

**ROLE OF SMALL BUSINESSES IN THE ECONOMIC DEVELOPMENT OF THE
GAZA STRIP IN PALESTINE**

by

TAREQ MESMEH

Dissertation submitted in fulfilment of the requirements for the degree

Master of Technology: Business Administration in Project Management

in the Faculty of Business and Management Sciences

at the Cape Peninsula University of Technology

Supervisor: Dr LE Jowah

Cape Town

May 2020

CPUT copyright information

The dissertation may not be published either in part (in scholarly, scientific or technical journals), or as a whole (as a monograph), unless permission has been obtained from the University.

DECLARATION

I, Tareq Mesmeh, affirm that the research work upon which the dissertation is based is my own (except where acknowledgements indicate otherwise), and that neither the entire research endeavour nor any part of it has been, is being, or will be submitted for another degree in this or any other education institution.

Tareq mesmeh.... 03/06/2020.....

Signed

Date

ABSTRACT

Approximately 80% of the wealth of the world is believed to be possessed by 5-10% of its population. It stands to reason, therefore, that many more people who may want to start big businesses are not able to because they may not have the money. Small business start-ups have become the panacea for the correction of economic ills that countries have. These small business start-ups account for up to 67% of job creation in the economy annually, suggesting that they have a role to play in a country. The limitations of these start-ups are largely to do with financing, lack of experience by the owners and specifically, fewer people are brave enough to start a business. The Gaza Strip has a history of doing businesses and for centuries, its people have been involved in business. The political turmoil in the Strip has created more problems to the growth of the occupied territory, and the decline in the levels of employment has exacerbated the levels of chronic poverty. The standoff with Israel has resulted in many other supplies from outside not getting to the Palestinian people. This research sought to identify the role that small businesses can play in the up-liftment of the Palestinian people economically and socially. Interviews were conducted amongst the existing businesses with special reference to the viability of their businesses, the number of people they employ and the prospects of future businesses. The findings indicate that the future for Palestine remains in the hands of the economy which is facilitated by small businesses that employ thousands of people and provide the livelihood denied many people in and around the Gaza Strip.

ACKNOWLEDGEMENTS

I wish to thank my principal supervisor, Dr L E Jowah for his support and guidance.

A special word of thanks to Mrs Ursula F. Arends, for proofreading and editing this study, as well as her everlasting support.

Thanks for my mom, dad, wife, Yazan, Jouri, and Layal, to stand with me in times of need throughout the research period.

Thank you, Almighty God, for your continued blessings in my life.

DEDICATION

I dedicate this study to my mother, Mrs. Laila Mesmeh, and my wife, Fatimah, for they are my pillars of strength, especially during difficult times. I am also thankful to my dad, Ismail Mesmeh, for showing me that in life, nothing is impossible.

TABLE OF CONTENTS

DECLARATION	i
ABSTRACT	ii
ACKNOWLEDGEMENTS	iii
DEDICATION	iv
CHAPTER ONE	1
INTRODUCTION	1
1.1 Introduction	1
1.2 Background	1
1.2.1 Agriculture.....	2
1.2.2 Industry.....	3
1.2.3 Tourism.....	3
1.2.4 Recreation	4
1.2.5 Unemployment in Gaza.....	4
1.2.6 Small business.....	4
1.2.7 Problems of small businesses.....	5
1.2.8 Advantages of small business.....	7
1.2.9 Marketing plan and the marketing mix.....	8
1.2.10 Contribution to the economy	8
1.2.11 Funding for small businesses.....	9
1.2.12 Economic development and growth	9
1.2.13 Theories of economic growth	10
1.2.14 Education and skills development in Gaza	11
1.2.15 Impact of politics on economic development and growth.....	11
1.3 Problem statement	12
1.4 Research objectives	12
1.4.1 Primary research objective.....	12
1.4.2 Secondary research objectives	13
1.5 Research questions.....	13
1.6 Research design and research methodology.....	13
1.6.1 Target population	13
1.6.2 Sampling frame.....	14
1.6.3 Sampling method.....	14
1.6.4 Sample size	14
1.6.5 Data collection method.....	14
1.6.6 Data collection instrument.....	14
1.6.7 Data analysis	15
1.7 Ethical considerations.....	15
1.8 Chapter classification	15
1.9 Conclusion	16
CHAPTER TWO	17
LITERATURE REVIEW	17
2.1 Introduction	17
2.2 Economic growth – definition and models.....	17
2.2.1 Economic growth definition	18
2.2.2 Types of economic growth	19
2.2.3 Elements of economic growth	19
2.3 Growth indicators – definition and models	20
2.3.1 Growth indicators definition.....	21
2.3.2 Types of economic indicators.....	21
2.4 Theories of economic growth.....	22
2.4.1 Classical growth theory	22
2.4.2 Schumpeter theory.....	22
2.4.3 Keynesian theory of economic growth.....	23
2.4.4 Traditional neoclassical theory.....	24

2.4.5 Internal growth models.....	25
2.5 Theory of economic development – models	27
2.6 Politics and role in economics – models	28
2.7 The factors around economic development	31
2.7.1 Economic barriers	31
2.7.1.1 Poverty cycle	31
2.7.1.2 Narrowness of the domestic market and the increasing dependence on the global market.....	32
2.7.2 Political and regulatory obstacles	32
2.7.2.1 Political dependency.....	32
2.7.2.2 Security instability	32
2.7.2.3 Socio-economic barriers.....	33
2.8 Conclusion	33
CHAPTER THREE.....	34
POVERTY ERADICATION PROGRAMS IN OTHER DEVELOPING ECONOMIES	34
3.1 Introduction	34
3.2 Classifications of poverty	34
3.2.1 Concept of poverty.....	35
3.2.2 Generic methods of measuring poverty.....	35
3.2.3 Measuring poverty in Palestine	36
3.2.4 Human poverty index	38
3.3 Causes of poverty	39
3.4 Causes of poverty in Palestine	40
3.4.1 Forced displacement.....	40
3.4.2 Continuing wars	41
3.4.3 Absence of the state	42
3.4.4 Financial crisis and the absence of a comprehensive Palestinian development strategy.....	42
3.4.5 Unemployment.....	43
3.5 Programs to combat poverty in the Palestinian territories	45
3.6 Experiences of Asian tigers in combating poverty.....	46
3.7 Conclusion	48
CHAPTER FOUR.....	49
MODELS ON SMALL BUSINESS DEVELOPMENT	49
4.1 Introduction	49
4.2 Definition of small business	49
Definition of small business in Palestine	52
4.3 Criteria used in the classification of small businesses.....	53
4.4 The role of small business in the development process and supporting the economy	54
4.5 Characteristics of small businesses.....	55
Characteristics of small businesses in Palestine	56
4.6 Size of small business and their role in the national economy	57
4.6.1 Industry sector	58
4.6.2 Agriculture sector.....	59
4.6.3 Services sector	61
4.7 Constraints and problems that limit small business	62
4.7.1 External problems of small business	62
In general, small businesses in Palestine face some external factors due to political and economic conditions. Some of these examples of external problems are as follows.....	62
4.7.1.1 Closures	62
4.7.1.2 Border policy	63
4.7.1.3 Weak infrastructure	63

4.7.1.4 High transport costs.....	64
4.7.1.5 High costs of transfer.....	64
4.7.1.6 Weakness of the legal framework and regulations.....	65
4.7.2 Internal problems of small business in the Gaza Strip.....	65
4.7.2.1 Financial problems	65
4.7.2.2 Administrative problems	66
4.7.2.3 Training problems.....	66
4.8 Some successful international experience in the field of developing business	67
4.8.1 India.....	67
4.8.2 Japan.....	68
4.8.3 South Korea.....	69
4.9 Conclusion	70
CHAPTER FIVE	71
METHODOLOGY	71
5.1 Introduction	71
5.2 Design research	71
5.3 Methodology.....	73
5.4 Population and sample	73
5.5 Methods of data collection	74
5.5.1 Study tool.....	74
5.5.2 Questionnaire	75
5.5.3 Scale of items	75
5.6 Methods of data collection.....	76
5.7 Data coding and editing.....	78
5.8 Reliability and Validity.....	78
5.8.1 Reliability	79
5.8.2 Validity	79
5.8.2.1 Content validity.....	79
5.8.2.2 Construct validity	80
5.9 Statistical techniques.....	80
5.10 Conclusion	81
CHAPTER SIX	82
DATA ANALYSIS AND HYPOTHESIS TESTING	82
6.1 Introduction	82
Section B – The Likert Scale.....	87
Section C – Open-ended questions	108
CHAPTER SEVEN.....	111
FINDINGS AND CONCLUSION	111
7.1 Introduction	111
7.2 Findings.....	111
7.2.1 Section A – Biography	112
7.2.2 Section B – The Likert Scale.....	112
7.2.3 Section C – Open-ended questions	121
7.3 Limitations of the study.....	122
7.4 General recommendations to increase the future role of SMEs in Gaza.....	123
7.5 Development of SME exports	124
7.6 Conclusion	124
REFERENCES.....	125

APPENDICES

Appendix A: Research consent.....	140
Appendix B: Questionnaire	142

LIST OF TABLES

Table 1.1: Historical agricultural data (Area in thousands of dunums).....	2
Table 1.2: Types and classes of small businesses.....	4
Table 1.3: Challenges of small business start-ups	5
Table 1.4: Advantages of small businesses	7
Table 1.5: Sources of funds for small businesses	9
Table 1.6: Indicators of economic development	10
Table 1.7: Models and theories of economic growth	10
Table 3.1: Poverty lines in NIS in the Palestinian territory by household size, 2010	37
Table 3.2: Extreme poverty lines in NIS in the Palestinian territory by household size in 2010	37
Table 3.3: Foreign trade statistics on goods in 2016	42
Table 3.4: The unemployment rate in Palestine 2006-2016	44
Table 3.5: Poverty among individuals after and before receiving aid in the Palestinian territories.....	45
Table 4.1: Different definitions of the number of workers in small businesses	51
Table 4.2: Showing the agricultural areas in the Palestinian territory for 2007/2008.....	60
Table 4.3: Showing the animal productions in the Palestinian territory for 2004 and 2010 ...	60
Table 5.1: Level of agreement about items according to mean value of answers.....	75
Table 5.2: Demographic data of the respondents on the questionnaire.....	76
Table 5.3: Kind of business in Gaza Strip	76
Table 5.4: Numbers of years in business	77
Table 5.5: Number of employed persons	77
Table 5.6: Numbers of employees permanently	77

LIST OF FIGURES

Figure 1.1: Historical agricultural data (Area in thousands of dunums).....	2
Figure 6.1: I went into business because I had no job.....	87
Figure 6.2: There was finance available so I went into business	88
Figure 6.3: It was easy starting a business that's why I started	89
Figure 6.4: I don't come from a business family but I started one.....	89
Figure 6.5: Either you are in business or restricted in the job	90
Figure 6.6: Government policy makes it easy to start a business.....	90
Figure 6.7: Getting business finance is not easy in the Gaza Strip.....	92
Figure 6.8: I am from a business family hence I am in business	92
Figure 6.9: I went into business because I had a skill.....	93
Figure 6.10: Many NGOs fund business start-ups in the Gaza Strip	94
Figure 6.11: There are many customers for this type of business	95
Figure 6.12: There is too much work in running your own business	95
Figure 6.13: It's better for me to employ than be employed.....	96
Figure 6.14: Running a business means deciding your own future.....	97
Figure 6.15: For the same salary I would be better in my business	98
Figure 6.16: I employ people and so I changed their life	98
Figure 6.17: I want to diversify to a better business than this	99
Figure 6.18: Many small businesses give hope to the citizens	100
Figure 6.19: I would rather be in a job than run a business	100
Figure 6.20: You cannot get a job here you only can create a job.....	101
Figure 6.21: Manufacturing here increases money in our economy	102

Figure 6.22: Every start-up means at least one person employed.....	103
Figure 6.23: The type of business determines number of employees.....	104
Figure 6.24: Manufacturing here makes us buy cheaper products	104
Figure 6.25: My living standard changed because I started business.....	105
Figure 6.26: Manufacturing goods here means more money for us.....	105
Figure 6.27: Importing goods means less jobs for us in the Gaza	106
Figure 6.28: Gazans like to support locally manufactured goods	107
Figure 6.29: Imported goods are good for the people to use	107
Figure 6.30: You can't buy imports and still want a good job here.....	108

CHAPTER ONE

INTRODUCTION

1.1 Introduction

There are conflicting records about the history of the Gaza Strip, but it dates back to over 4,000 years. Originally, the land was that of the Canaanites, the descendants of Ham, the son of Noah, which had been their land when the earth's population started replenishing after the flood. Around 1,000 BCE, Gaza was occupied by the Israelites on their way from slavery in Egypt. Whilst numerous other conquerors came to it, it however remained Hebrew land. It was subsequently conquered by Amr ibn al Aas (a Muslim general) in 637 AD (El Din & Karim, 2019:337-354), leading to the adoption of Islam by most people living in Gaza today. It was under Mamluk in the 13th century, and then under the Ottoman dynasty for most of the 16th century. It was captured by the British during World War 1 and grew rapidly under their mandatory rule. It grew in population size during that war in 1948. Egypt governed the city until occupation by Israel during the war of 1967 known as the Six-Day war (Bar-Tal, Sharvit, Halperin & Zafran, 2012:40). It was given to the control of the Palestinian Authority after the First Intifada Resistance (Kelman, 2018:139-145) and following the Oslo Accords of 1993, it was assigned to direct control of the newly established Palestine National Authority (Naser-Najjab, 2016:9-29). Israel withdraw from Gaza in 2005 and Hamas is now the governing authority though there is continued fighting with its rival, Fatah.

1.2 Background

After many years of highs and lows over the centuries and the changing of hands in the last 3000 years, Gaza is heavily scarred psychologically. The reality of the situation now is that all people in Gaza, like anyone else in the world, have economic expectations. Running businesses has been part of Gaza's heritage over the years as a commercial and industrial centre in the centuries gone by. The economy of the Gaza Strip always depends on small industries and agriculture. Most of this business is funded by foreign organisations (Pelham, 2012). In 2011, economic growth in the Gaza Strip rose to 20% as per the International Monetary Fund report (Agha et al., 2013:18-25). There are examples of traditional industries as soap making, fishing, cotton growing (Agha, Jarbo & Matr, 2013:1-11). During the blockade by Israel in 2005, after announcing the "disengagement plan", small business operations were destroyed. According to an Oxfam (2005) report, Gaza suffered from serious shortages of housing, health facilities, educational facilities, and infrastructure in general, including inadequate sewage systems. Because of the shortage of food supplies, the price of food went up to 37% in some instances (Agha et al., 2013:18-25) with households spending up to 62% of their earnings on food. The rate of unemployment rose to 70% at one time, but in 2010 the

economy grew by 16% (Sheikh Eid & Bhdi, 2012:23-43). Between 2010 and 2011, unemployment in Gaza fell by 27%. The economy of Gaza is based largely on agriculture, industry, tourism, recreation and small businesses.

1.2.1 Agriculture

The Gaza Strip is well known for growing strawberries, fruits, flowers (Elnamrouy, 2017:6-12), and vegetables like tomatoes, potatoes, peppers, zucchinis, eggplants and onions. The population of Gaza is about two million, and they live on an area of 365 square kilometres (Halima & Sharif, 2009:203-204). The production capacity for fruits and vegetables has now gone down because of restrictions imposed by Israel on all goods exported from Gaza. On the other hand, Israel put restrictions on the flow of Israeli goods into the Strip. Consequently, large numbers of farmers lost their jobs in the agricultural sector (Hanafi, 2013:190-205). The past and present production capacity for these agricultural products is in Figure 1.1 below.

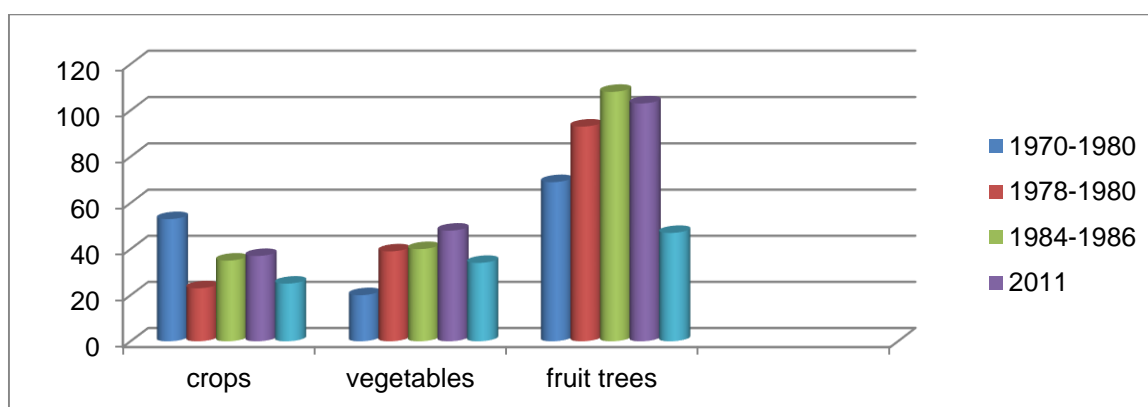


Figure 1.1: Historical agricultural data (Area in thousands of dunums)

Table 1.1: Historical agricultural data (Area in thousands of dunums)

	1970-1980	1978-1980	1984-1986	1990	2011
Gazan field crops	53	23	35	37	25
Gazan vegetables	20	39	40	48	34
Gazan fruit trees	69	93	108	103	47

Sources: Palestinian Central Bureau of Statistics (2011), and UNCTAD (1993)

During the period 1967 through 1995, there was no national government in Palestine. Because of that, economic and political laws have been formed for Palestinian agriculture by Israel. Most of the farmers were forced to shift from fruit trees to high cash value crops such as vegetables due to economic issues, more recently flowers. Moreover, fruit tree areas fluctuated slightly in the 1970's until 2011, while vegetable areas rose and fell over the same period (Hanafi, 2013:190-205). The staple food for Gaza is hummus (made from peas and ground beans) mixed in sesame seeds and lemon juice, largely grown in the farms around. The bulk of the

agricultural produce is consumed in its primary state with some being processed to secondary products. The conversion of these primary products provides opportunities for small manufacturing units, which assists with employment creation.

1.2.2 Industry

There are several other small-scale enterprises that produce paints, tiles, textiles, building materials, pottery, furniture, copperware, and carpets as well as small-scale food processing businesses. These are owner-managed businesses that produce goods that are sold in the streets of Gaza (Farsakh, 2016:55-71). An average of 250 trucks cross from Israel to Gaza every day through the Karem Shalom border crossing (Shaban, 2017:70) delivering goods to the population in the Strip. The activities with Israel are coordinated directly by the Ministry of Commerce in Rammallah (the border can handle up to 450 trucks a day). The two border posts (Israeli and Palestinian) are 400 metres from each other, separated by a goods drop-off and goods loading zone (Barakat, Milton & Elkahlout, 2018:208-227).

According to the Palestinian Central Statistics Bureau (PCBS) (2011:49-68), the manufacturing sector's contribution to GDP in the Gaza Strip was 12.4% in 2005 and continued to decline in the years that followed and slightly increased by 10% in 2013. This development was attributed to the tunnel work and Israel's partial adoption of certain technologies and goods from the industrial sector.

1.2.3 Tourism

Gaza City has numerous hotels patronised by tourists from all over the world, and there is a tourist sight – the Gaza Museum of Archaeology (McIntosh & Alfaleet, 2015:217). The rest of the hotels are located along the coast making them attractive tourist sights, but the inhabitants are mainly journalists, aid workers, UN and Red Cross personnel. Gaza excels with its golden beaches. These are the only outlet for the residents of the Gaza Strip. Therefore, tourism in Gaza is mainly dependent on the sea. The Gaza Municipality and the Ministry of Tourism provide rescuers, guides, fresh drinking and bathing water, and the establishment of sanitary toilets. Several tourist projects have been set up on the beach, such as hotels, restaurants, popular cafés and others, which provide full services to beachfront pioneers, each according to its economic level. Several tourers come are originated on the beach, like hotels, restaurants, in style cafés, that provide full services, every in step with its economic level. Touring in Gaza conjointly depends on the archaeological and historical sites that are widespread there. Several of these monuments are being discovered (Agha et al., 2013:18-25). The weather in Gaza excels with a moderate atmosphere in summer and winter; its delicate atmosphere in summer and winter is a vital part of the attraction for the town.

1.2.4 Recreation

There has been extensive construction of paid recreational facilities for the citizens and the inhabitants of the hotels in the vicinity. There are several new leisure facilities indicating the likelihood of developing different tiny businesses around. The presence of each Egyptian and Israeli product is a sign of the supply of substitute products that would be created domestically (where possible) leading to the creating of more jobs and eradication of poverty. The levels of poverty are high in Gaza, and any job creating programs will reduce the suffering and uplift the standard of living for the people within the Palestinian Authority Area of the Gaza Strip (Al-Salehi, Twam, Atamanov & Palaniswamy, 2018).

1.2.5 Unemployment in Gaza

The unease between Gaza and Israel too often results in blockading by Israel of goods coming in and out of Gaza. Consequently, many manufacturing enterprises close from time to time (during military operations) and results in bankruptcy of these small enterprises. The private sector employs 53% of the Gazans and unemployment in the Gaza Strip reached 43% (during the last blockade by Israel) (Salama, 2017:381-387). The political climate, therefore, must be ideal for the businesses to be able to access inputs for production and export finished goods. In 2005, there were 3,900 factories employing 35,000 workers in Gaza (Butt & Butt, 2016:157). However, only 195 factories remained, to employ 1,700 workers due to that 2005 blockade. Tens of thousands were retrenched in the construction sector and 40,000 people dependent on cash crops had no jobs (Rabayah & Qalalwi, 2011:1-20).

1.2.6 Small business

Small business varies from country to country, making it difficult to get a definition of small business clearly (Abdulla and Tarefder, 2020:6-10). Defining small business as a private not so big business and with few employees, however, is appropriate. Enterprises can be classified as small if they can apply for state support. They will qualify for a discriminatory tax program if the country involved has such provisions for tiny operations (Johnson & Schaltegger, 2016:481-505). Other classification methods used to determine the size of an enterprise are the annual revenue, the number of people employed, the size of the investment / assets or the annual profits (Illés, Hurta & Dunay, 2015:56-69). Examples of what constitutes small businesses is illustrated in Table 1.2 below.

Table 1.2: Types and classes of small businesses

Type of business	Example
Retail operations	Convenience stores, grocery stores, bakeries, supermarkets, shoe retailers, furniture retailers, hairdressers, beauty and take-aways.

Tradespeople	Motor mechanics, electricians, plumbers, bricklayers, tilers, painters, carpenters, computer technicians, photographers, cell phone technicians, television technicians and welders.
Professionals	Lawyers, accountants, dentists, medical doctors, opticians, pharmacists, physiotherapists, architects, quantity surveyors, business consultants and business consultants.
Social	Day care centres, old age homes, hospices, psychologists, social workers [counsellors].
Recreational	Social clubs, golf course clubs, restaurants, hotels, bread and breakfasts, and animal sanctuaries, gyms.
Manufacturing	Door frames, window frames, soap, cleaning chemicals, bricks.
Services	Petrol stations, auto-electrics repairs.
Repairs	Cars, bicycles, motorcycles, tyre mending.
Franchises	Many franchises have already created brand names for themselves and the small business owner may wish to use the franchises, food, gymnasiums, supermarkets, etc.

Source: Own construction from literature

The list above is by no means exhaustive, as many other small operations may be established to provide for the day-to-day needs of the people. The very nature of these operations is that they create jobs for the people in the community (Bayyoud & Sayyad, 2016:49-60) and as such, assist in the eradication of poverty. Local government authorities pay attention to these because they want to charge operation or licence fees from which they collect money for the government. Ramadan & Ahmad (2018:1-6) posits that 65%+ of all new jobs in the economy come from new business start-ups, meaning therefore, that the focus on the establishment of new businesses may help remove many other people from the streets and into the workplaces. The small businesses vary in terms of the sizes in operations and inevitably in the by-laws that regulate their operations (Berisha & Pula, 2015:17-28) since they have varying demands and requirements.

1.2.7 Problems of small businesses

Though the entry barriers are typically low, it is necessary to understand the difficulties long faced by the little business operator. These are generally owner managers, and this is often their only means of survival; these operations may not be treated as separate entities from the owners (Sultan & Tsoukatos, 2019:39-58). The problems encountered by small business start-ups are tabled below.

Table 1.3: Challenges of small business start-ups

Ownership	The owners consider their businesses to be an extension of themselves and not as independent entities. These businesses are generally owner-managed, and they may be the only means for the survival of the owner and the family.
Start-up costs	Most business start-up aspirants do not have money to start the business, and they must borrow. Lending institutions need security for the money they will give to the aspirant, too often these entrepreneurs have no capital.
Operational costs	Too often after getting money to start-up a business the business owner does not have enough operational cash. The business needs to be advertised, employees need to be paid, rent and electricity need to be paid, adequate and relevant stock is required and licences.
Selling policies	Too often the customers have no cash and the owner manager may sell on credit, this affects the operations. For manufacturers and providers of services (depending on the type of business) most large companies pay at intervals, and that may affect cash flow.
Rentals	Generally, the owner does not own the premises (except home based businesses, etc.), the business must pay rent. Property owners tend to be charging more on business owners too often beyond what the business can afford – compound this with poor sales poor cash flow.
Tax laws	The city fathers (local government authorities) charge rates and fees for operation licences, this is regardless of how badly the business is operating – this becomes a burden. If the sales are not good, then cash flow is bad.
Prone to bankruptcy	Most small businesses are generally under-capitalised and because of their sizes, negative slight changes in the income may have a long-lasting effect on their performance.
Under-capitalisation	This may mean the inability of the owner manager to have access to relevant training needs for both the owner and the employees. Such operations may not be able to withstand adverse changes in the economic climate.

Source: Own construction

The problems encountered by small businesses are many and too often they are left to strive alone with no external assistance (funding, training, etc.). Because of these problems, most small businesses are sole proprietorships with a small number of employees (Mensah, Fobih & Adom, 2019:27-41). To counter the effect of “smallness”, the business operators (specifically in retail) may start a retailers' cooperative. This type of cooperative (Gumel, 2017:796-808) is the coming together of small operators putting their financial resources to buy in bulk from the manufacturers or wholesalers at a discount because of the economies of scale. This is common amongst self-owned grocery stores, hardware stores, and pharmacies (Alfoqahaa, 2018:170-188).

1.2.8 Advantages of small business

Despite the many problems encountered by small businesses, there are advantages that can be pursued and enable the enterprise to survive. Table 1.4 below lists the advantages.

Table 1.4: Advantages of small businesses

Serving niche markets	They tend to serve a specialised market in that they provide specific needs to the market, which may not be provided by large corporations, e.g. attending to small requirements of cutting keys or cleaning carpets for small operations.
Low entry barrier	Not much money is needed to start the business generally and can be started as a part-time operation. The owner may continue working for other organisations whilst they proceed with their little income from the new business.
Quick solutions for customers	Most small businesses have flat structure thus allowing quick solutions to customer concerns or complains. Large businesses generally have tall structures that are very bureaucratic, which may cause long delays for a very simple problem.
Independence of the owner manager	The owners do not need to report to the manager, are able to show flexibility and can make their own decisions without consulting. They can take risks on their own and generally have few policies and regulations limiting quick action.
Tax exemption	Most small operations are below the income tax threshold depending on the country's classification of the industries. Exemption means the ability to plough back earnings to grow the business as per market demands.
Adjust quicker to changing environment	Most large corporations have too many people involved in deciding on change – the small business operations adjust to these environmental changes pretty fast enabling them to keep up with the rate of change.

Source: Own construction

Small businesses are perfect for local economies, because they are where customers are, have a full understanding of them, and unrestricted customer contact. It should be admitted however, that the opening of large competitors' chain stores (Cant & Wiid, 2013:707-716) has a negative effect if the products are substitutable with the competition. National level chain stores in these localities diminish the profitability of the small business operations (Sciascia, Nordqvist, Mazzola & De Massis, 2015:349-360) and cause job losses in the local economy.

Bishop (2015:69-80) observed that in most instances the chain stores create as many jobs as they cause the small operators to lose their business because of them opening in such local economies. Generally, the chain stores bring in some of their people, causing a net job loss for the inhabitants of the local economy. Other businesses that supply the small business operators lose business and may close.

Wit and Kok (2014:283-295) identified another weakness of the small business start-ups – the “Entrepreneurial Myth.” It means that an expert will also be an expert in running a business start-up in a certain technical field. Like any business, the enterprise needs management that has management skills, such as marketing, accounting, human resources, and procurement management, in order to work efficiently. Small business managers need to understand the importance of business networking (Carree, Congregado, Golpe & van Stel, 2015:181-201) and the use of social media / networks as an essential part of getting to be known. These researchers estimate that 50% of the small business owners have no business plans and therefore do not have predetermined growth prospects. In the United States, over half of the jobs are created by small businesses. Small business is main driver of economic growth in the United States (Yallapragada & Bhuiyan, 2011:117-122).

1.2.9 Marketing plan and the marketing mix

The most important factor leading to a successful business regardless of the size is the research required to establish the relevance of the business in the community. Research may take many different forms including among others, desk and field research. Good research gives adequate information on the behaviour, the needs and the expectations of the targeted market and their acceptance of the new business. Takata (2016:5611-5619) perceives that a detailed marketing plan for the business indicating the marketing mix may be critical for determining the success prospects of the small start-up. Together with this, it may be advisable for the business owner to closely examine the competitors’ marketing plans and marketing mixes.

1.2.10 Contribution to the economy

Small businesses in America contribute immensely to gross domestic product (GDP) of the country (Edmiston, 2007:73-97). The same can be said of other developed countries and the rising Asian Tigers. O’Donnell (2014:164-187) estimated that according to the country’s statistics, there were over 17 million small businesses (employing 500 employees and below) in the United States. The small businesses are thus considered a critical component of the drive to eradicate poverty and give jobs to the many who otherwise would have been jobless (Bishop, 2015:69-80).

1.2.11 Funding for small businesses

Even though small businesses are a critical component of the economies of many countries, the single largest problem is funding. Most business start-ups are not bankable and may therefore not be able to get financial assistance from the finance houses. Because the situation is not always easy for these entrepreneurial hopefuls, there are several methods used for sourcing financial assistance. Table 1.5 below lists some of the methods used by small business owners.

Table 1.5: Sources of funds for small businesses

Savings	This may be from personal savings if the individual has income from which they can save to start a business.
Loans	Finance from finance houses, which too often comes with conditions of security, and may not be available always.
Grants	Business finance grants from governments, foreign donors, non-governmental organisations, etc.
Friends and family	Borrowing money from one of the family members which may come without interest if the friends and family have savings.
Partnerships	Getting into partnerships sometimes with strangers and getting to work with people with divergent objectives.

Source: Own construction

There are numerous ways of mobilising finance for the small businesses, but they may not always work because nothing is constant (Franco & Haase, 2010:503-521). Few people have decent income in Gaza to be able to have substantial savings (Mandrinou, 2015:559-575) to start a medium to large business; it may be possible for a small operation. The start-up capital is also dependent on what type of business and how much is required. Franco and Haase (2010:503-521) suggest that family and friends (if they have the savings) may be of tremendous assistance; they should buy into the idea and believe that they will get their money back. Bank loans have their own limitations since security is needed (O'Donnell, 2014:164-187) and many times the house owned by the prospective businessperson is an inherited family home. Generally, getting finance to start a business is one big task for most business start-up hopefuls.

1.2.12 Economic development and growth

Economic development refers to the use of policy to intervene to assist in the development of people economically and socially (Komal & Abbas, 2015:211-220). It is aligned to increased productivity with positive consequences like the rise in the GDP. The result of economic development is economic growth which is itself associated with political, social and intellectual

development of people (Samargandi, Fidrmuc & Ghosh, 2015:66-81). Sometimes referred to as industrialisation, economic development assists in the eradication of poverty and thereby remove communities from criminality and political unrest. Pelizzo and Kinyondo (2018:62-78) postulate that economic growth is related to growth in the productivity and levels of output, but economic development is essentially economic growth coupled with betterment of the political and social welfare of the community. Numerous other factors need to be considered or be available in order to realise economic development. Economists argue that the first stages of economic growth and development are to address property rights issues (Komal & Abbas, 2015:211-220). Economic development indicators may be identified as listed in Table 1.6 below:

Table 1.6: Indicators of economic development

literacy rates	life expectancy	increase in GDP
technology advancement	sustained growth	social justice
competitiveness	decline in poverty rates	increased entrepreneurship
skills development	improved health	improved education
resilient financial markets	financial security	increased small business
varied financial institutions	political stability	high employment
price stability	tax policies	affordable housing
international trade	increasing productivity	affordable education

Source: Author's construction

There are realisable indicators to show the path towards development in an economy, and Table 1.6 above lists some of the common indicators. Economic development (economic growth and social wellbeing) of a community are therefore, measured against the attainment of the indicators above.

1.2.13 Theories of economic growth

Economic growth goes through phases and cannot be experienced in one step since the growth is affected by changes in labour. The participation of the labour force which may be supported by labour skilling or human capital development (Carree & Thurik, 2010:557-594) results in high productivity. Many economists have advanced and developed numerous economic growth models, some of the models are illustrated in Table 1.7 below.

Table 1.7: Models and theories of economic growth

Classical growth theory	Based on the law of variable proportions which indicates that the increase of factors of production (labour and capital) will increase productivity is technology does not change.
-------------------------	--

Natural rate of growth	The maximum rate of growth experienced when the variables are increased [population growth, technological advancement or increase in natural resources] – allows for the fullest possible employment of resources.
Solow-Swan model	Assumes diminishing returns to capital and labour as impacting directly on growth with advancement in technology causing increase in productivity and the GDP.
The big push	States that countries have to jump from one stage of development to another through a virtuous cycle with large infrastructure investment, which will move the economy to a more productive level.
Schumpeterian growth	States that growth is a consequence of innovation with the advancement of technology and the destruction of old products and old technology.
Institutions and growth	States that colonisers stayed where the conditions were suitable, and they built permanent institutions that lived beyond independence. In areas where they could not stay permanently, they built temporal structures, which did not help in economic development after they left the countries.
Human capital and growth	States that human capital development is a critical factor, which promotes economic growth, this is difficult to measure but the indicators are level of literacy, numeracy levels, formal schooling.

Source: Author's construction

Economic growth (job creation) removes more people from the street and into the workplace, increases productivity (Haltiwanger, Jarmin & Miranda, 2013:347-361), reduces unemployment, provides more income to the community and uplifts the standard of living. This is poverty alleviating (Eid & Bhdi, 2012:23-34) the benefits of improved skills and human capital development in general.

1.2.14 Education and skills development in Gaza

Illiteracy rates in Palestine are among the lowest in the world. The illiteracy rate among individuals (15 years and over) in Palestine was 3.1% (89,900), 3.2% in the West Bank (59,900) and 2.8% in the Gaza Strip (30,000) in 2016 (Jouda, Ahmad & Dahleez, 2016:1080-1088). Graduates in the Gaza Strip suffer from a lack of employment opportunities, and with the increasing number of universities and colleges in the Gaza Strip, the number of graduates has increased significantly. The siege imposed on the Gaza Strip has increased the suffering of graduates in their search for job opportunities due to the deteriorating economic situation in the Gaza Strip. The public sector ceases to be an employer due to the current circumstances. According to the Palestinian Central Bureau of Statistics in 2016, the number of graduates in the universities of Gaza was 40,734 (Hamad, Gercama & Jones, 2017:52-60).

1.2.15 Impact of politics on economic development and growth

Economic policy means direct intervention by the public authorities (Ministry of Economy, Ministry of Foreign Trade and Industry, 2012:25-49) in the economic system by direct control of the basic economic variables in the national economy such as production, investment,

wages, prices, employment, exports, imports, and foreign exchange (Alesina & Passalacqua, 2016:2599-2651). The Palestinian economic policies were governed by the Paris Economic Protocol and the monetary arrangements that led to the peace negotiations signed between Israel and the Palestine Liberation Organization in April 1994. This defined the monetary arrangements during the transitional period by the establishment of the Palestinian Monetary Authority to carry out functions of the Central Bank except the most important function, which is the issuance of the national currency in the current period (Farsakh, 2016:55-71). Thus, the Monetary Authority has eliminated the possibility of activating the role of monetary policy to manage the Palestinian economic policy by controlling the supply of money and interest rates.

