

The Role of Small and Micro Enterprises in Light of the Current Crisis in Yemen

Mohammed Mostafa Mohammed Qaied, Kundan Basavaraj



Abstract: *one of the most important elements in achieving development in all countries of the world is small and micro enterprises, as they account for the highest percentage of all kinds of development ventures of different sizes. The SME sector remains a vital sector, a major source of jobs, growth, and development for the Yemeni business and other developing and underdeveloped countries. This study aims to identify the role of Small and micro enterprises in light of the current crisis in Yemen which depended on primary and secondary data which covered from 2014 to 2018. We used the percentage, figures, and tables for describing the contribution, job creation, number of projects as well as the costs of small and micro-enterprises. The results showed that there are several challenges facing SMEs which limited the contributions of SMEs in the development of the business. Moreover, the researcher recommended certain Strategies to boost and improve the role of Small and micro enterprises in the country's development.*

Keywords: *Small Enterprises, Micro Enterprises, Difficulties, Poor, Yemen.*

I. INTRODUCTION

a. BACKGROUND

Yemen is the poorest country in the Middle East and suffers from high levels of poverty, vac and illiteracy through a geographically overlapping infrastructure. Which Occupies 151 in the world in GDP per capita (UN). The current crisis has greatly affected the Yemeni business, leading to high inflation, macroeconomic instability and uncertainty, weak Yemeni riyal, negative GDP, inability to pay public sector salaries, and limited credit and financial services. Where Yemen face many business issues the World Bank report on business prospects in Yemen predicted that poverty will remain high at about 75% in 2018 and 73% in 2019, pointing to the high poverty rate and the deteriorating business and social conditions (world bank).

According to the report, violent conflicts in Yemen led to a serious deterioration of the country's growth and social conditions. In the Doing Business report according to World Bank, Yemen fell by 5 ranks from 165 in 2015 to 170 (out of 189 growth) in 2016 (as one of the worst 20 countries worldwide). This led to a sharp decline in production and household income levels. Microfinance can be an important aspect of a meaningful concept to poverty alleviation, for developed countries in particular. MFI services will allow the poor to adjust their expenditures, to improve their risks, to create capital slowly, to grow their businesses, progress their income capacity and to improve their standard of life. Therefore, many people work in their business to resolve these issues. Because of low income and savings, entrepreneurs in small and micro enterprises discover that short and long-term capital demands are met. For this reason, it is not enough for the banking and non-banking sectors to pay any attention to the growth of micro and small businesses. In any manufacturing is carried out by small and micro companies without which growth and development become difficult for the country. The SME sector is an important part of development in a country even though it utilizes many people in various jobs. SMEs are confined to a small number of industries such as supermarkets, call centers, restaurants, crafts, industrial enterprises, and others, in particular, trade and services.

Small and micro industries were established as a significant place in the Yemen business. Nevertheless, small and micro-sized enterprises play a major role in development of the country and growth. In addition, Small businesses are a traditional source of domestic growth of business. Therefore this study focused on the role of SMEs in the light of the current crisis.

I. THEORETICAL FRAMEWORK

A. What is Entrepreneur?

In F.A.'s Walker view : Entrepreneur is one who is talented with more than average capacities in the mission of organize and coordinate production factors, i.e. land, labor capital, and enterprise. As per the Galbraith: the challenge should be embraced by an entrepreneur and that it should be ready difficult to achieve something. Based on E.E. Hagen: An entrepreneur is an investor who attempts to maximize his profitability through innovation, includes issue-solving, and is satisfied with using his ability to address problems.

International labor organization, defines entrepreneurs as these individuals who have the power to see and assess business opportunities along with the necessary resources to take advantage of them and to begin appropriate work to ensure success.

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* Correspondence Author

Mr. Mohammed Mostafa Mohammed Qaied *, Scholar, Department of Commerce, Kuvempu University, Shivamogga, India.

Dr. Kundan Basavaraj, Associate Professor, Department of Commerce, Sahyadri Commerce and management College, Kuvempu University, Shivamogga, India.

