize the national financial change and the progression of markets. The principal accomplishments of this methodology was the marking of an organized commerce concurrence with the European Association in 1997, pursued by

the increase to the World Exchange Organization in April of 2000, with the point of enhancing the way of life of Jordanian residents through goal-oriented monetary development at a normal rate of 6.7 % annually , and to lessen joblessness by making more openings for work for Jordanians , and the opening of the Jordanian market for increasingly mechanical ventures , business and different administration, (Haltiwanger 2013). Likewise, to advance challenge in Jordanian market, which will lead to the decrease of high costs and to enhance its items in the nearby markets at costs that fit the Jordanian purchaser. The year 1959 was the start of the work to subsidize SMEs in Jordan through the Agricultural Credit Corporation to concede advances to agriculturists. In 1965 was this division was supported through the foundation of the Industrial Improvement Bank, (JSF 2018). Jordan has started its crusade to empower SMEs in the mid-seventies, through the Five-Year Economic Development Plan (1976-1980), which supported the social and monetary improvement and the pattern towards little tasks that create substitutes of imported items. In 1984, Jordan Loan Guarantee Corporation was built up with a capital of 10 million dinars, (Al-Monitor 2015). In 1986 The Union of Charities was built up to concentrate on the advancement of agro-ventures also, advancement of painstaking work. In 1989, a financial advancement program was built up expecting to accomplish financial and money related steadiness , this program included financial and social designs went for giving business open doors for Jordanians in the field of little ventures, and in 1998 and so as to battle destitution and joblessness, the administration through the Ministry of Planning and Universal Cooperation propelled a program of social security bundle went for enhancing the living states of poor people and to expand their profitability, (Jordan 2025). The Arab uprisings and the worldwide money related emergency and world financial log jam have contrarily affected the Jordanian economy and featured requests for an increasingly level financial playing field and value in access to monetary and social chances. As of now tested in giving occupations to the in excess of 60,000 youth who enter the work advertise every year, Jordan has seen joblessness rising. Young fellows and ladies were the most influenced, with joblessness, achieving 22.8 % and 22.3 %, individually, (JSF 2018). Additionally, provincial differences keep on presenting extra difficulties. Restricted private part employments are accessible in the remote governorates, where business depends to a great extent on the common administration and other open segment employments. In the meantime, the private part is hampered by challenges in the business condition what's more, insufficient access to back. Employment creation and financial consideration are key needs for Jordan today these objectives will be progressed by enhancing access to back, improving intensity, and cultivating reasonable, private part driven development (JSF 2018). Littler firms in Jordan develop at quicker rates than bigger ones and make all the newer openings for work; be that as it may, they are stood up to with various obstacles. Lacking access to fund is every now and again referred to as one of the primary requirements. Budgetary intermediation, as a rule, is very low in Jordan contrasted with other creating economies. Access to fund is considerably to a greater extent a test for Small Enterprises than it is for expansive firms. The budgetary framework is overwhelmed by the managing an account part, which is less focused and assumes a restricted job in budgetary intermediation, contrasted with other middle pay countries. Small enterprises frequently resort to the casual division or family and companions for required back, (Abu Jaber 2014).

SMEs in Jordan

	Employment
Large	> 100
Medium	20 – 99
Small	5 – 19
Micro	1-4

	No. Firms
Large	668
Medium	2,244
Small	10,454
Micro	143,362
TOTAL	156,728



These two figures show that SMEs considered as growth accelerator for these reasons:

- Labor Intensive
- Low Initial Investment Requirements
- Local Markets Oriented
- Ability to play a major role in backward and forward linkages.

Due to the fact, more than 98% industrial firms are SMEs, and the role of Jordan chamber of industry as the main body of

