Do Non-Financial Factors Matter for SME's Performance? "Case from Jordan"

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Abstract

The aim of this study is to investigate the non-financial factors that affect the performance of SMEs in Jordan. The study identified six factors that extracted from previous studies to be examined in order to investigate their impact on the performance of SMEs in Jordan. The identified factors are: product and services, customers and markets, innovation and training, competition, Government policy and intervention and strategy. These factors can be utilized to recognize intricate and problematic areas so as to take corrections. The research population were all managers and employees in the furniture sector in Amman - Jordan. The population consists of the owner and the employees working at furniture sector in Amman city. The study used primary data that collected through survey designed to bring the required data. The finding of the research revealed that government policy, innovations and training, and competition were found to be significant in improving the performance of SMEs in Jordan, others factors were not found significant.

Keywords: Small and medium enterprises (SMEs), performance, factors, impacting, government policy, innovation and training, and competition.

Introduction

The concept of SMEs was debated in the late 1940s with the appearance of related policies, such as donation, bank credits, new tax terms… etc. The creation of SMEs has been supported by governments (e.g., agencies to fund SMEs were introduced in Japan in 1948, in the USA in 1953, in India in1954, in Tanzania in 1966, and in Turkey in 1976).

Worldwide, there are increasing evidences that small and medium enterprises have an important role in the development of national economy in all countries. SMEs deliver the main stream of new job opportunities and create creativity, reduce poverty which feed and reinforce economic progress. Visser (2008) argued that ''*Small and Medium Enterprises (SMEs) are the economy's backbone and are considered as a main income source for people living in developing communities*".

SMEs have become a main tool to overcome economic and social problems and accomplish development objectives in both developed and developing countries because of their ability to increase the production growth and their dynamic relations with several productive sectors in the society. They have contributed to reduce unemployment levels, increase productivity development and create income in the Arab countries. According to IFC, SMEs are a necessary and decisive force for growth of economy in developing countries, accounting for two thirds of employment (IFC, 2013). SMEs constitute almost 90% of the establishments in the world and employ 50% - 60% of the global workforce (World Bank, 2011) and thus work to increase employment opportunities, help resolve the problem of unemployment, contribute to increase export levels and work on the treatment of deficit in balance of payments. SMEs also contribute to about 46% of the global GDP; they represent 65% of the GDP in Europe, 45% of GDP in the United States of America. In Japan, they contribute to about 81% of GDP.
Most of the people in developing countries rely heavily on SMEs for their employment and income. For these reasons, SMEs has attracted great attention by economic decision makers in both developed and developing countries, including the Hashemite Kingdom of Jordan, because of its central role in sustaining the economy and improving the social development. The reasons of interest in SMEs are different in developed and developing countries.

Developed countries realized the importance of SMEs because of their role in providing large companies with intermediate products which are essential to their operation, while developing countries are interested in SMEs because of their role in economic reform measures and reducing the role of the state in investment (Saymeh et al., 2014).

Some successful economic development experiences have shown that SMEs are the central point in expanding the productive base, increasing exports and creating new jobs, especially in the world's rural and remote areas. Furthermore, they work to transform rural areas into industrial areas as well as to alleviate the imbalance between different regions in the country and achieve equitable distribution of national income and wealth of the state (Saymeh et al., 2014).

Regardless of development efforts made by many developing countries, SMEs still suffer from some various economic problems. The most important are: business strategy, resources and finance, innovation and training, and increased rates of employment. However, these problems exacerbated by the increasing complexity and the need for a sense of self-reliance, as well as the mobilization of local resources and giving the private sector a greater role in development processes (World Bank, 2013).

SMEs are categorized according to their size. Therefore, economists have a tendency to classify them into categories along with some quantitative indicators. An important indicator to differentiate between large enterprises and SMEs is the number of workforce (Hatten, 2011).

European Commission (EC) encourages the use of the number of workforce as the main indicator, though; using a financial indicator is nevertheless an essential complement in order to understand the actual measure and performance of SMEs and their status associated with their contestants (EC, 2003, item 4). EC completed a guide to determine the indicators for defining SMEs, which are number of workforce, yearly turnover and yearly balance sheet (EC, 2005). EC specified that filling the indicator of the number of workforce is compulsory, whereas meeting another indicator from the two financial indicators is non-mandatory for SMEs. The EU definition of SMEs is illustrated in table 1.