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B. Characteristics of entrepreneur

An entrepreneur is an important player in business progress and the person that provides new things for development of the country.

Furthermore, to become a successful businessman must have the following characteristics as per given below:

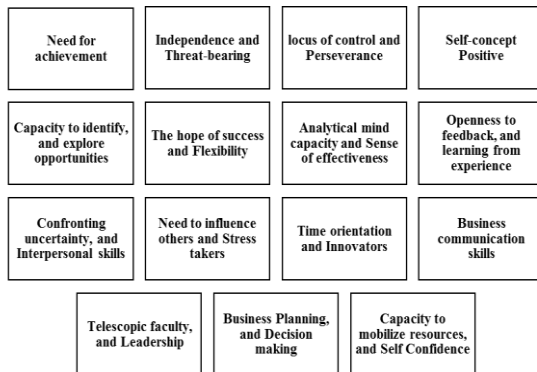


Fig.1. Characteristics of entrepreneur

C. Previous studies

Tamer .G. I. Mansour. (2018). This study aims to identify the role of SMEs in the development of the business in the Arab Republic of Egypt and identifying key challenges and obstacles that have been faced with these projects. The findings indicate that Egypt has 2.5 million small, medium and medium-sized projects 99 percent of the entire non-agricultural project; about 78 percent of those projects have not been provided with any banking facilities the export output of SMEs to foreign markets is extremely weak, there are Obstacles such as difficulties in accessing funding and assurances and many other problems related to the business climate, insufficient legislation, and regulations and poor infrastructure but Manaye (2018). Focused on Small enterprises have become an important contributor to Ethiopia's business. The purpose of this paper was to highlight one of the basic requirements, namely, access to funding aspects, for small enterprises that are the basis for accelerating growth of business. The main aim of the research is to determine the difficulties that have been faced by small businesses in the city of Lita and Sado in obtaining funding from financial institutions by identifying the dominant means of financing small businesses and factors affecting access to finance. From the results of the study, we can conclude that the primary sources of capital impact to reach a credit facility to a large extent, followed by the purchase of fixed assets financed by the main obstacles to access of SMEs to credit facilities. This research suggested that a credit foundation provides programs to educate small and micro enterprises on how to obtain credit facilities.

The Navarathne, K. A. S. In 2017 Seek to archive the difficulties faced by a team of successful micro and small businesspeople in Sri Lanka who have obtained small funding to set up or develop their small businesses and study these in the terms of their long-term potential for success. In order to gain a comprehensive understanding of a particular context, the study was introduced as a research methodology. The problems described in the particular context were ever to achieve higher product and service performance, update technologies, work regulations, issues of competitiveness and

infrastructure problems. Tiny and successful micro-entrepreneurs believe that they are successful – but they still want to expand in their enterprises. Abdullah, A., Thomas, B., & Metcalfe, S. In 2015 Estimating e-business activities in Yemeni small and medium-sized enterprises, as well as looking for the benefits and hurdles to the use of e-commerce in small and medium-sized enterprises in developing countries such as Yemen. And also, about 51% of small and medium-sized enterprises have been founded for 10 years and below, 49% over 10 years. The findings show that Yemeni small and medium-sized enterprises are in the early stages of e-business. It also refers to factors that prevent Yemeni small and medium-sized enterprises from embracing e-business. Gichuki, Njeru, & Tirimba. In 2014 seeks Seek to identify the obstacles Micro and Small Enterprises face in obtaining Kangemi Harambee Market credit facilities in Nairobi City County, Kenya. The research showed that the primary obstacles that prevent micro and small businesses from acquiring credit facilities such as high repayment rates, stringent collateral criteria, people's inability to serve as guarantors, the application fees for high credit facilities and the limited repayment period. Thus, financial institutions are advised to set more flexible, affordable and attractive funding standards for micro and small businesses.