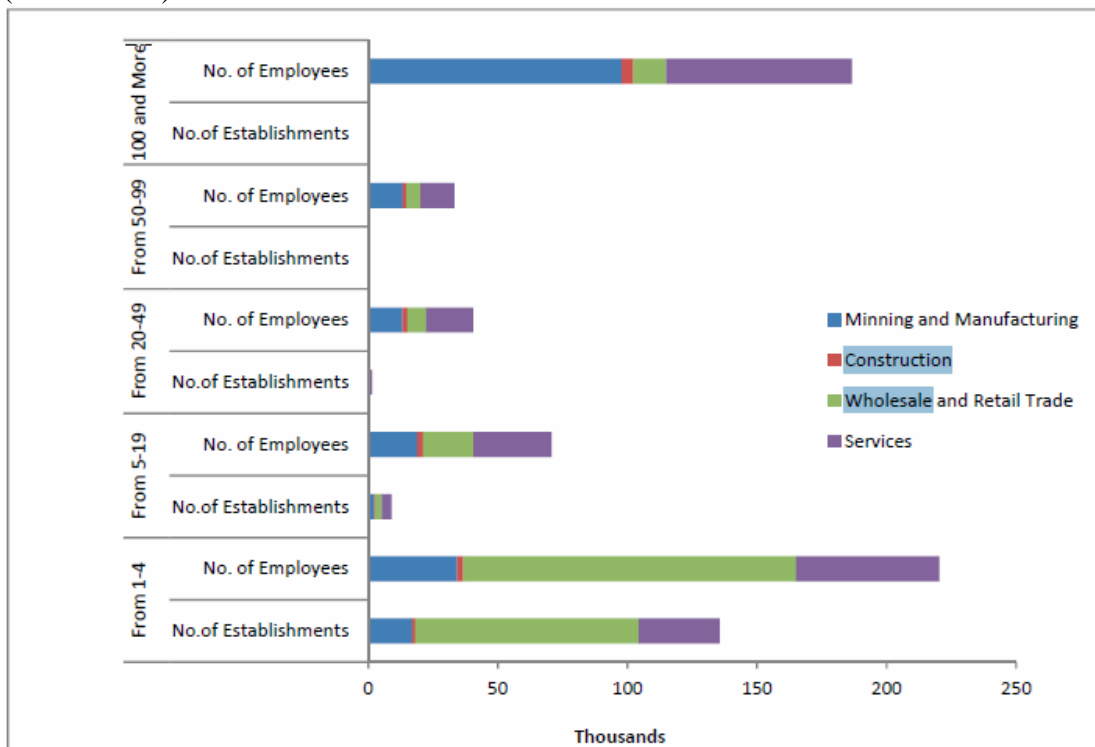
Jordan industrial sector, is implementing several programs to create more jobs:

- To Help the huge number of SMEs in the Industrial Sector
- To help Industrial SMEs to avoid the major challenges that they may face.

Period	PIB	T.C
2006	7.93	14.06
2007	8.49	13.1
2008	7.61	12.65
2009	2.33	12.94
2010	3.09	12.50
2011	3.25	12.50

The rates of economic growth and unemployment in Jordan

It is considerable that a huge relationship exists between increasing and changing rates of unemployment which reflects the relationship between Unemployment and growth. Exaggerated costs indicate that market need for extra efforts to be hired from the surplus of the labor force. Otherwise, financial stagnation is going to increase rates of unemployment because of activity loss. It must be emphasized that there is a susceptible philandering between unemployment costs and boom costs; if financial prosperity gets multiplied by using, as an instance, 2.0%, it is no longer propose that the unemployment rate is going to decrease by 2.0%. it was proven that the same rates of financial prosperity is no longer having the identical impact on unemployment in all nations, (JEDC 2013).



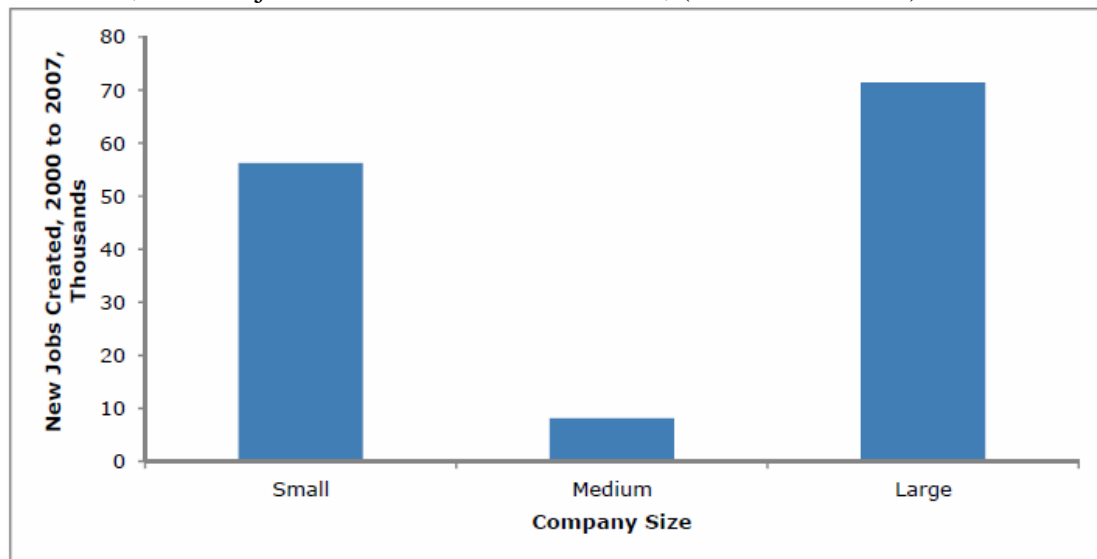
The following are the traits that SME proprietors are displayed Ownership: many of SMEs are only proprietorships of the enterprises surveyed for Jordan human development that was recorded in (2011), 80% are considered as sole proprietorships. simplest 7% of individual marketers constrained legal responsibility businesses.

