

Analysis of the ability of SMEs to manage institutional innovation in the Kingdom of Saudi Arabia

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Abstract

Institutions are interested in innovation due to its great impact on achieving excellence, gaining competition with other institutions and enhancing their level of growth, which ensures their sustainability, and given the current and expected position of small and medium enterprises economically, the research seeks to analyze the ability of small and medium enterprises operating in the Kingdom of Saudi Arabia to manage institutional innovation in which supports their ability to provide better "products and services", and implement their work within the framework of work models and procedures that improve performance and support sustainability that is achieved whenever The institution was distinguished by achieving this with higher quality. And its access to a more advanced competitive position among similar institutions, and the research was based on the study of the current reality in the analysis of innovation mechanisms used in small and medium enterprises to support their activities.

One of the most important findings of the study is that SMEs are able to apply innovative practices relatively more than the role played by innovation Large companies in the Kingdom of Saudi Arabia in some aspects, where SMEs excelled in focusing on providing completely new goods or services, focusing on reducing prices with relative importance 52.07%, 60.4% compared to 47.93%, 39.6% in large companies, which reflects their future ability to achieve the expected goals to support the Saudi economy, especially if Facing the challenges facing the application of innovative practices

Keywords

Innovation, sustainability, small and medium enterprises

تحليل قدرة المنشآت الصغيرة والمتوسطة على إدارة الابتكار المؤسسي في المملكة العربية السعودية

مخلص البحث

تهتم المؤسسات بالابتكار لما له من اثر كبير على تحقيق التميز وكسب المنافسة مع المؤسسات الأخرى وتعزيز مستوى نموها مما يضمن لها الاستدامة، ونظرا للمكانة الحالية والمرتبقة للمشروعات الصغيرة والمتوسطة اقتصاديا فان البحث يسعى إلى تحليل مدى قدرة المشروعات الصغيرة والمتوسطة العاملة بالمملكة العربية السعودية على إدارة الابتكار المؤسسي في مما يدعم قدرتها على تقديم "منتجات وخدمات" أفضل، وتنفيذ عملها في إطار نماذج وإجراءات العمل التي تعمل على تحسين الأداء ودعم الاستدامة التي تتحقق كلما تميزت المؤسسة بتحقيق ذلك بجودة أعلى ووصولها إلى مركز تنافسي أكثر تقدما بين المؤسسات المماثلة ، وارتكز البحث على دراسة الواقع الحالي في تحليل اليات الابتكار المستخدمه في الشركات الصغيرة والمتوسطة لدعم انشطتها. ومن أهم النتائج التي توصلت إليها الدراسة أن الشركات الصغيرة والمتوسطة قادرة على تطبيق الممارسات الابتكاريه أكثر نسبيا من الدور الذي يلعبه الابتكار الشركات الكبرى في المملكة العربية السعودية في بعض الجوانب حيث تفوقت الشركات الصغيرة والمتوسطة في التركيز على تقديم سلع أو خدمات جديدة تماما، التركيز على تخفيض الأسعار باهمية نسبية 52.07%، 60.4% على التوالي مقارنة ب 47.93%، 39.6% في الشركات الكبيرة مما يعكس قدرتها المستقبلية على تحقيق الاهداف المرتبقة منها لدعم الاقتصاد السعودي خاصة اذا ما تم مواجهة التحديات التي تواجه تطبيقها للممارسات الابتكارية

1 Introduction

The new global model and engaging in it requires facing several challenges, the most important of which is the challenge of sustainability, which is the spinal of moving the economic and social wheel in all countries without exception, as obsolete and non-renewable market systems and the lack of innovative investment strategies that keep pace with digital transformation and the knowledge economy hinder ensuring their sustainability as required .

The European Committee for Standardization (CEN) launched the standards for innovation management in organizations in 2013 to enhance their level of growth while maintaining competition among them on the one hand and supporting their sustainability on the other.

