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Comparison between sponsored and non-sponsored regarding personal administrative factors for SMEs from Kuwait during the COVID-19 pandemic

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ABSTRACT

The purpose of this study is to examine the comparison between sponsored and non-sponsored personal administrative factors during the COVID-19 pandemic. Over the past decade, governments around the world have started to experiment with entrepreneurial ecosystems in an effort to drive enterprise development and innovation in their economies. However, there is no consensus for sustainable policy performance in ecosystem development. Drawing on literature from strategy, institutions, social behavior, and entrepreneurship, the purpose of this study is to examine the role of entrepreneurial personal skills, management business skills, and social sustainability in receiving government funding. Using a unique dataset of 948 entrepreneurs in Kuwait from 2020-2021, we analyze a sample of two groups: those who received funding and those who did not receive funding from the National Fund for Small and Medium Enterprise Development. The finding implies that individuals who did not obtain funds have higher performance indices in management and entrepreneurial business abilities but lower social sustainability. Furthermore, business owners who did not obtain financing are less likely to have closure plans. This research has significant practical implications for the way the government distributes funds to entrepreneurs. It suggests that the financing criteria may need to be reassessed, taking into account not only managerial and entrepreneurial talents but also social sustainability factors. The results can assist policymakers in understanding how efficiently and effectively resources are allocated, particularly in the context of assisting small and medium-sized businesses.

Contribution/Originality: This study contributes by improving knowledge about building a resilient national economy in an emerging context through entrepreneurial ecosystems and pro-market reforms that focus on access to entrepreneurial financing. Through a unique dataset, we examine the differences in entrepreneurial and managerial skills between self-funded and government-funded entrepreneurs.

1. INTRODUCTION

There is a significant rise in attention to entrepreneurial ecosystems, especially with respect to entrepreneurship policy, funding, innovation, and institutional frameworks (Acs, Stam, Audretsch, & O'Connor, 2017; Aparicio, Iturralde, & Maseda, 2021; Buntins, Kerres, & Heinemann, 2021; Isenberg, 2014; Manolova, Brush, Edelman, Robb, & Welter, 2017; Mason & Brown, 2014; Stam, 2015). Some of the main reasons why governments in emerging economies promote entrepreneurial ecosystems include economic growth, employment, innovation, and advancing a knowledge-based economy (Aparicio et al., 2021; Armanios, Eesley, Li, & Eisenhardt, 2017; Lerner, 2010; McKenzie & Woodruff, 2014; Urbano, Aparicio, & Audretsch, 2019). However, just as there are significant differences in the methods adopted by governments to realize these objectives, there are also significant differences in the outcomes achieved through different types of ecosystem policies.

Some policies aim to develop entrepreneurial ecosystems by focusing on creating support networks for entrepreneurs, providing training and expert mentoring, and minimizing bureaucratic red tape. Other policies focus primarily on the availability of finance (Wilson & Silva, 2013). Based on a review of the entrepreneurship finance literature (Cumming & Johan, 2017; Hayter, 2016; Malki, Uman, & Pittino, 2020), we recognize the importance of funding in ecosystems for early-stage new ventures. Although American and European entrepreneurs can obtain funding through venture capital firms or angel investors, capital markets for early-stage ventures in developing regions are often underdeveloped (De Soto, 2000; Taussig & Delios, 2015). It is more challenging for early-stage entrepreneurs to obtain capital in emerging economies due to institutional voids in capital markets (De Soto, 2000; Palepu & Khanna, 1998).

While new ventures require smart money to survive and maintain a positive return on investment from public funds, not much is known about the outcomes of funding decisions, particularly with respect to firm survival rates and the individual skills of the selected entrepreneurs granted access to public sponsorship. This is especially true given the private nature of government data in emerging economies, which includes exact funding numbers, funding decision outcomes, and the aftermath of firms receiving funding. The efficacy of such programs is yet to be determined as the evidence yields mixed findings, with some studies suggesting the costs outweigh the benefits (Block, Colombo, Cumming, & Vismara, 2018; Bøllingtoft & Ulhøi, 2005; Clarysse, Wright, Lockett, Van de Velde, & Vohora, 2005; Colombo & Delmastro, 2002; Mustafa et al., 2023; Rothaermel & Thursby, 2005). It raises the question of whether the government can foster entrepreneurship in an effective and cost-efficient manner through public funding.