Table 1

SMEs Categories	Headcount of Annual work Units (AWU)	Annual Turnover (Euro)	Or	Total Annual Balance Sheet
Medium	< 250	≤ 50 Million		≤ 50 Million
Small	< 50	≤ 10 Million		≤ 10 Million
Micro	< 10	≤ 2 Million		≤ 2 Million

Source: European Commission (User Guide to the SMEs Definition, 2015)

Table2

SMEs Indicators	Number of Workforce	Total Assets	Or	Total Annual Sales
Medium	50 - 300	$ 3Mill –$15 Mill		$3 Mill to $15 Mill
Small	10 – 50	$100,000 to $ 3 Mill		$100,000 to $3 Mill
Micro	Less than 10	Less than $100,000		Less than $100,000

Source: World Bank, Independent Evaluation Group (2013)

The World Bank (WB) applied three quantitative indicators in order to define SMEs, which are number of workforces, total assets and yearly sales. An enterprise must fill the quantitative indicators of number of workforce and not less than one financial indicator in order to be considered as a Micro SME (WB, 2013). The definition of SMEs according to WB indicators is shown in table 2. Ministry of Industry and Trade in Jordan categorise SMEs relying on number of workers and capital investment as outlined in table 3.

Table 3

Category	Capital Investment (JD)	No. of Workers
Micro	Less than 30,000	1 – 4
Small	30,000-300,000	5 – 19
Medium	300,000-3,000,000	20 – 99
Large	More than 3,000,000	More than 250

Source: Jordan Ministry of Industry (2012)

The performance of SMEs has an important impact on the development of economies. The continuous failure of some of the SMEs, in addition to that the SMEs that have survived lack the ability to growth, have created challenges to the Jordanian economy (Scott, 2012).

SMEs contribute particularly to reducing poverty through providing employment opportunities, but SMEs can thrive only in environment that supports and helps the growth of SMEs, where the policies of the regulatory system are transparent and decisions are made in a reliable manner (and not on an *ad hoc* basis) and where the needed infrastructure is sufficient to assist and encourage the SMEs rather than hindering them (Ramsden, 2010).

SMEs in Jordan

Jordanian SMEs are mostly underprivileged. Biggest SMEs are in the informal sectors and are new, founded ten to fifteen years ago. This has restricted their ability to access resources and confined their activities to a very narrow sector of the economy that is the most underdeveloped. Nevertheless, these circumstances are still prevailing, as SMEs are still struggling to develop and survive and have no access to credit, lack abilities, and lack varieties (Saymeh et al., 2014).

SMEs have received a lot of attention by researchers, but concentration has been put on the financial impact. The performance of SMEs has not received attention in research related to the work environment. They have not been measured and conceptualized in different ways and still remains a challenging construct. The relationship between products and services, customers and markets, innovation and training, competition, government policy and intervention, strategy and the performance of SMEs on the other; namely the impact of these factors as independent variables on SMEs performance as a dependent variable, has not been given much attention in research (Ardic et al., 2011).

Jordan depends almost entirely on small- and medium- sized companies to drive its economy. About 98% of all businesses in Jordan are classified as SMEs, two thirds of which have less than (19) employees. To meet the growing rivalry, SMEs in Jordan are functioning carefully to update their technologies and develop their effectiveness. Obtainability of resources from the government and other contributors has also promoted SMEs to carry out their activities updated (JEDCO, 2010).

SMEs are considered to be the engine for economic development and crucial contributors to GDP. Also, they are considered to be a main source of job opportunities creation. Jordan recognized the significance of SMEs and importance of their role which they have played in evolving and expanding economic growth, by framing and supporting a strong and full definition of SMEs in Jordan based on capital investment and workers' number as illustrated in table 3. In Jordan, over the past years, SMEs have provided about 50% of GDP and laboured about 60% of the employment force during the same period. While a large number of SMEs operate in retail trade and across-the-board activities, manufacturing companies represent about 14% of these businesses, SMEs accounted for 99.68% of the total Jordanian economic establishments (Asameerat, 2009). 52% of the workforce in the private sector and offer most of the new job opportunities. In addition, they provide 51% of the private sector production and 96% of all merchandises exports (JEDCO, 2010).