As reported by the Global Innovation Index 2021, which ranks the world's economies according to their innovation capabilities, Saudi Arabia ranks between 64 and 69. During 2017-2021 In contrast, Saudi Arabia jumped during 2022 to achieve 51st place. Saudi Arabia's priorities in transitioning to an innovation-driven economy have been one result of this progress.

According to Saudi Vision 2030, the SME Authority aims to raise the contribution of SMEs to GDP to 35%. Compared to the world's 15 largest economies besides Saudi Arabia (16 economies), Saudi Arabia comes in 14th place with a 53 % contribution to job creation, while the global average in the 15 largest economies is 67 %, which means that Saudi Arabia is 14 percent. SMEs contribute 2.5 times more to employment than they do to GDP .

This reflects the importance of research, as it analyzes its ability to sustain and play the expected role through its management of institutional innovation that supports its ability to sustainability.

1/2 search objective

Evaluating the performance of the innovation management system in small and medium-sized companies is the essence of the research. The research aims to analyze the extent to which it is able to take advantage of the possible factors for innovation, making it able to provide better “products and services”, and to implement its business so as to improve performance and support its sustainability that is achieved. The more the institution is characterized by achieving higher quality, and reaching a more advanced competitive position among similar institutions

this is done by the “performance of the innovation management system itself”; And the areas of its use and benefit from it in small and medium projects compared to large projects, which allows in the final analysis the ability to develop the innovation management system and support its ability to achieve sustainability for small and medium enterprises.

1/3 Literature review

Innovation practices and SME performance Innovation has become a necessity for all contemporary enterprises that want to survive in a world characterized by competition, technological change, and recreating heads. The conception of the invention refers to the use of new technology or new operation practices to achieve a targeted enhancement in its operations (Tornatzky et al., 1990). From an SME perspective, invention generally indicates

new products or processes that address client needs further competitively and profitably (O'Regan & Ghobadian, 2006; Zahra et al., 1999). We use the term “innovative practices” in this study to relate to the effective perpetration of new results to challenges faced by SMEs, which include effective perpetration of new ideas in relation to the product, services, or processes; new marketing mechanisms; or new executive practices for work amelioration and upgraded performance (Damanpour, 1992; Johannessen et al., 2001; OECD/ Eurostat, 2005).

The driving force behind innovation practices in organizations is the aspiration for better performance. Thus, the invention is defined as the creation of some variation in the practices of the enterprise aimed at obtaining an improvement in performance (Curristine, 2006). Based on the literature, performance in this study is defined as the achievement of enterprise objectives related to deals, profitability, competition, demand for participation, and any other strategic claims (Hult et al., 2004). Experimenters also defined performance as the achievement of a set of required problems that are made from the completion of marketing items (Chittithaworn et al., 2011). For Yıldız et al. (2014), performance refers to the effectiveness in carrying out the organization's tasks leading to the achievement of its stated goals. Achieving a high-performance position implicitly indicates the success of the organization (Mahmudova & Kovács, 2018).

Measuring an organization's performance helps enhance the positive aspects of its work and provides an opportunity to take corrective measures to address problems and challenges (Mahmudova & Kovács, 2018).

There is much literature that supports the important positive relationship between innovation and performance of SMEs (Qian & Li, 2003; Rosenbusch et al., 2011; Verhees & Meulenber,

2004; Yıldız et al., 2014). The published exploration also indicated the positive impact of innovation capabilities on the performance of SMEs (O'Cass & Sok, 2014; Oura et al., 2016; Zhang, et al., 2018). Zulu-Chisanga et al. (2016) indicated that the effort to develop various innovations is the main reason for enhancing the financial indicators of SMEs. Previous studies have also indicated a positive association between innovation capabilities and performance of SMEs (O'Cass & Sok, 2014; Oura et al., 2016; Zhang et al., 2018). Freeman (2004) added that the outstanding performance of SMEs is the result of the effective application of innovations. However, Lin and Chen (2007) have argued that the impact of managers' practices on the income of SMEs outweighs the effect of technological innovation. Thus, we argue the impact of innovation practices for SMEs in all environmental situations and therefore, we assume the following.