Alhammedi and Shahadan (2014). Focused on examines the key drivers of small business growth in Yemen. It examined how administrative capacity (financial operations, corporate marketing), business environment determinants (macroeconomic determinants and capital deficiency) and company resources Business, personality traits and owner characteristics) affect the growth of SME performance. The results showed that the determinants of managerial capabilities and determinants of the business environment affected the performance of the growth of small service institutions in the country. However, the determinants of fixed resources did not show statistically significant effects on these institutions in Yemen. Kais Aliriani. 2013. The SME sector plays an important role in the Yemeni business. SME is, providing opportunities to thousands of people every year joining the labor market.

Small and micro-enterprises, however, face immense obstacles, including lack of qualified personnel, raw material obtaining difficulties, lack of technical support, discovering and adopting new technology, etc. In addition, unnecessary licensing requirements, as well as taxes and much more, through inefficient and non-transparent government agencies.

In a country where large investment projects are very restricted and constrained by many factors, including a volatile political situation, policymakers only have the option of taking the necessary steps to improve the sector. Small and micro businesses were identified by the Yemeni Government as a development driver for the country but the actions needed to support them failed to do so. A formal sector definition must be drawn up and a professional body formed to oversee small and medium-sized enterprises in Yemen must be created. Eissa and Abohulaika 2013. Seeks to consider Yemen's Small and Micro Enterprises challenges and opportunities. Consequently, the study showed many issues facing Yemen's small and micro businesses such as poor infrastructure.

II. RESEARCH METHODOLOGY

This research paper is a descriptive paper and it adopts the descriptive method that aims to explain the business activities and processes among small and micro enterprises in the light of the current crises in Yemen. Depending on the descriptive of the available data.

The study relies almost entirely on secondary data gathered from microfinance organizations, such as Social Fund for Development, Yemen Microfinance Network, and associated sources, in order to access the needed data to conduct the study, in papers released by government agencies and associated organizations, extra primary data was collected for the purposes in order to gain a full insight the contribution of enterprises towards the development such as their job creation, size, activities, and business processes, which was represented by figures, and tables.

A. Search problem

This study aims to find out what roles these enterprises can play and what the truth of these enterprises in the Yemen republic is, as SMEs are the most significant industry key elements in both the developed and developing countries, and what are the most significant issues are facing these enterprises? Some recommendations can be made to increase the efficiency of SMEs in the development process in reply to these queries.

B. Objectives of the study

The purpose of the study is to classify the role of tiny and micro-enterprises in the Country of Yemen's growth development by studying the following issues:

- Clarifying the role of small and micro enterprises in Yemen.
- Clarifying the significant problems and barriers faced by these enterprises
- Clarifying the contribution of small and micro enterprises in the Yemen region.
- Revealed Suggestions for entrepreneurs in Yemen to grow and improve their enterprises

III. SMALL AND MICRO ENTERPRISES IN YEMEN

The small and micro industries have been described globally as a growth driver to the development. This industry is categorized by lower investment requirements, prudent site navigation and product replacement operational versatility. Small and micro-enterprises are the foundation of Growth Financial and prosperity in several third world countries. In 1997, The Govt of Yemen has set up the Social Development Fund (SFD), a public institution financed by several foreign donors as well as the Govt of Yemen. Consequently, the Fund's main goal is to help mitigate poverty and reducing vac in Yemen by provide targeted development enterprises. The SFD continues to pursue its objectives as follows through four main programs:

- Program for local development and community.
- Program for the development of small and micro enterprises.
- Program for an ability Building program
- Program labor intense work.

The Program for SMED is implemented by the SMED unit that mainly aims at building local ability for providing to micro and small entrepreneurs indirect financial and

non-financial services to enhance their participation in the national development. The application of MF is implemented through the support of present financial institutions like financial institutions, banks, and companies or by setting up new institutions of this sort. The Social Fund for Development has supported a number of MFIs as well as the Loan Guarantee Program to provide their branches and buildings with integrated solar systems that provide them Alternative energy source which helped them to continue on their business and This will improve their operational efficiency and reduce their financial cost, which will indirectly improve continued access to financial services for small and micro-business owners. SFD was the main supporter of MFIs during the current crisis in Yemen, which lasted more than six years to enable them to continue to providing financial and non-financial services to the income-generating activities of the owner.