In addition, the Paris Economic Protocol gives Israel the right to receive, on behalf of the Palestinian Authority, taxes, customs duties and VAT on Palestinian imports from Israel or through Israel (Samhuri, 2016:579-607). In addition, some of the revenues to the Palestinian Authority have been irregular since the second intifada in 2000. In terms of Palestinian public debt, it can be said that despite the government's efforts to reduce the size of the public debt, it has been unable to provide the Palestinian economy with basic needs of the community and meet the requirements of development from its own sources. Therefore, the Palestinian National Authority (PNA) have recourse to seeking external sources such as aid to support the Palestinian economy and achieve its economic goals (Morrar & Gallouj, 2016:179-204). Because of the failure of donor countries to meet the financial commitments, they have been fully committed to domestic and external borrowing to bridge this gap and finance various projects, which has led to an increase in public debt over the years. In 2015, the government's public debt rose by 14.5% to reach US\$2,537.2 million, or 20% of GDP, while in 2016, it fell by 2.1% to reach US\$2,483.8 million or 18.5% of GDP (Farsakh, 2016:55-71).

1.3 Problem statement

The Gaza Strip is Palestinian territory with aspects of control from Israel as per the Oslo Agreement. The territory has had highs and lows in the last recorded 2,000 years, and this time it is at its lowest. The city needs to rejuvenate its pride of being a successful commercial city. Unemployment is at an all-time high because of the tension and blockade from Israel. Reliance on Israel is another concern, and a degree of independence on goods and services consumed will assist in creating job opportunities. This research seeks to identify the role that small businesses can assist in building the economy of the Gaza Strip.

1.4 Research objectives

1.4.1 Primary research objective

To identify the opportunities available for small business to play in the Gaza economy.

1.4.2 Secondary research objectives

- To identify the political constraints that affect the establishment of sustainable small business operations in the Gaza
- To identify impact of government policies for small businesses start-ups and their ability to promote and support small businesses.

1.5 Research questions

- What role can the establishment of small businesses play in the economic growth of the Gaza Strip?

Sub-questions

- What government policies support the establishment of small businesses in Gaza?
- What problems, if any do the small business start-up hopefuls in the Gaza Strip face?

1.6 Research design and research methodology

Brannen (2017:3-37) defines research design as a road map to be followed in the research project indicating what is to be done, and most often with clearly defined timelines. Research methodology is defined as the “how to do the tasks stated in the research design”, indicating specifically the modus operandi. Jamshed (2014:87) agrees and states that the design will list what is to be researched, what type of population, what type of sample, what sampling method, what type of data to be collected, what type of data collection instrument, what methods will be used to analyse the data and what the purpose of the research is. Methodology simply provides the how to all the “what questions” above. Two types of research methodologies are known in research and these are qualitative and quantitative research methodologies. These two different methodologies are sometimes opposed to each other and sometimes complement each other. Because of the holistic benefits of using both methods, the research has opted to use both to allow for increased benefits from them.

1.6.1 Target population

The population under study was identified as those people who are running small businesses and those planning to start businesses in the Gaza Strip. Those who are already in business know what they experienced (and may still experience) in the process of starting and running a small business in this highly politically and militarily charged environment.

1.6.2 Sampling frame

It is estimated that the Gaza Strip has approximately 1,000 small business operators; most of the others went bankrupt between 2007 and 2010 during the Israel military blockade.

1.6.3 Sampling method

The researcher was to make contacts with the Gaza Strip Small Businesses Association from which start-up hopefuls could be identified. The other group would be those already operating in the city who may be available for the survey. Given the political tension with the presence of the Israeli military force, the researcher would then mix both random sampling and convenience random sampling. Wherever there may be prospective respondents' group together for convenience the group would be randomly selected to reduce bias.

1.6.4 Sample size

The nature of the research necessitates collection of information from a wide range of people, but the situation is volatile. The desire is to get as many people as possible arbitrarily, but the researcher aimed for a minimum of 200 respondents that would be a fifth ($\frac{1}{5}$) of the sample frame. This figure is deemed large enough to provide all the necessary information required for this research.

1.6.5 Data collection method

The researcher personally (with the assistance of three trained research assistants) administered the questionnaires to the respondents. This method was expected to be quick – the responses increase the rate of return of the filled-in questionnaires and reduce other errors since the respondents may ask questions where they may not understand. All the questionnaires were to be collected at the end of the session, and no questionnaires would be left for another time.

1.6.6 Data collection instrument

A structured questionnaire will be used to collect the data, and this instrument will be divided into three sections, namely Section A – Biography, Section B – Likert Scale and Section C – Open-ended questions with sections of interviews. The questionnaire – research instrument – was to be pilot-tested on 10 people and would be re-drawn to make corrections and make it more relevant. The instrument would be sent to a Cape Peninsula University of Technology statistician for final corrections and to improve on reliability and validity. The final document

would be translated into Arabic, which would be the final instrument to be administered to the respondents.

1.6.7 Data analysis

The questionnaires were to be subjected to cleaning and editing before coding them for data capturing purposes. The data would be captured on to a Microsoft Excel spreadsheet with frequency polygons, histograms, bar charts, pie charts, tables and graphs would be constructed to test for relationships of the variables under study. The illustrations would then be interpreted, and a report written from that interpretation.

1.7 Ethical considerations

To avoid allowing unscrupulous researchers, the ethics rules were considered and implemented. Every participant would get a full explanation of what the research is about, and they would be informed not to put their names or those of their organisations so that they cannot be identified. Respondents were free to withdraw from the survey at any stage if they were not happy with certain things; filling in was strictly on a voluntary basis. Starting with cultural, religious and professional values, it is inevitable that people would have differences in the way they perceive things. The researcher undertook to respect the differences amongst people and strive at all times to protect people's dignity and privacy during the research process.

1.8 Chapter classification

CHAPTER ONE: This chapter details the political history of the Gaza Strip, literature review around theories of small business operations, problem statement, research objectives, research question, research methodology, and the ethics consideration, followed by the chapter classification.

CHAPTER TWO: This chapter discusses global economic growth indicators and the theory of economic development, economic growth, the role of politics and the impact on development.

CHAPTER THREE: This chapter focuses on poverty eradication programs in other developing economies, contrasts resource based and consumer-based economies and the miraculous progress of the Asian Tigers.

CHAPTER FOUR: The chapter discusses models on small business development, reviews preceding theories and constructs a conceptual model (theoretical framework), introduces the hypothesis and the hypothetical theories of small businesses in the Gaza Strip.

CHAPTER FIVE: The chapter focuses on the theory of the research design, research methodology, the population targeted, sampling (sample frame, sampling methods, sample size) the research instrument, data collection methods, and data analysis.

CHAPTER SIX: The chapter discusses all the tables and figures that come from the data analysed from the research, interprets this data, question by question, with details on relationships between the variables and frequencies, and what they mean.

CHAPTER SEVEN: The chapter summarises all the findings from the research and draws up high scoring relations and details conclusions made from the results with recommendations (action to be taken), limitations and future work on the subject in Gaza.

1.9 Conclusion

The global trend today is to increase entrepreneurship as a panacea for the suffering and poor in the world. SMEs are consistently the largest employer in both the developed and developing world. The Gaza Strip is no exception, except that the circumstances (political and military) under which the Gaza Strip lives under are unique and unprecedented. The aim of the study was to establish whether or not small business have an effective role in the economic development of areas experiencing political and economic crises such as Gaza. This chapter gave details on how the study will be conducted in the Gaza Strip through understanding business challenges, understanding economic development indicators, growth economic indicators and opportunities to be defined and solved at the source. In addition, this chapter details the political history of the Gaza Strip, literature review around theories of small business operations, problem statement, research objectives, research question, research methodology, and the consideration of the ethics.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

This chapter discusses global economic growth indicators, theories of economic development, economic growth, the role of politics and the impact on development. Economic growth is theoretically one of the most important topics related to economic development. It is a measure that assesses development performance. It is a relative change in GDP and reflects the size of goods and services created by a particular economy, despite criticism of the criterion of economic growth. As an indicator for measuring development as a purely quantitative measure that neglects the qualitative aspects of development, especially those related to social and political aspects, it is still the most widely used measure in the field of measuring development performance.

One of the most important topics concerned with economic growth is the search for how to achieve positive growth rates. In this context, we can analyse the historical course of special economic theories. Within the so-called determinants of economic growth, the first category are theories based on the interpretation of economic growth through traditional factors such as labour, capital, technical progress and natural resources. First are theories of classical and neoclassical thinkers. It also analyses the role of labour, capital and technical progress in stimulating economic growth rates (spontaneous growth theories), as well as the contributions of theories of new thinkers and writers who have attached great importance to the factor of capital in stimulating economic growth among the traditional factors (Farsakh, 2016:55-71).

The second category is modern theories based on the interpretation of economic growth based on subjective factors, in addition to the analysis of economic growth in the long term through the principle of explaining the phenomenon of differences in economic growth rates between countries or the phenomenon of divergence. Trade policy is one of the most important factors concerned with these theories is the theory of internal growth. In this chapter, the researcher will discuss global economic growth indicators and the theory of economic development, economic growth, the role of politics and the impact on development.

2.2 Economic growth – definition and models

Theoretically, economic growth is considered one of the most important issues related to economic development, as it is one of the important measures in which development performance is evaluated. Economic growth is the relative change in GDP. It reflects the number of goods and services that a particular economy creates. In this framework, we can, through an analysis of the historical course of special economic theories in this aspect,

distinguish between two basic categories that sought to explain the sources of economic growth or the factors that stimulate it or what are known as the determinants of economic growth.

The first category is theories that depend on the interpretation of economic growth through traditional factors such as labour, capital, technical progress, and natural resources; foremost among which are the theories of classical thinkers and neoclassical thinkers who have focused on analysing the role of work, capital, and the technical progress in stimulating rates of economic growth (theories of spontaneous growth). This is in addition to the contributions of theories of the modern and the new electrons, who have attached great importance to the factor of capital in stimulating economic growth among the previous traditional factors (Harrod and Doomar theory)(Memili, Fang, Chrisman & De Massis, 2015:771-785).

The second category is modern theories based on the interpretation of economic growth based on subjective factors, in addition to an analysis of economic growth in the long term and the theory of internal growth. Therefore, we find trade policy and the extent of the economy's openness to external transactions in terms of exports and imports and levels of foreign direct investment human being through education, training, research, development, and health services, good governance and good management through political aspects such as political stability, transparency and accountability systems, participation in decision-making, freedom of the press, and the peaceful transfer of power.

2.2.1 Economic growth definition

Economic thought has focused on identifying many developmental concepts in developing countries so that they can catch up with developed countries to enhance their development capabilities. One of the most important concepts between economists or organisations, international bodies or economic reports is the concept of economic growth.

The concept is a quantitative one that reflects in the increasing production over the long term. Economic growth is one of the main objectives that most countries seek to achieve, whether developed or developing countries (Acs, Szerb & Autio, 2015:39-64). Economic growth means an increase in GDP or gross national income (GNI), which leads to an increase in per capita income over time. In other words, the growth rate must exceed the rate of population growth. If the population growth rate is equal to the total income growth rate, the average per capita income will remain constant (Memili, Fang, Chrisman & De Massis, 2015:771-785).

Economic growth requires determining the variable that measures economic growth, as well as determining the period that determines the value of this variable. According to Howarth and Kennedy (2016:231-236) economic growth is defined as "Relative increase in national product at constant prices". To achieve an increase in income or GNP over time the rate of economic

growth is usually measured by the growth rate of GDP or national income (Easterlin, 2015:283-299). Babatunde (2018:997-1014) defined economic growth as an increase in a period that is usually a year or consecutive periods of economic variables. The previous definitions show that economic growth is a quantitative variable that measures the relative change in the volume of real output. It is also a variable that reflects economic expansion (Memili, Fang, Chrisman & De Massis, 2015:771-785). In addition, the rise and fall in economic growth rates reflects an improvement or deterioration in economic activity. Finally, technological progress is a necessary, albeit insufficient, condition.

2.2.2 Types of economic growth

There are three types of economic growth according to Panayotou (2016:140-148).

A. Automatic growth

Automatic growth refers to the approach of economic freedom, which depends on demand and supply to achieve what the economy requires for economic development, away from direct government intervention (Szirmai & Verspagen, 2015:46-59).

B. Transient growth

Transient growth does not have sustainability and persistence, due to emergency factors (usually external factors). Growth goes up when the factors are eliminated. Most developing countries are experiencing this growth (Johnson & Koyama, 2017:1-20).

C. Planned growth

Growth takes place because of a comprehensive planning process for the national economy, where the economy grows based on a comprehensive plan for economic and social development (Garrett, 2014:127). However, the growth is closely related to the ability of planners, the reality of the plans put forward, the effectiveness of follow-up and implementation (Panayotou, 2016:140-148). This growth is also self-moving and sustainable. This growth was characterized by most of the former socialist countries.

2.2.3 Elements of economic growth

Identifying and knowing the sources of economic growth and how to control them is one of the most important objectives of economic growth. Economic factors are the most important factors driving economic growth (Urbano & Aparicio, 2016:34-44), such as the following.

Population growth: The final increase in human force is a positive factor for economic growth. The increase in the labour force means a greater increase in the number of productive workers on the one hand (Teixeira & Queirós, 2016:1636-1648). On the other hand, population growth means an increase in consumption and thus an increase in market size. However, there is disagreement as to whether the higher population growth has a positive or negative effect on

economic growth, where the impact of population growth depends on the ability of the economic system to absorb and employ additional labour force (Easterlin, 2015:283-299).

Technical progress: Technical progress is an important element in raising the rate of economic growth in society. Advanced technologies are used in production that aim to produce a larger quantity of the product with the same amount of inputs or produce the same quantity of the product in less quantities than inputs (Song & Wang, 2016:285-292). In other words, technical progress increases the productivity of the factors of production by optimising the exploitation of each component of production. The role of technical progress depends not only on inventions, but also on the development of new means of production, improving equipment performance, improving management and regulation systems, and increasing transport and communication efficiency (Jung, Lee, Hwang & Yeo, 2017:424-438).

Natural resources: The scarcity or abundance of natural resources in society is one of the important determinants of increasing economic growth, such as availability of water, arable land, and energy sources such as oil, gas and other mineral resources (Venables, 2016:161-184). The availability of natural resources in a country does not mean high economic growth but depends on the optimal utilisation of these natural resources (Havranek, Horvath & Zeynalov, 2016:134-151). For example, Iraq and Sudan are oil countries but the misuse of resources due to economic policies has led to a decline in economic growth.

Capital: Capital increase is an important factor in determining the volume of production. The capital is divided into two parts: physical capital and human capital. Physical capital represents the stock of machinery, equipment, and materials that are used in production. All these take the form of productive capital (Urbano & Aparicio, 2016:34-44). Human capital is the trained and skilful forces that represent the labour force, for example, when they take part of the current income as savings to be invested in order to increase income growth and future output (Ahmed, Mahalik & Shahbaz, 2016:213-221). Increased savings result in increased investment, which increases output and income, thereby increasing capital formation in the economy. Capital is generated through internal and external borrowing and foreign aid (Sheikh Eid & Bhdi, 2012:23-43).

2.3 Growth indicators – definition and models

Economists and investors are continually watching for signs of what is immediately ahead for the markets and the broader economy. The most closely watched of these signs are economic or business statistics that are tracked from month to month and therefore indicate a pattern. All indicators fall into one of three categories. Firstly, leading indicators are considered to point toward future events. Secondly, lagging indicators are seen as confirming a pattern that is in

progress, and finally, coincident indicators occur in real-time and clarify the state of the economy.

2.3.1 Growth indicators definition

Economic indicators are one of the most important instruments used by investors or even traders in the short term to help them make their investment decisions (Ayadi, Arbak, Naceur & De Groen, 2015:219-233). Economic and monetary policymakers, such as governments and central banks, rely on economic indicators to make decisions. These indicators are issued periodically on a weekly, monthly or annual basis (Teixeira & Queirós, 2016:1636-1648). There are numerous economic indicators covering various sectors and economic fields. Economic indicators are statistics and data related to a specific economic activity so that they can take an idea of what is happening in an economy (Johnson & Schaltegger, 2016:481-505). Moreover, these indicators enable us to analyse the current and expected performance of the economy. In addition, these indicators are issued by a variety of bodies, such as governments, non-governmental organisations, as well as international organisations, such as the United Nations, the World Bank and the International Monetary Fund (Korkmaz, 2015:51). Economic indicators focus on data and reports, such as GDP, unemployment, consumer price index, industrial production, retail sales, stock market indices and many other indicators (Johnson & Schaltegger, 2016:481-505).

2.3.2 Types of economic indicators

There are three main types of economic indicators:

Leading indicators are economic indicators that usually (but not always) change before the performance of the economy changes. It is used as a tool to predict with future economic performance in the short term, such as stock market performance (Urbano & Aparicio, 2016:34-44). Stock market performance often starts to decline before the overall performance of the economy. In addition, money supply indicators, consumer expectations index, and building permits index are also other examples of leadership indicators (Venables, 2016:161-184).

Lagging indicators of the event are indicators that only change after the overall economy has already changed. It usually takes several months. One example of these indicators is the rate of unemployment. Unemployment is falling after a few months of overall improvement in the economy and rising after the overall performance of the economy has declined (Jung, Lee, Hwang & Yeo, 2017:424-438).

Coincident indicators change as the overall performance of the economy changes, thus it provides a picture of the current state of the economy, such as GDP, industrial production,

income per capita and retail sales. Coincident indicators are used to determine the upper and lower levels of economic cycles (Bilan, Gavurova, Stanisław & Tkacova, 2017:71-90)

2.4 Theories of economic growth

There are many schools of thought that have been subjected to economic growth and tried to provide a comprehensive theoretical framework that all countries can follow to reach acceptable levels of economic performance (Szirmai & Verspagen, 2015:46-59). Out of the cycle of underdevelopment and stagnation, which characterised many of them. The theories are as follows.

2.4.1 Classical growth theory

The classical growth theory includes the views of both Adam Smith and David Ricardo on growth, as well as trade views on the source of wealth from foreign trade, John Stewart's views on markets, and Robert Malthus' views on population (Kurz & Salvadori, 2016:225). They consider the environment, which economic and non-economic (social and political) factors interact with. The classicists focused on several points (Islam, Ghani, Kusuma & Theseira, 2016:1722-1728). Firstly, economic freedom is where state intervention is allowed only when taxes are imposed to finance its defence, judicial and security expenditures. Secondly, the classicists emphasised that the primary driver of economic growth is the formation of capital that produces profits. As a result of increasing profits, savings are increasing, thus increasing the volume of total output (Dang & Pheng, 2015:11-26).

2.4.2 Schumpeter theory

Schumpeter (2003:61-116) rejected development as a gradual process but considered development to be an automatic and non-continuous change. Development was also occurring in leaps in the boom, followed by sharp declines in periods of recession.

Schumpeter put his theory of economic growth on three bases.

1. Entrepreneur

An entrepreneur is the engine and dynamo of economic growth in Schumpeter's theory. He is the one who introduces something new. He may not offer money but directs it and exploits it. The entrepreneur is also working on introducing new methods and techniques for mixing and synthesising the elements of production (Fritsch, 2017:654-655). For the entrepreneur to do that, he must have the technical knowledge and the ability to act on the factors of production.

2. Innovations

Innovations play an important role in the economic growth of Schumpeter's theory and take many forms, such as discovering new resources, developing new consumer goods, or developing new production methods (Dhahri & Omri, 2018:64-77).

3. Investment and savings

Schumpeter's theory of savings and investment differed from classic theory. The decision to invest and save was made by the A-class only in classic theory, but Schumpeter saw that the working class was saving. We have divided the investment of Schumpeter into two kinds. Firstly, automatic investment, which is determined by factors of the economic system. An investment not related to changes in income, profit or sales, but depends on long-term factors related to innovations by the entrepreneur (Johnson & Schaltegger, 2016:481-505). These projects are financed by bank borrowing. Thus, Schumpeter introduced the importance of the banking system in the process of development and growth. Secondly, induced investment is a function of the size of economic activity. It depends directly on profits, interest rate, income, and sales. When profits increase as a result of interest rate cuts, induced investment would increase directly (Schumpeter & Backhaus, 2003: 61-116).

2.4.3 Keynesian theory of economic growth

The focus of this school is based on the idea of government intervention to ensure the stability of the economy (Vaona, 2012:94-132). Keynes' (1930) theory is primarily based on the emphasis on aggregate demand that represents the expenditures of individuals, businesses, and government, which considers the primary engine of the economy in this theory. Keynes stressed that free markets do not have a stable mechanism to provide jobs. Keynesian economists authorise government intervention in public policies to provide jobs and stabilise prices (Nassif, Feijo & Araújo, 2015:1307-1332).

The three basic principles of how the economy works in the Keynesian school of thought are that total demand is influenced by many economic decisions in the public and private sectors. Decisions that are taken by the private sector sometimes have adverse effects on the public economy (Kaldor, 2015:27-74). An example of this is the lack of consumer demand during the recession. This leads to market failure. Therefore, the government resorted to effective policies such as fiscal stimulus. Secondly, prices and wages respond slowly to changes in supply and demand, prices and wages cause shortages and surpluses periodically, especially in employment (Vaona, 2012:94-132).

Thirdly, changes in aggregate demand have a significant impact on overall output and short-term jobs but not on prices (Cochrane, 2017:47-63). Keynesians believe that prices, whether stagnant or volatile, in any component of expenditure (consumption, investment, or government expenditure) will change the overall output. For example, if the government

increases expenditure while keeping the remaining components stable, the GDP will rise (Sumer, 2012:63-72).

There is no magic recipe in the three economic principles of the Keynesian model. But what distinguishes Keynesians from other economic schools is their belief in reducing the capacity of the economic cycle, which is one of the most important of all economic problems (Kiley & Roberts, 2017:317-396). Keynes proposes other countercyclical fiscal policies that counteract the economic cycle. For example, the Kenyan economy stated to the government to employ workers to build infrastructure in large numbers even if there is a fiscal deficit for the government to stimulate employment and maintain wage stability during the recession (Sumer, 2012:63-72). The government is also imposing high income taxes to prevent economic inflation if market demand increases. Keynes also proposes to change fiscal policy and how to use it to stimulate the economy by lowering the interest rate to encourage investment (Cochrane, 2017:47-63).

2.4.4 Traditional neoclassical theory

In neoclassical theory, economic growth is a coherent and integrated process, with a positive impact (Naser-Najjab, 2016:9-29). For example, when a sector grows, this leads to the growth of another sector, and the growth of the national product leads to the growth of different income groups, such as wages and profits (Sumer, 2012:63-72). Moreover, economic growth depends on how much production is available in society (labour, land, natural resources, capital, regulation, technology). For the labour component, the theory links population changes with the size of the labour force, noting the importance of the increase in population or labour force to the size of available natural resources (Sharipov, 2015:759).

In terms of capital, the neoclassic considered the process of growth as the outcome of the interaction between capital accumulation and population growth. The increase in capital formation meant increased capital supply, which led to a reduction in the interest rate, thereby increasing investments, increasing production and achieving economic growth. Neoclassicism considers saving as an important thing for countries that want to advance (Kiley & Roberts, 2017:317-396). Each small project is part of it all. It grows in a gradual, consistent, overlapping and mutually beneficial way with other projects (Sharipov, 2015:759).

The weak analysis of the neoclassical theory on the different rates of economic growth achieved throughout the world, despite the use of similar technology, led to its generalities. The neo-classical theory is suitable for some countries and is not suitable for others, especially since it did not specify precisely the determinants of technological progress because they consider it an external variable. This theory is not accepted by modern economists, leading to the development of a new model of modern economic growth, which is called internal growth models (Cvetanović & Novaković, 2019:15-20).

2.4.5 Internal growth models

The internal growth theory establishes the positive relationship between international trade, long-term economic growth and development. It is looking at reducing trade barriers, accelerating economic growth rates and long-term development through absorbing developing countries into advanced technology in developed countries at a faster rate. The idea of internal economic growth included many points (Hanushek, 2013:204-212) such as:

- Technological progress is defined within the growth model, and technological progress in any country depends on the volume of expenditure on inventive and innovation activities, as well as on the number of specialists in research and development (R&D) centres (Sharipov, 2015:759).
- There are government policies that lead to increasing competitive efficiency in different markets, as well as the policy of increasing the number of inventors and innovations that lead to increased economic growth.
- In order to achieve higher rates in human investment (especially in education and training), we must increase the returns.
- The protection of intellectual property rights is an incentive for R&D activities.

Consequently, by the mid-1980s, a single intellectual stream emerged from these assumptions. For example, Romer (1986) focused on the importance of research and development, Lucas (1988) focused on human capital, while Barro (1992) focused on government infrastructure and expenditure. Others focused on economic openness and its role in economic growth (Sumer, 2012:63-72). The idea presented by Rostow (1960) is that economic growth consists of certain stages. Each stage automatically paves the way for the next. This means that underdeveloped countries must live the same way as the developed countries between 1850 and 1950, until they change from backward countries to industrialised countries (Cvetanović & Novaković, 2019:15-20).

According to Farsakh (2016:55-71) any society in terms of its level of economic development can be attributed to one of the five stages:

The traditional stage of society

The first stage is a traditional stage of society, characterised by a highly backward economy which characterised by agriculture, followed by primitive means of production, in which the family or clan system played a major role in social organisation. Gross output is divided for non-productive purposes (Sumer, 2012:63-72). Rostow (1960) gave examples of countries that have passed this stage like China, the Middle East, the Mediterranean countries and some medieval European countries; this stage is usually relatively long and characterised by a very slow pace (Cyril, 2016:140).

Preparation phase to start

During this phase, the society develops itself (depending on its resources or the resources of others) through creating the appropriate economic and social conditions to accept the modern methods of science. It also raises individual investment rates by directing agricultural activity to produce more food and to achieve more surplus to be directed to the rest of the other sectors and to establish a stable social capital (bridges, roads, irrigation projects, transport and transportation (Cordova, Dolci & Gianfrate, 2015:115-124). Finally, expand the education base to discover and encourage entrepreneurs who can afford risk and manage projects. Rostow (1960) gave examples of countries that have passed this stage like Germany, Japan and Russia (Cyril, 2016:140).

Starting stage

This is a crucial stage in the growth process. Countries are classified as rising or growing through the starting stage, as countries seek to eradicate poverty and underdevelopment (Katua, 2014:461-472). The investment rate increased from 5% to more than 10%. Rostow (1960) sees that this stage is relatively short where it takes 20 to 30 years. The example of these countries is Russia from 1980 to 1914, and Japan as well from 1878 to 1900 (Osadume, 2018:91-115).

Stage towards maturity

At this stage, in parallel with the spread and development of technology. The community has succeeded in the full implementation of the third stage with all its conditions, so it has been able to use most of its resources with advanced production methods, and so the community can start to mature by showing new leading sectors. Imports also start to shrink, and exports (especially industry) start to increase, with some foreign surpluses that enable the society to import some luxury goods (Farsakh, 2016:55-71). A change is also taking place in the methods of management of production institutions, developing in wage levels and technical skills, moreover, transfer management of economic activity to new young hands. Rostow (1960) has estimated the period of this stage to be about 60 years (Katua, 2014:461-472).

Expensive consumption phase

At this stage, the society moves from the production of regular consumer goods (Cyril, 2016:140) to durable consumer goods (such as buildings, cars, washing machines, electronic machines, etc.), as well as to the production of many sizes and types of services (medical, educational, cultural, recreational). In light of this, the welfare society is achieved. When the welfare of society is achieved, it leads to political and economic power of the state (and perhaps also of the military) (Cordova, Dolci & Gianfrate, 2015:115-124). Moreover, it also

achieves the maximum economic use of its resources and production factors, in which its citizens have a well-off standard of living (Sumer, 2012:63-72). The duration of this phase varies depending on the circumstances of each community. Generally, this range can take 30 to 100 years, depending on population growth rates and the volume of consumer production of high-end and complex goods and services (Osadume, 2018:91-115).

2.5 Theory of economic development – models

The development process is to improve incomes and outputs, thus including radical changes in the institutional, social and administrative structures (Johannisson, 2017:368-386), thereby improving people's attitudes to their customs and traditions. To achieve broad development requires the development of the international economic and social system. The theory of development includes four main entrances are the linear stages of growth, structural change theories and patterns, the models of the revolution of international dependency, and finally the models of the counter-revolution of the neoclassical model and the freedom of markets (Cvetanović & Novaković, 2019:15-20).

There are some theories to explain the process of development, although its content bears the characteristics of long-term economic growth, such as the theory of the strong impulse that emerged from many theories such as balanced and unbalanced growth theory, growth poles and others (Farsakh, 2016:55-71).

The strong impulse

Rodan (1943) emphasised that development in developing countries is constrained by some constraints, especially the narrowness of the market. He believes that progress in the development process will not expand the market and will not break the vicious cycle of poverty unless there is a minimum development effort to enable the economy to emerge from recession to self-development (Benería, Berik & Floro, 2015:33-42). This means a minimum investment, which he calls the strong payment, about 13.2% of the national income during the first five years of development, then gradually rise (Osadume, 2018:91-115).

Rodan's (1943) theory relies on industrialisation to drive development in developing countries and considers it an area where unemployment can be absorbed as rural and underdeveloped agriculture (Farsakh, 2016:55-71). To succeed, these countries must start the process of industrialisation by investing heavily in building social capital facilities such as roads, transport, transport, motor forces and labour training. These are huge and indivisible projects that lead to the creation of external economic savings, namely the provision of low-cost production services that are necessary for industrial projects (Dang & Pheng, 2015:11-26).

On the other hand, Rodan (1943) believes that large investments should be directed at a group of industries whose projects are integrated to achieve horizontal and vertical entanglements, thus reducing production costs (Dang & Pheng, 2015:11-26). The most important industries are light consumer industries that support each other. This is without sacrificing investment in infrastructure, because it is important to attract foreign direct investment and the arrival of imported goods to all parts of the country (Chimobi, 2010:159).

Balanced growth theory

Nurkse (1959) created his theory of balanced growth. He believes that the development problem in developing countries is the vicious circle of poverty resulting from the low level of income, which leads to low consumption and narrow market size (Ductor & Grechyna, 2015:393-405). For these countries to come out of this problem, they must make huge investments for all sectors, with the need to strike a balance between industry and agriculture, so that the failure of one of them is not an obstacle to the progress of the other. The point of production is to meet the needs of the domestic market for weak competition (Huggins and Thompson, 2015:103-128).

The theory of balanced growth requires balancing the different consumer industries as well as capitalism, and between supply and demand (Ductor & Grechyna, 2015:393-405). The supply side works to emphasise the development of all sectors linked to each other at the same time, which helps to increase the supply of goods. The demand side provides for broad employment opportunities and increased incomes that lead to increased demand for goods and services by the population (Dang & Pheng, 2015:11-26). In addition to the imbalance between the domestic and external sectors, export revenues are an important source of financing for development, therefore the country should not expand its domestic trade at the expense of its foreign trade, which leads to increased production while expanding the employment of unemployed labour (Farsakh, 2016:55-71).

2.6 Politics and role in economics – models

Economic policy means (Baker, Bloom & Davis, 2016:1593-1636) direct intervention by the public authorities (Ministry of Economy, Ministry of Foreign Trade and Industry) in the economic system by direct control of the basic economic variables in the national economy, such as production, investment, wages, prices, employment and employment, exports and imports, as well as foreign exchange.

All these economic variables constitute an integrated system of economic activity in the society, which means that any decision taken by the public authorities and related to one of

these variables (for example, reducing the exchange rate of the local currency against foreign currencies), will affect all variables in the economy in this system (Hammer, 2015:3-16).

Prebisch (2016:211-238) stated that the degree and nature of this effect (positive or negative) will depend on several factors, the most important of which is the degree of flexibility of the productive apparatus in society. On the other hand, this decision or other economic decisions relating to the other variables mentioned above within the system will be affected by the decisions made by the other financial and monetary policies. The outcome will be positive or negative (i.e. achieving the general objectives of the development policy in the society) within all these policies (economic, financial and monetary) (Dang & Pheng, 2015:11-26).

The strategy decided by the government to achieve its economic objectives is achieving economic growth, reducing unemployment rates, controlling inflation rates and balancing the balance of payments. For the government to achieve these golden objectives of economic policy, the authorities use the tools of this economic policy, both in monetary policy and fiscal policy (Baker, Bloom & Davis, 2016:1593-1636).

Monetary policy

Monetary policy is the cornerstone of macroeconomic policy-building. Like fiscal policy, it is one of the fundamental elements of its macroeconomic policy as it affects the state of the national economy at the macro level (Mishra, Montiel & Sengupta, 2016:59-110). Monetary policy is the control exercised by the central bank (in Palestine, called the Monetary Authority) on the money supply in society. In other words, monetary policy is the policy that regulates the money supply. This policy is also called credit policy, and this policy plays a role in achieving economic stability (Sabra, Eltalla & Alfar, 2015:98-108).

The tools that monetary policy and credit can use are also characterised by diversification, most notably interest rate, exchange rate, cash issue, discount rate, open market, cash reserves, and direct control over credit (Sarsour & Daoud, 2015:55-77). Moreover, the state may use a set of policies to restore balance to the balance of payments by reducing the exchange rate of the national currency against other currencies, leading to increased exports and reduced imports, thereby restoring balance to the balance of payments (Sabra et al., 2015:98-108).

The Palestinian economic policies were governed by the Paris Economic Protocol (Samhuri, 2016:579-607) and the monetary arrangements that led to the peace negotiations signed between Israel and the Palestine Liberation Organization in April 1994, which defined the monetary arrangements during the transitional period as follows (Tartir, 2015:469-499):

- The establishment of the Palestinian Monetary Authority to carry out functions of the Central Bank except the most important function, which is the issuance of the national

currency in the current period. Thus, the Monetary Authority has eliminated the possibility of activating the role of monetary policy to manage the Palestinian economic policy by controlling the supply of money and interest rates.

- The Israeli Shekel will be one of the legal currencies traded in Palestine since 1948. Shekel is used as a means of exchange and settlement of payments. The possibility of issuing national currency and other monetary arrangements will also be discussed through the Joint Economic Committee.
- The Monetary Authority shall be responsible for determining the liquidity ratios of banks and other currencies except the Israeli shekel. The Monetary Authority shall maintain a liquidity ratio of approximately ± 1 of the rate in Israel.

Fiscal policy

The public authorities (the Ministry of Finance and Treasury) use state revenues and expenditures to achieve economic stability. In other words, this policy is to use tax policy, public spending and public loans to influence the economic activities of the community (Iriqat & Anabtawi, 2016:54-62).

Fiscal policy is concerned with the allocation of resources between the public and private sectors and their use in achieving stability and economic growth (Sarsour & Daoud, 2015:55-77). Some economic scientists have defined it as the policy whereby the government uses its expenditure and revenue programs to produce desirable effects and to avoid undesirable effects on income, production and employment (Sabra et al., 2015:98-108).

The tools that the fiscal policy can use to achieve economic stability are the sources of public revenues (taxes, fees, public loans, cash issuance and state domain revenues) as well as general expenditures of various types (general, real, productive, central and local expenditures (Sarsour & Daoud, 2015:55-77).

Here comes the general budget of the state to include all these revenues and public expenditures, and to form an integrated program to achieve the objectives of economic and social development. In Palestine, Paris Protocol gives Israel the right to receive, on behalf of the Palestinian Authority, taxes, customs duties and VAT on Palestinian imports from Israel or through Israel. The addition of these revenues to the Palestinian Authority has been irregular since the second intifada in 2000 (Iriqat & Anabtawi, 2016:54-62).

The Protocol also allows Israel to collect taxes and other deductions from the income of Palestinians working in Israel. All of the above shows the extent to which economic policies have been adopted and confiscated by the Israeli occupation (Sabra & Sartawi, 2015:32-45).

In terms of financial policies of Palestinian public debt, we can say that despite the government's efforts to reduce the size of the public debt, the Palestinian economy has been unable to provide the basic needs of the community and meet the requirements of development from self-sources. Therefore, the PNA have recourse to seeking external sources such as aid to support the Palestinian economy and achieve its economic goals.

Because of the failure of donor countries to meet the financial commitments, they have fully committed to domestic and external borrowing to bridge this gap and finance various projects, which has led to an increase in public debt over the years (Abu-Eideh, 2014: 45-62). In 2015, the government's public debt rose by 14.5% to reach US\$2,537.2 million, or 20% of GDP, while in 2016 it fell by 2.1% to reach US\$2,483.8 million, or 18.5% of GDP (Karim, Tamari & Farraj, 2010:40-51).

2.7 The factors around economic development

The challenges of economic growth are very different in per country (Sabra and Sartawi, 2015:32-45). The USA and Europe face a certain set of issues that look very different from the issues faced in China or India, or the issues faced in the Americas or in South Africa (Madsen, 2016:172-187).

Despite the impressive results of economic growth in recent decades worldwide, such as the growth of world trade and the partial and relative stability of the macro economies of the local economies, this has not been enough for the development process aimed at raising the standard of living affected by many barriers. The main barriers are divided into economic barriers and ... as follows.