1/4 The research hypotheses are:

- 1- Small and medium-sized companies have a high ability to manage innovation
- 2- Efficient innovation management supports the sustainability of companies

Study Approach

The research uses the descriptive analytical method, where the research was based on the analysis of the results of the institutional innovation survey carried out by the General Authority for Statistics on all administrative regions in the Kingdom of Saudi Arabia in a particular amount of 6700 establishments and greater importance was given to cities as they include about 84% of the total establishments in the Kingdom, and include approximately 91% of the total workers in

the Kingdom through an electronic survey form in addition to field studies has been used to analyze some of the results of the survey to achieve the objectives of the research

2- Intellectual framework

2/1 Innovation Practices and Survival of Small and Medium Enterprises

Institutional survival was used in the current study to indicate the amount of time an institution takes to implement its adaptation from initiation to verification (Berkovitz & Mitchell, 2007). There are many parts of society that benefit from the survival and sustainability of enterprise. They include workers, consumers, and suppliers (Berkovitz & Mitchell, 2007). Experimenters assert that one of its performance points is the survival of the enterprise (Danes et al., 2008; Kalleberg & Leicht, 1986). An enterprise can survive if it can adapt to the conditions around it (Child, 1972; Pfeffer & Salancik, 1978). Compared to large enterprises, SMEs have shorter and more profitable lives and are largely influenced by external environmental factors (Carroll & Huo, 1986). Some experimenters consider market survival as an objective measure of an organization's success (Miner, 1997).

In times of trouble, the survival of SMEs is at risk (O'Reilly III & Tushman, 2011). For example, in a time of danger, SMEs have limited areas of support due to poor capital demand performance, lack of adequate information, and faulty items throughout the economy (Bester & Hellwig, 1989; Binks et al., 1992; Cowling et al., 2012; Hillier and Ibrahim, 1993; Mason & Harrison, 2015). The relationship between commercial inventions and survival has been demonstrated in multiple studies. Innovation is critical to the continuity of any organization (Ortiz-Villajos, 2014). According to Gaynor (2002), invention is the primary factor behind the survival

and continuity of businesses; It supports the company's expansion and growth and enhances the organization's unborn success. Previous studies have suggested the use of inventions to overcome obstacles and challenges to the success and survival of artificial SMEs (Bruns & Snooper, 1961; Hurley & Hult, 1998; Porter, 1990; Schumpeter & Redvers, 1934). Schumpeter (1942) declared that the survival of the enterprise is closely related to the practices of invention. Several studies have attempted to explain this association by noting some generalities that apply to both invention and the survival of the enterprise. For example, competitive advantage is a contemporary product of an enterprise's invention practices and a fundamental pillar of its survival (Brüderl et al., 1992; Cefis & Marsili, 2003; Helmers & Rogers, 2010).

Schumpeter (1942) argued that firms cannot survive and continue to adapt without being innovative. However, survival also results from the achievement of multiple other factors (Aldrich, 1979; Hannan & Freeman, 1977; Kanter & Brinkerhoff, 1981). Thus, this study discusses the extent to which the management and use of small and medium-sized companies are able to innovate in managing their performance in a way that can achieve positive results for these companies in a way that ensures their sustainability and survival in the market.

2/2 Innovation in small projects ... an important step for the prosperity of companies

Innovation is a necessity for any company, whatever its size; but in small projects it is more necessary. This is due to the nature of these companies themselves. It is still fragile and needs something to strengthen its position in the market. The basis of the startup is the reliance on new ideas, as well as high risk. So, they tend to have a special relationship with innovation. However, innovation is a risky business and startups need to manage these risks with a

flexible strategy in order to thrive and grow. Innovation in small enterprises the following are some of the practices that promote innovation in small enterprises, as follows:

1- Understand and learn from customers.

one of the strategies for promoting innovation in small businesses, which requires conducting comprehensive and broad market research and being aware of the intelligence of the target audience and the desires and needs of consumers; so that you can anticipate their needs before they are aware of them.