A. Definition

Small and Micro Enterprises do not have a commonly accepted definition. Regardless of their level of growth, various countries use different measures, the widely utilized metric is the gross number of workers, gross investment, and the turnover of sales. In the background of Yemen, small, medium and micro-enterprise have classified businesses as follows, according to the national SME policy authorized by the Cabinet in 2005 as per given below table:

Table-I: Micro, Small and Medium Enterprises Classification

Category	opportunities	Capital investment
Micro enterprise	1 – 5	RY. 1 Million
Small enterprises	6 -15	RY. 1 Million To RY. 20 Million
Medium enterprises	15 – 50	RY.20 Million To RY. 1 Billion

Source (ministry of industry and trade, Yemen)

IV. ROLE OF SMES IN THE CURRENT CRISIS IN YEMEN

Business have different views on the actual contribution of SMEs to the development of the country. Some believe that the SME sector is a vital part of any business because it has a significant role to play in innovation, creation of jobs and development of the country in general. Others believe that large firms are more effective in producing desired levels of growth of living standard and development. Mansour, A. (2011). In his view, there is a need to take a closer look at the contribution of SMEs in the living standard taking into account the fact that markets are moving. In this view, he explained that the 17.76% increase in job creation in the United States during the 1990s was due to net job creation growth in small businesses there was also a net decline in job creation in large companies during the same period.

He also said that the return of the US development during the 1980s and 1990s was driven by small companies because it improved competition, worked as a catalyst for change (innovation), and contributed to job creation.

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This positive view of small businesses was supported by the results of Brian Levy (1993), who says that small businesses contribute to the development through their new projects. They have a useful role to play in development of the country. The contribution of small firms includes the use of local resources, the provision of training for workers, the provision of opportunities for rural people who move elsewhere to urban areas, contribution to the balance of payments of countries and the reduction of dependence on high capital investments. In his studies on Entrepreneurship, Levy (1993) explained that small businesses were better responsive to the personal needs of entrepreneurs.

Regarding the contribution to GDP, the previous studies showed data and found that there was a strong relationship between the formal sector of SMEs and GDP. Per capita. They also found that the formal SME sector contributes significantly in development of the countries. Bouri (2011) shows that in addition to their direct contribution to GDP, SMEs also indirectly affect GDP by increasing innovation and macroeconomic resilience. A number of studies have explored other ways in which SMEs contribute to Growth Financial growth through entrepreneurship, business dynamism and community development. In the following sections we take a closer look at these contributions.

A. Creating jobs

According to Storey, D. J. (1988), small businesses were more important in creating jobs in the United States than larger companies. In the 1970s, they created eight in 10 new jobs. In his study across ninety-nine countries, Ayygari (2011) found that small businesses (which job 250 people or Less) contribute 78% of job creation in low-income countries, 67% in low-income countries, and 66% in high-income countries. The same study concluded that small businesses are an important contributor to overall job creation and job creation.

B. Innovation

Teece, D. J. (1996) denies that technological innovation is driven by young entrepreneurs. This "fiction" is echoed by Schumpeter (1942) believing that large companies are the engine of progress. But Audretsch has a different view. Although large companies may bring more innovations in absolute value than small businesses, taking into account that markets are in motion, and that many new small businesses enter the market and many other companies are coming out, it becomes clear that small businesses are the engine of activity Innovative in some industries. Despite the lack of official R & D, they benefit from the work of research and extension institutions from other companies (Human Development 2009). Human Development explains that looking at the measurement factor also works for SMEs. Measurement of innovation and technological change must include measurement of inputs, innovative ideas and outputs. If we consider the three aspects, we find that in some industries, small companies are more creative, while in other companies, big companies are superior. The difference is because of different technological systems.

