

The Role of Saudi Banks and Financial Institutions in Accelerating Entrepreneurship

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Abstract

The idea of becoming an entrepreneur often sounds like a dream, an ultimate goal for some people. However, entrepreneurship is a profession that requires well-defined professional qualities and skills, namely creativity, rigor, self-confidence and leadership. It refers to the fact of carrying out an activity of which one is the initiator, as its etymological meaning shows. Then, due to an action plan, the activity can start and move forward.

Beyond all this, entrepreneurship is the ability to create added value through exploiting the available resources and responding to the consumer demand. However, the main problem of entrepreneurs is the lack of funds. They may have a serious cash flow problem which engenders a difficulty paying wages and salaries or financing the purchase of equipment. This may explain why most small businesses, often starting as microenterprises, often seek loans or other forms of financing from official institutions.

The Saudi Council of Economic and Development Affairs established 13 "Realization Programs" within the **Saudi Vision 2030** launched in 2016. This vision involves national companies' promotion and financial sector development programs under the pillar "thriving economy". The Kingdom of Saudi Arabia (KSA) is endowed with many assets and strengths that can drive entrepreneurial endeavors (e.g., geographical, cultural, social, demographic, and economic advantages) that can position KSA a worldwide pioneer in terms of investment power and entrepreneurial capacity to create a diversified and sustainable economy for project developers in the private sector to take the initiative in meeting the challenges and seizing the winning business opportunities. The literature shows that the growth and development of the small and medium-sized enterprises (SME) sector is strongly linked to sustainable access to financial resources. Although a few studies have attempted to examine this relationship in Saudi Arabia, there are still knowledge gaps on the relationship between financial resources and the success of newly created projects.

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