Management expert Peter Drucker believes that the reason for having any business.

is to create a customer , so the two primary functions of any business are marketing and innovation.

2- Evaluate ideas

Confirming the quality of the idea and the availability of innovation requires you to constantly re-evaluate your ideas with complete objectivity.

Ascertaining its feasibility may involve many risks, because linking to an idea may hinder the vision of its defects. Therefore, promoting innovation in small projects requires avoiding the stagnation of ideas, and dealing with ideas with a critical eye; So that it pays off in order to save time and money.

3- Providing the necessary resources for innovation

Encouraging creativity and innovation in small and medium enterprises. Providing resources such as allocating a budget to fund innovation

Based on this strategy, the company will be better at finding creative solutions to any problems and will be able to move forward in business as a result.

4- Focus on a specific sector

We refer to a very important rule in the field of encouraging innovation in small projects that innovation only comes through intensive specialization and focuses on precisely defined areas and sectors.

2/3 The extent to which small and medium enterprises practice innovation in the Kingdom of Saudi Arabia

The General Authority for Small and Medium Enterprises has launched many initiatives that aim to stimulate innovation and creativity to achieve a prosperous economy and a vibrant society, towards the Kingdom's Vision 2030, including the Innovate Initiative, Idea, Small Manufacturer, and Innovate.

The initiatives seek to spread a culture of innovation in society and partner and cooperate with local and international companies to create innovation centers and contribute to enabling small and medium enterprises to catch up with the Fourth Industrial Revolution. And enriching the culture of manufacturing and innovation in society to create a new, innovative generation capable of competing globally, by providing a space to unleash creativity and stimulate self-reliance in making things for young people. Employing the collective mind in developing services and developing products through a national platform for ideas that links various sectors with society and establishments to find creative solutions that contribute to building the economy, achieving the vision, and developing the performance of the public sector in the Kingdom. At the same time achieving an increase in community participation, and the development of belonging and citizenship through interaction with society and building bridges of communication between government agencies on the one hand and the citizen and the private sector on the other hand to achieve the Kingdom's Vision 2030. As well as spreading the culture of invention to discover innovators with the aim of supporting them, developing

their pioneering products and highlighting them locally. And globally to create an attractive and enabling environment for innovation.

2/3/1 Challenges of practicing innovation in the Kingdom of Saudi Arabia and how to overcome them.

Among the most prominent challenges facing the innovation sector in the Kingdom are the following:

- a) The lack of a single definition of innovation that can be relied upon in the uses of innovation methodologies and applications based on it, which has led to the dispersal of efforts and the work of each agency according to its definition of the concept. This greatly affects the quality of the expected outputs from applying the foundations and standards of innovation within organizations and designing various programs. Therefore, we find that some programs that are presented by some parties do not perform their required role and are beginning to adapt to reality. When the program is completed and the results are reviewed, you find that they do not match the goal.
- b) This is due to the lack of a clear strategy for innovation within the organization built with experts in the sector.
- c) The lack of practitioners specialized in the field of innovation, as the industry is new in the Kingdom, and therefore there were no curricula or scientific specializations in the educational sector to graduate students specialized in innovation, and thus the presence of a generation specialized in the field scientifically that applies the correct foundations within organizations.
- d) -Financing and investing in innovation is one of the challenges facing the sector, as the innovation process is a long-term process and its results do not appear until after long periods, so there is difficulty in adoption by some.

- e) -In addition to the lack of planning regarding the application of innovation to various sectors to ensure balanced implementation that achieves the goals of applying innovation to organizations and sectors and the adoption of the concept of innovation by system members.

2/3/2 How to overcome the challenges of the innovation sector.

One of the most prominent solutions to overcome the challenges of the innovation sector, which works to improve the process of growth in the field of innovation, is the current establishment of the Research, Development and Innovation Development Authority, the existence of this authority specialized in developing research, development and innovation, and the establishment of innovation departments within most government organizations (and also the private sector), which will greatly help. It is very important for growth in the sector and unifying the extensive efforts of all parties concerned with innovation in the Kingdom, producing the best desired outcomes, and achieving the goal of the Kingdom being among the top 10 countries in the Global Innovation Index in the near future.