C. Other contributions:

Eissa (2013) says that SMEs are working to improve income distribution in least developed countries. (UNCTAD, 2011.) SMEs also help meet the personal needs of entrepreneurs, use

local resources, provide training to managers and workers, reduce rural drift, and reduce excessive dependence on inputs related to their capital investments. They promote business dynamism and create value chains through links to enlarge companies. In conclusion, although some research has shown that there is no correlation between the growth of SME output and growth (Eissa, 2013) and found that small and micro enterprises with fewer than 20 staff do not contribute to growth 2008, the contribution of SMEs to the development, especially in developing and least developed countries, where development strategies based on large-scale investment have failed, cannot be assessed. SMEs can contribute to the use of domestic raw materials, create jobs, promote rural development, and develop entrepreneurship. SMEs encourage competition and risk dynamics.

V. ROLE OF SMED AND THEIR ACTIVITIES

The Small and Microenterprise Development Unit (SMED) is responsible for developing of the Small and Micro Finance (SME) sector in Yemen, which have five main areas of operations are structured as follows:

- Micro-enterprise financing.
- Small Enterprises Financing.
- Simplification of the services of business development.
- Building ability for the Institutional.
- Advocacy in the sector and environment-enabling growth.

In the face of the continuing conflict, more than a quarter of private-sector firms have suffered painful shocks beyond the energy crisis, losses and business closure. Hundreds of thousands of staff have lost their jobs as well as their source of income. Therefore due to conflict the small and micro enterprises closing by 27% and 24% respectively due to ongoing conflict. In the below table showed the direct beneficiaries as well as temporary jobs of the micro as well as small enterprises during the five years that helped us to know the contributions of these enterprises during these years.

Table- II: Direct beneficiaries and temporary job opportunities for Micro enterprises development.

Year	2014	2015	2016	2017	2018
Direct beneficiaries	11,860	1,647	4,323	535	6,400
Temporary job opportunities	221	34	2,666	7,327	8,428

Source: Collected by researcher from annual reports of SFD

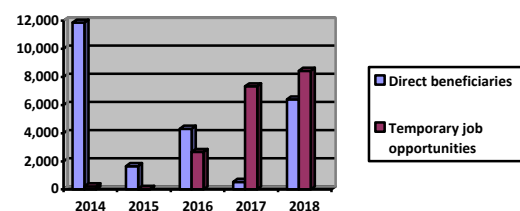


Fig.2. Direct beneficiaries and temporary job opportunities.

Discussion

The above figure showed that the direct beneficiaries in 2014 was very high therefor due to crises the direct beneficiaries deceased in the other years especially in 2015 and 2016 but the temporary job opportunities in the beginning was deceased but in the least two years increased.

Table- III: Direct beneficiaries and temporary job opportunities for Small enterprises development.

Year	2014	2015	2016	2017	2018
Direct beneficiaries	8,985	9,648	1,485	2,568	4,292
Temporary job opportunities	124	28	1,255	2,235	2,868

Source: Collected by researcher from annual reports of SFD

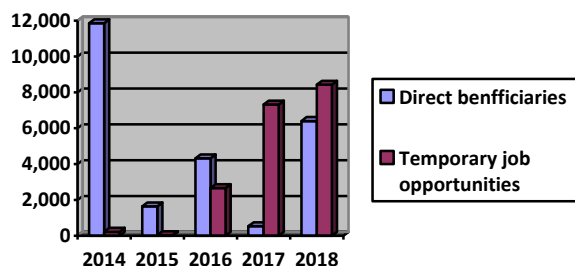


Fig.3. Direct beneficiaries and temporary job opportunities.

Discussion

The above figure showed that the direct beneficiaries in 2014 was very high therefor due to crises the direct beneficiaries deceased in the other years especially in 2015 and 2016 but the temporary job opportunities in the beginning was deceased but in the least two years increased.

The number of micro enterprises increased from year to another year which also contractual costs increased but small enterprises keep the same number in all years therefore, the contractual costs changes from year to another year which showed in the tables below:

Table- IV: The Number of projects completed and contractual costs for Micro enterprises development.