Considering policymakers substantial and urgent focus on economic diversification in oil-dominant economies over the past several decades and a six billion USD budget allocated by the government of Kuwait to establish the National Fund for Small and Medium Enterprise Development, a more solid understanding of the quality of entrepreneurs selected in funding decisions and firm survival rates undoubtedly warrants interest. The rising popularity of such programs in developing regions emulating innovation-based economies to advance their economies and overcome market failure warrants attention to these contexts (De Bruijn & Lagendijk, 2005; Denney, Southin, & Wolfe, 2023; Lerner, 2009; Wang, Li, & Furman, 2017). The purpose of this paper is to investigate the link between funding decisions and entrepreneurs personal, managerial, and social skills. Furthermore, we examine the likelihood of publicly funded firms' survival compared to firms that are privately funded.

The National Fund for Small and Medium Enterprise Development was incepted by the Kuwaiti government in 2013 to create an ecosystem that enables the private sector to drive economic growth, employment, and diversity always from oil. It is an independent public corporation that finances up to 80% of capital for small and medium business projects by citizens. "The National Fund for SME Development focuses on building an inclusive, collaborative, and innovative ecosystem for entrepreneurs to lay the foundation for economic opportunities in the State of Kuwait" (The National Fund for SME Development, 2013).

Comparatively less research focuses on the comparison of finance methods in emerging economies. SMEs access to finance in underdeveloped capital markets is key to improving efficiency in the market. Furthermore, there is an urgent need for research on economic diversification in oil-dominant economies. Our study addresses these gaps in the literature. It investigates the two main SME funding mechanisms, personal and government-sponsored, to understand the implications of each source of funding on a variety of different individual skills and firm survival. Our study contributes to improving knowledge about building resilient national economies through access to funding in an emerging context.

We organized our article based on the concepts of entrepreneurial ecosystems, institutional voids, and pro-market reforms in transition economies. The paper is structured as follows: We first discuss the concepts of entrepreneurial ecosystems, institutional voids, and pro-market reforms and derive a set of hypotheses. Following the literature review, we present details of the methodology used and the results from the statistical tests. We conclude by discussing practical and potential directions for further research.

2. LITERATURE REVIEW

In order to provide a theoretical basis for the focal variables discussed, this section builds a literature review to guide the empirics to be collected and analysed next. There are four sections in this literature review. First, we discussed how social skills are relevant within the entrepreneurial system in terms of access to funds. Second, how the same social skills of the entrepreneurs can build a culture and geography for the entrepreneur success in the absence of formal institutions. Third, the literature on how pro-market reforms and fading constraints can help entrepreneurship in transition economies. Finally, how can a globalized strategy for a coherent entrepreneurial ecosystem be achieved in the emerging economies?

2.1. Ecosystems, Funding Entrepreneurs, and Social Skills

Extended literature suggests that the overall ecosystem for entrepreneurs is enabled by both formal and informal institutional environments (Salimath & Cullen, 2010; Webb, Khoury, & Hitt, 2020; Williams & Vorley, 2015). These environments allow funding opportunities by introducing reforms and other supports, such as credit assistance. There is, however, a greater need for incorporating social skills such as networking, communication, emotional intelligence, and industry experience into the entrepreneurial ecosystem. These and other soft social skills require attention as they are informal environments within the industry structures (Manev & Manolova, 2010). The opportunities in such an information environment are not equally accessible to all entrepreneurs to develop these skills for raising funds, as, for example, women are found to be less exposed to the required skills to be developed (Brush, Edelman, Manolova, & Welter, 2019). These collective skills and capabilities converge on essential value creation for entrepreneurs and the ecosystem as a whole (Sengupta, Sahay, & Croce, 2018). It is because the essence of value emerges from the very cognitive capabilities that entrepreneurs possess (Baron & Markman, 2000; Omrane, 2015). These skills are interconnected too, and when the cognitive capabilities are to support productivity, the communication, on the other hand, leads to a longer relationship between the entrepreneurs and the donors (Nielsen & Klyver, 2020).

2.2. Personal skills, Institutional Void, and Evolution

In addition to the information and interactions in the industry through social skills, the entrepreneurs personal factors, such as perceptions and opinions, developed over time are important (Fligstein, 1997). The perceptions of both business and self are found to significantly influence the entrepreneurial pursuit of funding and success in internationalizing small businesses (Manolova, Brush, Edelman, & Greene, 2002). These perceptions also create the persona of the venture seeking the funds, and it has been found that during the later stages of evaluation, more intangible characteristics are important criteria to demonstrate the readiness of the entrepreneur to funders, as both

entrepreneurs and funders may have different perceptions of the readiness of a venture (Brush, Edelman, & Manolova, 2012). The soft, and environmental, and individual characteristics can also be strategized as a framework in lieu of formal institutions if such institutions do not exist or do not work efficiently (Palepu & Khanna, 1998). This is particularly true in developing and informal economies, where capital is allocated based on local cultural considerations before the emergence of a formal legal system to thrive the system forward (De Soto, 2000). For entrepreneurs, it is therefore important to evaluate the local circumstances to see if a more cultural and geography-driven environment exists or if a legal system exists for the fund arrangements and required performance.