2.7.1 Economic barriers

Some economists believe that the most important economic obstacles that prevent the achievement of development goals in developing countries are the following.

2.7.1.1 Poverty cycle

Low incomes in developing countries are the main reason for the low rate of savings and therefore the low rate of investment, which means low GDP growth rate. In keeping with these continua, it is difficult for these countries to progress on the path of development unless they break the cycle of poverty and their side effects. This is either by relying on external financing as a reason for increasing investments that domestic savings have failed (although they are not the only ones), or through carrying out deep reforms of the functioning of the market economy for the poor to contribute to production and then to growth (Mishra, Montiel & Sengupta, 2016:59-110).

2.7.1.2 Narrowness of the domestic market and the increasing dependence on the global market

Due to the tightness and limited local market due to the low purchasing power of individuals (Karim, Tamari & Farraj, 2010:40-51), this has had negative effects, foremost of which is the inability to establish productive units with low-cost capacities, as well as the lack of large-scale production. In addition, these countries rely on the export of raw materials and the import of manufactured materials. Therefore, the exchange rate is not in its favour (Madsen, 2016:172-187).

2.7.2 Political and regulatory obstacles

Some economic thinkers believe that industrialised countries should shoulder their responsibilities to developing countries and their situation by compensating them for their development (Wang, 2016:167-176). Most of them have been under colonialism for a long period of time, causing them to suffer through the following.

2.7.2.1 Political dependency

Most of the countries of South America, Asia and Africa suffer from political independence, as most of their constitutional and legal systems are derived mostly from their colonial regimes (Smith, 2019:214-225). This dependence has made these countries vulnerable from time to time to foreign threats if they do not follow the same policy. For example, the enactment of various legislation that may conflict with local customs and traditions. As a result, the colonial countries may use them as a pressure card on their governments (through local opposition). For example, Western cultures and various economic institutions spread within these countries, controlling their external and domestic trade and making them only a market for their manufactured products, thereby preventing a rapid shift towards industrialisation and building a local, self-reliant industrial base (Farsakh, 2016:55-71).

2.7.2.2 Security instability

The development process requires the creation of an economic environment (Wang, 2016:167-176). The appropriate environment does not occur without an effective political environment that gives security stability; security stability is a necessary condition to attract investors. Governments in developing countries are, therefore, required to avoid ethnic, security and external conflicts (Farsakh, 2016:55-71). Therefore, developing countries must integrate with international law, through the promotion of democracy, with the need to ensure the stability of elected governments for an acceptable period of time to allow the implementation of development plans (Abu-Eideh, 2014:45-62).

2.7.2.3 Socio-economic barriers

The development process may have negative effects in the early stages on the lower levels of society (Madsen, 2016:172-187), which means that their incomes are low, thus negatively affecting consumption and non-consumption expenditure of these groups. This growth requires the encouragement of the private sector and increased demand for education and training as a means of increasing productive and professional efficiency and increasing the volume and quality of goods and services. It has implications for those with limited education (Smith, 2019:214-225). As a result, Farsakh (2016:55-71) stated that unemployment is more prevalent than other groups, so over time they are forced to increase the financial allocations for education and training spending as one way to raise their incomes and improve their living standards, as well as reducing the gap between themselves, the middle classes and the rich (Sarsour & Daoud, 2015:55-77).

2.8 Conclusion

Economists interested in developmental thinking have changed the reasons for economic growth in the world, and it has become clear that there are differences in economic growth rates not attributable to traditional factors, but to other reasons later called modern factors causing economic growth. The most prominent and most influential in the new economic environment are trade openness, foreign direct investment, human capital and good governance. Theories of economic growth are also subject to the conditions of time and space and the requirements of achieving development, and theories that deal with the subject of economic growth is the growth theory of classical thinkers, namely Adam Smith, David Ricardo and Robert Malthus, they have shared the idea of partial analysis associated. In addition to the modern neo-classical growth theory, which links economic growth mainly to saving, technological advancement and capital formation, an electronic theory of growth emerged. Aggregate analysis and the idea of effective demand that creates supply and state intervention in economic activity through laws and legislation and balances in markets, finally led to the emergence of a new theory of growth (internal growth), which focused on non-traditional factors driving economic growth, such as human capital government spending and political systems.

CHAPTER THREE

POVERTY ERADICATION PROGRAMS IN OTHER DEVELOPING ECONOMIES

3.1 Introduction

This chapter discusses poverty eradication programs in other developing economies, and contrasts resource-based and consumer-based economies.

Poverty is a major global challenge. Despite the economic progress of recent decades in many countries of the world, many of the world's population still live in extreme poverty (Alkire & Foster, 2011:289-314), with more than one billion people struggling to survive on less than US\$1 a day (Sumer, 2012:63-72). By 2025, about 2 billion people are expected to be added to the world's population (Olmsted, 2015:186-197). According to Hagenaars (2017:148-170), poverty is the inability to reach minimum material needs, such as food, housing, clothing, education, health, and non-material needs, such as the right of participation, human freedom and social justice. It is also known as an inability to achieve a minimum standard of living. Poor countries can be defined as those with low levels of education and health care, and the availability of clean water for human consumption, sanitation, health food, or for all members of the community (Abu-Ras & Mohamed (2018:354-370), Moreover, they suffer from continuous deterioration and depletion of their natural resources while the poverty cycle is low (Cull, Demirgüç-Kunt & Morduch, 2018:221-244).

The internationally recognised poverty line was about US\$ 1 per day, but the World Bank in 2008 raised this line to US\$1.25 at 2005 Purchasing-Power Parity (Ravallion, 2013:139). In 2015, the World Bank updated the international poverty line to US\$1.90 per capita (Kwadzo, 2015:409-423). However, many countries are laying their own poverty lines according to their own circumstances. For example, in 2009, the US poverty line per capita for people who are less than 65 years old was US\$11,161 per year, and for a family of four, including two children, was US\$21,756 a year (Ravallion, 2013:139). The level of poverty is determined by the total sum of core resources consumed by adult individuals over a given period, often one year. Economists in developed countries are also very concerned about the prices of real estate and the cost of renting homes, because of their importance in determining the poverty line (Farsakh, 2016:55-71).

3.2 Classifications of poverty

Poverty is a complex economic, social and political phenomenon, which also interferes with cultural dimensions related to famous heritage, customs and traditions (Bourguignon & Chakravarty, 2019:83-107). Therefore, poverty is an extremely complex problem with various aspects related to the ability to earn to provide the required standard of living sustainably. The gain is linked to the level of income and productive resources necessary to escape

hunger, deprivation, disease, and insufficient basic life needs, leading to discrimination and social security disruption of the individual and the group (Bandiera et al., 2017:811-870).

3.2.1 Concept of poverty

The definition of poverty differs from state to state because of different cultures and times. According to Hickel (2015:124-175), there is no international agreement on the definition of poverty due to the interplay of economic, social, political and cultural factors that make up and affect that definition. Until the early 1990s, the definition of poverty and its criteria was associated with lower income. This means only physical deprivation, which remains the backbone of the concept of poverty. There is then an expansion of the general understanding of poverty, where it is considered that income is only one of the elements of poverty. There are other manifestations of poverty, such as the inability to access certain resources, such as health and education or knowledge of rights and duties (Benatar, 2016:16-17).

Hagenaars (2017:148-170) defines poverty as a complex phenomenon with many dimensions, such as multiple economic, social, political, cultural and environmental dimensions. Poverty is also defined by Bourguignon and Chakravarty (2019:83-107) as a state of deprivation, which comes in many forms such as low food consumption, poor health conditions, low education, low population conditions and lack of saving. The World Bank defined poverty as not only the inability to achieve the minimum standard of living, but also the low attainment of education and health. It also includes exposure to suffering and risk and the inability to make his voice heard (Hickel, 2015:124-175). Moreover, Ike and Uzokwe (2011:11-21) defined poverty as a lack of basic capacity to participate effectively in society.

Bourguignon and Chakravarty (2019:83-107) defines poverty as "the economic situation in which one lacks sufficient income to obtain minimum levels of food, health care, clothing and all essentials". This means the inability to meet basic needs. In Palestine, poverty has been defined as a lack of a basic needs budget along with other needs, such as health care, education, transportation, personal care and other household items (Hagenaars, 2017:148-170).

3.2.2 Generic methods of measuring poverty

There are different methods and ways of measuring poverty according to the purpose of the measurement process and according to the availability of the data necessary for the application of any of these methods and ways. According to Chen and Ravallion (2010:1577-1625), per capita GDP is an inadequate measure of poverty because the poverty has many interrelated symptoms. Therefore, it is difficult to describe the lives of the poor by relying on one indicator. There are several indicators, such as the living standard indicator, in order to measure poverty and the standard of living of different segments of society. Poverty measurement is based on direct indicators (Hickel, 2015:124-175). The most commonly used

to measure poverty is gross income, household or individual spending, per capita or household expenditure, food expenditure, and per capita calorie intake (Hagenaars, 2017:148-170). However, poverty measurement methods have recently developed significantly (Renwick and Fox, 2016:1-23). There are many methods and the most common ones are as, namely poverty line and unsatisfied needs.

- **Poverty line**

According to Bourguignon and Chakravarty (2019:83-107), the poverty line represents the critical measurement of poverty. This is the method adopted by the World Bank. The poverty line uses financial criteria, such as family income and family spending. This method divides society into two categories, the poor and the non-poor. Depending on the poverty line, there are several poverty indicators such as poverty rate, the poverty gap and the severity of poverty (Benatar, 2016:16-17). This is the most widely used method of measuring and analysing poverty.

- **Unsatisfied basic needs**

This approach is based on direct observation by satisfying the basic needs as an alternative to relying on the internal capacity that qualifies the family to meet those needs as in the poverty method (Hagenaars,2017:148-170). Moreover, this approach does not depend on household income, and the data required is more affordable and accurate than the poverty line. Generally, this method uses census data or family surveys. This is the most appropriate method for the development of social policies that relate to the provision of health, education and housing services and the provision of water and sanitation infrastructure (Farsakh, 2016:55-71).

3.2.3 Measuring poverty in Palestine

Before 1994, it was not possible to study poverty or provide any statistical data on the Palestinian territories because of the Israeli occupation. After the Oslo Accords (Abu-Eideh, 2014:45-62) and the establishment of the Palestinian Authority in 1994, the study of poverty in Palestine began by building the Palestinian Central Bureau of Statistics (PCBS). It is the official source of statistics in Palestine.

According to Salama (2017:381-387), regarding the Palestinian Central Bureau of Statistics (PCBS), the family has been identified as a criterion for measuring poverty. After that, the system divided the poverty into two lines, namely the extreme poverty line and the poverty line (regular). Poverty lines were prepared according to household consumption. The first poverty line (referred to as the "extreme poverty line") has been calculated to reflect the basic needs of the food, clothing and housing budget. The second poverty line (referred to as the "poverty line") has been prepared in a way that reflects the basic needs budget as well as other needs, such as health care, education, transportation, communications, personal and household care,

furnishings and other household items. The Palestinian poverty line chart is illustrated in Table 3.1 below.

Table 3.1: Poverty lines in NIS in the Palestinian territory by household size, 2010

Household Size	Number of Children										
	0	1	2	3	4	5	6	7	8	9	10
1	757										
2	1,402	1,060									
3	2,012	1,686	1,352								
4	2,599	2,284	1,964	1,637							
5	3,170	2,863	2,552	2,237	1,916						
6	3,728	3,428	3,124	2,817	2,506	2,190					
7	4,276	3,981	3,684	3,383	3,079	2,772	2,460				
8	4,816	4,526	4,233	3,937	3,639	3,338	3,034	2,726			
9	5,348	5,062	4,773	4,482	4,189	3,894	3,595	3,293	2,988		
10	5,874	5,591	5,306	5,019	4,730	4,439	4,146	3,849	3,551	3,042	
11	6,394	6,114	5,832	5,549	5,263	4,976	4,687	4,396	4,102	3,564	3,283

Source: Palestinian Central Bureau of Statistics (PCBS), 2016

The poverty line details as illustrated in Table 3.1 above show the household size (left column) and how much would be required per family. The currency in use is Shekel with an average equivalence of US\$1 equal to \pm 3.8 shekels (NIS). The levels of poverty using the poverty lines may not allow or enable families to save money to start businesses or to retire on. Using the extreme poverty lines within the Palestinian territory, a Table 3.2 is plotted below showing the relationships between households and the levels of poverty.

Table 3.2: Extreme poverty lines in NIS in the Palestinian territory by household size in 2010

Household Size	Number of Children										
	0	1	2	3	4	5	6	7	8	9	10
1	603										
2	1,118	845									
3	1,603	1,344	1,078								
4	2,071	1,821	1,565	1,305							
5	2,526	2,282	2,034	1,783	1,527						
6	2,971	2,732	2,490	2,246	1,997	1,745					
7	3,408	3,173	2,936	2,697	2,454	2,209	1,960				
8	3,839	3,607	3,374	3,138	2,901	2,661	2,418	2,172			

9	4,263	4,034	3,804	3,573	3,339	3,103	2,865	2,625	2,382		
10	4,682	4,456	4,229	4,000	3,770	3,538	3,304	3,068	2,830	2,589	
11	5,096	4,873	4,648	4,423	4,195	3,966	3,736	3,504	3,269	3,033	2,794

Source: Palestinian Central Bureau of Statistics (PCBS), 2016

The poverty line for the family (consisting of five individuals, two adults and three children) in the Palestinian Territory during 2010 was about NIS 2,273 (about US\$609). While the extreme poverty line of the same family amounted to about 1,783 shekels (about US\$478). The United Nations minimum required for a poor family is estimated at US\$1.25 per day, whereas the Palestinian poverty levels indicate an average of US\$0.29 per day. There is a clear indication of the levels of adjunct poverty in Palestine (Salama, 2017:381-387).

3.2.4 Human poverty index

While the human development index measures the average achievement, the human poverty index measures deprivation in the basic elements of human development. The human poverty index measures three fundamental aspects of people's lives: longevity, knowledge and a decent standard of living. According to Urbano and Aparicio (2016:34-44), longevity measures the probability of death at an early age; meaning before reaching the age of 40. Therefore, if the age of death is less than 40, then the state is backward. If the age of death increases, then the state is economically and socially advanced. This information gives an idea of the availability of the population of each country for health services and their overall health status (Kwadzo, 2015:409-423).

Knowledge measures the proportion of illiterate adults, 15 years and older. Education is a kind of human investment that generates a high return for both individuals and society. Alkire and Foster (2011:289-314) identified the criteria that is used to know the educational level of the state, including the percentage of non-literate members of the community, the proportion of those enrolled in the basic and secondary education levels and the proportion of expenditure on education for domestic output and government expenditure (Renwick & Fox, 2016:1-23).

For the standard of living services which are provided by the economy, these variables are measured from) three scales, namely percentage of people deprived of drinking water, percentage of people deprived of health services, and percentage of children under five years of age who suffer from malnutrition (Salama, 2017:381-387).

A. Percentage of people deprived of drinking water

Access to safe drinking water and adequate sanitation is vital for human health. Polluted water and the lack of basic sanitation undermine efforts to end extreme poverty and disease in the world's poorest countries (Forde, Izurieta & Ôrmeci, 2019:27). As of 2006 and at least three decades earlier, there is a significant shortfall in the availability of potable water in the least

developed countries. This is primarily due to water pollution in rivers, canals and industrial pollution. According to the year 2000's statistics, 27% of the population of the least developed countries do not have access to safe drinking water (Farsakh, 2016:55-71). As a result, a number of people are infected with serious diseases such as hepatitis (Alkire & Foster, 2011:289-314). Nearly three billion of the world's population do not have access to safe drinking water. Lack of access to potable water in developing countries is a major cause of disease and early death, particularly child mortality. While more than 90% of Gaza's water is considered unfit for human consumption (Hagenaars, 2017:148-170).

B. Percentage of people deprived of health services

Health plays an important role, whether negatively or positively in the social and economic situation. We can determine the health status through the mortality index, for every 1,000 people or the number of deaths per 1,000 children. High mortality refers to inadequate health services, insufficient food and malnutrition (Chen & Ravallion, 2010:1577-1625).

C. Percentage of children under five years of age who suffer from malnutrition

Malnutrition is a serious health condition that occurs when a person does not receive an adequate amount of nutrients in his diet, or if the nutrients are less than his needs (Mostafa, 2019:106-118). Malnutrition only affects poor and disadvantaged families. According to World Health Organization data (Khan, Rasib & Ahmed, 2019:1986-1969), malnutrition leads to one-third of child deaths. The United Nations Standing Committee on Nutrition (SCN) says malnutrition is the leading cause of disease worldwide (Macnab & Mukisa, 2017:23-27).

3.3 Causes of poverty

Knowing the causes of any problem will guide us to a solution. When we know the causes of poverty, it would help us in the formulation of policies to eliminate it. There are many factors that cause poverty, including demographic, economic, administrative and organisational. The causes of poverty vary from country to country. In an instance, the reasons that lead to poverty in under developing countries are different from those in developed countries (Abu-Ras & Mohamed (2018:354-370).

In general, one of the main causes of poverty is the lack of income or its decline below the poverty line, and the low income may be due to the low level of wages (Alkire & Foster, 2011:289-314). Moreover, economic shocks to society, such as poor agricultural seasons and economic stagnation are further causes. This usually results in temporary poverty. In addition, most individuals do not have physical or human assets. According to Fletschner and Kenney (2014:187-208), physical assets are such as the land, savings and financial loans. Human

assets are such as health, quality education, social and cultural political participation, promotion of democracy and political development.

In under developing countries, there are many causes for poverty, such as the waste of economic and financial resources, and their use in failed and unproductive projects (Hussain, Bhuiyan & Bakar, 2014:558). Moreover, reverse migration, leads to an increase in population and pressure on economic resources such as what happened in Jordan and Palestine in the Second Gulf War in 1990 when Palestinians returned from the Gulf countries, which held the state responsible for their shelter and care.

Political instability and directing a large part of the state's expenditure for military and defence purposes are other factors (Alesina & Passalacqua, 2016:2599-2651). Other factors may lead to poverty, such as high population growth rates and lack of economic planning to absorb this increase in the labour market, because of reliance on primitive methods of production and lack of capital.

While in developed countries, there are other factors, such as economic stagnation, that result in negative economic effects that harm producers and consumers, the spread of the phenomenon of unemployment, and damage to low income groups (Alvaredo & Gasparini, 2015:697-805). Moreover, racial and ethnic discrimination play a role in some developed countries such as the United States of America. Poverty may also result from poor income distribution in some of these countries. International wars and conflicts also play a major role in the impoverishment of large segments of society (Fletschner & Kenney, 2014:187-208). Despite this, there are reasons to increase poverty, including disasters, poor education, health care, and cultural and civilisational dimensions, which lead to rapid population growth that is incompatible with economic growth and growth rates.

3.4 Causes of poverty in Palestine

There are a few interrelated factors behind the generation of poverty in Palestine. There is no doubt that the special political circumstances in Palestine have been and continue to be major causes of poverty. The policies of the Israeli occupation have produced a special kind of poverty that is not limited to physical poverty or skills poverty. Israel prevents any possible development in the future. In Palestine, it is known as the takeover development, which leads to a continuous process of impoverishment (Olmsted, 2015:186-197). The causes of poverty in Palestine is as follows.

3.4.1 Forced displacement

As a result of forced displacement, more than two-thirds of the Palestinian population since 1948 has been displaced. This has affected the economic, social and political situation of the

Palestinians (Safadi, Easton & Lubben, 2015:34-50). In the process of forced displacement, more than 800,000 Palestinians have been expelled and displaced from more than 500 villages and a city that has been ethnically cleansed and completely destroyed (Salama (2017:381-387).

As for the land occupied in 1967, it led to indirect displacement through restrictions on the population. Israel has created difficult security, economic and scientific conditions in the West Bank and the Gaza Strip. As a result, many citizens have come out in search of work or safety in the Arab and foreign countries. In 1948, the occupation confiscated 17,178,000 Dunams and confiscated another 700,000 Dunams between 1948 and 1967 (Brynen, 2018:29-46).

The loss of refugees is very high. Palestine before 1948 was an agricultural land and had some industries such as textiles, leather, and manufacturing. They had private land, private workshops, industries, housing, as well as public property and institutions, such as railways, municipal property, village councils, streets and land as well as seas. These losses are estimated at more than US\$50 billion (Grandi, 2016:16-18).

3.4.2 Continuing wars

The successive wars in Palestine have led to catastrophic consequences, such as depriving Palestinians of control over their natural and human resources, in addition to depriving them of their independence. Consequently, these wars caused mass displacement, poverty and deprivation of human rights (Erakat, 2014:581-621).

There was a war in 1967, when Israel put its hand on the entire Palestinian land. Israel has confiscated 52% of the West Bank and 40% of the Gaza Strip (Safadi, Easton & Lubben, 2015:34-50). In addition, restrictions have been placed on the use of the land. It has also taken full control of water resources. Moreover, Israel prevents the drilling of wells to water agricultural land. All this policy has led to the deterioration of the agricultural sector and the reduction of its productive capacity, and thus the farmers lost their sources of income and turn them into the unemployed (Grandi, 2016:16-18).

According to Erakat (2014:581-621), in the second intifada in 2000, Israel imposed a comprehensive closure on the Palestinian territories, resulting in many damages, including the cessation of trade exchange, complete paralysis of economic sectors and productivity, preventing the work of more than 120 thousand workers from the West Bank and Gaza. As a result, unemployment and poverty have increased (Mansour & Rees, 2012:190-199).

In Gaza, Israel launched three wars in 2008, 2012 and 2014. These wars have caused many damages, including the destruction of infrastructure, the destruction of houses and facilities, whether health, educational or media institutions, destruction of farms and streets, destruction of water and electricity networks. As a result, the decentralised system of statistics estimated

infrastructure losses at about US\$1 billion. In addition, 45% of the families were destroyed either completely or partially, with 4,100 homes destroyed and 17,000 partially demolished. All these wars that have been experienced by the Palestinian people have led to an increase in poverty among societies and their dependence on international aid. This has increased the burden on social welfare institutions (Eltalla & Hens, 2010:22-24).

3.4.3 Absence of the state

Depriving the Palestinians of creating their independent state has deprived the society of its right to development, besides building capable institutions to build social and economic policies. These institutions aim for overall development, including social protection. On the other hand, the absence of the state after 1948 and the imposition of a system of political and legal control by Israel led to the control of the lives of the Palestinians, which is aimed to destroy the Palestinian economy (Eltalla & Hens, 2010:22-24). Therefore, addressing poverty in Palestine requires addressing the roots of the problem because this economy has been distorted by Israeli policies. This is in addition to giving the Palestinian authority a role to control the crossings in order to promote internal trade and Foreign Affairs (Erakat, 2014:581-621).

3.4.4 Financial crisis and the absence of a comprehensive Palestinian development strategy.

The Palestinian Authority's financial crisis has led to very slow economic growth. The Authority has asked donor countries for US\$4 billion to support its budget with a deficit of 32% of the total budget value. It only got US\$1.2 billion due to the failure of donors to provide adequate support to the Authority and the irregularity of Arab aid (Fiddian-Qasmiyeh, 2018:33-36). Therefore, the economic deterioration with the financial crisis experienced by the Palestinian Authority led to high unemployment, delayed salaries of employees and increased poverty (Farsakh, 2016:55-71).

Israel continues to pursue its strict exercise aimed at sizing the activities of the Palestinian economy, in addition to keeping it under the Israeli economy, and its isolation from the outside world, whether Arab or international, through the control of international crossings and ports. It is also due to the siege and restrictions on the movement of goods and individuals in various Palestinian territories. The volume of trade with Israel in 2016 was about US\$6,290 million, which is about 73.4% of the external exchange of the Palestinian Authority (Fiddian-Qasmiyeh, 2018:33-36). Imports also constitute the bulk of trade (US\$5,363 million), while exports remain very limited (US\$926,499). As a result, the Palestinian economy has been severely damaged, and the balance of trade has become increasingly disrupted for the occupation (Mansour & Rees, 2012:190-199).

Table 3.3: Foreign trade statistics on goods in 2016

Source: Palestinian Central Bureau of Statistics (PCBS), Foreign Trade Statistics on Goods and

Year	The volume of trade exchange	Imports	Exports
2010	4,534,025	3,958,512	575,513
2011	5,119,308	4,373,647	745,661
2012	5,479,725	4,697,356	782,369
2013	6,064,515	5,163,897	900,618
2014	6,626,917	5,683,199	943,717
2015	6,183,278	5,225,467	957,811
2016	6,290,267	5,363,768	926,499

Services, 2016 - Basic Results (October 2017)

In addition to the above, one of the important factors (El Zein, 2017:7-26) that created a sense of economic exposure, job insecurity and lack of political and economic stability is the absence of a Palestinian development vision and strategy from all development partners (government sector, private sector and civil society). In addition, the Palestinian Authority's poor political and developmental performance, the weakness of public institutions, the absence of active government institutions providing services and social welfare, the absence of a social institutional system capable of supporting poor and needy families and widening corruption and mismanagement (Eltalla & Hens, 2010:22-24), are all contributing factors to poverty. It means a waste of available resources and deprives social groups of access to available resources on a fair and professional basis.

All active Palestinian institutions have been forced to transform their activities from development activities to relief activities in order to maintain and sustain the social strata most affected by Israeli actions. This policy has deepened the poverty situation, established an unproductive consumer environment and built a society seeking relief assistance. The World Bank says that the presence of barriers in the West and the siege of the Gaza Strip are the main obstacles to the implementation of development programs in the Palestinian homeland (El Zein, 2017:7-26).

3.4.5 Unemployment

Unemployment is one of the most important factors in increasing poverty among the Palestinian society as a result of the suffering of the Palestinian labour market from the problem of imbalance between supply and demand since the beginning of the Israeli occupation. Therefore, the volume of Palestinian labour is constantly increasing at a high rate that exceeds the capacity of the local market to pick up (Salama, 2017:381-387). In the 1970s and 1980s Palestinian workers were absorbed into the Israeli and Gulf markets. After the 1991 Gulf War, most Palestinians left the Gulf and Israel reduced the number of Palestinian workers inside

Israel. With the beginning of the Intifada in 2001, the Palestinian territories recorded unprecedented unemployment rates due to several reasons. Firstly, reduction in economic activity due to the occupation, siege, closure and construction of the apartheid wall. Secondly, restricting the movement of goods and personnel between the West Bank and the Gaza Strip, where approximately 125,000 Palestinian workers have been prevented from working in Israel and their work permits revoked (Erakat, 2014:581-621).

According to the International Labor Organization (ILO), there are around 232,000 unemployed in all Palestinian territories in 2012 (ILO, 2012:38). There are about 127,000 in the West Bank and 105,000 in Gaza. This table show the unemployment percentage in Palestine (Salama, 2017:381-387).

Table 3.4: The unemployment rate in Palestine 2006-2016

Year	West Bank	Gaza	Palestine
2006	18.8	34.8	23.7
2007	17.9	29.7	21.7
2008	17.9	40.6	26.6
2009	18.1	39.3	24.8
2010	17.2	37.8	23.7
2011	17.3	28.7	20.9
2012	17.1	28.4	20.9
2013	22.4	35.7	27
2014	20.8	46.2	29.8
2015	17.3	41	25.9
2016	18.8	41.1	27

Source: Palestinian Central Bureau of Statistics (PCBS), Labour Force Survey, 2006-2016

The above table shows that the rate of unemployment in Gaza is much higher than in the West Bank due to the restrictions imposed on the entry of Gaza workers into Israel, while workers in the West Bank are allowed to do so. Moreover, the relative increase in the volume of resources and the increase in the volume of investments in the West Bank by the private sector due to the low risk compared with Gaza. In addition to the large area of the West Bank, this contributes to the creation of employment opportunities, especially in the agricultural sector.

3.5 Programs to combat poverty in the Palestinian territories

Considering this rise in poverty rates and high rates of households that live below the poverty line, there are governmental and non-governmental institutions and some international institutions providing assistance to poor families. The Palestinian Authority has adopted a development plan to end humanitarian aid and promote development assistance by supporting and promoting economic empowerment programs targeting poor and needy people for self-reliance and reducing the costs of social protection networks (Grandi, 2016:16-18). The Palestinian Authority aims to combat poverty in two approaches.

The first is aimed at reducing poverty and providing social assistance to poor families. The first provider of social assistance in Palestine is the Ministry of Social Affairs. The Ministry of Social Affairs gives poor families assistance of US\$70 to US\$200 for three months depending on the size of the family (Abu-Ras & Mohamed (2018:354-370). This assistance is funded by the European Union, the World Bank and the Palestinian Authority. This program benefits about 94,000 families, where 46,000 families are from the Gaza Strip and 48,000 families are from the West Bank (Hussain et al., 2014, 558). Food aid is also provided with the World Food Program as well as health insurance services for 75,000 poor families in cooperation with the Palestinian Ministry of Health (Abu-Ras & Mohamed, 2018:354-370).

The second approach of the Palestinian Authority is to develop preventive and developmental programs in order to escape poverty and self-reliance. Self-reliance is given through grants and loans for the establishment of income-generating economic projects, the vocational training program and emergency employment, and the employment fund targeting the less fortunate graduates to reach the labour market (Salama, 2017:381-387).

Despite the importance of these job creation programs, it remains a relief program and does not solve the problem of unemployment in the medium or long term (Miaari, Zussman & Zussman, 2014:24-44). Therefore, it cannot be considered a development strategy to address the problem of poverty because the period of employment does not contribute to solving unemployment and poverty. This includes developing the skills of the beneficiaries or helping them to get real work later on. This requires reconsidering how these programs are developed and transformed into real jobs by linking them to vocational training programs (Salama, 2017:171-180).

There are also institutions and non-governmental organisations that provide financial and in-kind assistance to poor families, such as zakat committees, charities and others. Institutions rely heavily on external financing. Usually, programs are associated with specific seasons or events. These programs lack sustainability or an organised schedule (El Zein, 2017:7-26).

Table 3.5: Poverty among individuals after and before receiving aid in the Palestinian territories

Area	Poverty			Extreme poverty		
	Before aid	After aid	Poverty reduction rate	Before aid	After aid	Poverty reduction rate
West Bank	20.2	17.8	11.9	9.7	7.8	19.6
Gaza Strip	49.9	38.8	22.2	31.9	21.1	33.9
Palestinian territories	31.5	25.8	18.1	18.2	12.9	29.1

Source: Palestinian Central Statistics, living standards in the Palestinian territories, spending, consumption, poverty (2011:35)

The above table shows that aid in Gaza has a role in reducing poverty and extreme poverty. This role in Gaza is greater than in the West Bank. According to the Palestinian Central Bureau of Statistics (2012), this aid has an impact on poverty rates, where the proportion of poverty without aid according to real consumption reaches 31.5%. While aid has reduced the ratio to 25.8%, this means that the poverty rate has been reduced by the amount of 18.1%. While in extreme poverty, aid has helped to reduce extreme poverty from 18.1% before aid, to 12.9% after aid. This means that aid has contributed to reducing extreme poverty among individuals by 29.1%.

The Ministry of Social Affairs aspires to develop the first plan towards the development of targeting mechanism and identify the poor, and then determine the type and quantity of the necessary needs, then turn the families that have the ability to manage projects to grant programs and lending qualify them to rely on themselves in the production of income (Salama, 2017:171-180). The strategic plan (medium-term) 2010-2015 for UNRWA is aimed at modernising the system of assistance to the poor to achieve higher efficiency in targeting, integrating relief and development in its programs through health and education provision, increasing lending services and savings opportunities for the poor, as well as improving employment opportunities (El Zein, 2017:7-26).

3.6 Experiences of Asian tigers in combating poverty

The term "Asian tigers" emerged 30 years ago to indicate to the great economic growth of Singapore, Taiwan, Hong, Kong and South Korea. From the poor and marginalised nations, these countries have achieved remarkable industrial and economic leaps since the 1960s to record growth rates of 10% per year (Momoh, 2016:39-62). In the early 1960s, the global economy had just begun to recover from the effects of World War II and the Korean War (1950-1953). The situation of temporary peace in that period contributed to the opening up of significant progress in the area of air travel and communications, and thus the gradual opening

of borders around the world, which the four Tigers tried to use as much as possible (Arora & Ratnasiri, 2015:42-65).

The four countries established ports and airports, ensured that their populations had access to high levels of education through the implementation of compulsory education for their young people, as well as investment in infrastructure destroyed by British colonialism in Hong Kong and Singapore, Chinese colonisation in Taiwan and American colonisation in South Korea. The governments of the four countries tried to exploit all possible investment opportunities in the manufacturing sector, build major industrial parks, and provide tax incentives to foreign investors to secure the future of the workforce. Later these countries began exporting almost everything, including textiles, toys, plastic products, and personal technology.

There are many internal and external factors that have led to the success of the Asian tigers. According to Ekundayo (2015:70-83), the internal factors that led to the success of the Asian tigers are increased employment and high population growth rates. Asian Tigers have adopted a specific development strategy, such as relying on a particular group of export industries that import raw materials from abroad and manufacture them at home. For instance, they forced the countries of the developed world to bring their big companies and invest in them to manufacture cheaper products (Mathebula, 2016:46). Moreover, internal factors for the success of these countries are the introduction of strict fiscal and monetary policies to avoid falling into inflation, in order to maintain a real wage rate. The absence of minimum wage laws, in addition to the lack of strict observance of working hours, made the cost of labour-intensive manufacturing products very low. It was also attractive to many foreign companies to come and invest, in addition to removing the obstacles that prevent the attraction of foreign investment and achieve an advanced position in the concept of economic freedom (Obaid, 2012:7).

The external factors that contributed to the success of the experiments of the Tigers are the military bases of some European countries, most notably Britain and its cooperation with the United States (Ekundayo, 2015:70-83). These military bases have contributed to the alleviation of the burden of military spending and defence costs and directing spending to investment channels in the field of progress of the local economy and the elimination of unemployment, poverty and other pests of society (Banik & Hansen, 2016:47-68).

Moreover, the external factors that account for those countries are the international monetary system, which operated until the early 1970s, when the system achieved global stability in the exchange rates of the currencies of the various countries of the world and thus enabled it to engage in long-term export and import transactions (Mathebula, 2016:46). This system also provided liquidity resources when needed at reasonable interest rates. In addition, the Tigers benefited greatly from tariff reductions. Without the export potential of the industrial capitalist

countries provided by these cuts, it would not have been possible for the Asian Tigers to experience this success (Banik & Hansen, 2016:47-68).

During the period 1965-1980, Korea achieved an average annual rate of 9.6%, 9.4% from 1980-1990 and 7.2% from 1990-1995. In Singapore, these rates were 10.1%, 6.4% and 8.7%, respectively, for the same periods. In Hong Kong, the rates were 8.6%, 6.9%, and 5.6%, respectively, for the same periods (Arora & Ratnasiri, 2015:42-65). These rates are the highest rates of economic growth in the world during the period 1980-1990, and naturally, after that to improve the standard of living in these countries and the trend of per capita income to increase and at steady rates. There is no doubt that there is always a chance for new Tigers in the world, following a specific economic model that will achieve real renaissance. Perhaps one of the most important things to focus on by any country that seeks to repeat the experience of the Tigers is to pay attention to the human element and invest in it as much as possible, also directing spending to investment projects instead of military spending, which drains a lot of money from the public budget (Jia & Chao, 2016:156-170).

3.7 Conclusion

The phenomenon of poverty in the Palestinian territories is increasing significantly due to the continuation of the Israeli occupation of them, the dependence of the Palestinian economy on the Israeli economy, killings and detention procedures, land clearing, settlement building, uprooting and burning trees, building an apartheid wall (modern disaster) and destruction of infrastructure. These factors hinder the process of development in the Palestinian territories. As a result of this increase in poverty and unemployment, the responsibility of the Palestinian Authority and governmental and non-governmental institutions to combat poverty has increased.

CHAPTER FOUR

MODELS ON SMALL BUSINESS DEVELOPMENT

4.1 Introduction

The chapter discusses models on small business development, reviews preceding theories and constructs a conceptual model (theoretical framework), introduces the hypothesis and the hypothetical theories of small businesses in the Gaza Strip.

Small businesses are of great importance in all countries of the world, especially the developing countries, taking into account the large differences between the small business in the developed countries compared to the small business in the under developed countries in terms of the size of the capital, productivity and employment used (Lee, Sameen & Cowling, 2015:370-380). In the United States, Japan and the European Union, the capital ceiling for micro businesses exceeds US\$20 million, while all small businesses in under developing countries are between US\$20,000 and US\$100,000 each; this is due to nature of overall economic and industrial development especially in these countries (Semrau, Ambos & Kraus, 2016:1928-1932).