Years	2014	2015	2016	2017	2018
No. of projects	164	178	188	198	211
contractual costs(\$)	27,807,50	34,242,881	38,744,591	44,455,118	54,529,852

Source: Collected by researcher from annual reports of SFD

Table -V: The Number of projects completed and contractual costs for small enterprises development.

Years	2014	2015	2016	2017	2018
No. of projects	32	32	32	32	48
contractual costs(\$)	7,721,490	7,681,319	8,078,37	8,078,343	13,517,05

Source: Collected by researcher from annual reports of SFD

VI. SMALL AND MICRO-ENTERPRISE DEVELOPMENT (SMED)

SFD has continued to finance the projects run by SMEPS, for which it is its main funder.

The funds have allowed the continuation of SMEPS' activities in developing methodologies and products in the fields of agriculture and fishing. The funds have included other activities, including training and qualifying the cadres in SMEPS in order to raise their efficiency and performance, as well as to cover operating expenses, and purchase fixed assets. This is can be illustrated in the table below.

Table-VI: Small and Micro-enterprise Development (SMED)

Indicator	Achieved (April – June 2018)
Number of businesses supported, is aggregated by type:	1,575
Farmers	1,344
Fishers	223
Number of Women PHC workers supported	8
Number of workdays created	204,116

Source: Collected by researcher from annual reports of SFD
SMEs have grown over the last three decades. They now represent the majority of companies in Yemen, and they play an important role in job creation. The below table shows the creation of jobs every years in the micro and small sectors.

Table-VII: Jobs Creation in SMEs

Years	2014	2015	2016	2017	2018
Job Creation in MEs	173,386	173,349	174,407	192,024	195,990
Job Creation in SEs	17,826	17,323	17,998	32,752	36,715

Source: collected by researchers

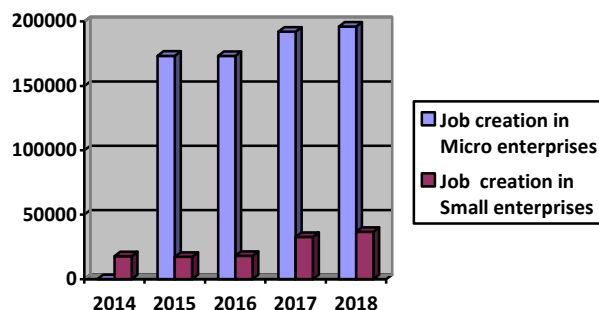


Fig.4. Job creation

Discussion

The above table and figure showed that the job creation continue increasing every years in both sectors but the job creation in micro enterprises more than small enterprises every year which showed in above figure.

VII. THE CONTRIBUTION OF SMES TO FINANCIAL GROWTH HAS MANY BENEFITS AS FOLLOWS

- SMEs for both developed and developing counties are known to be the main source of the creation of jobs.
- SMEs are generating a possible and actual source of competitiveness on big businesses and decreasing their ability to control prices.
- This kind of organization draws attention to the development of disadvantaged communities suffering from poor advancement, low-income levels and high rates of vac.
- Because both staff and owners work together to understand common interests, SMEs are distinguished by a good business climate.
- SMEs are a fertile area in which creativity and serious ideas can be created.

The need for daily and structured financial services has, therefore, become greater and more urgent than before, as most traditional banks are incapable of dealing with small and Micro-sized companies or choose to invest surplus liquidity in treasury securities.

VIII. CHALLENGES

In Yemen, small and micro-enterprises face various hardness and challenges in continuing their development. The true potential of the small and Micro-sized enterprises industry in Yemen has not been utilized due to a number of limitations that hinder those sectors which are as follows:

▪ Lack of research and planning

This is an extremely common failure of many businessmen, and we want to help prevent unforeseen such problems from occurring. You have to explore everything about the market you concentrate on before you begin something. This includes research with competitors, specific goals, market research, present trends, publicity methods, and a follow-up plan.