2.3. The Reforms in Transition Economies

Transition economies are evolving from more centralized economies through a constrained process of reform (Svejnar, 2002). The transition has an impact on the entrepreneurs in the economies as they face uncertainty and factors related to the adoption of the reforms and how to remain performing well (Estrin, Meyer, & Bytchkova, 2006; Hashi & Krasniqi, 2011). Therefore, both economies and entrepreneurs evolve in the process of privatization, regulation, policy formation, and any capacity-building process (McMillan & Woodruff, 2003; Peng, 2001). Pro-market institutions are also found to be important for entrepreneurs to perform in transition economies, particularly when the institutional structures are weak and reliance on information institutions is high (Smallbone & Welter, 2001). In the transition economies, firms need not only to thrive themselves but also to actively contribute to the evolution of the economies. Thus, a collective co-volution can help out when there is a balance between stabilization and structural reforms (Fischer & Sahay, 2000). This duality exposes the firms to uncertainty and a high cost of funding as they adapt to the new legal and other contexts emerging as a part of the transition (Welter & Smallbone, 2003). In this regard, transition economies should have pro-market reforms and fade out the constraints to enhance entrepreneurs performance (Banalieva, Cuervo-Cazurra, & Sarathy, 2018; Lamine, Mian, & Fayolle, 2014).

2.4. Pro-market Reforms in Emerging Economies and Globalized Strategy

The emerging economies have been little researched for their entrepreneurial potential in terms of a globalized strategy and framework (Sengupta et al., 2018). The growing global relevance of entrepreneurs from emerging economies necessitates the internationalization of firms to be global and remain relevant to various contexts of their operations in the emerging economies (Kiss, Danis, & Cavusgil, 2012), as the economic centricity is moving the emerging economies from developed countries (Foo, Vissa, & Wu, 2020). This need can be strategized as globalization strategies for the small firms in the economies (Bruton, Filatotchev, Si, & Wright, 2013), as these emerge and re-emerge as part of their evolution. This revolution and its associated strategy would require significant room for continued innovation (Singh & Gaur, 2018), causing firms in emerging economies to flow with the emergence of the economy itself (Bruton, Ahlstrom, & Obloj, 2008). In this regard, the pro-market reforms for global connectedness of entrepreneurs can lead to significant contributions to emerging economies. The pro-market reforms also stimulate the emergence of multinational companies, which also leads to the transformation of local firms to go global when competition expands at the firm, industry, and country level (Cuervo-Cazurra, 2015). Therefore, the entrepreneurial ecosystem can be conceptualized as a global strategy to achieve multi-level coherence in supporting entrepreneurs. This will involve the integration of a cohesive role of the duo-government and market, and the political agenda to achieve a global strategy for the entrepreneurial ecosystem (Cuervo-Cazurra, Gaur, & Singh, 2019).

3. METHODOLOGY

The main aim of the measurement instrument is to understand the implications of each source of funding on a variety of different individual skills and firm survival. We compare Entrepreneur Personal Skills (EPS),

Management Business Skills (MBS), Social Sustainability (SS), Firm Business Performance (FBS), and intentions to close the business operation between the two groups with different funding sources. The foundation of every measuring tool is a set of rules on how to put a numerical value on anything to stand in for the quantity of some attribute or quality. As a result, there is thorough research on the majority of the factors that went into creating and articulating the project framework. The measuring scales are created after reviewing the pertinent literature or previous studies in the field.

The research hypotheses were tested using a quantitative methodology, with data being collected through a self-administered survey. The current research used a stratified sampling technique to collect data from Kuwait's SMEs. Entrepreneurs were chosen based on their convenience and the times that worked best with their schedules. There were 948 entrepreneurs working in these companies, and questionnaires were given out to 1,600 entrepreneurs; 60% of them completed surveys. However, it was projected that there are more than 25,000 SMEs in Kuwait.

The questionnaire was given out during a personal visit to each participant. The participants' privacy and confidentiality were protected, and their participation was entirely voluntary. It was explained to the participants what the goals of the study were, and they were requested to fill out the surveys. In order to prevent any confusion, the directions for filling out the questionnaire were written down and included on the cover page. A total of 948 questionnaires were handed out to a representative sample of Kuwait's small and medium-sized enterprises (SMEs).