3 Analytical study

The Kingdom of Saudi Arabia - within Vision 2030 - is moving towards diversifying its economy and supporting and increasing the participation of the private sector in the economy. There has become a need to know the extent of innovation in the local market and the establishments operating in the Kingdom, the extent of the success of new innovative products in the local market, and the extent of its acceptance and embrace of innovations. The importance of innovation in achieving the goals of Vision 2030 comes through diversifying the

economy and increasing the private sector's contribution to the gross domestic product.

Based on this, the General Authority for Statistics implemented the Institutional Innovation Survey for the first time in 2019. The importance of implementing the Institutional Innovation Survey lies in measuring the availability of new products in the market, the extent of the development of the manufacturing or production mechanism, as well as the development of regulations and laws or their creation if they do not exist. Which helps in increasing the effectiveness of the private sector and increasing its productivity and contribution to the gross domestic product.

This survey is one of the important economic statistics that aims to provide the necessary information to know the general trend of innovation activity in the Kingdom of Saudi Arabia, as well as providing data on the volume of innovation in establishments and the local market. It also gives a picture of the extent to which establishments embrace new ideas and innovations, and the most innovative categories of establishments. And embracing innovative and new ideas

The survey was carried out for all administrative regions in the Kingdom of Saudi Arabia with a specific amount of 6700 establishments, and greater importance was given to cities as they include about 84% of the total establishments in the Kingdom, and include approximately 91% of the total workers in the Kingdom through an electronic survey form in addition to field studies This questionnaire is divided into ten sections, the analysis was conducted on each section separately, so it was important to analyze the outputs of this questionnaire to analyze the status of institutional innovation practices in small and medium enterprises in the Kingdom.

Table 1

The percentage distribution of the impact of innovation strategies on establishment

Strategies	2018		2017		2016		Average
	Low or Insignificant & median	High	Low or Insignificant & median	High	Low or Insignificant & median	High	Low or Insignificant & median
Focusing on improving existing services	%30	%70	%32.7	%67.3	%34	%66	%32.23
Focusing on adding entirely new goods or services	%51	%49	%52.2	%47.8	%53	%47	%52.07
Focusing on reaching new customer groups	%32	%68	%32.8	%67.2	%33	%67	%32.6
Focusing on meeting customers' demands	%20	%80	%21.7	%78.3	%23	%77	%21.57
Focusing on price reduction	%59	%41	%61.2	%38.8	%61	%39	%60.4
							39.77%

GASTAT, 2019

By analyzing the relative importance of innovation management strategies in small and medium enterprises compared to large companies, we note The superiority of large companies from small ones in focusing on improving the list of goods or services - Focusing on reaching new customer groups and focusing on meeting customer demands, where the relative importance represented 67.77% - 67.4%, 78.43% respectively in large companies compared to 32.23%, 32.6%, 21.57% respectively in small companies and this superiority of large companies is due to the capabilities and resources available to them

While SMEs have excelled in focusing on offering completely new goods or services, the focus on reducing prices is relatively important 52.07%, 60.4% compared to 47.93%, 39.6% in large companies, which reflects the risk spirit of small companies.

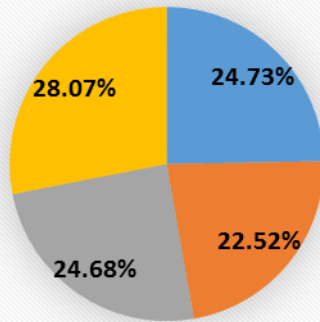
It should be noted that the trend of SMEs takes the direction of increase from year to year in the five areas of innovation strategy at the expense of large companies, although the annual rate of increase is increasing by a small amount, but it indicates a trend to improve their conditions and resilience. SMEs are facing rapid and unexpected changes in their business environment. With the aim of improving the sustainability and survival of SMEs, the results show that SMEs can leverage the skills and capabilities of their employees in an efficient and effective manner, which in turn will provide a significant and simultaneous impact on organizational agility.