The development and economic prosperity of the developed countries, which are reaping the fruits of the peoples of these countries, could not have been achieved without the active and significant contribution of small business. These businesses are working to create millions of job opportunities, increase existing production capacity, create new production capacity, raise labour productivity, raise the standard of living of their owners and employees, and increase the export capacity of the economy as a whole (Egels-Zandén, 2017:92-129). This is reflected in GDP growth rates, the balance of payments and the developmental and geographical balance within the country. There are a lot of large companies with large capital that started as a small business and then succeeded and expanded and became large companies. Small enterprises have a positive and important role in developing countries (Lee et al., 2015:370-380) in terms of providing employment for all social groups, especially entrepreneurs. Therefore, some countries are moving towards the development of small enterprises through the preparation of an integrated strategy to fight poverty and unemployment and increase productivity, where small enterprises are a vital area of entrepreneurship, exploitation of local resources and redistribution of income (Jamali, Lund-Thomsen & Jeppesen, 2017:11-22).

4.2 Definition of small business

The concept of small business has become a common concept in the economy of countries and is governed by many variables that vary according to a place, a time, the economic system and human factors produced in the institution (Berisha & Pula, 2015:17-28). When small

businesses are often referred to, small industries often come to mind, although the word of "small business" can be applied to several areas in other industry, such as trade, agriculture and services (Egels-Zandén, 2017:92-129). This is despite the spread of these projects and the role played in the economy and the large number of studies and research on this subject but has not been reached so far to a clear and specific concept in all countries, because of the different economic situations from one country to another. Therefore, the different criteria rely on them in each country in order to define the small business (Berisha & Pula, 2015:17-28). For example, on the number of workers, there are some projects that are small in some countries and large according to this standard. For example, in Japan, the number of workers in the project should not be less than 500 workers, while this is considered one of the largest projects in Palestine (Alfoqahaa, 2018:18-35).

Moreover, in some countries, as in Korea, the invested capital should not be less than US\$200,000 for the small business (Berisha & Pula, 2015:17-28). In other countries, the invested capital may not exceed US\$15,000, as in Jordan and Palestine (Alfoqahaa, 2018:18-35). There are other criteria, such as production volume, technology used, volume of sales, and the quality of energy, that may be used in the definition and therefore, vary from country to other (Berisha & Pula, 2015:17-28). However, there are some attempts to define the small project at the international level. For example, the United State Economic Development Committee (USSEO) has defined the small project as a project that relies on a set of criteria, such as management independence, marketing of project products locally and the number of partners is either one or a limited number of partners (Akugri, Bagah & Wulifan, 2015:262-274). The Small Business Management (SBM) has also been defined (Hatten, 2015) as "the enterprises that own and operate independently, that is, they are independent and characterized by uniqueness and excellence."

At the European, scientists such as Ceptureanu have known the small business (2015:28-32) as a project that the turnover rate does not exceed 2.8 million francs. Also, the totals of balance sheet do not exceed 1.4 million francs. Moreover, the numbers of workers do not go over 50 workers. The British company law, which was issued in 1985, said for small or medium projects they must meet at least two of the following conditions, which are that annual trading volume must not exceed US\$14 million, the size of the capital must not be more than US\$65.6 million, or the number of workers must not exceed 250 workers (Berisha & Pula, 2015:17-28).

In addition, The World Bank (Anastasia, 2015:325-378) defines small businesses using the labour standard, which is an initial criterion. The World Bank considers a facility to be small if it employs less than 50 workers. Table 4.1 shows that there are many countries in the world using this standard to define small business. In the USA, Italy and France consider the facility is small if it employs up to 500 workers, in Sweden up to 200 workers, in Canada and Australia up to 99 workers, while in Denmark facilities are small that employ up to 50 workers. The

United Nations Industrial Development Organization (UNIDO) (2000) defines small projects as those managed by a single owner who assumes full responsibility (Alfoqahaa, 2018:18-35). The number of employees ranges from 10 to 50 workers. The World Bank describes projects with fewer than 10 workers as microenterprises, while between 10 and 50 workers are small projects. Projects with between 50 and 100 workers are classified as medium enterprises. For SouthEast Asian countries, such as Indonesia, Malaysia, the Philippines, Singapore and Thailand, the definition of the small project was different according to the standard used in the definition. The number of workers in Indonesia should be less than 19, Malaysia less than 25, the Philippines less than 99 workers, Singapore less than 50 workers and Thailand less than 5 workers (Abu-Eideh, 2014: 45-62).

Table 4.1: Different definitions of the number of workers in small businesses

State	Minimums of worker number	Maximums of worker number
USA	250	1000
Italy and France	1	500
Japan	20	300
Sweden	1	200
Canada and Australia	1	99
Egypt	9	50
Ghana	1	9
North Sudan	9	20
Iraq	1	9

Source: Own construction

In reference to the social sciences, such as management science and economics, there is also a difference in the definition. It is the perspective of management science that knows a small project as an activity that has a specific goal and time of specific resources (Anastasia, 2015:325-378). From the point of view of economics, it is defined as the business characterised by low capital investment and by low level of technology use (Lepoutre & Heene, 2006:257-273). The owner aims to produce certain items to be provided to the members of the community to make profits for him. There are those who know small business from economists as those projects that employ less than 50 workers, while projects that employ less than 10 workers are very small projects, and projects that employ less than six workers or work in the house, known as shops and huts (Akugri, Bagah & Wulifan, 2015:262-274). For Arab countries, it divides small and medium industries by capital and number of workers. Small

industries employ less than five workers and invest less than US\$5,000. The medium industries employ between 5-15 workers and invest between US\$5 and US\$15,000 (Alfoqahaa, 2018:18-35).

Definition of small business in Palestine

There is no Palestinian national concept to define the small project (Ramadan & Ahmad, 2018:1-6). Most countries in the world have difficulty defining a common definition of small and medium enterprises. Therefore, size is a relative measure that varies according to the country and the economic activity to which they belong (Anastasia, 2015:325-378). This aims to guide countries' policies and programs for the development of small projects. The mechanism of dealing with economic projects in the Palestinian Territory varies according to the nature of the activity and the party responsible; it differs from one institution to another (Ramadan & Ahmad, 2018:1-6). According to the General Directorate of Companies and Licenses in the Ministry of Palestine Economy, projects are classified according to the nature of their work, while the Ministry of Finance classifies projects according to the tax brackets of taxpayers. The Investment Promotion Act (1998) gives privileges by capital and labour categories, and municipalities charge fees under different criteria (Alfoqahaa, 2018:18-35).

Thereby, there are official bodies who consider the projects that occupy between 5-19 workers as small projects. While the projects that employing 20-50 workers are medium enterprises (Alfoqahaa, 2018:18-35). In addition, there is the law on value added tax, which was set by the Israeli authorities and is still in force so far, where the law distinguishes between the three types and sizes of productive projects. It is namely as large-scale productive projects, with an annual financial turnover of more than US\$385,700, and employ more than 18 workers that are considered. Medium productive projects are those with annual financial turnover between US\$215,000 – US\$385,000) and there are 8-17 workers. Lastly, small productive projects, are those with a financial turnover of up to US\$215,000 and employs up to six people (Smirata & Shariff, 2016:212-219). However, most economists and businesspersons talk about the standard number of workers and capital to identify the small project, while others believe that the small project is not more than US\$70,000 and is considered a project that employs less than 10 workers is a small project (Salama, 2017:381-387). As for the Federation of Chambers of Commerce and Industry (Abu-Eideh, 2014: 45-62), each project with fewer than 10 workers is considered a small project. As it shown above, the Palestinian organisations' efforts to deal with economic projects are scattered according to the nature of each institution, so it is difficult to define small projects without the presence of an official body concerned with the follow-up of all issues related to small projects (Abu-Ras & Mohamed (2018:354-370).

Small economic business in Palestine (Abu-Eideh, 2014:45-62) are distributed among industrial projects, such as small consumer industries, professions and industrial crafts. It is also commercial enterprises, such as wholesale and retail trade, agents and brokers, and

service areas, such as various service-offices, travel agencies, insurance and other hotel services, personal services and transport. In addition, it includes small women's businesses, which had an impact on the economic and social development of women and on the development of the local economy, the agricultural land that is owned by the local population, which had an impact on the economy in a different manner. Moreover, it also includes the fishing profession, which was severely affected by the Israeli practices of arbitration, and lastly, small projects funded by non-governmental organisations in the West Bank and the Gaza Strip, which need further development under the Palestinian development plan (Abu-Ras & Mohamed (2018:354-370).

4.3 Criteria used in the classification of small businesses

The term "small business" carries many aspects, including Type of small project, minimum and maximum number of workers, minimum and maximum capital invested, small businesses energy, technological level used in the small project, quality of small project products and form of management and organisation in these businesses (Anastasia, 2015:325-378). All these criteria contribute to the definition of the concept of small enterprises and can be used to define them, such as the number of workers, the capital standard, the production criterion, the sales volume standard and other criteria that take into account the degree of specialisation in management and the level of technological progress. Although there is no uniform international definition for small business, there is agreement on the criteria on which projects can be defined (Jamali, Lund-Thomsen & Jeppesen, 2017:11-22).

The criteria on which small businesses are classified can be divided into two types, quantitative and qualitative. Quantitative criteria are represented by capital volume in plant and machinery, number of employees, production volume, business cycle rate, technology used and sales value (Johannisson, 2017:368-386). However, the standard of the number of employees in the organisation is the most widespread because of its ease of dealing and its stability for a period. It is also the criterion of capital invested (Smirata & Shariff, 2016:212-219). Thus, there is a disparity in the definition of small enterprises from one country to another as a result of the economic progress of the state, the standard of living of its people and the level of industrial technology used in these countries (Berisha & Pula, 2015:17-28).

The qualitative criteria depend on the specific characteristics that distinguish small enterprises from medium and large projects (Berisha & Pula, 2015:17-28). The qualitative criteria include several types of criteria. Firstly, there is the mono criteria, such as labour criterion, capital, sales volume or value of production and the level of technology used (Johannisson, 2017:368-386). Secondly, there is the bilateral criteria, such as a labour with capital or capital with technology, and so forth. Finally, there is the composite criteria, such as labour with capital

with sales volume together (Lepoutre & Heene, 2006:257-273). Quantitative standards are more widely used than qualitative standards. Most definitions of large, medium and small businesses tend to focus on capital and labour size (Anastasia, 2015:325-378). In the Arab countries, more than one standard is used to define small, medium and large enterprises. For example, Jordan, Iraq and Yemen use the labour criterion while the Gulf States use capital to distinguish between projects (Abu-Ras & Mohamed (2018:354-370).

4.4 The role of small business in the development process and supporting the economy

It is common knowledge that small projects play a large role in economic development in general and in industrial development particularly. It represents the backbone for the private sector, which constitutes over 90% of the total projects in the world (Hamad, Gercama & Jones, 2017:52-60). Small business in the manufacturing sector contribute between 40% and 80% in the private sector (Katua, 2014:461-472). The small projects are characterised by their ability to spread geographically in the industrial and rural areas, cities and new urban communities, which achieve regional development, as well as help to increase national income in a relatively short period because the establishment of small projects requires less time than large projects (Komal & Abbas, 2015:211-220). A small project plays an active role in supporting the development process in any country by creating new job opportunities (Eid & Bhdi, 2012:23-34). These projects employ a large number of unemployed workers and turn them into productive labour through the training opportunities and innovations, which contributes to reducing unemployment (Memili, Fang, Chrisman & De Massis, 2015:771-785). These projects are characterised by their ability to absorb a large part of unemployment in society because they do not require high educational skills like other projects (Salama, 2017:381-387).

Small projects are one of the best ways to reduce the problem of unemployment by providing job opportunities, at a cost less than the cost of providing them in large projects and government institutions. Unemployment rates in Arab countries (Al-Habees & Rumman, 2012:673-680) range between 8% and 30%, while the unemployment rate in other countries, such as Japan which depends on small projects (7.4%), employ about 70% of the total labour force (Akugri, Bagah & Wulifan, 2015:262-274). In the United States, it is 84% of the workforce, while American small businesses provide 2.11 million jobs during 1995-2000 (Anastasia, 2015:325-378). In Palestine, small projects employ 90% of the labour force in Palestine (Abdul-Khaliq, Soufan & Shihab, 2014:56-59).

In export subsidies, small projects produce many commodities for the community, some of which can be exported, and some of the goods that large projects may need. This contributes to the provision of hard currency through the exploitation of local resources and savings from the depletion of hard currency in the importation of raw materials or the recruitment of foreign

labour (Hussain, Bhuiyan & Bakar, 2014, 558). This leads to increased exploitation of local resources (Assaf, 2001:17-28). Also, this leads to a surplus that contributes to the expansion of the investment base, thus raising the economic standard of living (Jamali, Lund-Thomsen & Jeppesen, 2017:11-22). Moreover, small projects work to achieve economic development in society, such as industry, trade, services and contracting (Alfoqahaa, 2018:18-35). It also works on geographical dispersion, increasing the volume of investments in these regions and removing regional disparities that are due to the concentration of economic activities in a particular region. Therefore, the prevalence of small projects is beneficial to national economies (Lee, Sameen & Cowling, 2015:370-380). In addition, small projects are one of the tools of economic and social development and one of the most important elements of the strategy in the economic development of most of the industrialised countries and developing countries alike (Hamad, Gercama & Jones, 2017:52-60). When looking at Asian countries or Asian Tigers, we note that small or emerging projects in these countries have gained great importance and have become a cornerstone for achieving development goals (Kshetri, 2014:330-356).

4.5 Characteristics of small businesses

Small businesses have an important role to play in building the economy of any country because of its role in absorbing human resources and developing the expertise of the employees, and therefore it includes a set of advantages of other projects. This encourages investors to invest their money in those projects and move away from large or medium enterprises. These characteristics can be summarised as follows:

- The project owner is often its manager, where he manages the administrative and technical processes. This is a characteristic of these projects because they are often family oriented. Therefore, the success of the project depends largely on the administrative, operational and technical capabilities possessed by the project owner - the manager - which depends on the level of education, experience, and training (Hoppe, 2016:13-29). It should be noted that these businesses are characterised by ease of management, especially if the minimum management experience is available to the business's owner (Egels-Zandén, 2017:92-129).
- The required capital is low for the establishment of these projects in light of the low volume of savings among small investors who own these projects. The greater the cost of the project to the entrepreneur, the greater the barriers to financing (Blackburn, Hart & Wainwright, 2013:8-27). Therefore, characterised by a short period of recovery of capital invested, these projects have a high turnover of goods and sales, which can overcome the length of the return period of capital invested and thus reduce the risk of individual investment in them. The characteristics of the

projects include negative and positive characteristics, but the negative aspects of these projects are not directly attributable to them, but to the constraints they face (Al-Habees & Rumman, 2012:673-680).

- Great dependence on local productive resources and domestic markets where the great dependence on local productive resources reduces the need for imports, which is reflected on the trade balance (Akugri et al., 2015:262-274). This is also reflected in the profitability of the project itself through its impact on the cost of production per unit. Dependence on domestic financial, natural and productive resources reduces the effects that may result from fluctuations in exchange rates and political volatility (Salama, 2017:381-387).
- Helps to raise levels of savings and investment as a good source of private savings and capital accumulation (Alfoqahaa, 2018:18-35).
- Small enterprises have the flexibility and ability to deploy geographically (Kshetri, 2014:330-356). This reduces rural-urban migration, given its ability to adapt to various conditions, leading to a balance in the development process. This proliferation also serves limited markets that do not entice large enterprises to settle near or deal with it (Smirata & Shariff, 2016:212-219).
- These projects are self-training centres for their owners and employees. It also provides the project owners with technical, marketing and financial responsibilities, which will lead them to acquire more information, knowledge and to build the integrated expertise (Smirata & Shariff, 2016:212-219). This acquiring of skills will enable them to lead future investments in excess of the size of their current project (Wit & Kok, 2014:283-295).
- Small projects are characterised by a low level of wages and lack of impact on institutional factors that lead to higher wages in large enterprises. It is important to note the impact of job satisfaction and the worker's relationship with the entrepreneur at the wage level (Bishop, 2015:69-80).
- These projects produce less than the maximum capacity sometimes because of the small size of the market available to them (Kshetri, 2014:330-356).

The characteristics of small projects including negative and positive aspects, but the negative aspects in small projects are not directly related to them as they are related to the constraints they face.

Characteristics of small businesses in Palestine

The characteristics of small businesses in Palestine do not differ from other countries, but they have a specificity that distinguishes them from others because of the existence of the occupation and its destruction of the development process and thus the destruction of the Palestinian economy. There are many areas of small businesses in which these projects are

active with handicrafts such as carpentry, blacksmithing, sewing, upholstery, chemical industry, services and tourism sector (Sultan & Tsoukatos, 2019:39-58). A characteristic of small business in Palestine generally and Gaza especially is that most small businesses have a low capital compared to large projects. Moreover, most projects do not need accounting records and therefore there is no separation between the owner and project accounts (Safadi, Easton & Lubben, 2015:34-50).

The small businesses aim to secure an income source and a business opportunity for the project owner (Hussain, Bhuiyan & Bakar, 2014:58). The sector of small enterprises is called the informal sector. Its main characteristics are less than 30% of the informal sector enterprises employing paid workers, so workers in this sector represent a small percentage of total employment (Bayyoud & Sayyad, 2016:49-60). Also, most of the owners of these projects are poor (Abdul-Khaliq et al., 2014:56-59), where the difficult conditions imposed on them to drop out of school at the preparatory and primary levels. In addition, a large proportion of them did not enter schools at all (Alfoqahaa, 2018:18-35). There are also characteristics that distinguish small enterprises in Palestine as lacking the modern infrastructure (Sultan & Tsoukatos, 2019:39-58), in addition to the large part of the workers in the informal sector lack suitable places of work for their project, and most of them work as street vendors (Farsakh, 2016:55-71). Furthermore, the lack of funding and the lack of expansionary plans are very weak due to the conditions of these poor segments, which are forced to provide the minimum living conditions for them and their families (Alfoqahaa, 2018:18-35).

4.6 Size of small business and their role in the national economy

The small project is the real nucleus of any economic and social progress. There is nothing that is born big. Every project starts small and then succeeds and grows. If we look at the success stories of large global companies, we find that they started with the idea of one individual and then developed this idea and succeeded and reached over the years as specific as it is now (Berger & Black, 2011:724-735). In addition, most of the economies of countries depend on small enterprises, a minimum of 80%, and small enterprises have a great importance in combating unemployment, increasing the income of individuals and achieving growth and economic development in any country (Chrisman, Chua, Pearson & Barnett, 2012:267-293). In this sense, it was necessary to preserve the vitality of this important sector. In Palestine, there are several sectors for small businesses such as industry sector, agriculture sector and services sector. The role of these businesses in these different economic sectors can be summarised below.

4.6.1 Industry sector

The industrial sector has not played a prominent role in the economic development process either during the period of the Israeli occupation of the Palestinian territories until the present time, until the Palestinian Authority took power in the Gaza Strip and the West Bank (Akugri et al., 2015:262-274). The main reason for this weak role and low performance is the Israeli policies that led to distorting the structure of the industrial sector. These Israeli policies have led to the small size of industrial establishments, high production costs and weak competitiveness of many Palestinian industries, both locally and globally (Salama, 2017:381-387).

According to the United Nations Statistics Service, the industrial sector is classified into groups (Ekundayo, 2015:70-83). This classification is carried out by the Palestinian Central Bureau of Statistics. Accordingly, industry in Palestine is divided into mining and quarrying, manufacturing, electricity and gas supply, and finally water supply, sewage, waste management and treatment. The mining industry and quarries are the main industries in the extractive sector in Palestine and play an important role in meeting domestic demand for the construction sector on the one hand and traditional exports on the other hand. According to the Union of Stone and Marble Industries (USM), there are 1,650 establishments in this sector, including shearing factories, quarries, and crushers and manufacturing workshops (Abdul-Khaliq et al., 2014:56-59).

In addition, 658 of these facilities are located in Hebron and Bethlehem and are the main exporters of stone and marble in Palestine. The Gaza Strip has no stone industries. The stone and marble sector are one of the largest sectors employing Palestinian labour. It employs approximately 8,500 workers and contributes to the size of the Palestinian labour market up to 13.4% (Sultan & Tsoukatos, 2019:39-58). Palestinian exports of stone and marble are on the rise during the years 2011-2014, increasing from US\$142 million in 2011 to US\$195 million in 2014 (Palestinian Central Bureau of Statistics, 2017:105-109). Moreover, 80% of the sector's exports go to the Israeli market (US\$145.7 million), where a large proportion is re-exported to international markets. The remaining exports go directly to international markets, such as Jordan, Qatar, Kuwait, Europe, United Arab Emirates, and Saudi Arabia, constituting 20% of the total exports of Palestinian stone and marble (Abdul-Khaliq et al., 2014:56-59).

Manufacturing industries are based on the introduction of transformations by mechanical, chemical and natural means on various materials, whether plant or animal to change their nature and make them usable (Ekundayo, 2015:70-83). The industry includes the process of manufacturing raw materials and assembly of manufactured parts. Examples of manufacturing industries in Palestine are food industry, garment industry and leather and footwear (Smirata & Shariff, 2016:212-219).

The food industry and agricultural products industry is one of the oldest industries in Palestine. There are many types of food products, such as desserts of all kinds, dairy products, processed meats, beverages, pasta, grain products, canned foods, oils and traditional products, such as tahini, chickpeas, halva, thyme, farika, as well as animal feed (Sami, 2014:164-174). Palestinian exports of agricultural food products increased during the years 2011-2015 (Abu-Ras & Mohamed (2018:354-370), rising from US\$117 million in 2011 to US\$200 million in 2015. There are more than 1,500 companies operating in this sector, many of whom have obtained the necessary certification such as ISO and HACCP. The vast majority of exports in food industries go to Israel (about 63%), and about 37% of products are sold in international markets in Jordan (Sami, 2014:164-174), the Gulf, the United States and the Netherlands. The garment industry is considered one of the most important sectors in terms of production, investment, employment and exports.

The workers in this sector have high experience in producing high quality products for international brands as well as local products of high quality and competitive prices (Bayyoud & Sayyad, 2016:49-60). This sector constitutes 6% of the total industrial sector in Palestine, with 1,942 factories and 12,000 workers (Alfoqahaa, 2018:18-35). The market share of this sector continues to grow at an annual growth rate of 2.3% (Sami, 2014:164-174). Clothing and embroideries are the main products of this industry, which include knitting, cotton fabrics, terry cloth, bed linen and many household textiles. Regarding the leather industry, it mainly deals in leather tanning (10.6%) of its production capacity, and in manufacturing footwear (89.4%) of its production capacity (Ahmad & Ramadan, 2018:610-629). Shoe manufacturing activities are concentrated in the city of Hebron but are also present in Bethlehem and Nablus. There are currently about 200 facilities and 12 tanneries in the sector, employing about 3,000 workers (Bayyoud & Sayyad, 2016:49-60). Although the capacity of this production sector reaches 13 million pairs of shoes, less than 20% are used domestically, and the excess quantities are exported directly to the United Arab Emirates, Saudi Arabia, Qatar, Jordan, Turkey, Germany and Belgium, and indirectly (via Israel) to Canada and the European Union (Ahmad & Ramadan, 2018:610-629).

4.6.2 Agriculture sector

There is a mutual effect between the agricultural sector and the economic sector, each dependent on the other in the movement of a mutual activity, for example, the agricultural trade will lead to the activation of all agricultural activities, and it will stimulate and grow the movement of the economy (Abu-Eideh, 2014:45-62). The agricultural sector is an important economic engine in Palestine, providing employment for 11.5% of the total labour force in the sector for 2010. The total value of agricultural production in the Palestinian territory for the year 2011 according to the Palestinian Central Bureau of Statistics (PCBS) is about US\$1,295

million divided into 70% for the West Bank and 30% for the Gaza Strip (Sheikh Eid & Bhdi, 2012:23-43).

The agricultural sector accounts for about 6.3% of total exports, with agricultural exports amounting to US\$56.7 million at the end of 2013 (Abdul-Khaliq et al., 2014:56-59). Agriculture also contributes directly to increasing the income and food security of the Palestinian family and improving and preserving the environment. Agricultural sector provides part of other economic sectors with industry requirements and inputs. At the same time, agricultural production is consumption and use of output and services from other sectors (El Zein, 2017:7-26). Agricultural production is divided into plant production and animal production. Table 4.2 shows agricultural production in Palestine.

Table 4.2: Showing the agricultural areas in the Palestinian territory for 2007/2008

Products	Area / dunam
Fruit trees	1,172,387
Vegetables	185,770
Field Crops	495,388
Flowers	408

Source: Own construction

The area of agricultural land is about 1.834 million dunums, of which 1.650 million dunums in the West Bank, and 165,000 dunums in Gaza (Elnamrouy, 2017:6-12). These agricultural areas are cultivated with all kinds of vegetables and field crops as well as orchards of fruit trees (Kittaneh, 2018:1-15). The numbers of livestock vary from one year to another and from one season to another. The following statistical table shows the agricultural areas and livestock numbers for the season (2007/08) according to the statistical tables of the Palestinian Statistics Authority (Elnamrouy, 2017:6-12).

Table 4.3: Showing the animal productions in the Palestinian territory for 2010 and 2004

Products	Numbers in 2010	Numbers in 2004
Cattle	33,925	33,746
Sheep	567,236	733,436
Goats	219,364	309,083
Chicken broilers	31.5 million	40.641 million
Chicken layers	1.8 million	2.5 million
Hives	66,733	64,685

Source: Own construction

Animal production contributes effectively to the GDP through its activities in cattle, sheep, goats and poultry. Many households raise animals inside the houses to cover their needs and sell surplus production. They are directed to the use of modern means, especially in the field of poultry and cattle breeding (El Zein, 2017:7-26).

According to the previous table, in 2010, the total number of cows in the Palestinian territory was 33,925, which was in 2,890 farms (Karim et al., 2010:40-51). There was no significant change in the number of cows compared with the survey in 2004/2005, where the number of cattle was 33,746 heads. The distribution of farms varies between governorates where cattle farms in the West Bank are concentrated at 73% and 27% in the Gaza Strip (Palestinian Central Bureau of Statistics, 2017:105-109).

With regard to sheep, the total number in the Palestinian territory was 567,236 heads, which were within 21,096 farms (Palestinian Central Bureau of Statistics, 2017: 105-109). Comparing sheep numbers in 2010 with survey data in 2004, these decreased by 29.3%. The reasons for the high prices of agricultural inputs and the prevention of Israeli occupation of animal grazing are due to the construction of the separation wall and harassment of settlers (Sami, 2014:164-174). Concerning goats, the total number in the Palestinian territory were 219,364 heads, which were within 10,903 farms. Comparing goat numbers in 2009/2010 with survey data in 2004, sheep numbers decreased by 40.9% (El Zein, 2017:7-26).

The goat farms in the West Bank governorates are concentrated at 87.8% while in Gaza, 12.2%. The reason for this is that the goat is distinguished from the rest of the farm animals as preferring to feed on the leaves of the soft plants or the trees, thus attacking the cultivated areas and destroying them (El Zein, 2017:7-26). Chicken broilers are those that are bred to produce white meat in a period not exceeding 50 days. The total number of holdings of chicken broilers is 3,054 in the Palestinian territory. Comparing chicken broiler numbers in 2010 with survey data in 2004, and these decreased by 29.3% (Alfoqahaa, 2018:18-35). Chicken layers are those that are raised to produce table eggs and are usually raised for no more than 30 months (Palestinian Central Bureau of Statistics, 2017: 105-109).

4.6.3 Services sector

The Palestinian services sector is one of the most important sectors in its economy. In 2012, the sector accounted for 57% of GDP and contributed 62% of Palestinian exports. The Palestinian economy can be characterised by a privileged service economy (Morrar & Gallouj, 2016:179-204). The services sector includes production and distribution services.

Production services include real estate activities, business services and financial intermediation. Business services are those such as machine rental, computer programming and data analysis. Financial intermediation includes the monetary authority, commercial and Islamic banks, and lending institutions, in addition to the Palestine Exchange, securities companies and insurance services (Sami, 2014:164-174). Distribution services include mostly traditional services, such as retail trade, vehicle repair, personal goods, transportation and warehousing. It also includes some modern services such as personal and social services. Personal services include hotels, restaurants and social activities, while social services include government sector, education and health (Morrar & Gallouj, 2016:179-204).

4.7 Constraints and problems that limit small business

Small projects suffer from multiple problems. Some of these are caused by the society that embraces these projects, both in terms of low GDP, weak savings and investment, lack of local resources and other problems (Fan, Kühn & Lafontaine, 2017:2082-2125). Problems affecting small businesses can be grouped into two. The first group concerns external problems, and this group is always linked to the political, economic and social conditions experienced by the community and therefore difficult to change through project management. The second group is internal problems related to the general directions of the project policies and can be addressed by the project management (Alfoqahaa, 2018:18-35).

4.7.1 External problems of small business

In general, small businesses in Palestine face some external factors due to political and economic conditions. Some of these examples of external problems are as follows.

4.7.1.1 Closures

Israel uses the closure policy for unjustified security reasons in various forms, such as restrictions on the movement of goods and services, that restricts the freedom of economic transactions and increase their financial and administrative burdens due to high transport and production costs resulting from the isolation of cities and villages (Tayeh, Al Hallaq, Alaloul & Kuhail, 2018:24-38). Moreover, the difficulty of obtaining production inputs and marketing of final goods thus negatively affect the improvement of the investment environment and the efficiency of economic activities. Therefore, the end of the economic crisis depends on the ability of the private sector to reach international markets through opening borders, lifting closures, providing production inputs and technology at competitive prices, and marketing of national products completely (Alfoqahaa, 2018:18-35).

4.7.1.2 Border policy

Israel maintained full control over the Palestinian borders and crossings after the signing of the Oslo Accords in 1993. There is no direct contact with the Palestinian territories by air, sea or land (Toffano & Yuan, 2019:15-26). Foreign trade takes place either through Israeli ports and airports, or through the crossings that link the Palestinian territories to Israel (Barakat, Milton & Elkahlout, 2018:208-227). The West Bank's foreign trade with other countries (except Israel) is carried out through Israeli ports and airports, through the multiple checkpoints between the Israeli Green Line and the West Bank, or through the Allenby Bridge and Damietta crossings with Jordan. The administrative and security regime at the Israeli crossings is subject to many complexities imposed on the Palestinian foreign trade movement. This complicates the production and trade process, which is affected by delays in clearance, inspection, security and food inspection, financial fees and complex permits.

In the event of delay, the Palestinian merchant (Bayyoud & Sayyad, 2016:49-60) is required to rent floors in Israeli ports at high prices. This is followed by high transport costs due to the multiple stages of transportation, unloading and loading at the crossings and the conduct of bypass roads, especially in the West Bank governorates (Alfoqahaa, 2018:18-35). This is so that traders can provide goods and raw materials for their shops and factories. This contributed to the confusion of the investment and productivity environment and increases the transaction costs that affect the competitiveness of the Palestinian goods on the one hand and raise the price level on the consumer on the other (Barakat, Milton & Elkahlout, 2018:208-227).

4.7.1.3 Weak infrastructure

The cost of industrial and commercial land in Palestine is very high compared to Jordan. For example, the price per square metre in Palestine is 100 times that of Jordan and 10 times more than in Israel because of the limited land in Palestine. As for water, Israel's control over the water resources in Palestine (Farsakh, 2016:55-71) has affected the scarcity of water suitable for domestic consumption and production and the high prices. This has led the Palestinian Water Authority to consider purchasing its water from Israel. This raises water prices three times the price of water in Egypt and Turkey (El-Sawalhi & Sarhan, 2018:62-78).

In addition, Israel continues to control electricity services through the Israel Electric Corporation in the West Bank and 70% of the needs of the Gaza Strip (Nassar & Alsadi, 2016: 35-44). Israel is also in the fuel that operates the plant and prevents the distribution of the station's production to the southern part of the Strip through the settlement of Kfar Darom, knowing that the price of electricity outside the peak time is three times that of Israel (Nassar & Alsadi, 2016: 35-44). The energy infrastructure is insufficient to support industrial development to increase power cuts, and poor feeding and loading lines. The cost of transportation is still high in Palestine due to the high security measures at the crossings, the

cutting off of internal roads and the lack of Palestinian ports (Hussain, Bhuiyan & Bakar, 2014, 558). The road network is still in need of large investments according to the estimate of the donor countries at US\$848 million, while that which was spent until the end of 2000 was about US\$139 million. This is despite the obstacles placed by Israel in the development of the road network linking the Palestinian areas, especially in those under classification (Nassar & Alsadi, 2016: 35-44).

The Ministry of Public Works classifies 50% of the roads as being in poor condition, and therefore, the road conditions are poor compared with the neighbouring countries (except Egypt), where the number of paved roads for every 100 people is not more than 80m, despite the poor quality (Alfoqahaa, 2018:18-35). Despite the improvements introduced by the Palestinian Telecommunications Company (PTC), due to the continued reliance of the Israeli telecommunications company, Bezeq, on the purchase of local and international telecommunications services, the contact with Arab and Islamic countries that do not have relations with Israel is being passed through Bezeq and Jordan Telecom (Atyani & Al-Haj Ali, 2012). The port and the airport still suffer from semi-permanent closures, high security inspection, increased inspection fees, transport and flooring, disruption of labour and raw materials access, and increase the distance and time for transportation and distribution of products, whether imported or intended for marketing (Toffano & Yuan, 2019:15-26).

4.7.1.4 High transport costs

The cost of transport and shipment of Palestinian exports and imports is more than four times the cost of transport of goods in Jordan and about twice the cost of transport in Israel (Farsakh, 2016:55-71). This is due to the restrictions imposed by Israel on the number and quality of trucks permitted to enter the crossings between the governorates of the West Bank and the Gaza Strip on the one hand, and Israel on the other.

Moreover, there are restrictions imposed by Israel within the Gaza Strip or the external crossings between the governorates of the West Bank and Gaza Strip on one hand, and Jordan, Egypt and the rest of the world through them on the other hand. Palestinian products face multiple procedures of traffic permits and accurate inspection, which is reflected in the high transport costs (Morrar & Gallouj, 2016:179-204).

4.7.1.5 High costs of transfer

The Palestinian market is dealt with in three major currencies, that is, the Jordanian dinar, the US dollar and the Israeli shekel in varying degrees depending on the degree of use and confidence in the currency. The currencies are affected by the economic and political conditions of the country, which affects the high cost of transfer and increase the degree of risk, where the Palestinian importer often uses the US dollar in all foreign trade transactions.

In return, the producer pays all local production costs and sells products in the Palestinian market, using the Israeli shekel, which increases the conversion costs (Sami, 2014:164-174).

4.7.1.6 Weakness of the legal framework and regulations

The duplication of the legal system - especially between the West Bank and the Gaza Strip, affects the performance of economic establishments (Hamed, Abu Hantash, Khalifa & Salah, 2012:54-68), especially small ones. In most areas of business, valid laws vary between the West Bank and the Gaza Strip. The Authority also applies some administrative procedures and regulations without complying with the laws that are approved, which is reflected in particular in raising transaction costs and distorting the structure and efficiency of the industrial sector (Karim et al., 2010:40-51). The organisation of business is characterised by interference in the work of the private sector due to the absence of regulations, the existence of a vacuum in the application of some laws, the weakness of the judiciary in the handling and implementation of actions and procedures. This is in addition to the removal of institutions of the Authority from the application of the system of free economy and the relaxation of restrictions on business processes and the competition of private sector institutions (Tayeh et al., 2018:24-38).

4.7.2 Internal problems of small business in the Gaza Strip

Most of the problems facing projects are internal, meaning that they are caused by one of the factors that underpin the project. Examples of these internal problems are as below.

4.7.2.1 Financial problems

Financing: The small size of the projects makes it difficult to obtain bank loans for many reasons, including high risk and lack of adequate guarantees for owners of these projects, as well as lack of banking awareness and lack of accounting records that show the financial aspects of the project and forecast its future (Bayyoud & Sayyad, 2016:49-60). On the other hand, there are negative behaviours by some of the entrepreneurs who linked the meaning of funding in their minds with the concept of gift and assistance, which led some of them to change the objectives of the loan. The lenders were unable to recover their money due to slow and expensive judicial proceedings (Sabra & Sartawi, 2015:32-45). As for small entrepreneurs, these have difficulty in dealing with financing agencies because they are not aware of them, as well as the difficulties they face in dealing with them, such as slow loans and very high guarantees, and profit higher than the market price (Sabra et al., 2015:98-108).

Inflation: The impact of inflation on small enterprises is greater than the effects of large projects in order to provide sufficient possibilities to address the risks of inflation. This is unlike small projects that are affected by monetary policies, and the most obvious images on inflation

in raw materials where the difficulty of access to raw materials because of the adoption of those projects on imported raw materials as well as local ones due to their production of substitute commodities for imported goods (Abumdallala, 2019:17-21).