Based on the construct domain, 7 items for Entrepreneur Personal Skills (EPS), 10 items for Management Business Skills (MBS), 7 items for Firm Business Performance (FBS), 17 items for External Barriers (EB), and 13 items for Social Sustainability (SS) were generated from the relevant literature. The measuring items for this investigation were taken from already established measurements that were published in other studies. This was done for those components that directly matched the setting of this study. Afterwards, they were modified by translating them into Arabic; the scale of measurement may have changed to a five-point Likert scale at this time.

The data collection tool consisted of a series of questions designed to collect information on a variety of social and demographic aspects linked to the individuals who participated in the survey, as well as other sociodemographic parameters related to the SMEs owners.

This study focuses on Kuwait's small and medium-sized enterprises (SMEs), which account for over 90% of the nation's private companies. Smaller organisations are expected to be more vulnerable to the risks presented by the COVID-19 pandemic compared to larger companies. Therefore, the study utilizes a cross-sectional design, where participants complete a self-report questionnaire based on the previously established economic anxiety index. It provides coverage for Kuwaiti small and medium-sized enterprises (SMEs), irrespective of their industry, goods, services, or other factors. The survey was conducted on the platform www.surveymonkey.com, and thereafter, a hyperlink was disseminated to the intended recipients through WhatsApp, emails, and various social media platforms.

The survey that was stated in the previous paragraph was applied in order to encompass a greater variety of business themes and to enable a greater number of generalizations. A larger sample size was intended to be attained using this quantitative methodology. In a more comprehensive investigation of the factors, causality can then be investigated. The questionnaire was sent out electronically to business owners and partners, and in order to get a response rate that was sufficient, multiple different levels of distribution were conducted.

On the primary level, an effort was made to contact the "National Fund for the Development of Small and Medium Businesses" in Kuwait in order to gain access to the SMEs that are sponsored by the Fund. It is a public organization that is independent of the government and has a total capital of 2 billion riyals. It finances up to 80 percent of the capital for small and medium-sized projects that are feasible (Zainal, Bani-Mustafa, Alameen, Toglaw, & Al Mazari, 2022).

The participants were stratified into two cohorts, namely sponsored and non-sponsored. Categorical variables were expressed as frequencies and percentages. For continuous variables, means and standard deviations (SD) were presented, and the mean difference among these variables among sponsored and non-sponsored cohorts was examined using an independent sample t test. Further, logistic regression analysis was applied to examine the association between sponsored and non-sponsored cohorts and the following covariates: Entrepreneur Personal Skills (EPS), Management Business Skills (MBS), Social Sustainability (SS), Financial Business Performance (FBS), External Barriers (EB), intention to close, age, and education. Statistical significance of variables was examined at a p-level of 5%.

4. RESULTS

4.1. Demographic Characteristics

The socio-demographic characteristics of the study participants are shown in Table 1. The majority of the participants (44%) was under the age of 25 and held a bachelor's degree (55.6%). Among the total 948 participants, 495 (52.2%) did not apply for funds. Majority of the participants had no sponsor (60.4%) and had intention to close (84%).

Table 1. Demographic.

Demographics	Overall (N=948)
Age	
Less than 25 year	417 (44.0%)
From 25 to 34	295 (31.1%)
From 35 to 44	126 (13.3%)
More than 44	110 (11.6%)
Education	
High school	130 (13.7%)
Diploma	195 (20.6%)
Bachelor	527 (55.6%)
Master	55 (5.8%)
Phd	20 (2.1%)
Other	21 (2.2%)
Apply for fund	
Yes	453 (47.8%)
No	495 (52.2%)
Sponsered	
Yes	375 (39.6%)
No	573 (60.4%)
Intention to close	
Yes, intention to close	796 (84.0%)
No, intention to close	152 (16.0%)

4.2. Reliability and Validity

Survey questionnaire needs to be reliable and valid in order to obtain useful information about individual items for which respondents have given their opinion (Tobi & Kampen, 2018). Reliability is the measure of consistency, while validity measures the accuracy of the data. A well-known method for testing reliability statistics is Cronbach's alpha. Cronbach's alpha can be used when determining the reliability score for numerous items in the questionnaire. The other statistics, i.e., item-rest correlation, were used to evaluate the accuracy of the questionnaire. Table 2-5 summarieses the results of reliability and validity statistics for the constructs Entrepreneurial Personal Skills (EPS), Management Business Skills (MBS), Financial Business Performance (FBS), External Barriers (EB), and Social Sustainability (SS). The value of cronbach's alpha >0.60 is adequate, ≥ 0.70 is desirable, and 0.80 is excellent (Ab Hamid, Sami, & Sidek, 2017; Tobi & Kampen, 2018).

Table 2. Item reliability statistics – EBS.