Table 4

Economic Activity		2006	2007	2008	2009	2010	2010				2011	
							1	2	3	4	1	2
A	Industry											
1	Manufacturing	11.2	9.2	5.1	2.0	2.0	1.1	1.8	1.9	3.1	3.3	4.8
2	Wholesale And Retail Trade	12.3	5.4	10.1	4.1	-2.4	0.7	-7.1	-3.0	-0.4	4.8	6.2
3	Real Estate	3.5	4.7	2.6	4.8	4.7	4.8	5.9	4.1	4.3	4.3	2.3

Source: Jordan Department of Statistics, 2012

The contribution of these business sectors to GDP at constant prices according to Jordan department of statistics is shown in Table 4.

According to JEDCO (2010), SMEs in Jordan can be divided into two segments: a formal segment and an informal one. On one hand, informal SMEs usually have one owner, employees do not have official contracts, and there are no benefits, such as social security, medical insurance or the application of the labour law regarding vacations, as the employees are usually family members or acquaintances. In addition, these informal SMEs do not pay taxes or have bookkeeping. People working in informal SMEs struggle to make their living. On the other hand, formal SMEs operate under a formal business structure characterised by standardised procedures and policies. They have social security, medical insurance, official contracts for employees. The most important point here is that formal SMEs are usually supported by international organization such as, USAID, UN, EU and World Bank. Both categories operate in an environment involving threats with high risks.

Irrespective of the contribution of SMEs to generate income, SMEs in Jordan have tussled to survive, and about 90 % of these enterprises have collapsed within the first five years of their operation (JEDCO, 2010). According to the Central Bank of Jordan (2012), "*SMEs usually operate in a mainly competitive and unpredictable environment which needs efficient and effective controlling of business processes*".

Consequently, we have studied and recognised factors that affect the performance of small and medium enterprises in the furniture sector in Jordan as a proxy of SME's in Jordan.

Literature Review

Small - and medium-size enterprises (SMEs) have an essential role in the economic development of nations. For that reason, it is critical to assess the SMEs performance to reinforce and confirm this role. Recent SMEs performance pattern culminate from a number of obstacles. They have used an approach of business ratio, thus ignoring significant non-financial factors. Most economists have looked at SMEs as a homogenous cluster, downplaying the differences among them in size, age, location and business sector. Many economists have considered SMEs as a closed system, which weakened the importance of networks of techniques in the support and improvement of SMEs performance. They did not firmly embody the influence of some non-financial factors on the performance of SMEs, such as products and services activities, customers and markets activities, innovation and training activities, competition activities, government policy and intervention and strategy activities. Finally, the dependence and complexity of advanced financial statistical methods to measure the performance of SMEs make these methods impractical to be used by SMEs owners and /or managers.

Amin (2010) has carried out a research entitled ''Challenges of retailing in India''. Which amid to demonstrate the problems and challenges that faced SMEs in India and how the riskiness of these problems and challenges differs from rich to poor states and from small to medium enterprises. These problems and challenges are: insufficient supply of power, lack of access to sufficient financial support and bad government policies. The research also highlighted the fierce level of competition among SMEs and its effect on the efficiency of SMEs. The questionnaire used in the research contained a list of twenty challenges. SMEs have been asked to classify the most significant one that effects their enterprise. Most SMEs (33 %) considered bad government policies as the main challenge followed by lack of access to sufficient financial support (16.7 %), depravity (11.5 %), land problems (9.8 %) and raising taxes (9.1 %). These main five challenges impacted the efficiency of SMEs. The study sample contained (1948) members of retail stores in 41 Indian cities in order to investigate the key problems of the research.

Stork et al., (2010) has conducted a study entitled '' The State of SME Development in Namibia. The objective of this study were to investigate the factors effecting the performance of SMEs in Namibia and declared that access to customers and markets is still the major challenge to SMEs performance. Also, the research studied the key success factors of Namibian SMEs and pointed to the lessons learned from other countries. The authors illustrated that the major barrier to SMEs growth is the lack of innovation and training, as there is a limit to how SMEs can grow by reinvesting their incomes in innovation and training. The study's sample contained (725) members of manufacturing sector in large cities of Namibia in order to investigate the key problems of the research.

Bowen, et al. (2009), carried out a research entitled ''Management of Business challenges among SMEs in Nairobi-Kenya''. Which amid to illustrate the major challenges that have faced SMEs, which were: competition, uncertainty, collection of debt, poor access to finance and interruptions of power. 89.4 % of the respondents stated competition, 68.2 % stated uncertainty, 54.5 % stated collection of debt, 53 % stated poor access to finance and 44.9 % stated interruptions of power.