The results also suggest that customer orientation, service delivery and strategic collaboration have a significant impact on the development of SME resilience.

Creating enterprise marketing methods requires these organizations to innovate their own marketing methods. Based on a thorough understanding of market dynamics, companies need to focus their attention on managing their internal and financial human resources. In addition, companies need to combine their internal management with the external environment in order to make timely adjustments to the marketing model, innovate enterprise marketing methods, and improve enterprise business management. During this time, companies need to fully understand the strengths of their competitors, analyze the business strategies they use, and work to improve and innovate the marketing of their own products and this is all part of the process of increasing the competitiveness of their operations through the use of marketing tactics.

The following figure shows the average relative importance of innovation practices in SMEs by activities during the period from 2016 to 2018.

The percentage distribution of the impact of innovation strategies on establishments
Average 2016:2018



■ Marketing innovator ■ Organization innovator ■ Process innovator ■ Product innovator

from the previous figure It is clear that small companies seek to manage innovation in the development of products provided to customers in the main diversified activities in an almost equal manner, where the average use of innovation practices in the areas of marketing represents 24.73% compared to 22.52% in the areas of organization, 24.68%, 28.07% in the field of operations and products respectively and therefore

Table 4

The percentage of the innovative establishment by the location of the head office

	2018	2017	2016	Average
Outside KSA	2.50%	2.05%	2.25%	2.27%

Inside KSA	97.50%	97.95%	97.75%	97.73%
Total	100.00%	100.00%	100.00%	100.00%

It is clear from Table 2 that the relative distribution of innovative establishments in the marketing fields was as follows:

The average geographical distribution of innovative SME sales within the Kingdom of Saudi Arabia represents about 97.73% of the products of these companies, while sales outside the Kingdom of Saudi Arabia represent about 2.27%

This reflects their low contribution to export and their focus on the local market due to the attractiveness of the local market and the relatively high consumption pattern due to the high average per capita income in the Kingdom, studies show (Levallet, et.al, 2023) that most SMEs continue to focus almost exclusively on their local markets.

Although this reflects its ability to provide local production as an alternative to imports, it requires extending support to it from the administrative government apparatus to be able to penetrate foreign markets.

Table 3

The percentage distribution of the innovative establishments In organization of organization innovation

	2018	2017	2016	A
New ways or tools to organize external relations with other establishments or government organizations	31.00%	33.50%	33.50%	3
New methods or tools for organizing work responsibilities and decision making	36.00%	34.50%	35.00%	3
Apply new business practices to rganize procedures	33.00%	32.00%	31.50%	3

Total	100.00%	100.00%	100.00%	100.00%
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Table 4 shows that the relative distribution of innovative enterprises in the areas of organization has focused on the use of new methods or tools to organize work responsibilities and decision-making, as well as the use of new methods or tools to regulate external relations with other enterprises or government organizations and the application of new business practices to regulate procedures.

Where the average focus on the use of new methods or tools to organize external relations with other enterprises or government organizations represents 32.67 %, and the average focus on the use of new methods or tools to organize work responsibilities and decision-making is 35.16%, and the average focus on the application of new business practices to regulate procedures represents 32.17%

This reflects the ability of small and medium enterprises to diversify their management of institutional innovation, whether using new methods or tools to organize work responsibilities and decision-making, then using new methods or tools to regulate external relations with other enterprises or government organizations, applying new business practices to regulate procedures, and this confirms that their potential for sustainability is high for adopting various innovative tools.

	2018	2017	2016
Establishments provided services innovation	58.00%	58.00%	58.00%
Establishments made goods innovation	42.00%	42.00%	42.00%
Total	100.00%	100.00%	100.00%

It is clear from Table 4 that the relative distribution of innovative enterprises among the field of innovative goods and services was mainly focused on services with an average of 58.00% on providing innovative services, while the average provision of innovative goods in innovative SMEs represented about 42.00% during the period from 2016 to 2018, which indicates their relative superiority in the field of services.