Item	Mean	SD	Item-rest correlation	If item dropped Cronbach's α
EPS1	4.153	0.858	0.428	0.672
EPS2	3.869	0.955	0.426	0.674
EPS4	4.076	0.798	0.527	0.643
EPS5	3.908	0.860	0.369	0.690
EPS6	4.068	0.879	0.400	0.681
EPS7	4.151	0.836	0.500	0.650

Note: Overall cronbach's α = 0.708.

The value of item test correlation must exceed 0.30 for the validity of the items (Hair Jr, Matthews, Matthews, & Sarstedt, 2017). The results of reliability and validity (Table 2 to Table 6) confirm that the internal consistency and accuracy of the measures were achieved as the value of Cronbach's alpha and item rest correlation exceeded the respective threshold values for all the items.

Table 3. Item reliability statistics – MBS.

Item	Mean	SD	Item-rest correlation	If item dropped Cronbach's α
MBS1	3.489	1.229	0.567	0.892
MBS2	3.575	1.243	0.621	0.889
MBS3	3.559	1.288	0.709	0.883
MBS4	3.908	1.149	0.669	0.886
MBS5	3.568	1.271	0.661	0.886
MBS6	3.864	1.219	0.651	0.887
MBS7	3.698	1.234	0.666	0.886
MBS8	3.383	1.341	0.679	0.885
MBS9	3.940	1.190	0.683	0.885
MBS10	3.558	1.518	0.566	0.894

Note: Overall cronbach's α = 0.897.

Table 4. Item reliability statistics – FBS.

Item	Mean	SD	Item-rest correlation	If item dropped Cronbach's α
FBS1	3.227	1.119	0.471	0.764
FBS2	3.470	0.988	0.520	0.755
FBS3	3.454	1.218	0.433	0.774
FBS4	3.242	1.171	0.558	0.747
FBS5	3.368	1.048	0.562	0.747
FBS6	3.431	1.025	0.566	0.746
FBS7	3.778	0.977	0.473	0.764

Note: Overall cronbach's α = 0.784.

Table 5. Item reliability statistics – EB.

Item	Mean	SD	Item-rest correlation	If item dropped Cronbach's α
EB1	3.539	1.113	0.595	0.920
EB2	3.538	1.083	0.612	0.920
EB3	3.920	1.104	0.581	0.920
EB4	3.880	1.095	0.607	0.920
EB5	3.726	1.046	0.584	0.920
EB6	3.727	1.030	0.696	0.917
EB7	3.584	1.091	0.659	0.918
EB8	3.695	1.105	0.711	0.917
EB9	3.762	1.077	0.698	0.917
EB10	3.643	1.075	0.678	0.918

Item	Mean	SD	Item-rest correlation	If item dropped Cronbach's α
EB11	3.648	1.037	0.677	0.918
EB12	3.642	1.098	0.654	0.918
EB13	3.884	1.115	0.530	0.922
EB14	3.428	1.132	0.502	0.922
EB15	3.595	1.042	0.547	0.921
EB16	3.615	1.083	0.609	0.920
EB17	3.706	1.066	0.593	0.920

Note: Overall cronbach's α = 0.924.

Table 6. Item reliability statistics – SS.

Item	Mean	SD	Item-rest correlation	If item dropped Cronbach's α
SS1	3.444	1.214	0.533	0.927
SS2	3.021	1.190	0.638	0.923
SS3	3.028	1.226	0.697	0.921
SS4	2.953	1.222	0.674	0.922
SS5	2.834	1.287	0.698	0.921
SS6	2.680	1.273	0.747	0.919
SS7	3.296	1.204	0.624	0.924
SS8	3.164	1.265	0.656	0.923
SS9	2.774	1.263	0.692	0.921
SS10	2.770	1.283	0.751	0.919
SS11	3.001	1.222	0.715	0.921
SS12	2.995	1.286	0.715	0.921
SS13	2.442	1.281	0.653	0.923

Note: Overall cronbach's α = 0.928.

An independent sample t-test was conducted to compare the mean difference of Entrepreneur Personal Skills (EPS) items between the sponsored and non-sponsored cohorts (Table 7). A significant difference was found between all the Entrepreneur Personal Skills items. It is evident that for all the items, the mean value of EPS items was high in the non-sponsored cohort as compared to the sponsored cohort.

Table 7. Independent sample t-test for EPS items among sponsored and non-sponsored cohort.