Taxation and financial regulations: Taxation hinders small business owners and increases capital, especially if the income tax is high, making it difficult to keep enough profits to build up reserves for bad conditions, as well as the difficulty of providing part of it for growth and expansion (Al-Habees & Rumman, 2012:673-680).

Government instructions: The government does not differentiate (Abu-Eideh, 2014:45-62) between a large and small project, and therefore the burden is very large on small projects, especially in terms of financial costs and time. It wastes the time and effort of the entrepreneur who performs these acts alone as a result of the small size, the labels for certain companies also contribute to reducing the success of small business owners (Abumdallala, 2019:17-21).

4.7.2.2 Administrative problems

The main reason for the failure of many small projects is due to mismanagement and lack of emphasis on the technical and economic feasibility of the establishment, and through it can determine the factors of failure by two things: administrative inefficiencies and inadequate factors. Firstly, studies indicate that micro-entrepreneurs and their employees are poorly educated and may not have received any formal education. In terms of expertise and skill, they are usually acquired in an irregular manner. Secondly, inadequate factors include precise goal identification, planning and includes future forecasting, organization and the possibility of dealing with laws and regulations, training to include all project personnel (Farsakh, 2016:55-71).

4.7.2.3 Training problems

The problems faced by entrepreneurs are lack of trained labour and inadequate availability to meet the needs of small enterprises, which clearly affects project performance and is highly labour-intensive, forcing the project to undertake training and learning tasks within the project, which is a cost to the project owner (Abumdallala, 2019:17-21). Moreover, there is speed of rotation of labour and its instability for a long time in the workplace, which leads to inefficiency of production due to the lack of a contractual relationship between the owner of the project and workers, due to the high material obligations on both sides of the relationship (Ashour, Yousif, Zoroub, & Zakaria (2015). In addition, the prevailing cultural concepts in society portray the government function as the ideal haven in terms of safety and social respect, which is an obstacle in the way of small entrepreneurs (Abumdallala, 2019:17-21).

4.8 Some successful international experience in the field of developing business

Most international experiences in small and medium enterprises development converge in principle in recognising the role of SMEs in achieving economic and social development (Hamed et al., 2012:54-68). These projects also need to be nurtured and provide an environment conducive to their growth. They also meet as experiences that have succeeded in achieving their goals under the specific conditions of each country (Nani, 2018:344-367). However, each country has an experience that distinguishes it from the experiences of other countries. Here are some examples of experiences in India, South Korea and Japan in order to illustrate how these countries have been able to develop small and medium enterprises to take advantage of these experiences in the development of this important and real development sector, while trying to apply this in Palestine. We must take into account the particular circumstances of the Palestinian economy.

4.8.1 India

India has succeeded in the industrial sector development and diversification of industrial products, by focusing on small labour-intensive projects that do not need much capital. This trend is consistent with India's circumstances, due to the country's lack of financial resources and the problem of large population growth. The success of the Indian experience is evidenced by the creation of more employment opportunities and the reduction of unemployment rates, where small enterprises are) second only to the agricultural sector, in terms of employment generation (Fernandes, Meyer & Clapham, 2018:42-58. Its production now accounts for about 50% of industrial production, employing about 17 million workers. This type of enterprise has thus become a prominent place in the Indian economy (Nani, 2018:344-367).

There are several forms of government support for the small industries sector, which summarises in several axes, the most important of which is protection. The government issued a decision to allocate 80 consumer goods produced by small and medium industries only; thus, ensuring the non-competition from larger companies and thus protection and stability (Fernandes et al., 2018:42-58). At the same time, the government allowed the large industries to manufacture goods for small industries, provided they export 50% of their products abroad, thus improving the balance of payments and balance of trade, providing foreign currency and presence in international markets, as in the software industry (Nani, 2018:344-367). Also, on the financing side, the government has allowed small enterprises to obtain credit loans at very low interest rates to meet their financing needs and provide the necessary liquidity in different period (Hamed et al., 2012:54-68). Moreover, it is the provision of basic infrastructure for such projects, particularly the training and development of management and technology skills. The establishment of industrial parks, as well as marketing assistance component, and the link between owners and each other small industries, help them to be nutritious industries for major

projects, through the provision of data, information and opportunities through Integrated database (Tiwari & Goel, 2017:590-608).

4.8.2 Japan

The Japanese experience in the establishment and development of small enterprises is one of the richest international experiences and serves as a model that can be emulated by all countries wishing to develop their economies on the one hand and overcome the problems of unemployment and poverty on the other. The first step to encourage the development of small enterprises in Japan was to develop a clear and specific definition of small and medium enterprises, to grant exemptions from taxes and duties and to establish rules and regulations under which the Japanese Government would encourage small enterprises. Small enterprises are mainly dependent on direct support from the state (Radzi, Nor and Ali, 2017: 27-39). Japan provides technical, financing, administrative and marketing assistance to these projects and protects them from bankruptcy by allowing them to obtain interest-free loans without collateral (Hamed et al., 2012:54-68).

The Corporation for Small and Medium-Scale Enterprises was created as the executive body of the state policies for these projects, which aims to provide assistance to small and medium-sized enterprises (SMEs), whether technical, financing, administrative or marketing, through the establishment of some funding institutions to provide financing and support for SMEs (Kamei & Dana, 2012:60-70). In addition to obligating companies that receive government tenders, the share of SMEs should not be less than 30% of the value of the tender. In addition, the Authority facilitates access to bank loans on concessional terms and creates a loan guarantee system for small and medium-sized enterprises by a body called Credit Guarantee Corporation. Small enterprises are encouraged to invade the international markets with their products, through the establishment of international exhibitions, helping them to market their products. The law requires all governmental and semi-governmental organisations to allow small enterprises to obtain government contracts (Hamed et al., 2012:54-68).

In terms of taxes, Japan is exempting income tax for certain renewable periods of time, providing a tax system that encourages investment in the introduction of modern technology into small enterprises, and a tax system that encourages the establishment of small industries in remote areas (Kamei & Dana, 2012:60-70). The Government's support to small and medium-sized enterprises has led to high-quality production in accordance with international standards, leading to the adoption of large projects on the production of small enterprises instead of imported from abroad (Tsuruta, 2015:385-410). The Japanese government has worked to encourage large enterprises to integrate with small enterprises and modernise their machinery and equipment and regulate the relationship between entrepreneurs and workers. The technological development of Japan's industry has helped large industries to abandon the

production of many manufacturing components and to allocate their production to other smaller, more specialised factories, thus achieving greater cost savings while ensuring higher quality (Tsuruta, 2015:385-410).

4.8.3 South Korea

Small and medium enterprises are an integral part of the Korean economy and currently number more than three million enterprises, accounting for 99.80% of the total number of projects operating in all economic sectors, employing about 10.480 million workers out of 12.04 million workers, which amounted to 87% of the total workforce in Korea in 2003 (Rhee, Park & Lee, 2010:65-75). Small and medium enterprises also account for 99.4% of all manufacturing projects, contributing 52.8% of the total value added generated in this sector (Kshetri, 2014:330-356). Since the beginning of the 1970s, the Korean government has shifted from focusing its policy on labour-intensive light industries to heavy and chemical industries (Rhee et al., 2010:65-75), due to the erosion of Korea's export share because of competition from developing countries in labour-intensive markets.

Since the promotion of the establishment of heavy and chemical industries requires the existence of well-developed support industries, the backwardness of small industries has become a bottleneck in the process of industrial development. The government has intensified its efforts since the mid-seventies to encourage these projects, which grew and developed during this period with large companies, which worked as a supplier to these companies for their needs of components and parts needed for the industry (Rhee et al., 2010:65-75). The development of heavy and chemical industries has become impossible without the development of small and medium industries that produce the necessary parts, components and parts for heavy industries (Doh & Kim, 2014:1557-1569). The main components related to the production of finished products are produced under the direct control of major assembly companies (Kshetri, 2014:330-356). The government has provided incentives for these industries, including tax exemptions, preferential interest rates and tax cuts for the first years of the project, exemptions or tariff reductions on imports that do not compete with local industry, such as capital equipment, parts, raw materials, and the depreciation of productive assets (Kshetri, 2014:330-356). Thus, in order to develop supporting industries for large industries, the government has begun to focus on encouraging the establishment of small and medium industries by providing multiple programs and incentives to help.

The increasing importance of SMEs is attributed to the transformation of the Korean economy towards a knowledge-based economy and government support policies for high-risk technology projects (Doh & Kim, 2014:1557-1569). From here, the Korean government set up a set of economic plans (the first five-year economic development plan in 1962). The most important feature of the Korean development plans in the early 1960s was its association with

the development of small and medium enterprises (Hamed et al., 2012:54-68). The establishment of a specialised bank for small and medium industries in early August 1961, aimed to support the economic activities of small and medium enterprises through the provision of loans and credit facilities in local and foreign currencies, in addition to providing advisory services in administrative and technical work. Also established in 1978, the SME is a semi-governmental organisation that promotes and supports small and medium enterprises through the provision of various programs, such as financial assistance, management, marketing and information services, and training services (Jamil et al., 2016:291-295). The Commission is also assisting the Government in developing economic policies associated with the development of SMEs, whose task is to modernise the means of production, strengthen cooperative activities between small and medium enterprises, establish industrial cities and guide small and medium-sized industries to export (Rhee et al., 2010:65-75).

4.9 Conclusion

Small projects in these countries are an important factor in increasing economic productivity, and these projects achieve many economic objectives, including the absorption of unemployment, and support productivity and creativity. This is in addition to the income of these projects contribute to the national income of these countries, which contributed to the success. These projects experience the interest and support provided by the government, both in terms of organisation and regulation or in terms of guidance and direction.

CHAPTER FIVE METHODOLOGY

5.1 Introduction

This chapter will be focusing on the research methods that were used to obtain the research results and the study conclusion. It will be focusing on the target population that was studied and the sample, sample size, method that was used when collect data, the system that was used to interpret the collected data, the assumptions that were made for the research, scope and limitations of the study. This chapter describes the methodology of the research adopted to accomplish the objectives of the research. The term methodology is used to establish a step-by-step procedure for reaching the intended research results. The purpose of any research is to search for answers to questions through the application of scientific procedures (Antwi & Hamza, 2015:217-225). According to Fiorini, Griffiths and Houdmont (2016:35-45), research is a means of inquiry and systematic investigation, conducted by the researcher, in order to discover new information or relationships, in addition to the development or correction or realisation of the information already existing, to be followed in this examination and accurate inquiry steps of the scientific method.

Brannen (2017:3-37) defined research as the systematic use of a number of methods and procedures to get a more adequate solution to a problem, than we can get in other ways, and it is supposed to reach new results, information or relationships to increase people's knowledge or verification. The main purpose of this research is to study the "Role of small businesses in the economic development of the Gaza Strip in Palestine". This chapter is divided into the following sections: research methodology, population and sample of research, research instrument and measurement scales, data coding and editing, questionnaire reliability and validity, the profile of respondents and the statistical techniques that were used in the study.

5.2 Design research

We need to design research because it facilitates the start of different searches, and thus makes the search as effective as possible in producing the required information with the least effort in time and money. Just as we need a plan (or so-called map) drawn up by an expert architect when building a house, we similarly need a design or research plan before we begin to collect and analyse information and data in our research project. Research design means planning of the ways in which we will collect the appropriate data and the techniques that we will use in analysing it, considering the research objectives and availability of workers, time and money (Brannen, 2017:3-37). The following points should be included in the research design: a clear statement of the research problem, methods and procedures to be used in data

collection, the sample of the community to be studied and methods to be used in processing and analysing data (Zonrabi, 2013:259).

According to Yin (2017:52-66), search design means ordering, collecting and analysing data to suit their relevance for research purposes. Antwi and Hamza (2015:217-225) defined research design as the intellectual structure through which research is conducted, and it is also a plan to collect, measure and analyse data. In this way, the design requires an outline of what the researcher will do to write the hypothesis in its practical form to the final analysis of the data. According to Antwi and Hamza (2015:217-225). the design of the research relates to the following issues:

- What is the subject of research?
- Why is the study done?
- Where will the study be conducted?
- What data is required?
- Where will the required data be found?
- How long will the study take?
- How will the sample design look?
- What information gathering techniques will be used?
- How will the data be analysed?
- In what way will the report be processed?

By taking the design decisions above, the overall design of the research can be divided into the following parts:

- Sample design: This section is concerned with the method of selecting the elements to be observed in the study.
- Design of the note: This section concerns the circumstances in which the observation will take place.
- Statistical design: The question relates to the number of elements to be observed and how the information and data collected will be analysed.
- Practical design: This section is concerned with the techniques and methods in which the procedures identified in sample designs, observations and analysis will be implemented.

According to Douglas, Douglas, McClelland and Davies (2015:329-349), a good research design provides tangible information concerning the selection of the sample population and controls that should be imposed in the study. A combination of both qualitative and quantitative research design is used in this survey.

5.3 Methodology

The methodology of the study is defined as the method used by the researcher in order to reach results related to the subject of his research (Douglas et al., 2015:329-349). Also known as the systematic method used to solve the problem of study (Antwi & Hamza (2015:217-225), it is also the science of how to conduct scientific research.

There are several approaches used in the practical study, such as the exploratory approach (Zonrabi,2013:259) which stems from reality and not from the presuppositions. There is also a descriptive approach that is based on describing a particular phenomenon and collecting information about the phenomenon without bias. This is in addition to other approaches such as the historical approach, the virtual approach, the experimental approach and the approach of content analysis (Zonrabi,2013:259). Each of these approaches is used according to the phenomenon studied. It is possible to use more than one approach to study a specific phenomenon.

The descriptive analytical methodology characteristics are not only collecting and organising data that is related to a specific phenomenon but also aims to reach conclusions that contribute to understanding reality throughout analysing and explaining the studied phenomenon. Furthermore, it reaches meaningful generalisations that enable the study to enrich the knowledge about that phenomenon and contributes in developing the fact of an intentional phenomenon, standing on the most important advantages and disadvantages, trying to improve the disadvantages and developing the advantages that are related to the phenomenon under study (Douglas et al., 2015:329-349).

This research is considered one of the field researches that used the descriptive analytical methodology which studies the phenomenon as it is, describes it accurately and clarifies its characteristics through collecting, analysing and explaining data. The usage of this methodology aims to examine “Role of small businesses in the economic development of the Gaza Strip in Palestine. The researcher knows the aspects and dimensions of this study in advance by studying previous studies related to the “Role of small businesses in the economic development of the Gaza Strip in Palestine”. Therefore, the researcher will rely on this approach to access the accurate and detailed knowledge about the problem of the research; in addition, the researcher will use the random sampling method in the selection of the sample and uses the questionnaire in the collection of preliminary data.

5.4 Population and sample

The study population consists of managers of small companies in the Gaza Strip. The researcher will draw a simple sample as large as possible by distributing questionnaires to the target group.

The researcher distributed 120 questionnaires, received 109 questionnaires back, and the response rate reached was 90.8%. According to Johnson and Onwuegbuzie, (2004:14-26), 30% is the appropriate minimum percentage of research; therefore, this proportion is appropriate.

5.5 Methods of data collection

According to Marshall et al. (2006: 61), identifying the site, setting and population should be at the forefront of the design study. The aims are to clear, shape and justify all of the subsequent activities of the research. Phelps, Fisher and Ellis (2007:179-180) stipulate that data collection is the most critical process for a study. Conducting rigorous and well-organised data collection provides easy, accurate and reliable data analysis. Hancock, Ockleford and Windbridge (2009:16) posit that interviews, focus groups, observations, questionnaires, open-ended questions and a collection of narratives are qualitative research methods for data collection. Boeiye (2010:58) further states that data may be collected by means of verbal material from daily life, namely advertisements or chat sessions. A researcher may also request correspondences such as e-mails, letters, minutes and records available for the study from individuals or organisations. Primary data collection that was used for this study comprised a mixed method approach with the use of a literature review and self-administered questionnaires. All questionnaires were hand delivered to respondents and explained in detail to ensure clarity. Questionnaire completion and collection dates were discussed and confirmed between the researcher and respondents. These efforts were strategically implemented to minimise low or non-response rate. Williams (2007:70) explains that the aim of adopting the mixed method approach is to gather both qualitative and quantitative research strengths, and to reduce possible weaknesses from either approach. In support, Cresswell (2012:534) argues that the mixed method approach provides far better understanding of the research problem and question than using either qualitative or quantitative approach in isolation. Mixed method application can transform data for comparison and validate one form of data from another form of data. It also allows a fair intuition for respondents (Driscoll, Yeboah, Salib & Rupert, 2007:20-21).

5.5.1 Study tool

After a review of the literature and related studies, the researcher found that the most appropriate way to collect information is the questionnaire. The questionnaire was designed according to the objectives of the study as follows:

1. Preparation of an initial questionnaire for use in data and information collection;

2. To present the questionnaire to the supervisor in order to test its suitability for data collection;
3. The questionnaire was presented to a statistician at the Cape Peninsula University of Technology in order to test its appropriateness to collect the data in a final way.
4. Distribution of the questionnaire to all respondents to collect the data needed for the study.

5.5.2 Questionnaire

This research is conducted by using a quantitative research methodology. A descriptive research approach was followed to use the questionnaire that is designed to examine the “Role of small businesses in the economic development of the Gaza Strip in Palestine”, by focusing on six dimensions. The questionnaire was translated into Arabic language to be filled in by all respondents to the best of their abilities (See Appendix A). The research questionnaire consists of two parts as follows:

Part 1: consists of “demographic data” of seven questions.

Part 2: “dimensions of questionnaire” which is consists of six dimensions of variables of the research as follows:

- (1) “Reasons Why Respondent Is in Business”, consists of five items.
- (2) “Difficulty in Starting Business”, consists of five items.
- (3) “Benefits for Having a Business”, consists of five items.
- (4) “Future of Respondent’s Business”, consists of five items.
- (5) “Impact of Business Start-Ups, consists of five items .
- (6) “Benefits of Local Economy”, consist of five items.

5.5.3 Scale of items

The questions used in the questionnaire were proposed in the form of statements using a five-point Likert scale, asking respondents to rate the level of their agreement assigned to (1) ‘Strongly disagree’, (2) ‘Disagree’, (3) ‘Neutral’, (4) ‘Agree’, and (5) ‘Strongly agree’.

The level of agreement would be determined on each item and each construct according to five levels. The following table shows that:

Table 5.1: Level of agreement about items according to mean value of answers

Level of agreement	V. Low	Low	Medium	High	V. High
--------------------	--------	-----	--------	------	---------

Mean	Less than 1.8	1.80-2.59	2.60-3.39	3.40-4.19	More than 4.20
RII	Less than 36%	36%-51.9%	52%-67.9%	68%-83.9%	More than 84%

Hint: RII= Relative Important Index

5.6 Methods of data collection

The researcher relied on two types of data: primary data and secondary data as follows:

- **Primary data**

The researcher depended on the preliminary data by studying the field through the distribution of the research questionnaires in order to study some of the items of the study. Moreover, there was collecting and compiling of the necessary information in the subject of the research, and then unloading and analysing them using the Statistical Package for Social Science (SPSS) software. In addition, the researcher used appropriate statistical tests in order to get valuable indications and indicators that support the research topic.

- **Secondary data**

The researcher reviewed books, periodicals and special publications related to the role of small enterprises in achieving economic development. The researcher also did through books and periodicals to identify the basics and sound scientific methods in writing studies and researches. The following tables describe the properties and attributes of the search sample as follows:

Table 5.2: Demographic data of the respondents on the questionnaire

Variables	I own a business		I am in the process		I was in business		Total	
		N = 74	81.3%	N = 9	9.9%	N = 8	8.8%	N =91

The data from questionnaires was gathered from 91 respondents from managers of small companies in the Gaza Strip in Palestine, where 81.3% of them own businesses and 9.9% own commercial projects but are under preparation. Only 8.8% were previously in business.

Table 5.3: Kind of business in Gaza Strip

Variables	I own a business		I am in the process		I was in business		Total	
Manufacturing	N=7	9.5%	N=2	22.2%	N=1	12.5%	N=10	11%
Retailing	N=33	44.6%	N=4	44.4%	N=4	50%	N=41	45.1%
Servicing	N=10	13.5%	N=3	33.3%	N=2	25%	N=15	16.5%

Other	N=24	32.4%	-	-	N=1	12.5%	N=25	27.5%
--------------	------	-------	---	---	-----	-------	------	-------

Table 5.3 shows the demographic data of the respondents on the questionnaire showing the respondents according to the kind of business that most of the businesses in the Gaza Strip as retailing (45.1%), and then servicing (16.5%), manufacturing (11.0%) and other (27.5%).

Table 5.4: Numbers of years in business

Variables	I own a business		I am in the process		I was in business		total	
Less than 5 years	45	60.8%	9	100%	3	37.5%	N=57	62.6%
6-10 years	14	18.9%	-	-	2	25%	N=16	17.6%
11-15 years	4	5.4%	-	-	2	25%	N=6	6.6%
More than 16	11	14.9%	-	-	1	12.5%	N=12	13.2%

Table 5.4 shows the number of years of work in finance and business. It can be noted that 62.6% of the study sample have projects that are less than 5 years old, 17.6% from 6-10 years old, while 6.6% have projects 11-15 years old, and 13.2% have projects more than 16 years old.

Table 5.5: Number of employed persons

Variable	I own business		I am in the process		I was in business		Total	
Less than 5 persons	N=62	83.8%	N=8	88.9%	N=5	62.5%	N=75	82.4%
6-10 persons	3	4.1%	N=1	11.1%	N=1	12.5%	N=5	5.5%
11-15 persons	4	5.4%	-	-	N=1	12.5%	N=5	5.5%
More than 16 persons	5	6.8%	-	-	N=1	12.5%	N=6	6.6%

Table 5.5 shows that 82.4% of small businesses have less than 5 workers and 5.5% of small business employed 6 to 10 workers and 11 to 15 workers respectively, while 6.6% of the business employed more than 16 workers.

Table 5.6: Numbers of employees permanently

Variable	I own business	I am in the process	I was in business	Total

Less than 5 years	N=67	90.5%	9	100%	N=4	50%	80	87.9%
6-10 years	N=4	5.4%	-	-	N=3	37.5%	7	7.7%
11-15 years	N=2	2.7%	-	-	-	-	2	2.2%
More than 16 years	N=1	1.4%	-	-	N=1	12.5%	2	2.2%

Table 5.6 shows employees permanently employed. It can be seen that 87.9% of the employed had worked for less than 5 years, 7.7% of them had worked from 6 to 10 years, while 2.2% of workers in those projects for had worked from 11 to 15 years and more than 16 years combined.

5.7 Data coding and editing

Once the quantitative data was obtained via the survey, it was checked for missing values, inconsistencies and any other response errors. A coding manual was constructed which contained general instructions on how each variable was coded. For quantitative data input and analysis, the SPSS software was used. The coded data was rechecked visually for the detection of any possible data entry errors. Descriptive statistics were computed for all the variables for accuracy of inputs as follows: the range of each variable was checked for out-of-range values; frequency counts were performed; the distribution of each variable was analysed to detect irregular answers and cases with extreme values; and the means and standard deviations were computed.

5.8 Reliability and Validity

Validity and reliability are concepts that capture the measurement properties of a survey, questionnaire or another type of measure. Reliability is necessary for establishing the validity of a measure and ensuring accurate interpretation (Bolarinwa, 2015:195). The validity of an assessment is the degree to which it measures what it is supposed to measure (Krosnick, 2018:439-455). This is not the same as reliability, which is the extent to which a measurement gives results that are consistent (Douglas et al., 2015:329-349). Therefore, reliability analysis of the constructs needs to be undertaken prior to testing their validity and hypothesised relationship. We give an initial assessment of the reliability of constructs through internal consistency using Cronbach's alpha coefficient, Split-Half method and composite reliability. Their validity is established in two different ways: content validity and construct validity.

5.8.1 Reliability

The establishment of a unidimensional measure is required for effective use of Cronbach's alpha as the Cronbach alpha can underestimate the reliability of a multidimensional measure (Bolarinwa, 2015:195). Cronbach's Alpha is widely used in social science and business for testing internal consistency of the survey items (Cronbach, 1951). The Cronbach alpha statistic indicates the level of reliability. Its values could range from 0.0 to 1.0 with a value closer to 1.0 indicating a higher level of reliability. In our research, the values of reliability coefficient (Cronbach's alpha), and Composite reliability (CR) was 0.70, above the critical level of 0.87 as well for each scale should be above the suggested thresholds of 0.7 (Krosnick, 2018:439-455).

The values of reliability indicators, where Cronbach's Alpha value of the questionnaire as a whole is 0.892. Guttman value for Split-Half reliability were excess of the critical value (0.70) where the total value was 0.918. According to Zonrabi (2013:259) composite reliability was calculated, with a value of 0.713 above critical level 0.70, also indicating high reliability. According to these accusations, the study questionnaires are considered reliable.

5.8.2 Validity

Validity of an assessment is the degree to which it measures what it is supposed to measure. Which means "determining whether a measuring instrument actually measures what it is supposed to measure" or the "degree to which a measuring instrument measures what it intends to measure" (Yin (2017:52-66). In this research, we consider content validity and construct validity as suggested by many scholars (Douglas et al., 2015:329-349). Content validity is to ensure the content of instruments by different ways, while the assessment of construct validity requires that the correlations of the measure be examined regarding variables that are known to be related to the construct (Douglas et al., 2015:329-349). For construct validity, we performed discriminant validity by factor analyses and correlation coefficients.

5.8.2.1 Content validity

Content validity refers to the extent to which a measure represents all facets of a social construct. This refers not to what the test actually measures, but to what it superficially appears to measure (Douglas et al., 2015:329-349). To demonstrate content validity, testers investigate the degree to which a test is a representative sample of the content of whatever objectives or specifications the test was originally designed to measure. (Bolarinwa, 2015:195). It is concerned with the question of whether the instrumentation includes a sufficiently representative number of items to ensure that all ways to measure the content of the studied construct are considered (Krosnick, 2018:439-455). Hence, content validity includes any validity strategies that focus on the content of the test. We have evaluated the questionnaires by many professors from different universities.

5.8.2.2 Construct validity

Table 5.7 shows the correlation coefficients for each item with its construct. Where all of coefficients are significant at 0.05 level, the table includes the construct validity through discriminant validity (DV) indicators which calculated by results of factor analysis. The indicator values ranged between 0.59 to 0.71 and these values indicate that there is good validity of our data.

Table 5.7: Construct validity through correlation coefficients and discriminant validity

Reasons Why Respondent is in Business		Difficulty in Starting Business		Benefits for having A Business		Future of Respondent's Business		Impact of Business Start-Ups		Benefits of Local Economy	
Items	Corr. Coff.	Items	Corr. Coff.	Items	Corr. Coff.	Items	Corr. Coff.	Items	Corr. Coff.	Items	Corr. Coff.
A1	0.471*	B1	0.411*	C1	0.634*	D1	0.663*	E1	0.718*	F1	0.619*
A2	0.698*	B2	0.370*	C2	0.541*	D2	0.656*	E2	0.706*	F2	0.752*
A3	0.578*	B3	0.745*	C3	0.774*	D3	0.735*	E3	0.554*	F3	0.522*
A4	0.583*	B4	0.660*	C4	0.781*	D4	0.559*	E4	0.614*	F4	0.651*
A5	0.649*	B5	0.533*	C5	0.751*	D5	0.460*	E5	0.756*	F5	0.492*
DV = 0.61		DV = 0.59		DV = 0.71		DV = 0.63		DV = 0.67		DV = 0.63	

*Significant at the 0.05 level

5.9 Statistical techniques

- Frequencies and percentages to describe personal information for the study sample.
- Mean of Answers & RII-Relative Importance Index to identify to what extent the responses for items and the main dimensions of the study.
- Standard Deviation to show how much variation or dispersion exists from the mean.
- Cronbach's Alpha, Guttman split-half and composite reliability to estimate the reliability of the questionnaire dimensions.
- Pearson correlation coefficients and discriminant validity to assess the construct validity.

5.10 Conclusion

The chapter described the research methodology and research design that were used to conduct this study. A background on how research studies were conducted, and the tools and techniques to collect and analyse data, were also discussed.

The focus was on critical factors such as target population of the study, sample, sample size, data analysis, population validity, ethical consideration and scope limitations.

CHAPTER SIX

DATA ANALYSIS AND HYPOTHESIS TESTING

6.1 Introduction

The whole research only serves its purpose and have a meaning if data collected is analysed and interpreted into usable information. In this chapter the literature reviewed which provided information on what was necessary in the construction of the research instrument. The research instrument (the questionnaire) was then taken into the field to collect the data based on the theoretical reviews that guided the research. This research instrument was (all the questionnaires) was brought together, cleaned, edited, coded and the data was captured onto an Excel Spread Sheet from whence the illustrations were constructed. The illustrations are comprised pie charts, bar charts, histograms, tables, and frequency polygons where it was seen to aid in the analysis. The purpose of the illustrations was making comparison of the data and the relationships between the variables under study easy to compare. This chapter therefore discusses the illustrations constructed from the data collected including their analysis and interpretation, the details thereof are recorded. The recording format is deliberate, intended to give equal focus on every item that was asked for in the research instrument. These are recorded and explained item by item in their chronological order, this to enable a full understanding of different aspects of these questions. This starts with the first section, Section A – biography, second Section B – Likert scale and the third, which is Section C – Open-ended questions. The last section was meant to allow for extra discussion around the topic if some important aspects of this study may have been omitted during the construction of the research instrument. The objectives of the research (the expectations of the researcher) were, from the beginning of the study, namely.

- To identify the opportunities available for small business to play in the Gaza economy.
- To identify the political constraints that affect the establishment of sustainable small business operations in the Gaza.
- To identify impact of government policies for small businesses start-ups and their ability to promote and support small businesses.

The research questions were derived from the research objectives as these were developed from the problem statement, thereby allowing for alignment. The research questions and statements (for the Likert scale) are thus a conversion of these objectives into questions, and these follow in the section of the findings.

FINDINGS

The instrument was divided into three parts, namely, Section A – Biography, Section B – Likert scale and Section C – open ended questions. The reporting of the findings therefore follows the pattern or structure of the questionnaire item by item.

SECTION A – Biography

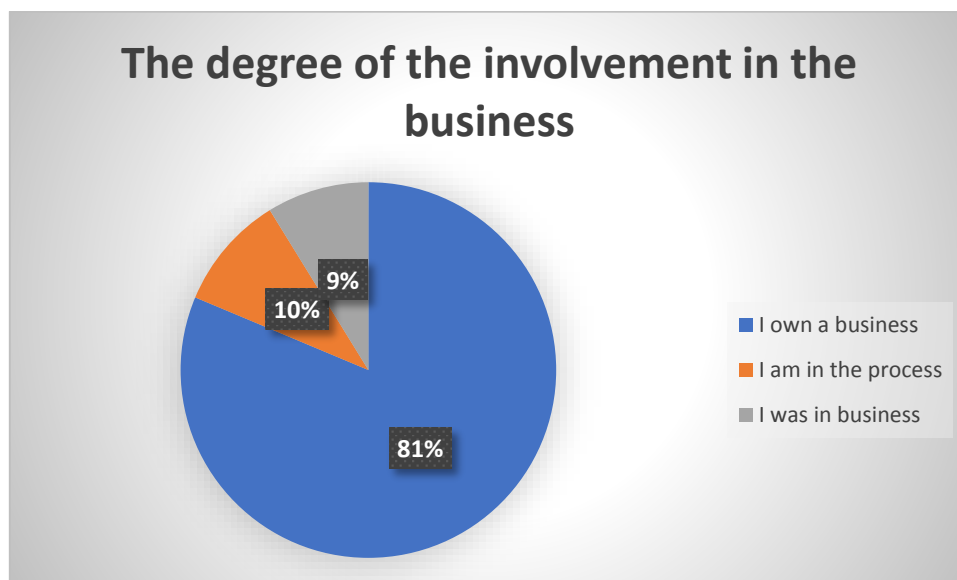
the questions in this section are general question in their nature, they are based on biographical information of the respondents. They were created for statistical purposes, to make sure that the sample is a true representation of the population. Moreover, these questions intended to necessitate, to establish an understanding of the type of respondents in terms of the existence period in the business, number of years in that activity as an indicator of how much they understood the evaluation of the effects of small business on developing of economic in conflict area such as Gaza.

The questions requested in this section were: 1) Are you involved in the business? 2) What kind of business are you in / do you want to be involved in? 3) How long have you been in business? 4) How many people do you employ directly? 5) For how long have you employed the maximum ever number permanently?

Question 1 Are you involved in business?

The intention of this question was to determine whether respondents were involved in business. The involvement of the respondents in the business was very crucial in that, this gave us the accuracy in what was really happening in the field of business in Gaza strip. It has been shown through statistical analysis that most respondents from managers of small companies in the Gaza Strip in Palestine have their own businesses 81% and 10% own commercial projects but are under preparation, while 9% were once in business. The results from the research are indicated in figure1 below.

Figure 5.1: The degree of the involvement in the business



Source: author's own construction

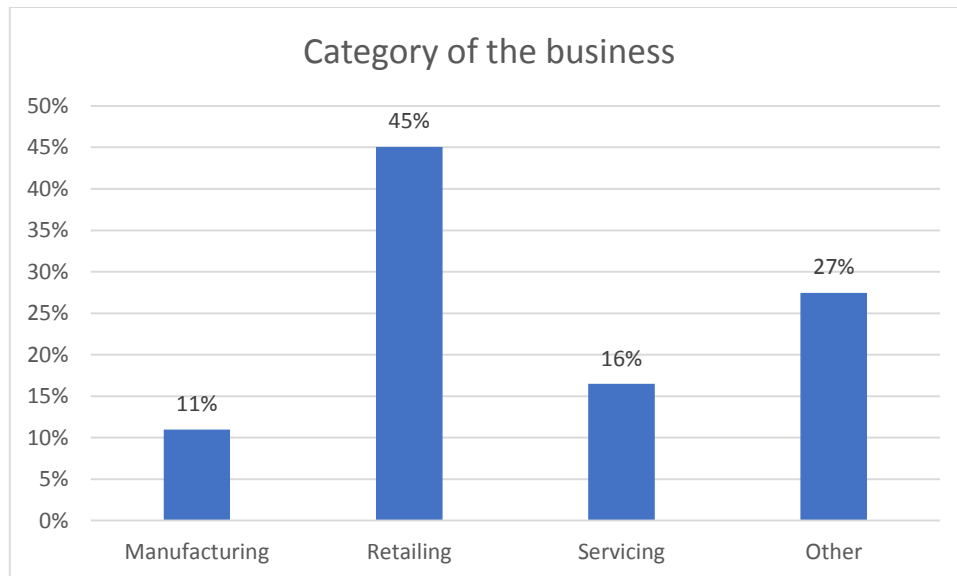
The survey results reveal that the uppermost group of respondents are individuals who are in business with 81% and they are followed by the respondents who were in the business before and left it for one or another reason that it is not mentioned with 9% while 10% for the respondents who are planning to be in the business for different reasons. The results epitomize quite a diverse group of individuals. The

respondents' answers come from 3 different ranks subcategories within the business, and this should assist with giving a clearer picture from the different views.

Question 2 What kind of business are you in / do you want to be involved in?

The intention of this question was to determine what category businesses fall under. This section is subdivided into three, namely Manufacturing, Retailing, Servicing, and other business.

Figure 5.2. Category of the business



Source: author's own construction

It was found that most of the businesses in the Gaza Strip are in retail (45%) such as grocery stores that are the most common and clothing shops, household appliances and others in this kind of businesses. In addition, there are those in services (16%), within the study sample, where there are hotels, restaurants, popular cafés, and others. There is then manufacturing (11%) and other (27%). It was called "other" because of the wide variety of shops in the Gaza Strip, as it is difficult for the researcher to place all kinds of shops in the research questionnaire. These shops are housewares stores, plumbing stores, sweets stores, shoes and accessories, bookselling, sale and maintenance of electrical appliances, gold shops, and carpets.