Table 5
The percentage distribution of the innovative establishments In operations by type of innovation

	2018	2017	2016	Average
Created new or significantly improved support activities for operations, such as maintenance systems, procurement, or accounting	33.00%	34.00%	34.50%	33.83%
New or significantly improved ways of logistics or delivery have been devised	33.00%	32.00%	33.00%	32.67%
New or significantly improved methods of manufacturing and production of goods or services have been devised	34.00%	34.00%	32.50%	33.50%
Total	100.00%	100.00%	100.00%	100.00%

from Table 5 It is clear that the relative distribution of innovative facilities in the areas of operations was almost equal and was as follows: the average focus on new or significantly improved innovative support activities for operations, such as maintenance systems, procurement or accounting accounted for 33.83%, the average focus on the use of new or significantly improved innovative methods in logistics or delivery represented 32.67%, and the average focus on new or significantly improved innovative methods of manufacturing. And for the production of goods or services represents 33.50%

This confirms that small businesses are focusing in parallel in the use of innovative means in supporting the development of operations and logistics activities or delivery for manufacturing and for the production of goods or services, and this confirms that the use of innovative activities in operations is launched in all directions. Logistics services, which were gradually recognized as a systemic function and organizational integration factor, have become a major strategic issue for organizations.

Small and medium-sized enterprises (SMEs) play two roles in SMEs: the role of adaptation, helping the organization adapt to changes in external conditions, and the role of integration at various organizational levels. In fact, it is clearly noted that the growing need for logistics and the heterogeneity of strategic behaviors suggest that logistics should be developed (as a performance factor) according to the distinctive advantages of the SMEs involved. . Logistics is a general concern in small business strategy. It evolves from shifting structure, behaviors and internal expertise towards efficiency and effectiveness zones for highly integrated SMEs, and efficiency zones for other firms.

Conclusion

1. Within Vision 2030, the Kingdom of Saudi Arabia is moving towards diversifying its economy and supporting and increasing the participation of the private sector in the economy, as there is a need to know the volume of innovation in the local market and the establishments operating in the Kingdom, the success of innovative new products in the local market, and the extent of its acceptance and embrace of innovations.

2. Small and medium enterprises are interested in supporting innovative strategies with an average of 39.77% compared to large companies, whose average interest in supporting innovative strategies

reached 60.23%, which represents a very high rate compared to the limited resources available in these companies.

3. SMEs are interested in the innovative practices of SMEs in various activities in the fields of marketing, organization, operations, and products.

4. The geographical distribution of sales of innovative SMEs within the Kingdom of Saudi Arabia represents about 97.73% of the products of these companies while sales outside the Kingdom of Saudi Arabia represent about 2.27%, which confirms that the Kingdom of Saudi Arabia adopts strong policies to support innovative products very strongly. It also reflects its low contribution to exports and its focus on the domestic market and requires extending support to it to be able to penetrate foreign markets.

5. Innovative SMEs focus on services more than goods, and this reflects their relative superiority in services, and this may be due to the limited resources used in the field of manufacturing and production in SMEs.

6. Small businesses focus in parallel in the use of innovative means to support the development of operations and logistics activities or delivery for manufacturing and for the production of goods or services, and this confirms that the use of innovative activities in operations is launched in all directions.

7. Innovation management, or innovation management system, is the process of managing new ideas, from thinking to taking action and making it a reality, that small businesses mainly focus on using new methods or tools to organize work and decision-making responsibilities, then using new methods or tools to organize external relations with other enterprises or government organizations, applying new business practices to organize procedures and this confirms that supporting government organizations to use innovative activities as well as supporting small and medium enterprises.

Based on the above results, we recommend

1. Continue and promote the development of cooperation relations between large and small companies, as well as the establishment of cooperation exhibitions.
2. Develop public-private partnerships to reduce business risks and invest in R&D and deployment of new technologies.

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