- Management style: most of SMEs are moving with the help of their owners. recently, enterprises that have as a minimum of two personnel represents 76%.
- Instructional Attainment: 79% of SME proprietors have got secondary school degrees or better and around 42% have got bachelor's degrees.

Age: examining 77% of employers between 21 and 50 years of age, most SME owners may be considered middle old age and under. Although commercial enterprise owners fell in this age corporations: (16%)21-30 years of age, (13%)31-35, (18%)36-40, (15%)41-45 and finally(15%)46-50, (Abu Jaber 2014).

SMEs and Employment

New small companies have been a massive contributor to job advent throughout 2000-2006, employing 1-4 employees in step with firm and creating almost 20,000 new jobs. maximum new jobs got here from huge firms using one hundred or extra personnel. those corporations had been the biggest contributor of all of the segments, introducing almost 71,500 new jobs in the course of 2000-2006, (Al-Monitor 2015).



Several various tendencies within the employment class are determined:

Growing importance of massive agencies in terms of typical employment, with the average range of employees in step with employer increasing from 2.66 employees per company to 4.05 employees according to company between 2000 and 2007, (CDPR 2011).

Growing significance of massive corporations as task creators--their proportion inside the workforce in 2000 expanded from 21.6% up to twenty-eight.6% in 2007. three. growing importance of the small company segment in job introduction, with the common wide variety of personnel in line with agency increasing from 1.41 employees in line with firm in 2000, up to 2.66 personnel consistent with firm in 2007. Their proportion in total employment reduced from 72% to 65% in the course of the length, (Department of statistics 2014). The falling significance of agencies that employ 50-99 personnel as the average employment length according to agency went down from 70.4 to 69.1 employees per company. but, the percentage of these firms in general employment remained stagnant at 6.4% all through the 2000 to 2007 time duration. The desk underneath suggests the yearly earnings of the numerous company sizes, displaying that as a percent, 81% of big businesses (over one hundred employees) earn over JD 100,000 yearly as compared to at least 1% of enterprises with much less than 5 personnel, (Abu Jaber 2014).

CONCLUSION

Until now, the government's efforts to expand the SME quarter have now not been guided through a coherent countrywide, SME coverage framework, and there may be no critical mechanism internal government for designing and tracking the development of an inclusive SME policy. Rules affecting development of SMEs are embedded in different coverage frameworks, which include the national Micro finance approach, the country wide Employment method 2011-2020, the economic coverage 2010-2015, the countrywide Innovation. Unemployment rates (growing to 14% in 2013), and an all-time excessive finances deficit, therefore, SMEs have to be supported and empowered as the principle long time answer for numerous issues, and home firms should be able to compete on a worldwide stage with the products imported into the market from other countries, and the export possibilities offered via unfastened trade agreements. That said, a countrywide marketing campaign led by way of corporations, business institutions, universities, public officials, and legislatures may want to assist SMEs grow. National leaders across sectors ought to be connected to increase countrywide techniques and convey scalable models that construct on nearby assets and entice local assets, as in many cases regional collaboration can accomplish matters which might be hard to attain at the country wide stage. Leaders need to encourage coverage makers to direct resources closer to hyperlinks that fill gaps within the SMEs platform and circulate ideas into use, strengthens SMEs that create jobs and educates humans to be job-prepared. This is good for the economic system and society.

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