The study's sample contained (250) business in Kenya in order to investigate the key problems of the research, and the researchers have distributed questionnaires to all the study's members, whereas (198) questionnaires were returned, (52) questionnaires were excluded, therefore, the remaining number of the questionnaires were (198), and this number is sufficient to make the analysis.

Chen et al. (2011) conducted a research entitled ''competition strategy management in SMEs''. Authors concluded that SMEs have poor competitive capability and need a diversity of resources in order to survive. Also, SMEs faced weak competencies, such as unskilled employees and poor exploitation of new technology, which typically lead to increase the production costs. The research recommended that SMEs must establish a collaboration network that can be addressed as an activities improvement resource, as it is helpful for decreasing costs and useful for SMEs profitability and survival. The study's sample contained (700) SMEs in Hong Kong, in order to investigate the key problems of the study, and the researchers have distributed questionnaires to all the study's members, whereas (662) questionnaires were returned, (38) questionnaires were excluded, therefore, the remaining number of the questionnaires were (662), and this number is sufficient for analysis.

One more research has taken place in Malaysia. It was conducted by Krishna et al., (2012) under the title: ''A Study on Factors Affecting the Performance of SMEs in Malaysia.'' The authors stated that effective leadership, convenient HRM (Human Resource Management), exploitation of marketing information and usage of information technology have an important impact on SMEs performance in Malaysia. However, the strongest factor among these four factors impacting SMEs performance was the exploitation of marketing information. The study sample contained (300) SMEs in manufacturing sector in Malaysia, in order to investigate the key problems of the study, and the researchers have distributed questionnaires to all the study's members, whereas (219) questionnaires were returned, (91) questionnaires were excluded, therefore, the remaining number of the questionnaires were (209), and this number is sufficient for analysis.

Chuthamas et al., (2012) has conducted a study under the title: Factors Affecting Business Success of Small and Medium Enterprises (SMEs) in Thailand. The authors concluded that the most important factors are: SMEs features, customers, market, the means of operating the enterprise, peripherals, assets and finance. Furthermore, the authors recommended that in order for SMEs to remain successful, these factors should be constantly improved. The study sample contained (270) SMEs in Thailand, in order to investigate the key problems of the study, and the researchers have distributed questionnaires to all the study's members, whereas (183) questionnaires were returned, (87) questionnaires were excluded, therefore, the remaining number of the questionnaires were (183), and this number is sufficient for analysis.

Ramsden (2010) stated that the challenges and factors affecting the performance of SMEs are differing from country to country; some common factors are as follows:

1. Government regulations (how easy the procedures are to establish and close an enterprise and get the essential functioning licenses and permits).
2. Innovation and training (the ability to entrepreneurs and workforce to develop their ideas and skills).
3. Corruption.
4. Getting financial support (how to access the full range of financial resources, not just credits).The author suggested that there is no 'magic bullet' that will guarantee success in any country's SMEs. Yet, in order that SMEs operate successfully and improve their performance, the governmental bodies and the private sector must cooperate together to identify SMEs requirements, particularly the access to financing needs and development of innovation and creativity among SMEs.

Ismail et al., (2013) carried out a study entitled: Barriers for Growth of SMEs in the Swedish manufacturing industry. The purpose of this research is to understand what factors prevent SMEs from survival and growth. The authors concluded that the external environmental factors that can impact the performance of SMEs are: labour skills, market challenges, governmental policies, strategy and competition. Also, the authors indicated that in order that SMEs can survive, they need to have access to more customers. Data collection methods that used in this study were primary and secondary methods. The primary data has collected based on six interviews in manufacturing industry in Swedish. The secondary data has collected based on previous studies, researches, books, and articles. Abouzeedan (2011) conducted a study entitled: SMEs Performance and Its Relationship to Innovation. The author concluded that the innovation process impacts both internal and external environment of SMEs. Traditionally, SMEs delivered no particular concentration on the role of obtaining new technologies and adopting innovation processes which can enhance SMEs performance.

Also, they could not concentrate on how the enterprise's managers can be innovative, nor on how they can conduct strategic methods to ensure their growth and survival. The author indicated that innovation can play a vital role in improving SMEs performance and help establish a link between the internal and the external environment. Also, the author mentioned that Arab countries offered a unique situation, where these countries are in a poor shape related to innovation.