Item	Sponsored = Yes (N=375)	Sponsored =No (N=573)	Total (N=948)	P value
EPS1				< 0.001[1]
Mean (SD)	4.0 (0.9)	4.2 (0.8)	4.2 (0.9)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
EPS2				< 0.001[1]
Mean (SD)	3.7 (1.0)	4.0 (0.9)	3.9 (1.0)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
EPS3				0.112[1]
Mean (SD)	3.7 (1.1)	3.8 (1.1)	3.7 (1.1)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
EPS4				< 0.001[1]
Mean (SD)	3.9 (0.8)	4.2 (0.8)	4.1 (0.8)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
EPS5				< 0.001[1]
Mean (SD)	3.7 (0.9)	4.0 (0.8)	3.9 (0.9)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
EPS6				< 0.001[1]
Mean (SD)	3.9 (0.9)	4.1 (0.8)	4.1 (0.9)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
EPS7				< 0.001[1]
Mean (SD)	3.9 (0.9)	4.3 (0.7)	4.2 (0.8)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	

Note: [1]t-test.

An independent sample t-test was conducted to compare the mean difference of Management Business Skills (MBS) items between the sponsored and non-sponsored cohorts (Table 8). A significant difference was found between all the management business skills items. It is evident that for all the items, the mean value of MBS items was high in non-sponsored cohort as compared to sponsored cohort.

Table 8. Independent sample t-test for MBS items among sponsored and non-sponsored cohort.

Item	Sponsored = Yes (N=375)	Sponsored = No (N=573)	Total (N=948)	P value
MBS1				< 0.001[1]
Mean (SD)	3.2 (1.2)	3.7 (1.2)	3.5 (1.2)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
MBS2				< 0.001[1]
Mean (SD)	3.3 (1.3)	3.7 (1.2)	3.6 (1.2)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
MBS3				< 0.001[1]
Mean (SD)	3.3 (1.3)	3.7 (1.2)	3.6 (1.3)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
MBS4				< 0.001[1]
Mean (SD)	3.7 (1.2)	4.1 (1.1)	3.9 (1.1)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
MBS5				< 0.001[1]
Mean (SD)	3.3 (1.3)	3.7 (1.2)	3.6 (1.3)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
MBS6				< 0.001[1]
Mean (SD)	3.7 (1.3)	4.0 (1.2)	3.9 (1.2)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
MBS7				< 0.001[1]
Mean (SD)	3.5 (1.3)	3.9 (1.2)	3.7 (1.2)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
MBS8				< 0.001[1]
Mean (SD)	3.2 (1.4)	3.5 (1.3)	3.4 (1.3)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
MBS9				< 0.001[1]
Mean (SD)	3.7 (1.3)	4.1 (1.1)	3.9 (1.2)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
MBS10				0.007[1]
Mean (SD)	3.4 (1.5)	3.7 (1.5)	3.6 (1.5)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	

Note: [1]t-test.

An independent sample t-test was conducted to compare the mean difference of Social Sustainability (SS) items between the sponsored and non-sponsored cohorts (Table 9). A significant difference was found between all the social sustainability items. It is evident that for all the items, the mean value of SS items was high in the sponsored cohort as compared to the non-sponsored cohort.

4.3. Binomial Logistic Regression

The results of the linear regression model show that approximately 11.90% of the variance in sponsorship was explainable by Entrepreneur Personal Skills (EPS), Management Business Skills (MBS), Social Sustainability (SS), Financial Business Performance (FBS), External Barriers (EB), intention to close, age, and education (R^2_{McF} = 0.119).

Table 9. Independent sample t-test for SS items among sponsored and non-sponsored cohort.

Item	Yes (N=375)	No (N=573)	Total (N=948)	P value
SS1				< 0.001[1]
Mean (SD)	3.6 (1.2)	3.3 (1.2)	3.4 (1.2)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
SS2				< 0.001[1]
Mean (SD)	3.2 (1.1)	2.9 (1.2)	3.0 (1.2)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
SS3				< 0.001[1]
Mean (SD)	3.3 (1.2)	2.9 (1.2)	3.0 (1.2)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
SS4				< 0.001[1]
Mean (SD)	3.1 (1.2)	2.8 (1.2)	3.0 (1.2)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
SS5				< 0.001[1]
Mean (SD)	3.1 (1.2)	2.7 (1.3)	2.8 (1.3)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
SS6				< 0.001[1]
Mean (SD)	3.0 (1.2)	2.5 (1.2)	2.7 (1.3)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
SS7				< 0.001[1]
Mean (SD)	3.5 (1.1)	3.2 (1.2)	3.3 (1.2)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
SS8				< 0.001[1]
Mean (SD)	3.4 (1.2)	3.0 (1.3)	3.2 (1.3)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
SS9				< 0.001[1]
Mean (SD)	3.0 (1.2)	2.6 (1.3)	2.8 (1.3)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
SS10				< 0.001[1]
Mean (SD)	3.1 (1.3)	2.6 (1.3)	2.8 (1.3)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
SS11				< 0.001[1]
Mean (SD)	3.3 (1.2)	2.8 (1.2)	3.0 (1.2)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
SS12				< 0.001[1]
Mean (SD)	3.3 (1.2)	2.8 (1.3)	3.0 (1.3)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	
SS13				< 0.001[1]
Mean (SD)	2.7 (1.3)	2.3 (1.3)	2.4 (1.3)	
Range	1.0 - 5.0	1.0 - 5.0	1.0 - 5.0	

Note: [1]t-test.