▪ Lack of adequate capital

In order to cover current expenses and surplus assets, small and micro enterprises require various types of financial assistance, such as startup capital to support their startup investment and working capital to cover existing expenses and reserve capital to cover not just unexpected but also personal or family.

▪ Weak infrastructure physical

Worsening physical infrastructure raises production costs and decreases the price for ME products Many power cuts and inadequate transport facilities are major issues in the infrastructure, which deeply hinder the smooth development and distribution of the products.

▪ Shortage of manpower skilled

To be willing to improve the productions and manufacture high-end products the Businesspeople are usually expected to adequately supply skilled workers.

▪ Absence of a Favorable Business Culture

A concept culture of business and entrepreneurship is not originally for each and every culture or society, and running a

business needs the confidence to take the risk of turning money into innovations and the bravery to leap into a future that is unknown.

▪ Lack of skills in business and administration

Most businessmen and business owners still lack broader administration skills which impede their long-term success so the wariness about entrepreneurship and administration skills is important.

▪ Ineffective Practices of marketing

Small and Micro-sized companies in Yemen, in particular, lack sufficient marketing capabilities or networks.

Moreover, export-oriented small and Micro-sized enterprises also have very few marketing activities, most of which attempt to survive through connecting with or establishing subcontracting relationships with multinational buyers.

▪ Poor Institutional Support

There is no specific institutional support for micro and micro enterprises, especially training, research and development in Yemen because of the current conflict.

▪ Apparent lack of policy on innovation and technological advancement

The other key challenge for Yemen's Small and Microenterprises in lack the technological advancement and innovation The organizational change process also includes the of innovation and technology that can concentrate on trends and keep pace with the recent technological advancements.

▪ Security instability

Lack of security leads to destroying business which is faced by SMEs in Yemen due to the current conflict.

IX. CONTRIBUTION OF SMALL AND MICRO ENTERPRISES

While urban poverty is also increasingly problematic in almost all regional growth financial, but in Yemen, almost all of the poor people are living in rural areas. The majority of rural poor people are engaged as workers or small-scale farmers in the informal sector in farm or related activities. Whereas the concepts vary depending on the country's background, it is commonly agreed that the informal business involves small-scale and micro-enterprises that manufacture and sell services and goods in unregulated but there is markets competition, the enterprises are largely family-owned, usually independent, have low levels of skills and technology and have a high workload.

These micro-businesses are mainly focused on low-income operations, particularly small-scale businesses and services. Tiny and micro-enterprises continue to offer income and job opportunities to a significant portion of workers in rural and urban areas through providing basic services and products for fast-growing communities, which present more than 65 percent of all domestic businesses and regular opportunities for getting job reach up to 55 percent. Through rising workforce participation between women in the region's developing countries, more women rely on tiny and micro-enterprises in the informal sector to survive. As a consequence, the development of tiny and micro-enterprises is progressively upon as an important component in promoting,

wide-based development in enhancing the well-being of the poor and women through providing substantial income and building opportunities for job and attracting native investment.

X. THE SUGGESTED STRATEGIES FOR STRENGTHENING SMALL AND MICRO ENTERPRISES IN YEMEN

Small and micro-enterprises in Yemen have seen phenomenal remarkable growth over the past 10 years, the emergence of new companies and the diversification of financial services have also increased the size and involvement of lending services. Encouragement and enhancing small and micro businesses in Yemen. The following are some suggested strategies:

A. From work for legal and regulatory action

- Facilitate the processes for business registration and licensing.
- Facilitating the system of taxation and providing tax subsidies for owners of SMEs.
- Create a window within the Commercial Court to handle commercial disputes for SMEs.

B. Infrastructure physical and security instability

The development of small and medium-sized enterprises has been negatively affected by weak Yemeni infrastructures and, security instability, therefore, the government should take into account these sectors which help to improve the SMEs.

C. Promote the SME sector at all levels

- Encouraging the SME sector locally and internationally, and disseminating knowledge through the media.
- Holding promotional events, such as conferences, seminars, and other public events, to highlight the SME sector in Yemen.