Factors Impacting SMEs Performance in Jordan

Government Policy and Intervention

A successful SME sector—with new enterprises accessing the market, generating new job opportunities and introducing innovative services and products—helps to achieve more thriving economy. Governments play an important role in encouraging and supporting an effective ecosystem for SMEs. They usually establish the rules and laws that set and illustrate ownership rights, decrease the cost of settling odds and rise the productivity of SMEs. Without effective rules and laws that are equally implemented, SMEs have a cruel time to start and grow (Doing Business, World Bank, 2014).

The World Bank in the Doing Business Report (2013) referred to how the Jordanian economy's intervention and policies environment for SMEs operates, compared with the intervention and policies environments in other economies. This report offered an outright ranking on how easy SMEs are doing business under government interventions and policies based on factors that measure benchmark government interventions and policies which are applied to local SMEs during their life cycle. Each country's economy is ranked from 1 to 185 by these indicators. Jordan's ranking in starting a business is 117.

Innovation and Training

There are few studies that discussed the impact of innovation on the performance of SMEs; e.g. (Rosenbusch et al., 2010). The outcome of their research indicated that the relationship between innovation and the performance of SMEs depends on many context factors, such as the culture, enterprise size, innovation type and enterprise age. The outcome also indicated that innovation has a positive impact on the SMEs performance. Thus far, they recognised a number of factors that impact the relationship between innovation and performance. First, developing an innovation trend has a more positive impact on SMEs performance than producing innovation methods for instance, innovative patterns in products or services. The research outcomes indicated that SMEs concentrate only on generating innovation but missing significant extents which are vital for recognising the value that innovation can deliver to their businesses. Second, once linking the performance output to devoting further assets to innovation procedure input (e.g., R&D) with innovation procedure output, the research showed that the innovation output drives a superior growth in SMEs performance. This result highlights the significance for SMEs of taking the innovation concept more diligently. The research detected that SMEs have a big gap between understanding the significance of innovation and how to put it essentially in practice.

Few studies discussed the impact of training on the performance of SMEs; e.g. (Jayawarna et al., 2007). Their research purposed at inspecting workers and management training actions within SMEs, as well as their impact on performance. The results showed that formal training is probable to be aimed processes that contribute more innocently to performance than informal training. Also, the activities and impact of training rely on many factors, such as funding availability, enterprise size and enterprise age.

Products and Services

Few studies discussed the impact of products and services on the performance of SMEs; e.g. (Demirbag et al., 2006). Their research employed, aspects analyses. Seven factors of products and services development were recognized. The constitutional equation method was used to examine the relationship between the implementation of products and services development practices and SMEs performance. Findings showed that there is a robust, positive connection between products and services development practices and the performance of SMEs. In spite of some attempts to apply products and services development practices in SMEs along with their impact on SMEs performance, there is a lack of experiential indications concerning the degree of products and services development implementation and its impact on SMEs performance in developing economies. Business trainer and writer Heather Townsend (2012), argued that: "SMEs will not succeed on price term, nevertheless they can contest on value term and service. The more they are specialized in their product or/and service, the better. They must be flexible and adaptable to meet their customers' needs, and by using social media in clever ways, they can make their product or/and service more 'loveable', which provides them the edge."

Strategy

Few studies discussed the impact of strategy on the performance of SMEs; e.g. (Bäuml, 2014). The research offered forecasts that connected the use of managerial strategy processes and SMEs performance. Findings revealed that applying managerial strategy processes is positively connected with the employees' strategic alignment, which in turn impacts SMEs performance. In addition, the research results indicated significant managerial suggestions for SMEs owners and managers, as SMEs frequently struggle to accept and apply new innovative managerial practices and strategies. The study showed that SMEs managers tend to have a misunderstanding of performance management about strategy. However, the research results showed that adapting strategic performance skills will lead to achieve competitive advantages. The research also delivered evidences that support these findings.

Competition

Few studies discussed the impact of competition on the performance of SMEs; e.g. (Coleman, 2013). The research showed that SMEs operating in a crowded marketplace where they are conquered by main players with enormous advertising funds and economies of scale can appear impervious. SMEs are operating in economic environments with no competition law. SMEs usually suffer when there is no law to stop unfair competitive behavior. Also, SMEs have faced high competition levels by imported goods. Globalisation has formed new rivals for SMEs, particularly in low worker cost countries. SMEs are a mixed population of companies which lack the ability to compete in environments of violation and new technologies.