Table 10. Model coefficients – sponsored.

Predictor	Estimate	SE	Z	P
Intercept	-1.729	0.656	-2.634	0.008
EPS	0.540	0.157	3.445	<0.001
MBS	0.287	0.087	3.290	< 0.001
SS	-0.547	0.093	-5.862	< 0.001
FBS	0.177	0.116	1.524	0.128
EB	0.098	0.117	0.834	0.405
Intention to close:				
No, intention to close – yes, intention to close	-0.993	0.202	-4.907	< 0.001
Age:				
From 25 to 34 – less than 25 year	0.341	0.174	1.961	0.050
From 35 to 44 – less than 25 year	0.177	0.234	0.759	0.448
More than 44 – less than 25 year	-0.178	0.249	-0.717	0.474
Education:				
Diploma – High school	-0.242	0.254	-0.953	0.340
Bachelor – High school	-0.401	0.221	-1.816	0.069
Master – High school	0.097	0.374	0.260	0.795
Phd – High school	-0.630	0.541	-1.164	0.244
Other – High school	-0.253	0.536	-0.472	0.637

Note: Estimates represent the log odds of "Sponsered = No" vs. "Sponsered = Yes", AIC =1151.354, R^2McF = 0.119.

Entrepreneurial Personal Skills (EPS) (β = 0.540, p<0.001), Management Business Skills (MBS) (β = 0.287, p = 0.001), Social Sustainability (SS) (β = -0.547, p<0.001), and intention to close (β = -0.993, p<0.001) significantly predicted sponsorship. Table 10 summarizes the results of the regression model. Figure 1 shows the survey plots for the intention to close the sponsored and non-sponsored cohorts.

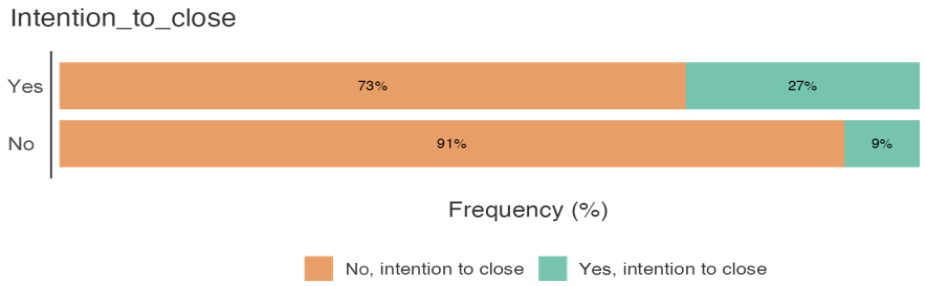

Figure 1. Survey plots: Y-axis represent the SMEs whom are sponsored (Yes) or not (No).

5. DISCUSSION

In this study, we examined the association between sponsored and non-sponsored entrepreneur cohorts and their entrepreneur personal skills (EPS), management business skills (MBS), social sustainability (SS), financial business performance (FBS), external barriers (EB), and intentions to close.

In considering factors influencing the likelihood of receiving funding, we hypothesized that those with entrepreneurial personal skills (H1), managerial business skills (H2), and social sustainability (H3) were more likely to be selected. Although we found that entrepreneurial personal skills, managerial business skills, and social suitability significantly predict sponsorship, the direction of the relationship was the opposite of what we expected. Anecdotal evidence indicates that those with higher levels of entrepreneurial and managerial skills would be more likely to secure funding. However, interestingly, there was an inverse relationship between the individuals' skills, both entrepreneurial and managerial, and their likelihood of receiving funding.

This indicates that entrepreneurs who have entrepreneurial personal skills and management business skills are less likely to be funded. This contradicts previous research, which emphasizes the importance of entrepreneurs' experience in achieving venture funding (Zhang, 2011). Previous research findings highlight the significance of the qualities of the entrepreneur in funding decisions (Feeney, Haines Jr, & Riding, 1999; Mitteness, Sudek, & Cardon, 2012).