XI. FINDINGS

The armed conflict has resulted in the lack of electricity necessary to operate the facilities of microfinance programs and institutions thus affecting their work and forcing them bear considerable financial burdens from the use of generators and the additional costs of fuel and maintenance which affected on small and micro enterprises development. The current war influenced the owner of SMEs which leads to reduce the development on their enterprises.

SMEPS has suspended its projects and interventions because of the difficulties encountered in carrying out its normal activities in this conflict particularly in rural areas war zones and cities. One of its main branches in Aden damaged by the fighting was closed. Due to this unprecedented crisis, it has been difficult to reach many customers affected by the lack of telephone charges, poor telecommunications coverage or the fact that the client became displaced, and thus unreachable which leads to weak the development of enterprises.

The study found that 89% of the owners of small and medium enterprises rely mostly on self-owned funds, 8% of them received lending from members of family or friends and 3% of them have got to loans from suppliers. On either hand, the majority of the population, relies on informal interventions to receive funding for their small businesses. I.e. People save money or sometimes buy hard currencies or gold in order to preserve their savings. They often rely on members of family and friends to meet their financing needs, and sometimes on supplier's credit if appropriate. Absence of officially accredited government in light of the current crisis which led to limited development of the country and the level of loan movement from one to another is very slow. Due to the light of the current crisis and there is a limited level of knowledge and consciousness among people about resource administration, budget control, and other microfinance services.

Over the period (2014-2018), the overall number of small and micro- enterprises based on business activity was 856 projects.

XII. CONCLUSION

In order to start, handle and widen their projects, SMEs rely largely on financial resources directly linked to their owners (or family members). In other instances, as reported by the Baseline study of SMEs and the World Bank Report on Growth Financial, most of the small and micro-sized businesses lend interest-free loans for one or two years from members of the family and/or friends either through open credit from suppliers. Over the years Yemen has not been able to attract large foreign investment projects outside the oil and gas sector, therefore, this will not improve in the foreseeable future because of many factors such as an unstable political situation and poor infrastructure, and also the result shows that the small and Micro-sized enterprises in Yemen the faced many challenges that need to be adequately addressed through some strategies to resolve such as these challenges. Therefore, the Growth of projects will not succeed in light of these challenges. The government should, therefore, pay more attention to the SME sector.

Therefore, hopefully, the result of this study will help the owners of enterprises to get rid of these challenges. Thus, it's all about planning, and it takes time to plan. Don't rush into anything you want to do. The greater the focus and eye for detail, the growing the improvement. Small and Micro-sized enterprises owners and ventures are recommended to adjust their attitudes to the difficulties of shifting to business value creation, to focus on how to manage challenges that can deliver more stable profits, the much-needed resources required to address emergencies. In the face of many challenges, enterprises may continue to grow to serve more people. Through innovation and experimentation, Yemen can develop its own sustainable microfinance model that takes into account the difficult local characteristics of Yemen. In order to achieve further progress, a strong commitment is required from the government, donors, intermediaries and clients alike to support owners of SMEs.

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Given the importance of the sector and the need to convert it into essential and crucial, it is necessary to develop methods which will enhance the elimination of these challenges so they can achieve a desired ambition and goals. Critical areas of emphasis, such as the establishment of a viable business environment infrastructure building, safety provision, enhancement of financial and non-financial products and the setting-up or reinforcement of SMEs development institutions.

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AUTHORS PROFILE



Mr. Mohammed Mostafa Mohammed Qaied is a scholar in the Department of Commerce Kuvempu University JnanaSahyadri, Shankaraghatta, India. He is currently doing research in Microfinance and Entrepreneurship



Dr. Kundan Basavaraj associate professor in the department of commerce and management. He has put in 23 years of experience. He has published more than 35 articles in international and national journals and he has completed one minor research project and guided 7 scholars for Ph.D and 12 students for Mphil degree and worked as a BOE and BOS members in PG and UG and written three books according to the kuvempu university syllabus and received national and state NSS best coordinator award.