Customers and Markets

Customer behaviour is well thought-out to be an essential part of marketing. There are few studies that discussed the impact of customer on the performance of SMEs; e.g. (Ozmen et al., 2013). Their research showed that there is limited information concerning SMEs customer behaviour. On the other hand, few academics discussed SMEs customers' behaviour, and when they do, they tend to think of them as small kinds of big firm customers. The research also tested the potential reasons behind the deficiency of attention regarding SME buyer behaviour and examined an inclusive information base for investigative application. Their findings suggested that there are potential gaps between SMEs and customer behaviour. Their models located these gaps either in the SMEs or in the SME market segment. They asked a question without an answer: "How can SMEs vend their products?" The marketing willingness or procedure improvement that SMEs need to conduct in their marketing processes still needs to be widely covered by researches.

Marketing

Few studies discussed the impact of marketing on the performance of SMEs; e.g. (O'Dwyer, 2009). The author illustrated that SMEs in order to achieve their goals did not implement the marketing conception to the same scope as large companies and that marketing processes in SMEs are a context of a specific variable. On the subject of the level of complexity and effectiveness, although, the author realized that SMEs owners or/and managers are not actually involved in the marketing process. So, the marketing procedures that take place are not fully understood. This study showed that SME marketing functions are obstructed by barriers for instance, lack of cash flow, absence of marketing expertise, enterprise size, tactical marketing tools … etc. The research emphasized that it is important to highpoint that SMEs need to realise that marketing is a very significant practise for their success.

This study viewed these concepts from another angle by looking at the relationships between them in SMEs context. The relationships are different, because SMEs have different resources, communication systems, leadership styles and growth opportunities. These characteristics are expected to be advantages in any SME (World Bank, 2013).

Methodology

The study examined the impact of these factors on the performance of SMEs. The study has chosen to explore the importance of these factors to SMEs. Among many possible factors, researchers believe that these factors might be the strongest factors impacting SMEs performance.

Theoretical Framework

There are many factors impact the performance of SMEs and these factors vary from a country to another.

Six groups of factors were used to build the theoretical framework of this study: products and services, customers and markets, innovation and training, competition, government policy and intervention and business and strategy. And dependent variable would be SMEs performance as shown in figure 1.

Six main hypotheses were identified to be investigated in this study:

H01: There is no significant impact of Government policies and intervention on work improving the performance of SMEs in Jordan.
H02: There is no significant impact of Production and/or Services on work improving the performance of SMEs in Jordan.
H03: There is no significant impact of Customer and Market on work improving the performance of SMEs in Jordan.
H04: There is no significant impact of Business Strategy on work improving the performance of SMEs in Jordan.
H05: There is no significant impact of Innovation and Training on work improving the performance of SMEs in Jordan.
H06: There is no significant impact of Competitions on work improving the performance of SMEs in Jordan.

This study will address the following questions:

a) Main Research Question: How and why effective improvement in Products and services, Customers and markets, Innovation and Training, Competition, Government policy and intervention and Strategy impact SMEs performance?
b) What factors most negatively impact the performance of SMEs in the Jordanian furniture sector?

Population and sample

The study population consisted of Owners, and staff (Employees') working at SMEs- furnishing sector in Amman city. The study used primary data that was collected from owners and employees, A total of (230) persons form different levels were participated, (230) surveys were handed out by the researcher (197) were returned, and (14) questionnaires were excluded from the analysis due to the unfinished information. So the questionnaires that valid for analysis were (183) questionnaires with a response rate of (79.6%).

Hypotheses Testing

Descriptive Analysis of Study Variables

Government policy and Intervention

The researchers used the arithmetic mean, standard deviation, item importance and importance

Level. The results of these analyses are as follows:

- Government policy and intervention in SMEs in Jordan was in the Medium level.
- Production and or services in SMEs in Jordan were in the High level.
- Customer and Market in SMEs in Jordan was in the Medium level.
- Business Strategies in SMEs in Jordan was in the High level.
- Innovation and Training in SMEs in Jordan was in the High level.
- Competition in SMEs in Jordan was in the High level.
- Improve the Performance of SMEs in Jordan was in the High level.