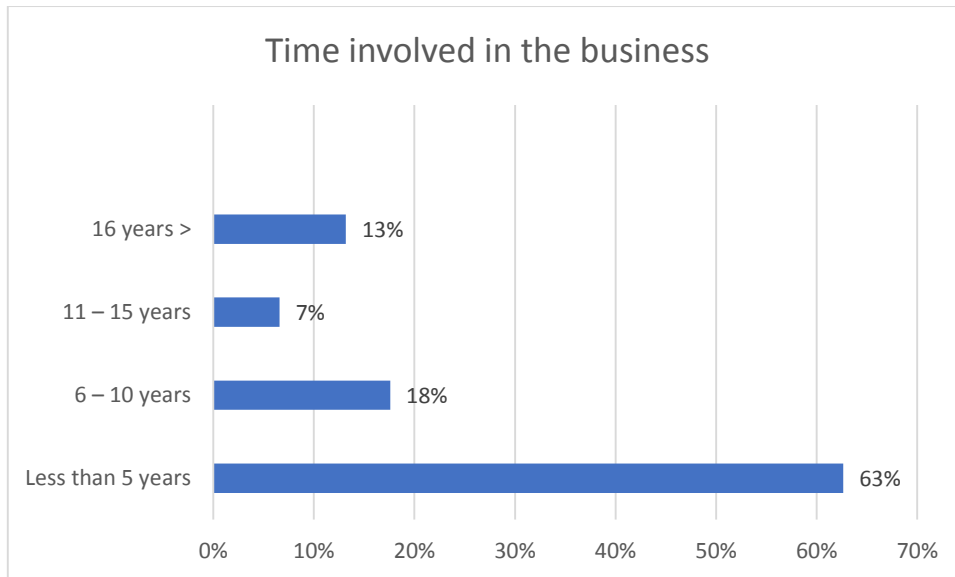
This result shows the diversity in the types of shops established in Gaza to suit the nature of the demand. In addition, the result shows the appetite of the Palestinian community for basic goods in the first class.

Question3: How long have you been in business?

This question was to determine how long respondents have been involved in the business. The number of years' experience in the business has a lot to do with the time spent in business. It was expected that most people would agree on the interval of time involved in business. The longer the experience they have, the better the respondent will be able to assess the business, because they understand the pros

and cons of the business. The results from the research are indicated in figure 5.3 below.

Figure 5.3: Time involved in the business.



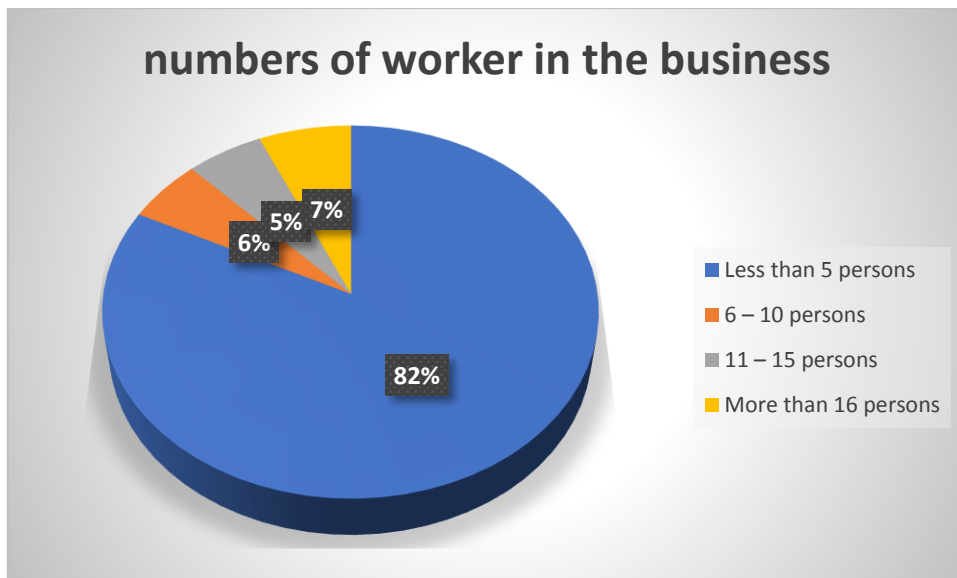
Source: author's own construction

Figure3 reveals that most of the respondents, 63%, have been involved in the business at their level between 0-5 years followed by 6-10 year at 18%, 11-15 years at 7% and 13.2% have business more than 16 years old. From these results, most of the respondents have been involved in the business at a professional level between 0-5 years. This can be attributed to that Israel has closed the labour market for the Palestinians, successive wars, high unemployment, and graduates, in addition to political and economic instability.

Question4: How many people do you employ directly?

This question intended to determine the number of workers that work directly in the business.

Figure 5.4: number of workers in the business



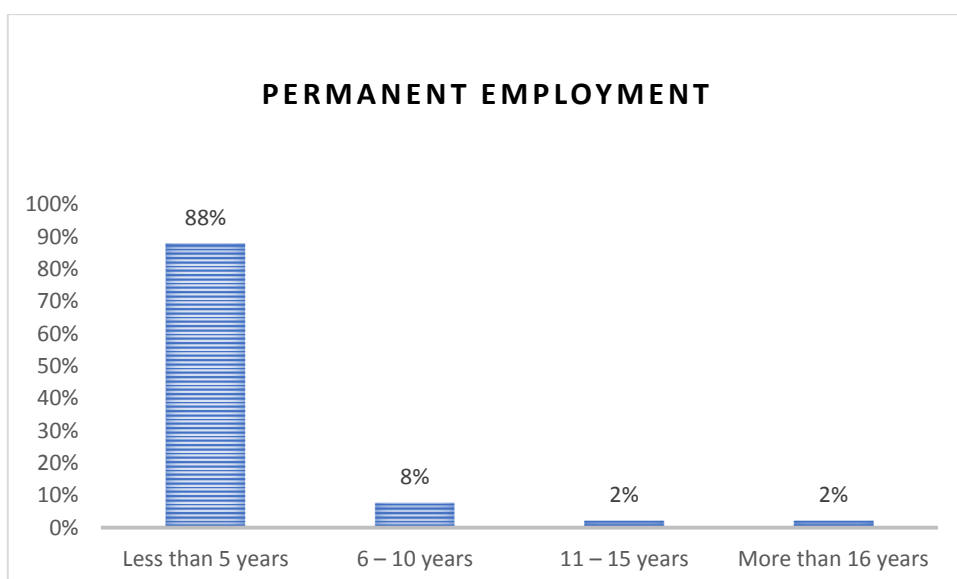
Source: author's own construction

Figure4 reveals that most small enterprises, 83%, employ less than 5 workers. This is due to that of the most important characteristics of small enterprises is the small number of employees. It is often family. In addition, most of the commercial projects do not require many workers.

Question 5 For how long have you employed the maximum ever number permanently?

Finally, when the respondents were asked for numbers of permanent employees , it was found that there is 87.9% of the employed had worked for less than 5 years, 7.7% of them had worked from 6 to 10 years, 2.2% had worked from 11 to 15 years and more than 16 years.

Figure 5.5 permanent employment



Source: author's own construction

It is due to that of the most business age was under five years. Besides, small business satisfies local needs not only by making differentiated products but by also being scattered throughout the country. This ensures a more equitable distribution of employment opportunities.

Section B – The Likert Scale

This section is the Likert scale which is supposed to measure the fillings and perceptions that the respondents have about the workplace situation. Because perceptions are difficult to measure, the scale was constructed with the range of 1-5 classified as; 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. The statements will be restated as they appear on the research instrument, and responses per item will be provided in the chronological order in which they appear.

Statement 1: “I went into business because I had no job”.

Response, the purpose of this question was to find out why respondents decided to start a business. The reason for starting a business in the Gaza strip context is that unemployment and graduates are high. Moreover, the government is powerless to create jobs for those people and help them in supporting their needs.

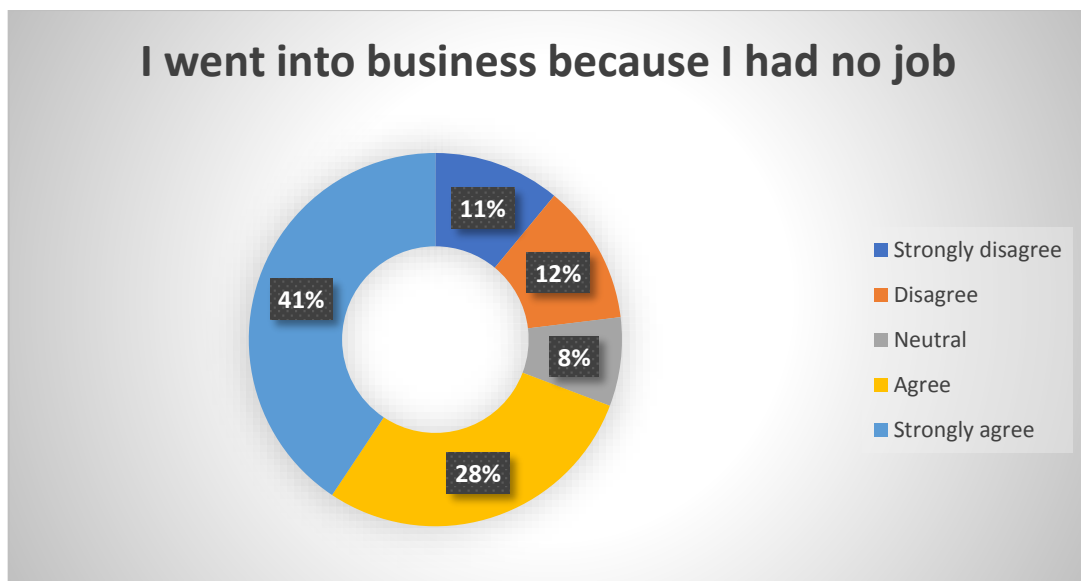


Figure 6.1: I went into business because I had no job.

The Figure 6.1 shows that the indicate that 41% of the respondents answered that they went into business because they had no job, although the education rate, in Palestine generally and Gaza especially, are very high where there are many universities and colleges in Gaza with students graduating every year and into labour market. Moreover, the bad situation is happening due to Israel’s policy to destroy the Palestine economy. Consequently, unemployment has increased among the educated young.

Statement 2: “There was finance available, so I went into business”.

Question.2 Finance is even inaccessible to all eligible owner of small business in the Gaza. The intention of this question was to determine whether finance is even inaccessible to start a business in Gaza.

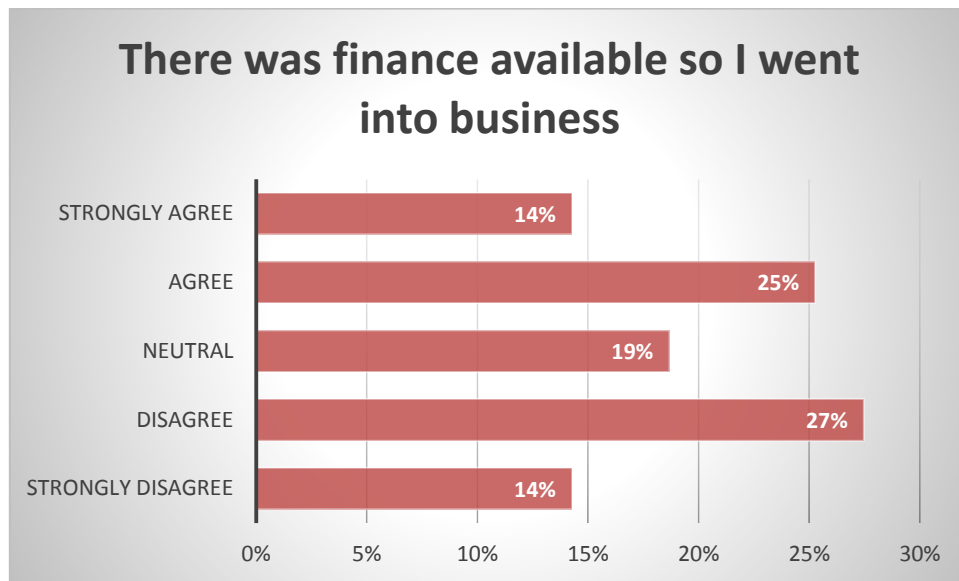


Figure 6.2: There was finance available, so I went into business.

The Figure 5.7 shows that the finding reveals that set of the respondents, 27%, who involve in business agreed on the fact that finance is inaccessible in the Gaza strip, followed by 14% of the respondents who strongly agreed, but 25% of the respondents who agreed, followed by 19% of the respondents who were neutral, and followed by 14% of the respondents who strongly disagreed. From these results, most of the respondents who involve in business agreed on the fact that finance is inaccessible in the Gaza strip. Small enterprises in the Gaza Strip rely heavily on their own resources in financing their activities, whether in the establishment or operational phase. The sources of such funds are usually personal savings, inheritance or the sale of assets owned, such as land or real estate. In some cases, some of the needs are managed through the so-called "borrowing" from some family members or friends who have strong ties with the owner of the establishment. On the other hand, most of the national banks tend to favour large enterprises when granting loans and facilities for reasons of financial position and collateral, thus reducing the financing opportunities available to small enterprises, and even pushing some to borrow from outside the banking system at a high financial cost.

Statement 3: "It was easy starting a business that's why I started".

The intention of this question was to determine whether the procedures and steps are easy to follow on a business starting in Gaza.

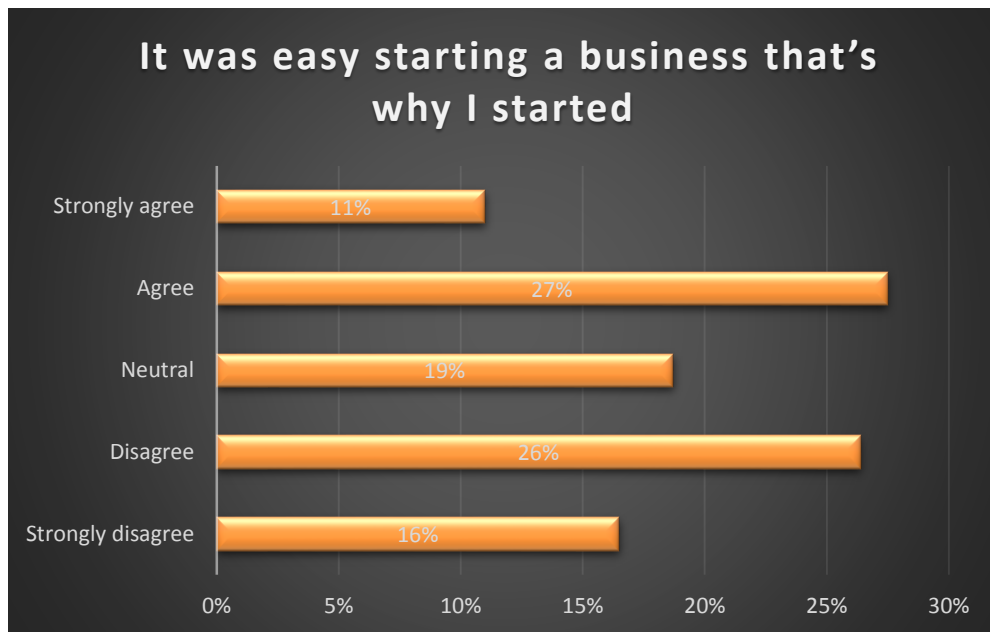


Figure 6.3: It was easy starting a business that is why I started.

Figure 5.7 reveals that most of the respondents, 27%, who involve in the business agreed on the fact that procedures and steps were easy to follow in the Gaza context, followed by 11% of the respondents who strongly agreed, followed by 26% of the respondents who disagreed, followed by 16% of the respondents who strongly disagreed, followed by 19% of the respondents who were neutral on that statement. It is surprising that at 27% agree, with 11% strongly agreeing. It can be said that most of the existing small enterprises are marketed domestically. In addition, the capital size at the start of the project is modest and most sources of capital are self-sufficient.

Statement 4: “I don’t come from a business family, but I started one”.

The objective of this question was to determine background and history of owners of small business in Gaza.

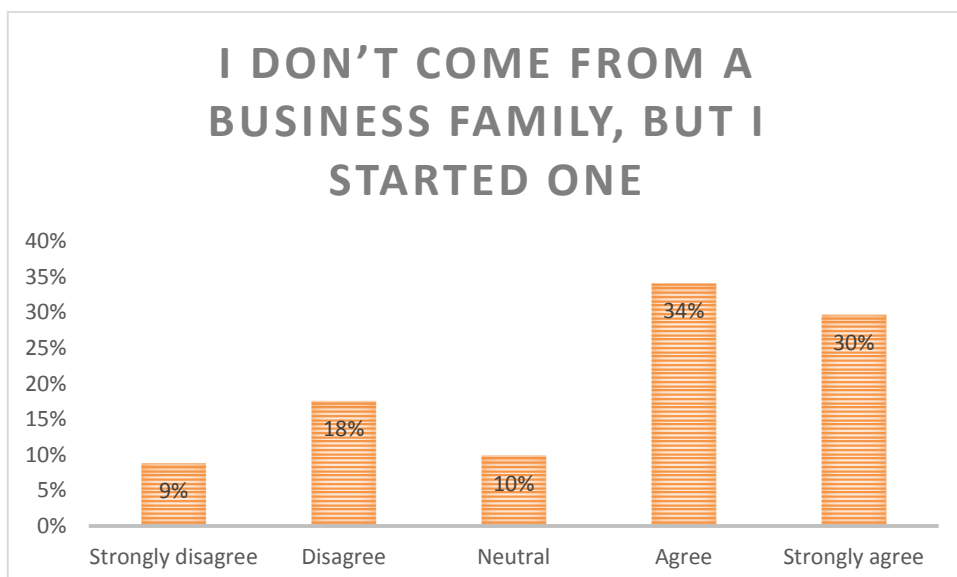


Figure 6.4: I do not come from a business family, but I started one.

A total of 64% (34% and 30% agree and strongly agree respectively) of the respondents are not coming from business family. Neutral stands at 10% with those disagreeing totalling 27%. It can therefore be generalised that most people involved in the business in Gaza do not have a background from their family business. There is a need to nurture entrepreneurial ideas for small projects and to build business incubators to encourage entrepreneurs to apply their economic ideas and turn them into income-generating projects, benefiting them and society.

Statement 5: “Either you are in business or restricted in the job”.

The intention of this question was to determine whether one prefers to work in their own business and gets into business at one’s own expense and risk.

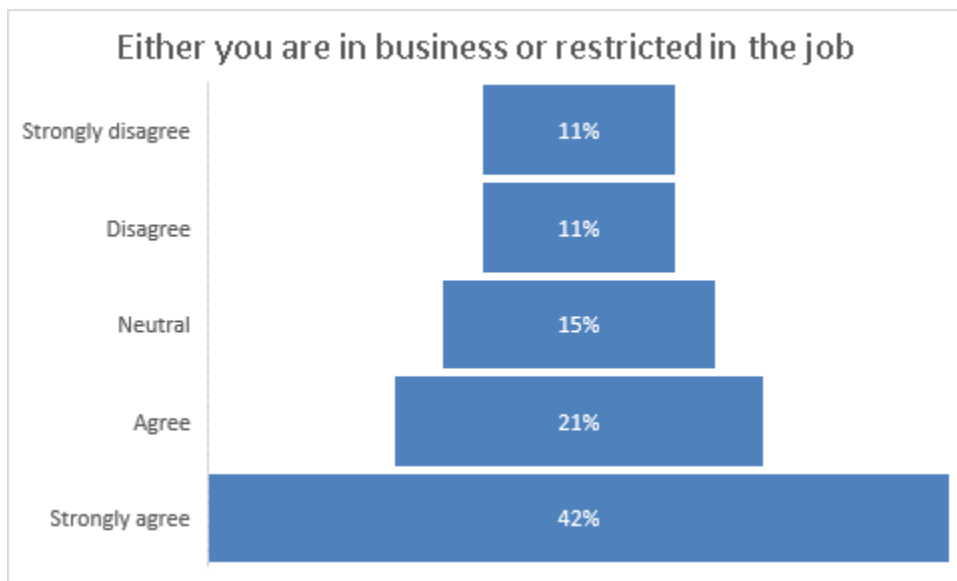


Figure 6.5: Either you are in business or restricted in the job.

Figure 5.9 shows that Most of the respondents prefer to work in their own business with 42% strongly agree, and 11% each for strongly disagreeing and disagreeing. This is due to the many of people believe that work in one’s own business is to be responsible for one’s own wellbeing. This means that you will not become dependent on anyone. You will control the time, place, and way of performing your business without any restrictions, with more freedom, creativity, and independence, and a reduction of routine and boredom. Small business should be encouraged and the dissemination of trade work among young people, especially graduates.

Statement 6: “Government policy makes it easy to start a business”.

The intention of this question was to determine whether the government policies encourage to start a business in Gaza. Growth in today’s world based on the global economy depends on a flexible, educated, and healthy workforce. Investing in

businesses will stimulate individual development and provides the ability to escape poverty.

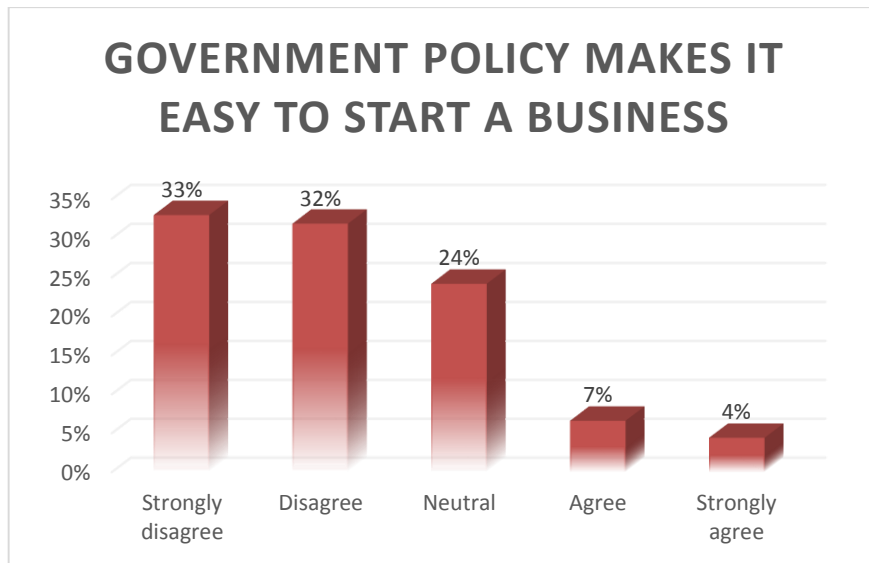


Figure 6.6: Government policy makes it easy to start a business.

It was expected that most people would agree on the fact that the government policies discourage starting a business. however, A total of 65% (32% and 33% disagree and strongly disagree respectively) of the respondents that there are government policies that facilitate the process of starting small businesses. Neutral stands at 24% with those agreeing totalling 11%. From these results, most of the respondents who involve in the business agreed on the fact that the government policies encourage starting business. This can show that business owners do whatever they can to survive in this thorny area of the conflict area. Therefore, the government should provide other incentives such as free tax in the early years, facilitating the registration of the project and the necessary licenses.

Statement 7: “Getting business finance is not easy in the Gaza Strip”.

The given statement was intended to measure how the business manager gets business finance. Difficulties in getting financing to run the business would decrease the sustainability of the business.

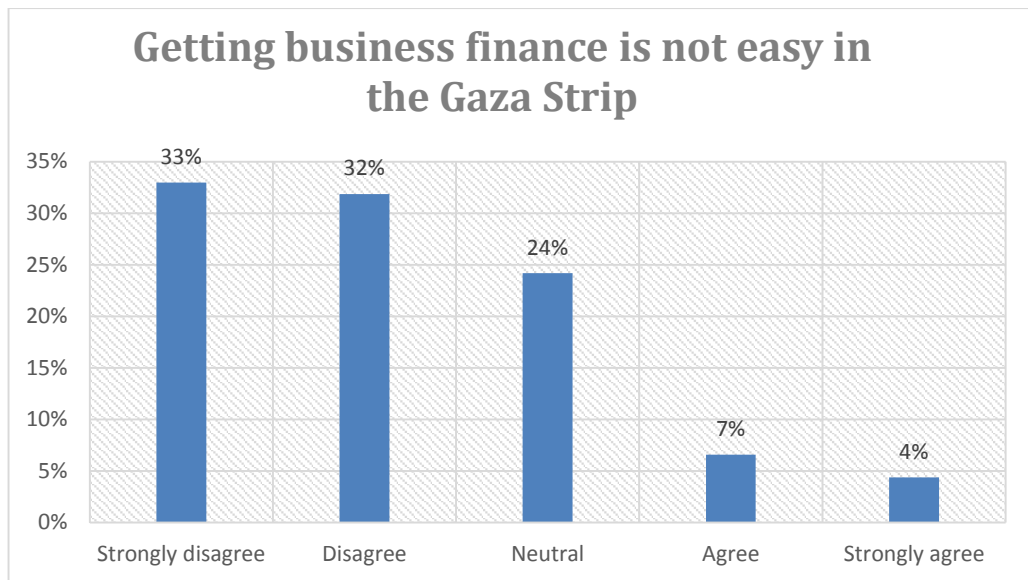


Figure 6.7: Getting business finance is not easy in the Gaza Strip.

Figure 6.7 shows that most of the respondents disagreeing to difficulties in getting financing to run the business with 33% strongly agree, and 32% disagreeing. Neutral stand at 24%. It can be concluded that most of the respondents finance their business by themselves through families and friends.

Statement 8: “I am from a business family hence I am in business”.

The objective of this question was to determine whether the family background has related to deciding to small business start.



Figure 6.8: I am from a business family hence I am in business.

Contrary to what is customary in most commercial projects in Gaza that most commercial enterprises are inherited from parents and family. Figure 6.8 shows that 34% of respondents strongly disagreeing and 27% disagreeing, and 7% taking a

neutral stance, it can be concluded that most of the respondents are not from a business family.

Statement 9: “I went into business because I had a skill”.

This question intended to determine whether skills was playing a significant role and its impact on the business start. Rauner & Maclean (2008) posit that education in its general sense is a form of learning in which the knowledge, skills, and habits of a group of people are transferred from one generation to the next through teaching, training, or research.

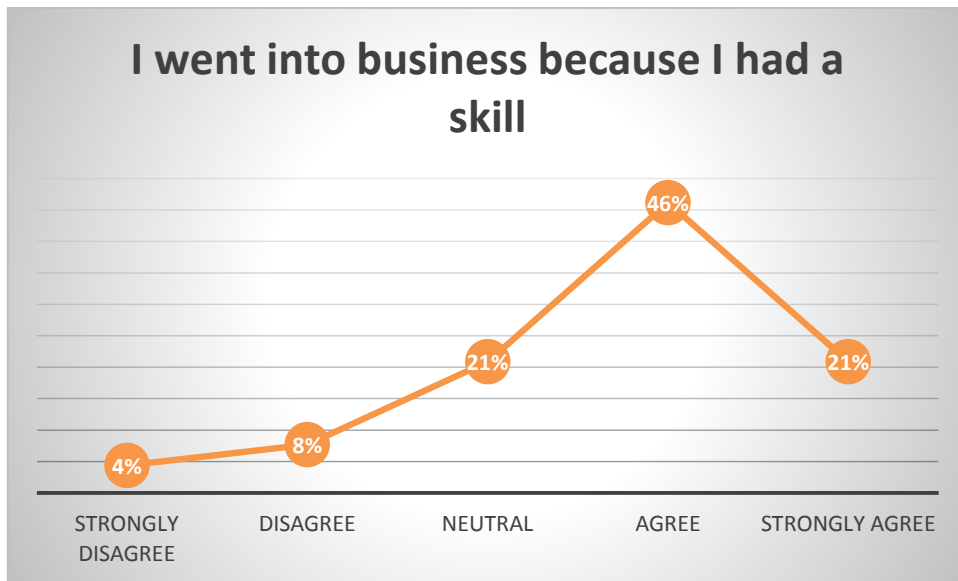


Figure 6.9: I went into business because I had a skill.

Figure 6.9 shows that the majority of the respondents, 46%, who involve in the business agreed on the fact that they had skills to starts business, followed by 21% of the respondents who strongly agreed, followed by 8% of the respondents who disagreed, followed by 21% of the respondents who were neutral, and followed by 4% of the respondents who strongly disagreed. It can be shown by the fact that most of the owner small enterprises do not need skills to start their business, or that the nature of their projects does not require high skill, such as animal and agricultural projects.

Statement 10: “Many NGOs fund business start-ups in the Gaza Strip”.

The intention of this question was to determine whether NGOs are a major source of business finance for the poor.

Many NGOs fund business start-ups in the Gaza Strip

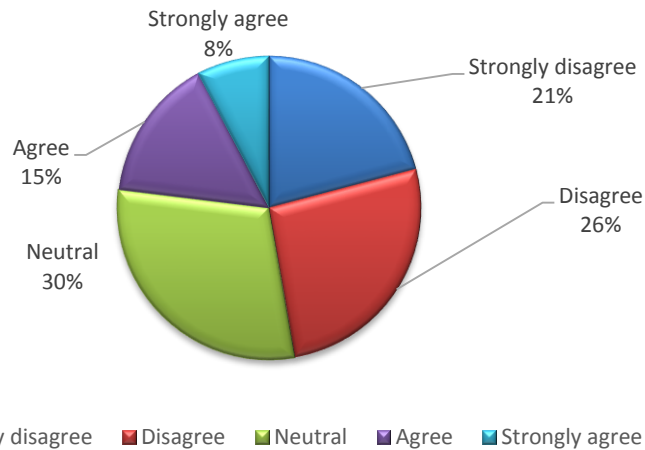


Figure 6.10: Many NGOs fund business start-ups in the Gaza Strip.

Figure 6.10 shown that a total of 47% (26% and 21% disagree and strongly disagree respectively) of the respondents that on the fact that NGOs are a significant source of business finance business start. Neutral stands at 30% with those agreeing total of 23% (15% and 8% agree and strongly agree) of the fact that there are NGOs fund the business in Gaza strip. From these results, it can be concluded that NGOs' funds do not support business start-ups in the Gaza Strip. It due to that the political crises clearly affected the financing sector, especially the policy of closing crossings and the security crisis, which led to a lack of interest in loans and weakened the size of the granted portfolio. Moreover, the political crises affected the volume of demand for new loans and the ability of loan owners to repay regularly, which affected the willingness of financing institutions to obtain loans from donors. It is due to the lack of clarity of the political vision and the sensitivity of the international situation regarding conditions Gaza strip.

Statement 11: "There are many customers for this type of business".

The intention of this question was to determine whether a many customer is to buy local product.

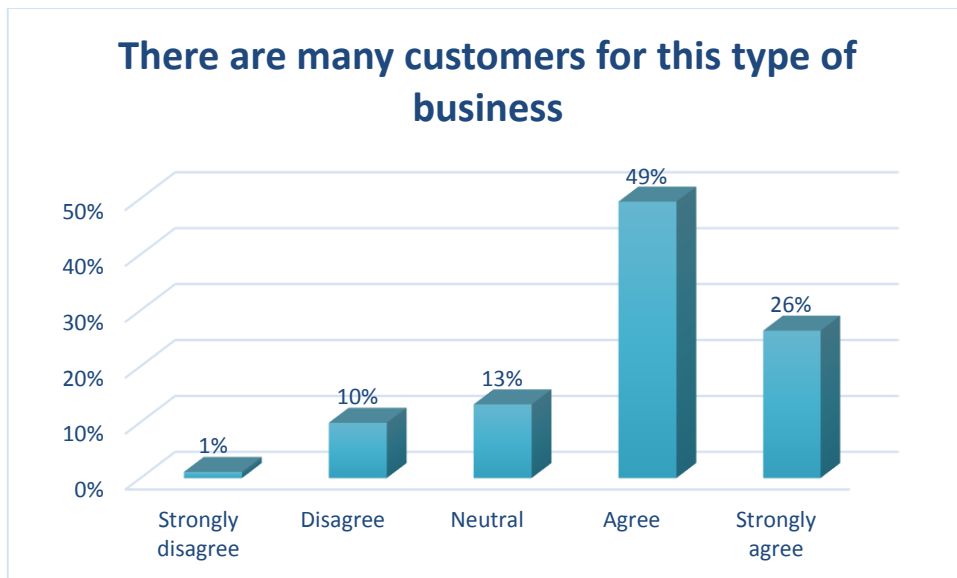


Figure 6.11: There are many customers for this type of business.

A large part of the respondents (49% agreeing and 26% strongly agreeing) were agreeing that there are many customers for this type of business. It concluded that many of the businesses in the Gaza Strip have customers for their products or services. This result indicates that the entrepreneurs have acquired the experience that qualifies them to know the appropriate periods to sell each product they have. For example, clothing store owners are preparing for the festive season and schools, while grocery and supermarket owners prepare their products for Ramadan, the holidays, and so on.

Statement 12: “There is too much work in running your own business”.

The intention of this question was to determine whether there is too much work in running your own business. The evidence suggests that small business owners are the risk-takers and one self-motivated to achieve one’s own specific goal.

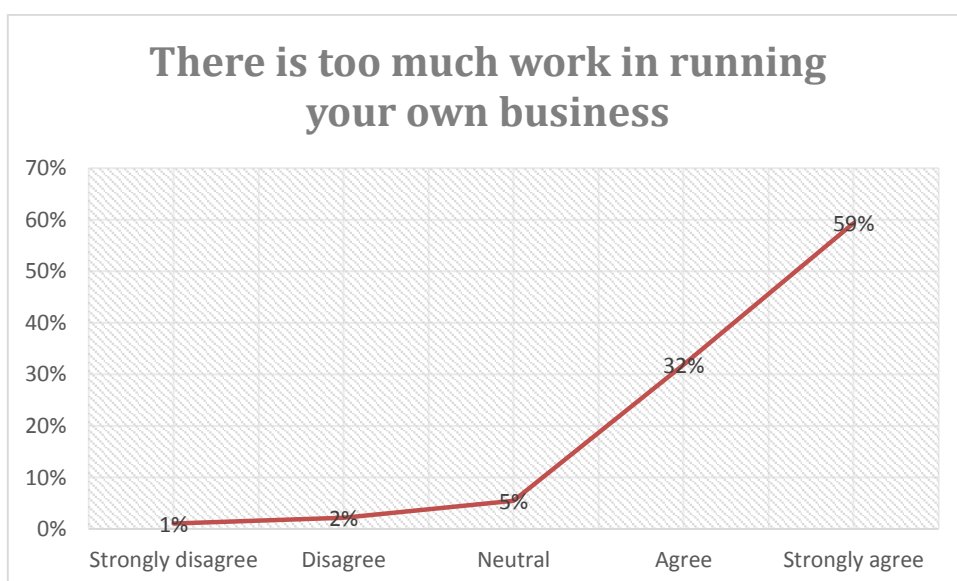


Figure 6.12: There is too much work in running your own business.

Figure 6.12 shows that most of the respondents, 59%, who involve in business strongly agreed on the fact that there is too much work in running your own business followed, by 32% of the respondents who agreed, followed by 5% of the respondents who were neutral, followed by 2% of the respondents who disagreed and followed by 1% of the respondents who strongly disagreed. From these results: It can be concluded that most of the respondents (59%) agree that there is too much work involved in running your own business. This indicates that the economic and social environment surrounding the economic activities in the Gaza Strip is not well enough to facilitate the commercial process.

Statement 13: “It’s better for me to employ than be employed”.

The purpose of this question was to find out why respondents decided to start a business. The reason for starting a business in the Gaza context is that the government is powerless to pay its government officials regularly and efficiently with a reasonable remuneration that would help them in supporting their needs.

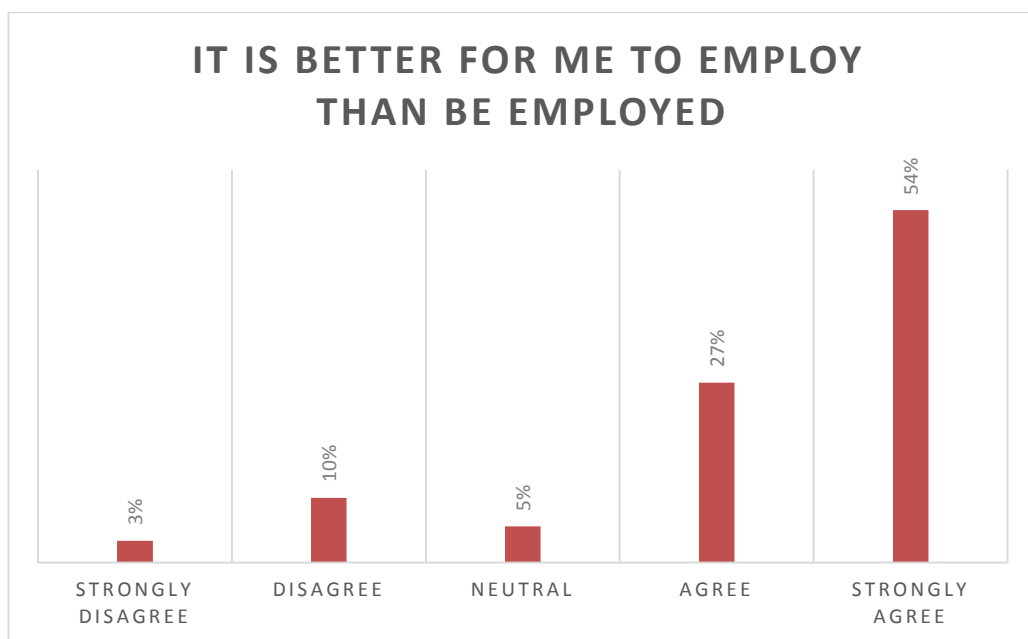


Figure 6.13: It is better for me to employ than be employed.