We found full support for our third hypothesis, which predicts a positive relationship between sponsored entrepreneurs and individual social skills. Our results are in line with our predictions and with previous findings in the literature. Previous literature emphasizes the importance of social skills for securing venture funding (Baron & Markman, 2003; Stuart, Hoang, & Hybels, 1999; Zhang, 2011) and identifies social ties as key precursors to resource attainment (Heuven & Groen, 2012). Our research provides empirical validation for the findings of other studies on social skills and early-stage funding.

On the other hand, our predictions about the importance of financial business performance (H4) as an internal barrier for securing funding did not hold up. Financial business performance refers to the costs that entrepreneurs encounter and perceive as an internal barrier. Anecdotal evidence in academic research suggests that costs for materials, labor, advertising, and rent are often perceived as a barrier to early-stage financing by sponsors and can hinder the likelihood that an entrepreneur will receive funding (Ewens, Nanda, & Rhodes-Kropf, 2018). Extant literature in entrepreneurship finance shows that the changing costs of starting new ventures affect entrepreneurs seeking funding in the United States (Ewens et al., 2018), and accounts of this phenomena have been documented in the American press. However, in our investigation, it appears that other factors make more of a difference in shaping funding decisions.

Predictions about the relationship between external barriers (H5) and receiving funding did not hold up either. External barriers refer to government laws or practices that are not encouraging for business, as well as difficulties in the funding application process or special relations and favoritism that limit equal opportunities. In our investigation, we did not find any evidence of external barriers to funding decisions.

Our final hypothesis examined intentions to close operations (H6) from cohorts of entrepreneurs who received funding versus those who did not. While our results were highly significant, suggesting a relationship between funding and intentions to close, the relationship direction was inversed, contradicting our hypothesis. Our predictions about funded firms being more likely to survive did not hold up. Contrary to popular wisdom, funded ventures in our study did not show a higher probability of surviving. This contradicts previous literature about the determinants of return for funded firms that suggests that pre-investment screening and selection should lead to higher returns and improved performance in firms (Berger & Udell, 1998; Ehrlich, De Noble, Moore, & Weaver, 1994; Manigart, Baeyens, & Van Hyfte, 2002). Effective selection should result in sponsoring the most promising ideas and account for the sustainability of ventures. However, our results show that being selected for funding does not appear to have a positive relationship with early-stage venture outcomes.

6. CONCLUSION

This research focuses on entrepreneurial ecosystems and government policies in emerging economies aimed at promoting entrepreneurship to stimulate economic growth, innovation, and knowledge-based economies. The study specifically examines the impact of different funding mechanisms, both personal and government-sponsored, on the skills of entrepreneurs and firm survival rates, using the example of the National Fund for Small and Medium Enterprise Development.

There are several key factors influencing entrepreneurial ecosystems. Firstly, it emphasizes the role of formal and informal institutional environments in facilitating funding opportunities and supporting entrepreneurs, with a focus on soft social skills such as networking and emotional intelligence. Additionally, it discusses how personal factors and perceptions of entrepreneurs influence their pursuit of funding and success, especially in the absence of efficient formal institutions. Transition economies are described as facing uncertainties related to reforms, emphasizing the importance of pro-market institutions, and emerging economies are highlighted for their need to adopt globalization strategies for small firms. The entrepreneurial ecosystem is seen as a global strategy that integrates government and market efforts.

The methodology used for this research outlines the measurement instruments used to assess the impact of different funding sources on individual skills and firm survival. These instruments include scales for Entrepreneur Personal Skills (EPS), Management Business Skills (MBS), Social Sustainability (SS), Firm Business Performance (FBS), and intentions to close a business operation. The study focuses on Kuwait's SMEs, employing a survey questionnaire to collect data from business owners and partners, and stratifying participants into sponsored and non-sponsored SMEs. Statistical methods such as reliability tests, independent sample t-tests, and logistic regression analysis are used to analyze the data.

The results of the study reveal unexpected findings. Contrary to the hypothesis, entrepreneurs with higher entrepreneurial and managerial skills were less likely to receive funding, challenging previous research emphasizing the significance of entrepreneurial experience in securing venture funding. However, individuals with stronger social skills were more likely to be sponsored, aligning with prior literature highlighting the importance of social skills in obtaining venture funding. The study also found that financial business performance and external barriers did not significantly affect funding decisions. Lastly, funded ventures did not exhibit a higher likelihood of survival, challenging the conventional belief that funding leads to improved performance and sustainability. This research delves into the complexities of funding decisions in entrepreneurial ecosystems, specifically in the context of Kuwait's SMEs. The findings offer valuable insights into the relationship between entrepreneurs' skills, funding

mechanisms, and firm survival rates, challenging some conventional assumptions about entrepreneurship and venture funding. These results have implications for policymakers and entrepreneurs in emerging economies seeking to foster entrepreneurship and economic growth.

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