Hypotheses Testing

H01: There is no significant impact for (Government Policy, Intervention, Production and / or services, Customer and Market, Business Strategies, Innovations and Trainings, Competitions) on Jordanian SMEs performance. To test this hypothesis, the researcher uses the Stepwise Multiple Regression analysis to test the impact of (Government Policy, Intervention, Production and / or services, Customer and Market, Business Strategies, Innovations and Trainings, Competitions) on improving the performance of SMEs in Jordan shown in Table 5.
Table 5: Multiple Regression Test to identify the impact of (Government Policy, Intervention, Production and / or services, Customer and Market, Business Strategies, Innovations and Trainings, Competitions) on improving the performance of SMEs in Jordan,

Table 5

	B	Std. Error	Beta	T Calculated	Sig
Government Policy	0.38-	0.065	0.406-	5.825-	0.000*
Production and / or services	0.038	0.086	0.045	0.44	0.66
Customer and Market	0.065	0.071	0.081	0.914	0.362
Business Strategies	0.159	0.092	0.129	1.722	0.087
Innovations and Trainings	0.404	0.094	0.417	4.304	0.000*
Competitions	0.361	0.074	0.39	4.887	0.000*

Results of table *(5)* showed that the variables (Government Policy, Innovations and Trainings, Competitions)) had an impact on Improving the performance of SMEs in Jordan, calculated (t) were *(-5.825, 4.304, 4.887)*, respectively, which were significant at the level of significance ($\alpha \leq 0.05$). The variables of (Production and / or services, Customer and Market, Business Strategies) showed no impact on improving the performance of SMEs, calculated (t) were (*0.44, 0.914, 1.722*).

A stepwise Multiple Regression has been applied in order to determine the importance of each independent variable separately in contributing to the mathematical model that represents the impact of Government Policy, Innovations and Trainings, Competitions on Improving the performance, *table (6)*shows that the order of entry independent variables in the regression equation, the variable Innovations and Trainings explained (51.6%) government policy and intervention explained (**58.6%**), and Competitions with previous variables was effect **(63.9%)** on Improving the performance.

Table 6

Order of entry of independent elements in the equation to predict	R	R^2	(F) Value	T Calculated	Sig
Innovations and Trainings	.719a	0.516	193.231	6.512	**0.000***
Government Policy	.766b	0.586	127.565	6.592-	**0.000***
Competitions	**.800c**	**0.639**	**105.741**	**5.203**	**0.000***

H02: There is no significant impact of Government policy and intervention on improving the performance of SMEs in Jordan at level ($\alpha \leq 0.05$). To test this hypothesis the researcher uses the Simple Regression analysis to ensure the impact of Government policy and intervention on improving the performance of SMEs in Jordan shown in *Table 7* present simple regressions to ensure the impact of Government policy and intervention on improving the performance of SMEs in Jordan

Table 7

R	R2	B	Beta	F Value	DF	Sig
0.093	***0.009***	***0.087***	***0.093***	***1.594***	***182***	***0.208***

From *table (7)* it is observed that there is no significant impact of Government policy and intervention on work improve the performance of SMEs in Jordan. *R* was (0.093),whereas R^2 was (0.009). This means that Government policy and intervention effect on work improve the performance of SMEs in Jordan n. As *Beta* was (0.093) Assuring $\boldsymbol{F}_{Calculate}$ was (1.594) and is not significant at level ($\alpha \leq 0.05$) compared with $\boldsymbol{F}_{Tabulated}$ was (1.96), and that assures Accept null Hypothesis.

H03: There is no significant impact of Production and / or Services on improving the performance of SMEs in Jordan at level ($\alpha \leq 0.05$). To test this hypothesis the researcher uses the Simple Regression analysis to ensure the impact of Production and / or Services on improving the performance of SMEs in Jordan shown in Table 8 present simple regression to ensure the impact of Production and / or Services on improving the performance of SMEs in Jordan

Table 8

R	R2	B	Beta	F Value	DF	Sig
0.244	***0.060***	***0.203***	***0.244***	***11.485***	***182***	***0.001****

From *table (8)* it was from study thesis is significant impact of Production and / or Services on improving the performance of SMEs in Jordan. The *R* was (0.244), whereas the R^2 was (0.060). This means the (0.06) of Production and / or Services effect on improving the performance of SMEs in Jordan n. As *Beta* was (0.244) Assuring $F_{Calculated}$ was (11.485) and is significant at level ($\alpha \leq 0.05$) compared with $F_{Tabulated}$ was (1.96), and that assures Reject Null Hypothesis.