Figure 6.13 shows that most of the respondents, 54%, who have been started in a business who strongly agree to prefer to prefer self-employment to jobs followed by 27% of the respondents who agreed, followed by 10% of the respondents who does not like self-employment, followed by 3% of the respondents who were strongly disagreed on self-employment. From these results, it can be concluded that according to the findings, 54% of respondents strongly agree and 27% agree that it is better for them to employ than to be employed. This shows that most respondents prefer self-employment to jobs. This can be credited to the fact that current tendency most likely got the decision and initiative of starting the business because of their economic and social freedom where they operate and live without direct governmental support in terms of jobs.

Statement 14: “Running a business means deciding your own future”.

The purpose of this question was to find out if running a business means deciding your own future. It was expected that most people would decide to start businesses because of economic crises. Burke (2006) emphasises that a push factor is a trigger that forces and thrills a person out of their present job into self-employment, such as redundancy or retirement, disability, illness, accident, loss of license (medical license, legal license), for example, becoming unemployed and needing to find a job to pay the bills. Vermeulen & Curseu (2008) postulate that the following triggers may force and boost a person into becoming a “necessity” entrepreneur: Poor pay and lack of prospects, disenchantment with current remuneration or employers can spur the start of one’s business. Lack of improvement. This may tip the scale for ambitious employees who chafe under inflexible management. Increasingly, school leavers and youth graduates cannot find work and older workers are retrenched (Roper, 2013).

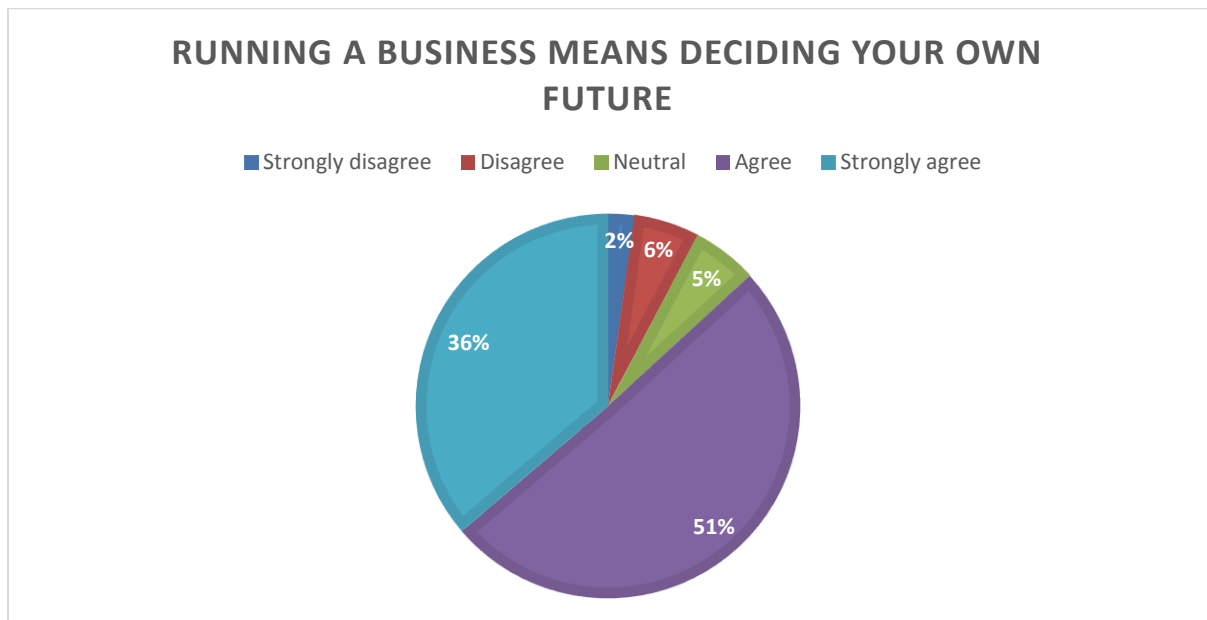


Figure 6.14: Running a business means deciding your own future.

As expected, most of the respondents believe that Running a business means deciding your future, at least like everybody else (87%). The remainder is comprised of neutral at 5% (understandably even though it could have been better at 0%) and 8% disagreed. It is not sure what they want to express precisely, but it can be generalised that the owners of business expect to build their future.

Statement 15: “For the same salary I would be better in my business”.

This question intended to determine if the owners of businesses prefer to work in their interaction with the same salary in the job. In most of the business in Gaza, the collected sums are simple. They do not work to achieve the profits necessary to increase the monthly income, as most of the money collected is used to provide the raw materials needed for the business, and to maintain the machines and equipment

necessary for the business work. Therefore, there will be no increase in the monthly income of the business.

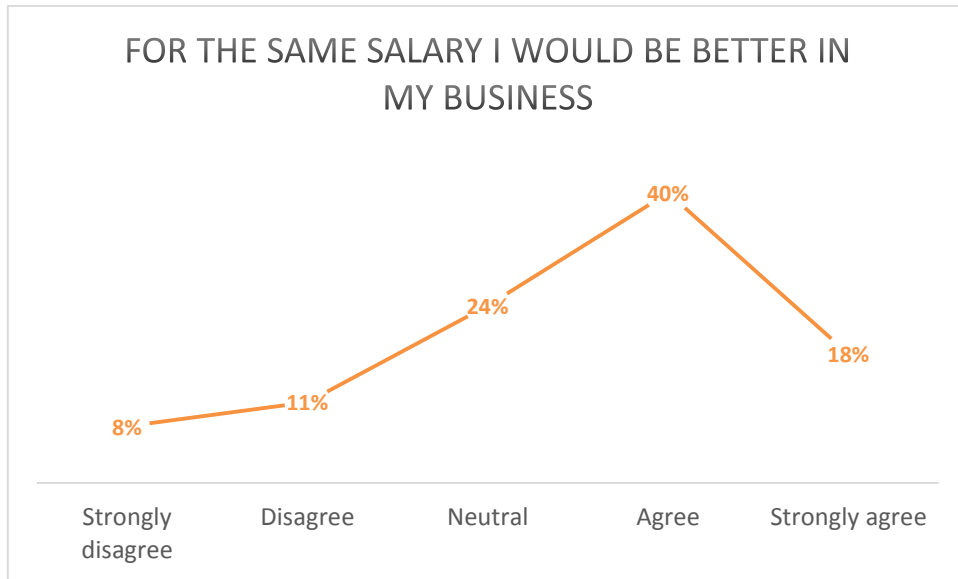


Figure 6.15: For the same salary I would be better in my business.

Figure 6.15 shows that most of respondents were agreeing at 40%, those disagreeing at 11% and those taking a neutral stance at 24%, it is hereby concluded that the respondents are divided and have no one predominant opinion on this issue.

Statement 16: “I employ people and so I changed their life”.

The purpose of this question was to find out if a small business can employ people and change their life.

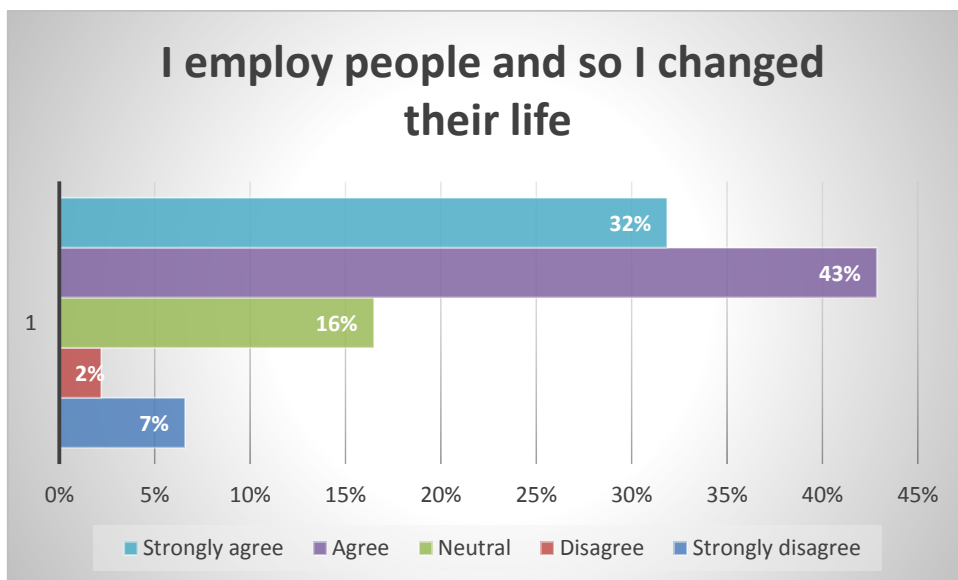


Figure 6.16: I employ people and so I changed their life.

Figure 6.16 reveals that most of the respondents who involve in the business agreed on the fact that the starting a business could be change their life with 43% of respondents agreeing and 32% strongly agree, it can be concluded that one of the benefits of small business is generating income, thereby improving the lifestyle of the workers as well as the owner of the business. From these results, it can be Developing integrated development plans to create job opportunities for the poor and graduates through small businesses, thus changing their lives and reducing high unemployment in Gaza.

Statement 17: “I want to diversify to a better business than this”.

Another question relating to the diversifying of business. This question intended to determine whether the respondents want to diversify to a better business than the current business.

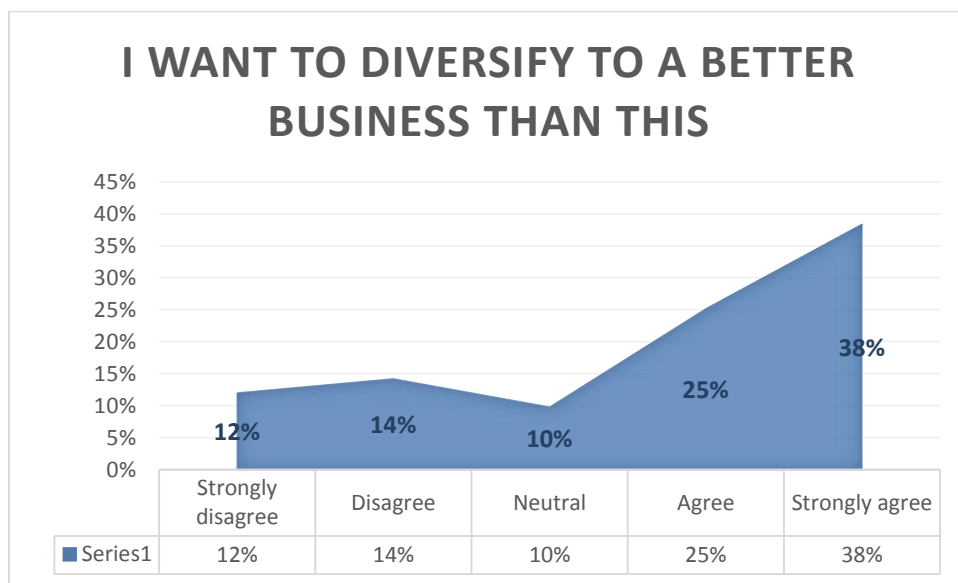


Figure 6.17: I want to diversify to a better business than this.

Figure 6.17 reveals that many of the respondents agreed on the fact that diversifying to a better business than the current business with 25% of respondents agreeing and 38% strongly agree. result of that, most of the business owners stay away from traditional projects where the multiplicity of interventions and competitive projects reduce the chances of success of projects. This previously led to the saturation of many places with similar projects, and thus led to a lack of profit or failure of business.

Statement 18: “Many small businesses give hope to the citizens”.

The intention of this question was to determine whether small businesses give hope to the citizens in conflict.

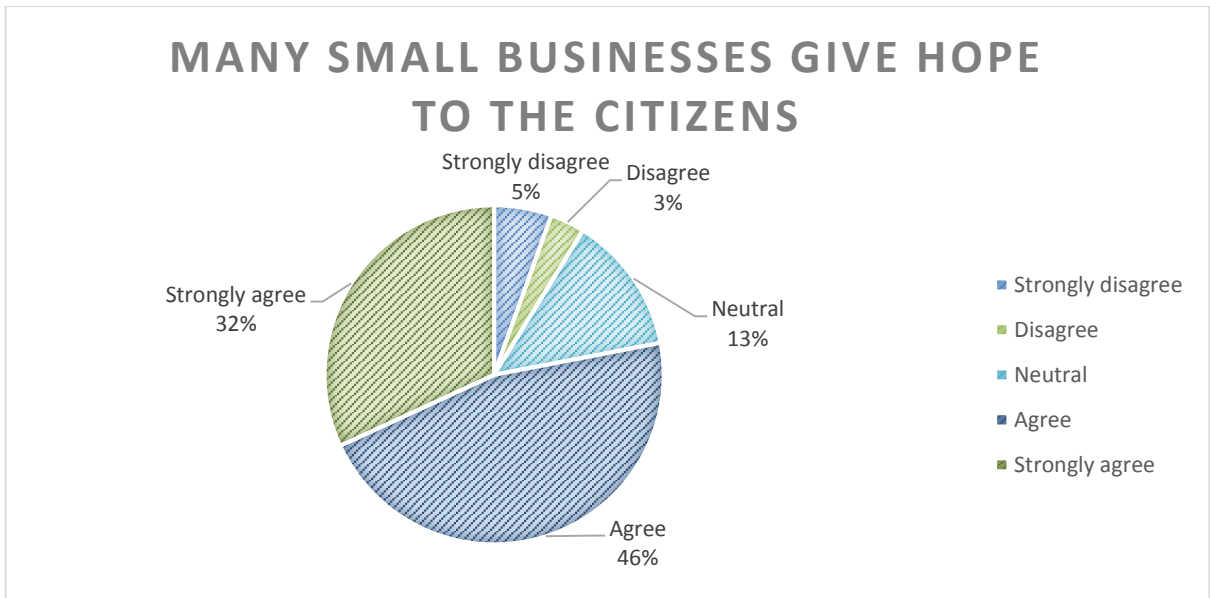


Figure 6.18: Many small businesses give hope to the citizens.

It shows that most of the respondents, 46%, who involved in the business agreed on the fact there is small business gives hope to the people, followed by 32% of the respondents who strongly agreed, followed by 5% of the respondents who strongly disagreed, followed by 3% of the respondents who disagreed, and followed by 13% of the respondents who neutral. From these results, it can be concluded that most small businesses give hope to people. It is mainly due to its ability to employ individual savings in a risk-reducing manner because of shortening the repayment period. Moreover, small businesses increase income and change life for the better.

Statement 19: “I would rather be in a job than run a business”.

The purpose of this question was to find out if respondents prefer to be in a job rather than run a business.

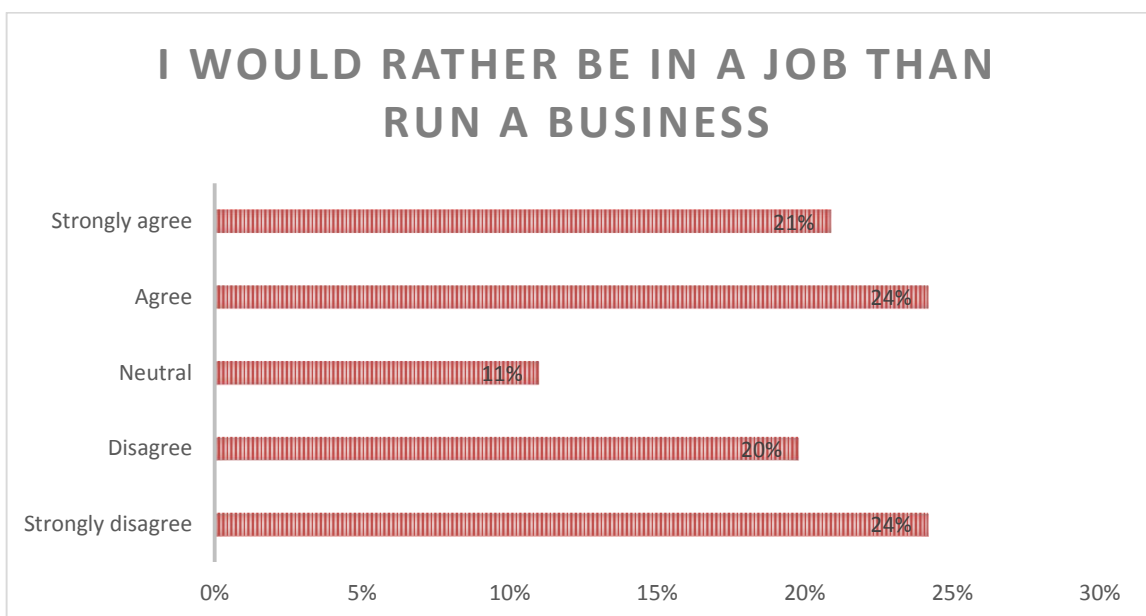


Figure 6.19: I would rather be in a job than run a business.

With those agreeing at 24%, those strongly disagreeing at 24.2% and neutral at 11%, it is because of this concluded that the respondents are divided and have no one opinion on this issue. It is due to the culture that favours the job on the private project because of the security of the job and the volatile political and commercial environment. From these results, there is need to formulate comprehensive national development policies that consider the local potentials and actual needs of the Palestinian society to determine the nature of opportunities for large and small entrepreneurs in different sectors.

Statement 20: “You cannot get a job here you only can create a job”.

The purpose of this question was whether the respondents could not get a job in Gaza, but they only can create a job.

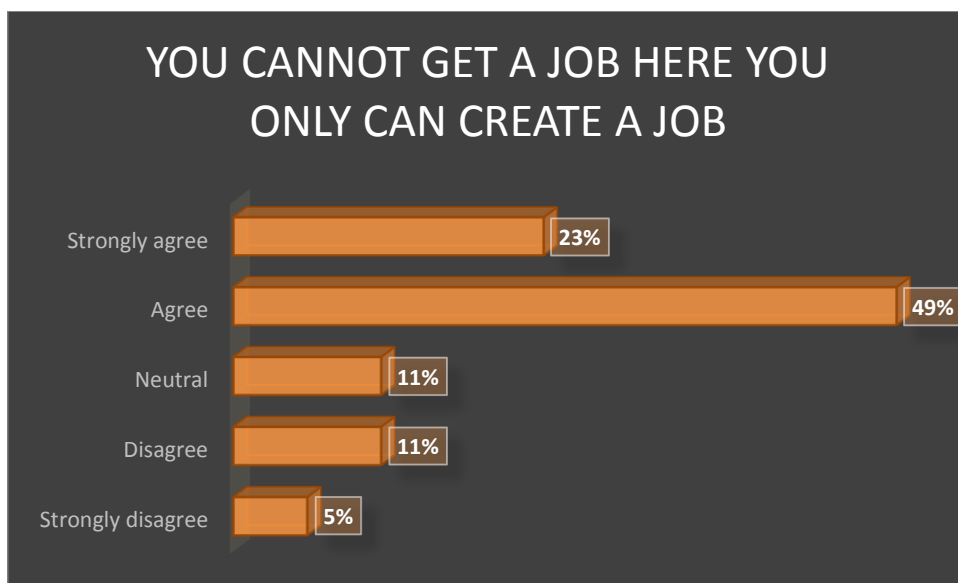


Figure 6.20: You cannot get a job here you only can create a job.

It can be concluded that most managers of small businesses (49%) agree with 23% strongly agree, 11% are neutral, and 11% disagree that they cannot get a job. One only can create a job due to the high unemployment rate. Besides, waiting to get a job may take a long time, especially if you have family and responsibility. Thus, most people go to work in their own business. So, the government is required in the expansion of existing businesses or the financing of new ideas for the development of small business economically and socially. Also, work on allocating business incubators by the government to facilitate lending and financing programs for new projects.

Statement 21: “Manufacturing here increases money in our economy”.

The objective of this question was to determine whether the Manufacturing here increases money in our economy Gaza context. There are well fewer manufacturing organisations in the country, but they are the critical backbone to production of goods in the country. They are in a class of their own, and may not be as ordinary other

businesses, hence the question of the respondents' perception about these. These are in figure 5.25 below.

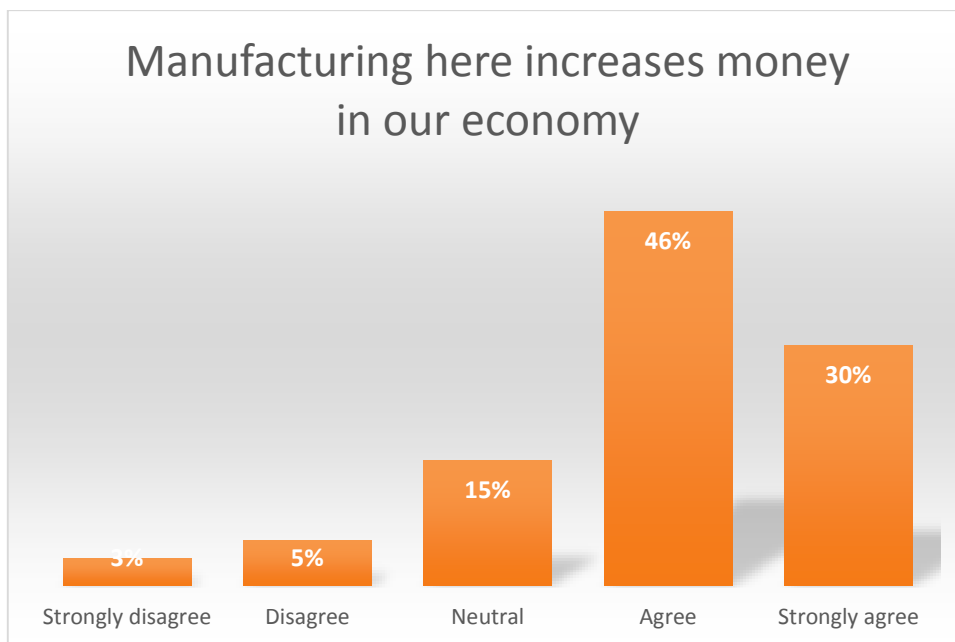


Figure 6.21: Manufacturing here increases money in our economy.

Openly the respondents showed agreeing with 46% agreeing and 30% strongly agreeing that manufacturing industry increases money in our economy. In another hand, a showing of 8% (3% strongly disagreeing and 5% disagreeing) that they believe the manufacturing industry does not increase money in our economy. The remainder is shared amongst 15% neutral. It is hereby concluded from the survey, most respondents agreeing, that the manufacturing here increases money in the economy, and indeed that manufacturing is a critical factor in improving any economy in the world. Indeed, manufacturing ensures increased value addition, helps to ensure self-sufficiency in food and clothing, improves the economic balance of trade and payments, improves the labour force, reduces the current unemployment rate, and secures jobs for future generations. As a result, supporting this productive sector and upgrading the existing industries should be an essential objective of any comprehensive development policy.

Statement 22: “Every start-up means at least one person employed”.

This question intended to determine whether if Every start-up means at least one person employed.

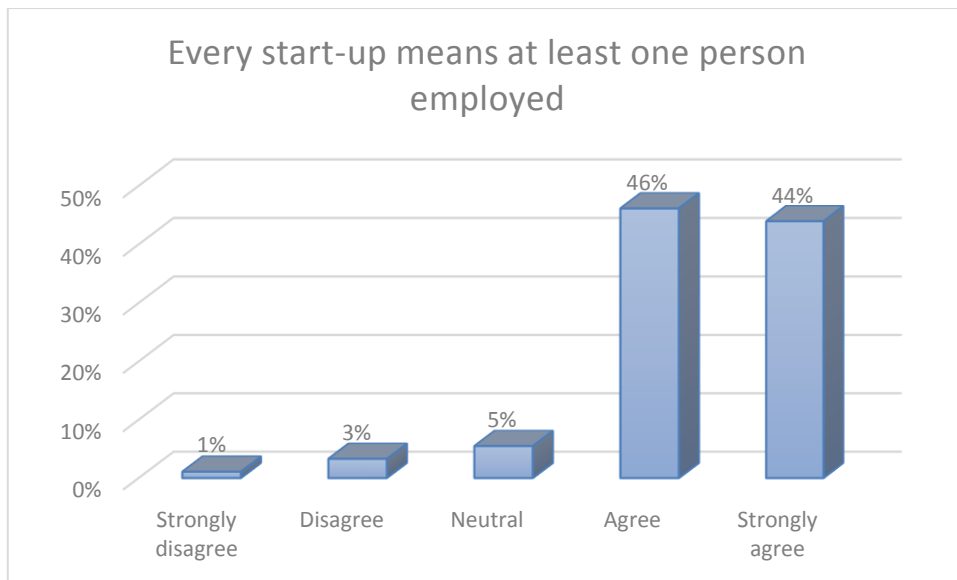


Figure 6.22: Every start-up means at least one person employed.

A large part of the respondents (46%) agrees, and 44% strongly agree that every start-up means at least one person is employed. It can, therefore, be concluded that these small businesses can employ at least one person and can employ many unemployed workers and turn them into productive labour with the availability of training opportunities and innovations that contribute to reducing unemployment. From these results, it can be said that increasing the number of start-up companies targeting the local markets in the Gaza Strip, and to ensure that the pioneering and creative ideas mean solving problems in the Gaza Strip in particular, in addition to reducing a high unemployment rate.

Statement 23: “The type of business determines number of employees”.

The intention of this question was to determine whether the type of business determines the number of employees.

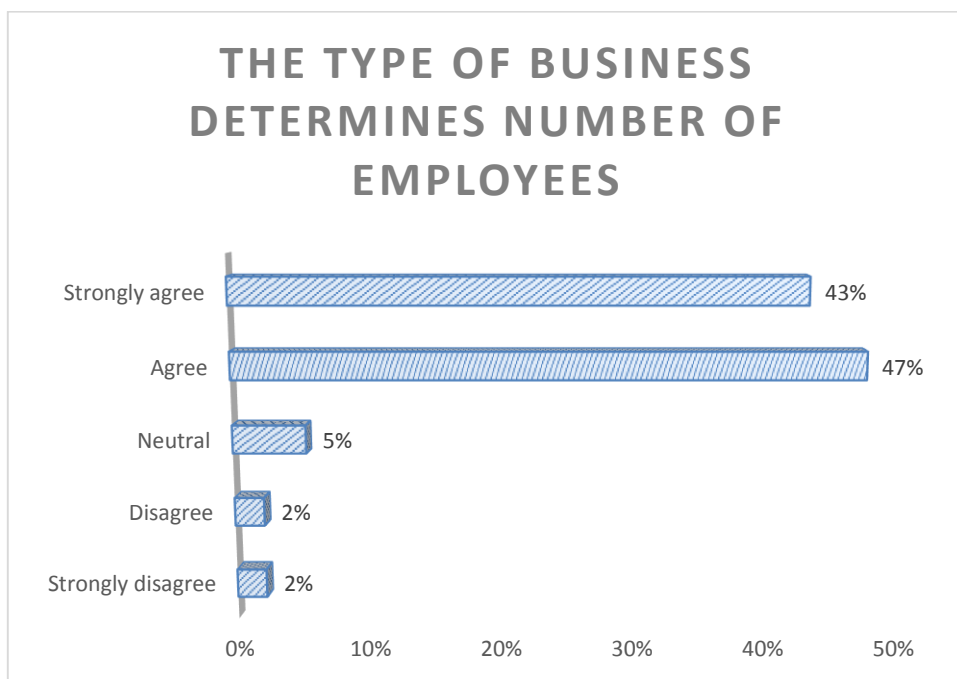


Figure 6.23: The type of business determines number of employees.

A resounding 90% of the respondents (43% strongly agree and 47% agree) are agreeing that the type of business determines the number of employees. Neutral is low at 5% with only total 4% saying that they are not agreeing. This means that the maximum number of employees depends on the type of business and the type of product or service offered by the business.

Statement 24: “Manufacturing here makes us buy cheaper products”.

The intention of this question was to determine whether if Manufacturing makes cheaper products available.

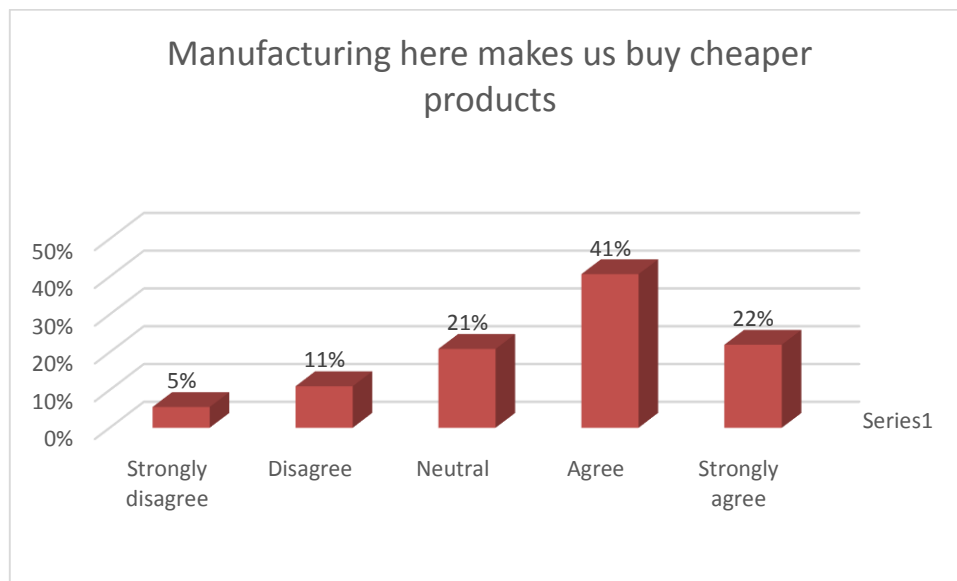


Figure 6.24: Manufacturing here makes us buy cheaper products.

As we know, apart from the price of local products, the local product still must be of acceptable quality to reach to the local consumer. Of the respondents, 41% agree that manufacturing makes cheaper products available. However, Neutral is high at 21%, suggesting that some people are not clear as to what they believe and what the situation is. Thus, to strengthen consumer confidence in local products, the ministries of economic development and institutions concerned should establish laws and regulations that encourage national manufacturers to improve the quality of their products at a low price. Furthermore, the Standards and Metrology Institution must play a significant role in establishing a quality seal for factories that comply with high standards of quality.

Statement 25: “My living standard changed because I started business”.

This question intended to determine whether if the small business can change the living standard of the respondents.

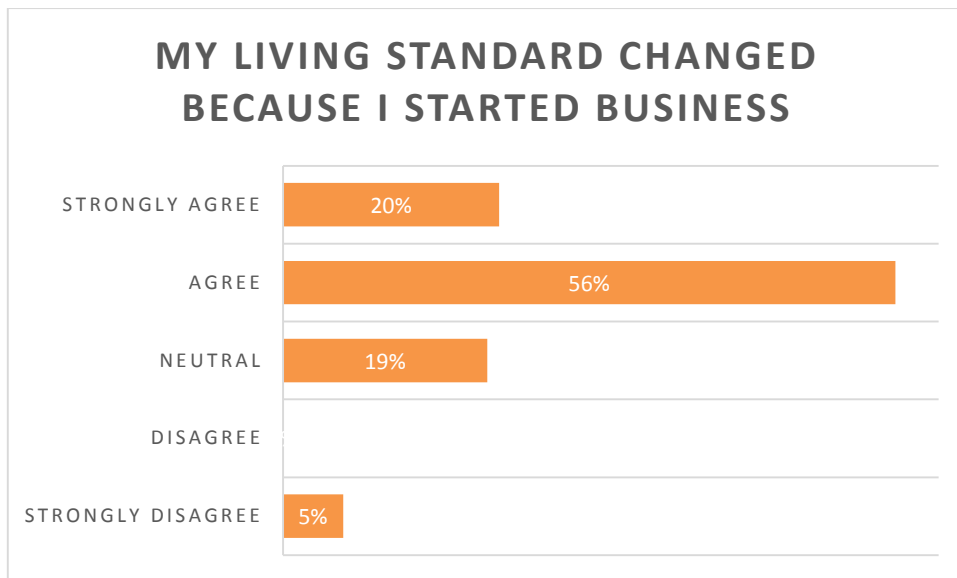


Figure 6.25: My living standard changed because I started business.

Most of the respondents agreed categorically the starting a business changes their living standard with a total of 76% (20% strongly disagreeing and 56% agreeing). Neutral is low at 19%, indicating that the respondents felt that business generate income and thus trying to change their living.

Statement 26: “Manufacturing goods here means more money for us”.

The same question as above and asked in a different way, the objective of this question was to determine whether the Manufacturing here increases money for us.

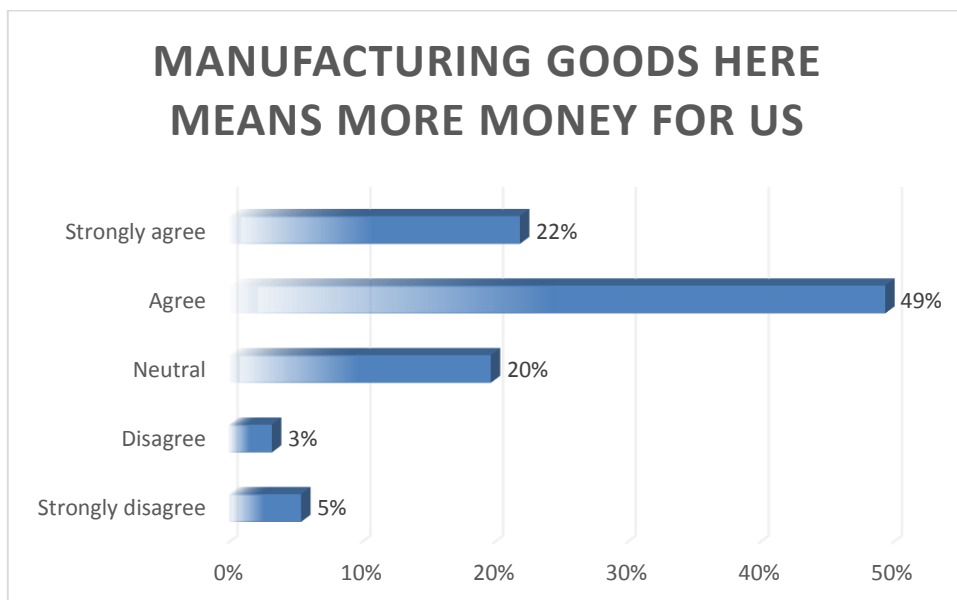


Figure 6.26: Manufacturing goods here means more money for us.

It is interesting to note that increasing the levels of neutrality (20%) are not that high anymore, or at least not on this item. Those suggesting or agreeing that Manufacturing here increases money for us are 71% for both agreeing and strongly agreeing. It can

be generalised that the manufacturing sector in the Gaza Strip plays a role in generating money.

Statement 27: “Importing goods means less jobs for us in the Gaza”.

The intention of this question was to determine whether Importing goods means less jobs for us in the Gaza. local production and government support for local products must be encouraged so that they can compete against foreign goods.

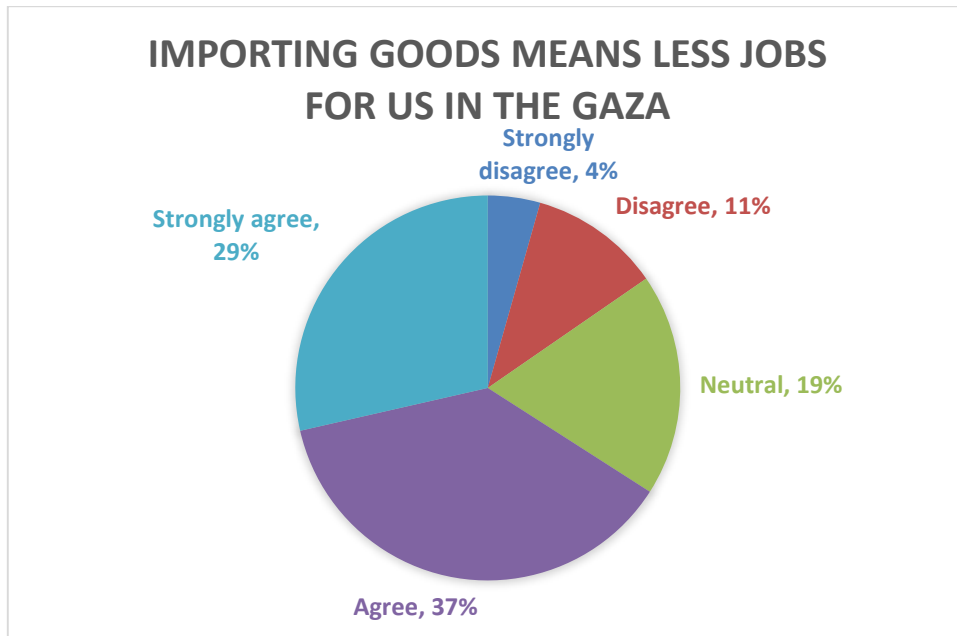


Figure 6.27: Importing goods means less jobs for us in the Gaza.