H04: There is no significant impact of Customer and Market on improving the performance of SMEs in Jordan at level ($\alpha \leq 0.05$). To test this hypothesis, the researcher uses the Simple Regression analysis to ensure the impact of Customer and Market on improving the performance of SMEs in Jordan shown in Table 9 present simple regression to ensure the impact of Customer and Market on improving the performance of SMEs in Jordan

Table 9

R	R2	B	Beta	F Value	DF	Sig
0.690	***0.476***	***0.639***	***0.690***	***164.609***	***182***	***0.000****

From *table (9)* it is observed that there is significant impact of Customer and Market on improving the performance of SMEs in Jordan. The *R* was (0.399), whereas the R^2 was (0.159). This means the (15.9%) of Customer and Market effect on improving the performance of SMEs in Jordan n. As *Beta* was (0.399) Assuring $F_{Calculate}$ was (34.309) and is significant at level ($\alpha \leq 0.05$) compared with $F_{Tabulated}$ was (1.96), and that assures Reject null Hypothesis.

H05: There is no significant impact of Business Strategies on improving the performance of SMEs in Jordan at level ($\alpha \leq 0.05$). To test this hypothesis the researcher uses the Simple Regression analysis to ensure the impact of Business Strategies on improving the performance of SMEs in Jordan shown in *Table 10 present* simple regressions to ensure the impact of Business Strategies on improving the performance of SMEs in Jordan

Table 10.

R	R2	B	Beta	F Value	DF	Sig
0.399	***0.159***	***0.322***	***0.399***	***34.309***	***182***	***0.000****

From *table (10)* it is observed that there is significant impact of Business Strategies on improving the performance of SMEs Jordan. The *R* was (0.620), whereas the R^2 was (0.384). This means that (38.4%) of Business Strategies impact on improving the performance of SMEs in Jordan n. As *Beta* was (0.620) Assuring $F_{Calculate}$ was (112.997) and is significant at level ($\alpha \leq 0.05$) compared with $F_{Tabulated}$ was (1.96), and that assures Reject null Hypothesis.

H06: There is no significant impact of Innovations and Trainings on improving the performance of SMEs in Jordan at level ($\alpha \leq 0.05$) To test this hypothesis, the researcher uses the Simple Regression analysis to ensure the impact of Innovations and Trainings on improving the performance of SMEs in Jordan shown in Table 11 present simple regression to ensure the impact of Innovations and Training on improving the performance of SMEs in Jordan

R	R2	B	Beta	F Value	DF	Sig
0.620	***0.384***	***0.764***	***0.620***	***112.997***	***182***	***0.000****

From *table (11)* it is observed that there is significant impact of Innovations and Training on improving the performance of SMEs Jordan. The *R* was (0.719), whereas the R^2 was (0.516). This means the (51.6%) of Innovation and Training effect on improving the performance of SMEs in Jordan n. As *Beta* was (0.719) Assuring $F_{Calculate}$ was (193.231) and is significant at level ($\alpha \leq 0.05$) compared with $F_{Tabulated}$ was (1.96), and that assures Reject null Hypothesis.

H07: There is no significant impact of Competitions on improving the performance of SMEs in Jordan at level ($\alpha \leq 0.05$).

To test this hypothesis the researcher uses the Simple Regression analysis to ensure the impact of Competitions on improving the performance of SMEs in Jordan shown in Table 12 present simple regression to ensure the impact of Competitions on improving the performance of SMEs in Jordan

R	R2	B	Beta	F Value	DF	Sig
0.719	***0.516***	***0.696***	***0.719***	***193.231***	***182***	***0.000****

From *table (12)* it is observed that there is significant impact of Competitions on improving the performance of SMEs in Jordan. The *R* was (0.690), whereas the R^2 was (0.476). This means the (47.6%) of Competitions effect on improving the performance of SMEs in Jordan n. As *Beta* was (0.690) Assuring $\boldsymbol{F_{Calculate}}$ was (164.609) and is significant at level ($\alpha \leq 0.05$) compared with $\boldsymbol{F_{Tabulated}}$ was (1.96), and that assures Reject null Hypothesis.

Conclusions

This research highlighted several factors affecting the performance of SME operators engaged in furniture sector in Jordan. The study attempted to examine the internal and external environment, such as government policy and intervention, product and services, business strategy, customers and markets, innovation and training and competition. The findings of the research revealed that there was a significant association between the performance of SMEs and government policy, innovation and training and competition, were other factors found not significant. SMEs in Jordan need to continuously evaluate the environment surrounding their operations, understanding their competitors, work on preparing training programs on management and technical issues and creating experience sharing opportunities.

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