Figure 5.30 shows that most of the respondents, 37%, who involve in the business agreed on the fact the Importing goods means fewer jobs for us in the Gaza, followed by 29% of the respondents who strongly agreed, followed by 11% of the respondents who disagreed, followed by 4% of the respondents who strongly disagreed, and followed by 19% of the neutral respondents. it can be concluded that the imported products affect the number of jobs negatively.

Statement 28: “Gazans like to support locally manufactured goods”.

The intention of this question was to determine whether Gazans like to support locally manufactured goods.



Figure 6.28: Gazans like to support locally manufactured goods.

Neutral is high at 25%, suggesting that there is no support for local goods as indicated by 30% of the respondents who said that disagree about local goods, with 10% strongly disagreeing. The reason for this is that there is a competition between Israeli, Turkish and local products, and the Gazan citizen's belief in the quality of imported products compared to low-quality Palestinian goods.

Statement 29; "Imported goods are good for the people to use".

The intention of this question was to determine whether Imported goods are good for the Gazans people to use.

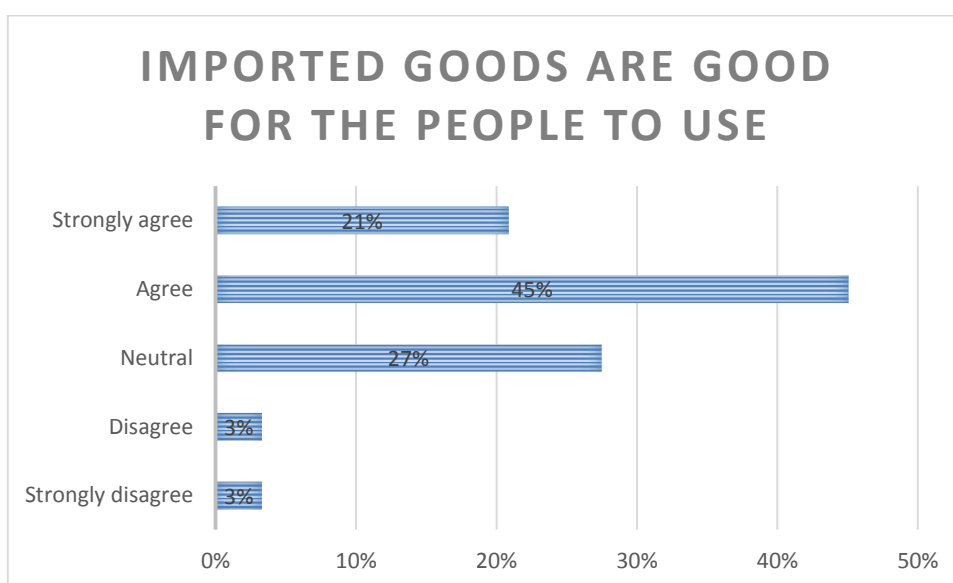


Figure 6.29: Imported goods are good for the people to use.

Figure 5.32 shows that most of the respondents, 45%, who involve in the business were agreeing on the fact that Imported goods are suitable for the people to use, followed by 21% of the respondents who strongly agreed. From these results, it can be said that this result shows the absence of interest in the national product and its support for competition and continuity, which leads to the spread of secrets and other products in the local markets due to the inefficiency of the local product and its inability to compete.

Statement 30: “You can’t buy imports and still want a good job here”.

The intention of this question was to determine whether the respondents cannot buy imports and still want a good job in Gaza strip.

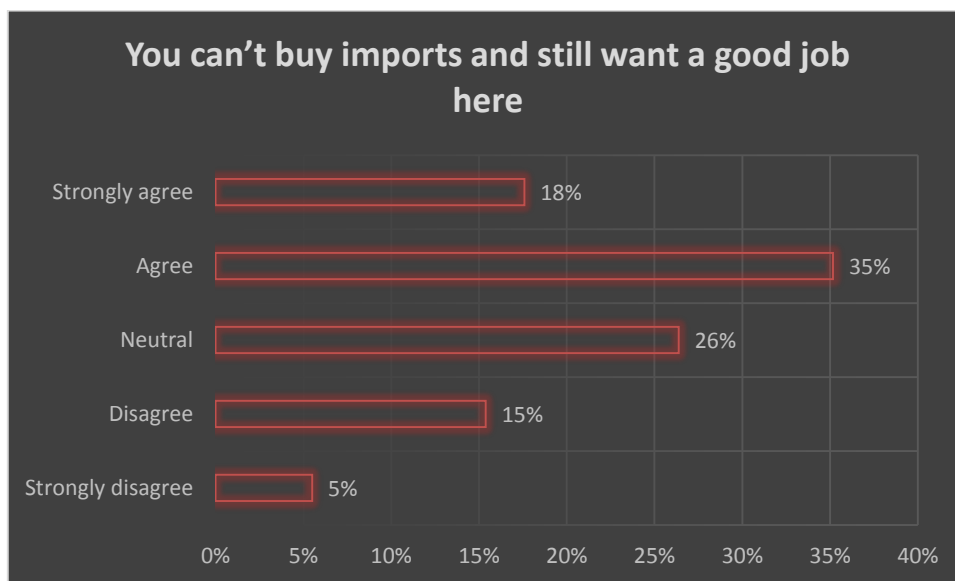


Figure 6.30: You can't buy imports and still want a good job here.

No generalisation can be made as those disagreeing (combined total – 5% strongly disagree and 15% disagree) stands at 20%. Those were agreeing (35%) and strongly agreeing (18%) totalling 43%. Neutral stand at 26%. Therefore, it is hereby concluded that the respondents are divided and have no single predominant opinion on this issue.

Section C – Open-ended questions

In this section, three open-ended questions were put forward to the respondents to try to open some discussions with the respondents. The respondents were also asked if there are any benefits of business for the community and what the government should do. Any other issues that were not covered by the survey that may have been deemed essential by the respondents were solicited for. Thus, the respondents were requested to do specific tasks that relate to the study.

6.3 Question 1: What five [5] benefits to the community do you think your business provides or may provide to the community in the occupied land?

- Providing job opportunities for unemployed youth and graduates.
- Operate of labour force.
- Raising the level of individual income and improving the standard of living.
- Reducing the unemployment rate in the Gaza Strip.
- Develop and strengthen youth skills and support beginners through guidance.
- Providing goods and products to customers.
- Help others and work to make people happy.
- Improving the economic situation and developing the local economy.
- Self-sufficiency and reduction of imports from abroad.
- Motivation towards work and entrepreneurship.
- The diversity of industries and services that meet the needs of individuals in society.

6.4 Question 2: What in your own thinking is the single most important means of reducing poverty in the Gaza Strip?

- Providing job opportunities for the young people.
- Set up associations and incubators for youth that finance and support microenterprises.
- Supporting and motivating of governments for young people through establishing their own business.
- Forming a new government, opening the crossings, and lifting the siege.
- Facilitate youth migration to work or study.
- Work on reducing taxes on projects and reducing product prices.
- Open markets for export products and facilitate import and export.
- Increase of projects that support national and local industries.
- Raise salaries and minimum wages.

6.5 Question 3: What the government should do to help create jobs and wealth in the economy from the point of view of small business managers.

- Providing an investment environment that supported the small enterprises.
- Reduction of tax, collection and licensing fees.
- Building factories to support and encourage national and local industries and products.
- Minimise the importation of products from abroad.
- Export of national products.
- Provide incubators to finance small projects to support young people and improving the economic situation.
- Take advantage of available resources and labour force.
- Lift the siege and open the crossings to investors.
- Establishment of centres concerned to develop the skills of graduates and youth through set up of courses for them.

6.6 Conclusion

The data analysis that this chapter presented and discussed was conducted by the researcher in the form of structured questionnaires. The aim of this chapter was to collect data from respondents, analyse the data and present the results of the survey in the form of charts, graphs and tables. Results indicate that the majority of respondents were not that familiar with the importance of small businesses in economic development. There are a few people who still believe that the quality of export goods are much better than the quality of local products. It is of utmost importance to highlight the fact that financing for small businesses that need to start is actually challenging. Most of the business owners need skills and training to manage their business so that they succeed and are sustained.

CHAPTER SEVEN FINDINGS AND CONCLUSION

7.1 Introduction

This chapter presents the results of the analysis of the views of the managers and owners of small businesses in Gaza. The researcher distributed 120 questionnaires, and received 109 back, thus the response rate was 90.8%. This chapter seeks to present the results obtained by different statistical tools, then analyses and interpret the nature of those results. The extended literature review resulted in the construction of the proposal, which was later converted to the current Chapter One of the dissertation document herewith presented.

The first chapter is the proposal detailing the political history of the Gaza Strip, literature review around theories of small business operations, problem statement, research objectives, research question, research methodology, and the ethics consideration, followed by the chapter classification. Chapter Two discusses global economic growth indicators and the theory of economic development, economic growth, the role of politics and the impact on development. Chapter Three focuses on poverty eradication programs in other developing economies, contrasts resource-based and consumer-based economies and the miracle progress of the Asian Tigers.

Chapter Four discusses models on small business development, reviews preceding theories and constructs a conceptual model (theoretical framework), introduces the hypothesis and the hypothetical theories of small businesses in the Gaza Strip. Chapter Five focuses on the theory of the research design, research methodology, the population targeted, sampling (sample frame, sampling methods, sample size), the research instrument, data collection methods, and data analysis. Chapter Six discusses all the tables and figures that come from the data analysed from the research, interprets this data question by question with details on relationships between the variables and frequencies and what they mean. Chapter Seven (the current chapter) summarises all the findings from the research and draws up high scoring relations and details conclusions made from the results with recommendations (action to be taken), limitations and future work on the subject in the Gaza.

7.2 Findings

As alluded to earlier, the questionnaire was divided into three sections, classified as: Section A – Biography, Section B – Likert scale and Section C – Open-ended section, which allowed for interaction between the researcher and the subjects. The approach to the chapter, therefore, involves the stating the question or statement as it appears in the questionnaire, the

conclusion follows (based on the findings recorded in chapter five) and then the recommendations.

7.2.1 Section A – Biography

Primarily intended to identify the participants and their relevance to the study, the questions merely wanted details about them. In this section, there is no need for conclusions and recommendations. The researcher distributed 120 questionnaires, and received 109 questionnaires, with the response rate of 91%. It has been shown through statistical analysis that most respondents from managers of small companies in the Gaza Strip in Palestine have their own businesses (81%) and 10% own commercial projects but are under preparation, while 8.8% were once in business.

The kind of business was then asked. It was found that most of the businesses in the Gaza Strip are in retail (45%) such as grocery stores that are the most common and clothing shops, household appliances and others in this kind of businesses. In addition, there are those in services (16%), within the study sample, where there are hotels, restaurants, popular cafés, and others. There is then manufacturing (11%) and other (27%).

When respondents were asked for their businesses' age it was found that 63% of the study sample have projects that are less than 5 years old and 18% of the sample of the study have business that is 6-10 years old, while 7% have projects between 11-15 years, and 13% have business more than 16 years old.

Through the question about the number of project workers, it was found that 82% of small businesses have less than 5 workers and 5% employed 6 to 10 worker and 11 to 15 workers both respectively, while 7% of the business employed more than 16 workers. This is due to that of the most important characteristics of small enterprises is the small number of employees. It is often family. In addition, most of the commercial projects do not require many workers.

Finally, when the respondents were asked for numbers of permanent employees, it was found that there is 88% of the employed had worked for less than 5 years, 8% of them had worked from 6 to 10 years, 2% had worked from 11 to 15 years and more than 16 years.

7.2.2 Section B – The Likert Scale

Ranking of the statements is the format used universally for the Likert Scale. The following scale was used: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree.

STATEMENT 1-5: REASONS WHY RESPONDENT IS IN BUSINESS

Because the respondents are involved with the small business, they are mostly managers of the small business; those managers can assist with information on the businesses in Gaza and its role in economic development.

Statement 1: “I went into business because I had no job”.

Conclusion: Findings indicate that 41% of the respondents answered that they went into business because they had no job, although the education rate, in Palestine generally and Gaza especially, are very high where there are many universities and colleges in Gaza with students graduating every year and into labour market. Moreover, the bad situation is happening due to Israel’s policy to destroy the Palestine economy. Consequently, unemployment has increased among the educated young.

Recommendations: It would be proper for the university to communicate with government organisations, NGOs, and the private sector in order to accommodate graduates into the labour market.

Statement 2: “There was finance available, so I went into business”.

Conclusion: Regarding finance, 27% of respondents said there is no finance to finance their business while 25% of respondents acknowledged funding for their projects. Small enterprises in the Gaza Strip rely heavily on their own resources in financing their activities, whether in the establishment or operational phase. The sources of such funds are usually personal savings, inheritance or the sale of assets owned, such as land or real estate. In some cases, some of the needs are managed through the so-called "borrowing" from some family members or friends who have strong ties with the owner of the establishment. On the other hand, most of the national banks tend to favour large enterprises when granting loans and facilities for reasons of financial position and collateral, thus reducing the financing opportunities available to small enterprises, and even pushing some to borrow from outside the banking system at a high financial cost.

Recommendations: Government institutions, banks or civil society should contribute to providing support to these projects.

Statement 3: “It was easy starting a business that’s why I started”.

Conclusion: It is surprising that at 27% agree, with 11% strongly agreeing. It can be said that most of the existing small enterprises are marketed domestically. In addition, the capital size at the start of the project is modest and most sources of capital are self-sufficient.

Recommendations: No recommendations are made here.

Statement 4: “I don’t come from a business family, but I started one”.

Conclusion: With 34% agreeing and 9% strongly disagreeing, there is a need to nurture entrepreneurial ideas for small projects and to build business incubators to encourage entrepreneurs to apply their economic ideas and turn them into income-generating projects, benefiting them and society.

Recommendations: No recommendations are made here.

Statement 5: “Either you are in business or restricted in the job”.

Conclusion: Most of the respondents prefer to work in their own business with 42% strongly agree, and 11% each for strongly disagreeing and disagreeing. This is due to the many of people believe that work in one’s own business is to be responsible for one’s own wellbeing. This means that you will not become dependent on anyone. You will control the time, place, and way of performing your business without any restrictions, with more freedom, creativity, and independence, and a reduction of routine and boredom.

Recommendations: Small business should be encouraged and the dissemination of trade work among young people, especially graduates’ culture.

STATEMENT 6-10: DIFFICULTY IN STARTING A BUSINESS

Small enterprises face a range of constraints that are hindering them. These vary from one project to another in terms of severity, seriousness and impact on the project's path and may threaten its existence and growth. In this section we focus on knowing the difficulties of starting small businesses in Gaza.

Statement 6: “Government policy makes it easy to start a business”.

Conclusion: It is concluded here that most respondents (33%) strongly disagree or disagree (32%) that there are government policies that facilitate the process of starting small businesses.

Recommendations: The government should provide incentives such as free tax in the early years, facilitating the registration of the project and the necessary licenses.

Statement 7: “Getting business finance is not easy in the Gaza Strip”.

Conclusion: Of the respondents, 24% were neutral and 33% strongly disagreed. It can be concluded that most of the respondents finance their business by themselves through families and friends.

Recommendations: No recommendations say the public and private sector should provide financing or good loans to help those who do not have a source of income when starting projects.

Statement 8: “I am from a business family hence I am in business”.

Conclusion: With 34% of respondents strongly disagreeing, and 7% taking a neutral stance, it can be concluded that most of the respondents are not from a business family.

Recommendations: It must encourage that the people especially the young start their business through the government or private sector.

Statement 9: “I went into business because I had a skill”.

Conclusion: With those agreeing at 46%, and those disagreeing at 4%, it is hereby concluded that the respondents have skill, thus they went into business.

Recommendations: They must work on developing the skills and abilities of small business owners and employees.

Statement 10: “Many NGOs fund business start-ups in the Gaza Strip”.

Conclusion: With a neutral stance at 30%, 26% disagreeing and 8% strongly agreeing, it can be concluded that NGOs’ funds do not support business start-ups in the Gaza Strip.

Recommendations: NGOs must increase their funds towards business start-ups.

STATEMENT 11-15: BENEFITS OF HAVING A BUSINESS

In this section, the benefits of obtaining a business for entrepreneurs in the Gaza Strip was covered by asking about the benefits of their products, their income, the standard of living and the commercial future of their trade.

Statement 11: “There are many customers for this type of business”.

Conclusion: A large part of the respondents (49% agreeing) concluded that many of the businesses in the Gaza Strip have customers for their products or services.

Recommendations: Entrepreneurs should initiate identification campaigns on their products, adhere to Palestinian quality standards and specifications, and innovate and not imitate imported products in terms of type, name, and packaging. In addition, awareness campaigns should be carried out for the importance of Palestinian products at the internal and external levels in supporting the Palestinian national economy and supporting the participation of national industries in Arab and international exhibitions.

Statement 12: “There is too much work in running your own business”.

Conclusion: It can be concluded that most of the respondents (59%) agree that there is too much work involved in running your own business. This indicates that the economic and social environment surrounding the economic activities in the Gaza Strip is not well enough to facilitate the commercial process.

Recommendations: The researcher has nothing to recommend on this issue except to insist on previous recommendations.

Statement 13: “It’s better for me to employ than be employed”.

Conclusion: It can be concluded that according to the findings, 54% of respondents strongly agree and 27% agree that it is better for them to employ than to be employed. This shows that most respondents prefer self-employment to jobs.

Recommendations: No recommendations here.

Statement 14: “Running a business means deciding your own future”.

Conclusion: It is hereby concluded from the findings that most of the respondents (50%) strongly agree and 36% agree that “running a business means deciding your own future”;

Deciding your own future by improving the living standard and increasing income.

Recommendations: No recommendations.

Statement 15: “For the same salary I would be better in my business”.

Conclusion: With those agreeing at 40%, those disagreeing at 11% and those taking a neutral stance at 24%, it is hereby concluded that the respondents are divided and have no one predominant opinion on this issue.

Recommendations: No recommendations are possible given the results coming from the survey.

STATEMENT 16-20: FUTURE OF RESPONDENT’S BUSINESS

Statement 16: “I employ people and so I changed their life”.

Conclusion: With 43% of respondents agreeing 32% strongly agreeing, it can be concluded that one of the benefits of small business is generating income, thereby improving the lifestyle of the workers as well as the owner of the business.

Recommendations: Develop integrated development plans to create job opportunities for the poor and graduates through small businesses, thus changing their lives and reducing high unemployment in Gaza.

Statement 17: “I want to diversify to a better business than this”.

Conclusion: Another question relating to the diversifying of business. It resulted in 38% of the respondents stating that they strongly agree, while 14% of them disagreed.

Recommendations: It is recommended that they stay away from traditional projects where the multiplicity of interventions and competitive projects reduce the chances of success of projects. This previously led to the saturation of many places with similar projects, and thus led to a lack of profit or failure of business.

Statement 18: “Many small businesses give hope to the citizens”.

Conclusion: With 46% agreeing and 3% disagreeing, it can be concluded that most small businesses give hope to the people. It is mainly due to its ability to employ individual savings in a risk-reducing manner because of shortening the repayment period. Moreover, small businesses increase income and change life for the better.

Recommendations: No recommendations are possible given the results coming from the survey.

Statement 19: “I would rather be in a job than run a business”.

Conclusion: With those agreeing at 24%, those disagreeing at 24% and neutral at 11%, it is hereby concluded that the respondents are divided and have no one opinion on this issue. This is due to the culture that favours the job on the private project because of the security of the job and the volatile political and commercial environment.

Recommendations: To formulate comprehensive national development policies that consider the local potentials and actual needs of the Palestinian society to determine the nature of opportunities for large and small entrepreneurs in different sectors.

Statement 20: “You cannot get a job here you only can create a job”.

Conclusion: It can be concluded that most managers of small businesses (49%) agree, 11% are neutral, and 11% disagree that they cannot get a job. One only can create a job due to the high unemployment rate. In addition, the waiting to get a job may take a long time especially if you have family and responsibility, thus most people go to work in their own business.

Recommendations: Expansion of existing projects or financing of new ideas for the development of small business economically and socially. Also, work on allocating business incubators by the government to facilitate lending and financing programs for new projects.

STATEMENT 21-25: IMPACT OF BUSINESS START-UPS

Statement 21: “Manufacturing here increases money in our economy”.

Conclusion: It is hereby concluded from the survey, with 46% agreeing, that the manufacturing here increases money in the economy, and indeed that manufacturing is a critical factor in improving any economy in the world. Certainly, manufacturing ensures increased value addition, helps to ensure self-sufficiency in food and clothing, improves the economic balance of trade and payments, improves the labour force, reduces the current unemployment rate, and secures jobs for future generations.

Recommendations: Supporting this productive sector and upgrading the existing industries should be a basic objective of any comprehensive development policy.

Statement 22: “Every start-up means at least one person employed”.

Conclusion: A large part of the respondents (46%) agree, and 44% strongly agree that every start-up means at least one person is employed. It can, therefore, be concluded that these projects can employ at least one person and can employ many unemployed workers and turn them into productive labour with the availability of training opportunities and innovations that contribute to reducing unemployment.

Recommendations: To increase the number of start-up companies targeting the local markets in the Gaza Strip, and to ensure that the pioneering and creative ideas mean solving problems in the Gaza Strip in particular, in addition to reducing a high unemployment rate.

Statement 23: “The type of business determines number of employees”.

Conclusion: It can be concluded that most respondents (46%) agree that the type of business determines the number of employees. This means that the maximum number of employees depends on the type of business and the type of product or service offered by the business.

Recommendations: The researcher has nothing to recommend on this issue.

Statement 24: “Manufacturing here makes us buy cheaper products”.

Conclusion: As we know, apart from the price of local products, the local product still must be of good quality to reach to the local consumer. Of the respondents, 41% agree that manufacturing makes cheaper products available.

Recommendations: To strengthen consumer confidence in local products, the ministries of economic development and institutions concerned should establish laws and regulations that encourage national manufacturers to improve the quality of their products at a low price. Furthermore, the Standards and Metrology Institution must play a major role in establishing a quality seal for factories that comply with high standards of quality.

Statement 25: “My living standard changed because I started business”.

Conclusion: It can be concluded that most respondents (56%) agree that starting a business changes their living standard.

Recommendations: The researcher has nothing to recommend on this issue except to insist on previous recommendations.

STATEMENT 26-30: BENEFITS TO LOCAL ECONOMY

In this section, we highlight to know the benefits of small enterprises and their role in the economy, where a large proportion of agricultural projects, industrial processes, and services in Gaza, contribute to the absorption of large numbers of labour, and are widespread in the population areas of various forms such as cities, towns, and villages.

Statement 26: “Manufacturing goods here means more money for us”.

Conclusion: With 49% disagreeing and the neutral stance at 20%, it can be concluded that the manufacturing sector in the Gaza Strip plays role in generating money.

Recommendations: It is hereby recommended that the focus should be on industrial and productive projects because of their ability to participate in the process of economic development.

Statement 27: “Importing goods means less jobs for us in the Gaza”.

Conclusion: With 37% of respondents believing that importing goods means less jobs for those in Gaza, and the neutral stance being 19%, it can be concluded that the imported products affect the number of jobs negatively.

Recommendation: It is recommended here that there be export development first, and then gradually liberalise imports. Also, local production and government support for local products must be encouraged so that they can compete against foreign goods.

Statement 28: “Gazans like to support locally manufactured goods”.

Conclusion: It is concluded here that there is no support for local goods as indicated by 30% of the respondents who said that disagree about local goods, with 10% strongly disagreeing.

Recommendations: It would be recommended that there be promotion of small manufacturers’ products, as well as increase consumer confidence in the local products.

Statement 29; “Imported goods are good for the people to use”.

Conclusion: Of the respondents, 45% believe that imported goods are good for the people to use. It can be concluded that there is a great desire from respondents to use imported products rather than local products.

Recommendation: Subjecting national products to quality requirements so that they can compete with imported goods based on price and quality.

Statement 30: “You can’t buy imports and still want a good job here”.

Conclusion: With those agreeing at 35%, those disagreeing at 15% and the neutral stance being at 26%, it is hereby concluded that the respondents are divided and have no single predominant opinion on this issue.

Recommendations: No recommendations are possible given the results coming from the survey.

7.2.3 Section C – Open-ended questions

In this section, three open-ended questions were put forward to the respondents to try to open up some discussions with the respondents. The respondents were also asked if there are any benefits of business for the community and what the government should do. Any other issues that were not covered by the survey that may have been deemed essential by the respondents were solicited for. Thus, the respondents were requested to do specific tasks that relate to the study.

Question 1: What five [5] benefits to the community do you think your business provides or may provide to the community in the occupied land?

- Providing job opportunities for unemployed youth and graduates.
- Raising the level of individual income and improving the standard of living.
- Reducing the unemployment rate in the Gaza Strip.
- Developing and strengthening youth skills and support beginners through guidance.
- Providing goods and products to customers.
- Helping others and working to make people happy.
- Improving the economic situation and developing the local economy.
- Self-sufficiency and reduction of imports from abroad.
- Motivation towards work and entrepreneurship.
- The diversity of industries and services that meet the needs of individuals in society.

Question 2: What in your own thinking is the single most important means of reducing poverty in the Gaza Strip?

We can summarise the most important means of reducing poverty in the Gaza Strip from the perspective of managers of small businesses as follows:

- Providing job opportunities for young people.
- Setting up associations and incubators for youth that finance and support microenterprises.
- Supporting and motivating of governments for young people through establishing their own business.
- Forming a new government, opening the crossings, and lifting the siege.
- Facilitating youth migration to work or study.
- Working on reducing taxes on projects and reducing product prices.
- Opening markets for export products and facilitate import and export.
- Increasing projects that support national and local industries.
- Raising salaries and minimum wages.

Question 3: What the government should do to help create jobs and wealth in the economy from the point of view of small business managers

- Providing an investment environment that supports the small enterprises.
- Reducing tax, collection and licensing fees.
- Building factories to support and encourage national and local industries and products.
- Minimising the importation of products from abroad.
- Exporting of national products.
- Providing incubators to finance small projects to support young people and improving the economic situation.
- Taking advantage of available resources and the labour force.
- Lifting the siege and opening the crossings to investors.
- Establishing centres concerned with developing the skills of graduates and youth through setting up of courses for them.

7.3 Limitations of the study

A number of limitations have been identified, and these may either be revisited, or other researchers may decide to explore them. The limitations to the study are listed briefly as follows:

1. The study was focused mainly on one area (Gaza Strip) which may have accepted a particular demography different from other aspects of the country.
2. The number of respondents who took part could have been increased if more participation were involved in the survey.

3. Not all sections of the questionnaires were filled in as other respondents omitted certain sections.
4. Time was also a factor as many of the respondents took time to complete the questionnaires and return them.

7.4 General recommendations to increase the future role of SMEs in Gaza

Successful international experiences of SMEs indicate that there is a clear approach and specific objectives for developing these projects by following these policies:

- Adopt a clear strategy for the development of small enterprises and their consistency with the general framework of the state's economic policy.
- Develop and innovate new financing tools suited to the nature of small and medium enterprises.
- Encourage informal SMEs to enter the formal sector.
- Establishment and updating of a database on small and medium-sized enterprises (including the number, type, size and distribution of these projects geographically and sectorally) with standardisation of databases and standards at the national level. Provide a comprehensive guide to the laws dealing with small and medium enterprises, while facilitating the procedures, legislation and laws governing the registration and operation of small and medium enterprises, and activating some articles of the small enterprises law, especially with regard to the participation rate of small and medium enterprises in government tenders.
- Activating the role of banks as financial institutions that contribute to providing soft loans at appropriate interest rates to small investors and manufacturers, with greater awareness of the banking programs in this regard.
- Encouraging small and medium enterprises through tax adjustments to exempt the profits of these projects that were not funded by the Social Fund for Development for five years.
- Expand the establishment of business incubators and specialised technology centres to encourage the establishment of specialised companies in the development of small and medium enterprises, such as holding companies followed by a number of small projects geographically or sectorally.
- Establish employment training centres for small and medium enterprises and assist them in developing administrative, technical, accounting and marketing systems.

7.5 Development of SME exports

- Establish specialised companies or expert houses that provide the necessary information for these projects on the goods required for export, marketing and timing.
- To reduce the cost of the final product by reducing the tariff on imported raw materials while reducing the cost of transport of these products and helping them to improve the quality of their products to be able to compete abroad.
- Work on increasing the number of exhibitions in governorates and cities to present the products of small and medium enterprises against a reduced cost.
- Increase coordination between ministries and local administrations so that the services provided to small and medium enterprises are provided with high efficiency.

7.6 Conclusion

The chapter discussed the findings relating to whether or not small businesses have a potential role in economic development by reducing unemployment and generating income for most families in Gaza. Recommendations were made, based on the survey results that were discussed in Chapter Five and the literature review of the study. The aim is to help to establish common and critical factors that negatively affect small business in an area experiencing conflict. There have been suggestions that small business success workshops and training programs should be facilitated frequently to increase awareness. The experts should manage workshop facilitation and training, and competent entrepreneurship professionals to ensure effective success and manage their business.

REFERENCES

- Abdul-Khaliq, S., Soufan, T. and Shihab, R.A. 2014. The relationship between unemployment and economic growth rate in Arab Country. *Journal of Economics and Sustainable Development*, 5(9):56-59.
- Abdulla, N.A. and Tarefder, R.A. 2020. Challenges facing small-sized construction firms in the Gaza Strip. *IJCEC*, 1(1):06-10.
- Abu-Eideh, O.M. 2014. Factors of economic growth in Palestine: an empirical Analysis during the period of (1994-2013). *International Journal of Business and Economic Development (IJBED)*, 2(2):45-62.
- Abumdallala, S.M. 2019. The Relationship Between Imports and Inflation in Palestine: Toda and Yamamoto Causality Analysis. *International Journal of Business Administration*, 10(2):17-21.
- Abu-Ras, W. and Mohamed, R.A. 2018. Child poverty and youth unemployment in Palestine. *Poverty & Public Policy*, 10(3):354-370.
- Acs, Z.J., Szerb, L. and Autio, E. 2015. The global entrepreneurship and development index. In *Global Entrepreneurship and Development Index 2014*. pp. 39-64. Cham: Springer.
- Agha, S.R., Jarbo, M.H. and Matr, S.J. 2013. A multi-criteria multi-stakeholder industrial projects prioritization in Gaza Strip. *Arabian Journal for Science and Engineering*, 1:1-11.
- Agha, S.R., Jarbo, M.H. and Matr, S.J. 2013. A multi-criteria multi-stakeholder industrial projects prioritization in Gaza Strip. *Arabian Journal for Science and Engineering*, 1:18-25.
- Ahmad, S.B. and Ramadan, H.I. 2018. The relationship among distinctive capabilities, business strategy, environment and performance: a proposed model of manufacturing SMEs in Palestine. *Journal for Global Business Advancement*, 11(5):610-629.
- Ahmed, K., Mahalik, M.K. and Shahbaz, M. 2016. Dynamics between economic growth, labor, capital and natural resource abundance in Iran: An application of the combined cointegration approach. *Resources Policy*, 49:213-221.
- Akugri, M.S., Bagah, D.A. and Wulifan, J.K. 2015. The contributions of small and medium scale enterprises to economic growth: A cross-sectional study of Zebilla in the Bawku West District of Northern Ghana. *European journal of business and management*, 7(9):262-274.
- Alesina, A. and Passalacqua, A. 2016. The political economy of government debt. In *Handbook of macroeconomics*, 2:2599-2651.

- Alfoqahaa, S. 2018. Critical success factors of small and medium-sized enterprises in Palestine. *Journal of Research in Marketing and Entrepreneurship*, 1:18-35, 170-188.
- Al-Habees, M.A. and Rumman, M.A. 2012. The relationship between unemployment and economic growth in Jordan and some Arab countries. *World Applied Sciences Journal*, 18(5):673-680.
- Alkire, S. and Foster, J. 2011. Understandings and misunderstandings of multidimensional poverty measurement. *The Journal of Economic Inequality*, 9(2):289-314.
- Al-Saleh, Jawad; Twam, Fida; Atamanov, Aziz; Palaniswamy, Nethra. 2018. Measuring Poverty in West Bank and Gaza: Methodology Review Using PECS 2016 - Technical Report (English). Washington, D.C.: World Bank Group.
<http://documents.worldbank.org/curated/en/114281534999299408/Measuring-Poverty-in-West-Bank-and-Gaza-Methodology-Review-Using-PECS-2016-Technical-Report>
- Alvaredo, F. and Gasparini, L. 2015. Recent trends in inequality and poverty in developing countries. In *Handbook of income distribution*, 2:697-805).
- Anastasia, C. 2015. Exploring Definitions of Small Business and Why It Is So Difficult. *Journal of Management Policy & Practice*, 16(4):325-378.
- Antwi, S.K. and Hamza, K. 2015. Qualitative and quantitative research paradigms in business research: A philosophical reflection. *European journal of business and management*, 7(3):217-225.
- Arora, R.U. and Ratnasiri, S. 2015. Recent growth experiences of Asian tigers: where does India stand? *International Journal of Social Economics*, 1:42-65.
- Ashour, Y. and Zoroub, Z. 2015. *The Administrative Obstacles Facing Small Businesses Owners in Southern Gaza Strip*. Paper presented at Entrepreneurship and Innovation in Businesses Development conference. Palestine: the Islamic University of Gaza.
- Atyani, N. & Al-Haj Ali, S. 2012. Problems of MSMEs in Palestine In MAS (ed.). *Poverty Reduction through Private-Sector Development: Policy Research for MSMEs*. Ramallah, Palestine: The Palestine Economic Policy Research Center (MAS).
- Ayadi, R., Arbak, E., Naceur, S.B. and De Groen, W.P. 2015. Financial development, bank efficiency, and economic growth across the Mediterranean. In *Economic and social development of the Southern and Eastern Mediterranean countries*. pp. 219-233. Cham: Springer.
- Babatunde, S.A. 2018. Government spending on infrastructure and economic growth in Nigeria. *Economic research-Ekonomska istraživanja*, 31(1):997-1014.

- Baker, S.R., Bloom, N. and Davis, S.J. 2016. Measuring economic policy uncertainty. *The Quarterly Journal of Economics*, 131(4):1593-1636.
- Bandiera, O., Burgess, R., Das, N., Gulesci, S., Rasul, I. and Sulaiman, M. 2017. Labor markets and poverty in village economies. *The Quarterly Journal of Economics*, 132(2):811-870.
- Banik, D. and Hansen, A. 2016. The frontiers of poverty reduction in emerging Asia. In *Forum for development studies*, 43(1):47-68.
- Barakat, S., Milton, S. and Elkahlout, G. 2018. The Gaza reconstruction mechanism: Old wine in New bottlenecks. *Journal of Intervention and Statebuilding*, 12(2):208-227.
- Bar-Tal, D., Sharvit, K., Halperin, E. and Zafran, A. 2012. Ethos of conflict: The concept and its measurement. *Peace and Conflict: Journal of Peace Psychology*, 18(1):40.
- Bayyoud, M. and Sayyad, N. 2016. Challenges and obstacles that small and medium enterprises face in terms of financing in Palestine. *European Journal of Accounting, Auditing and Finance Research*, 4(2):49-60.
- Benatar, S.R. 2016. The poverty of the concept of 'poverty eradication'. *SAMJ: South African Medical Journal*, 106(1):16-17.
- Benería, L., Berik, G. and Floro, M. 2015. *Gender, development and globalization: economics as if all people mattered*. pp. 33-42. Routledge.
- Berger, A.N. and Black, L.K. 2011. Bank size, lending technologies, and small business finance. *Journal of Banking & Finance*, 35(3):724-735.
- Berisha, G. and Pula, J.S. 2015. Defining Small and Medium Enterprises: a critical review. *Academic Journal of Business, Administration, Law and Social Sciences*, 1(1):17-28.
- Bilan, Y., Gavurova, B., Stanisław, G. and Tkacova, A. 2017. The Composite Coincident Indicator (CCI) for Business Cycles. *Acta Polytechnica Hungarica*, 14(7):71-90.
- Bishop, D. 2015. Small firms and the failure of national skills policies: adopting an institutional perspective. *International Journal of Training and Development*, 19(1):69-80.
- Blackburn, R.A., Hart, M. and Wainwright, T. 2013. Small business performance: business, strategy and owner-manager characteristics. *Journal of small business and enterprise development*, 20(1):8-27.
- Boeije, H. 2010. *Analysis in Qualitative Research*. California: Sage Publications.

- Bolarinwa, O.A. 2015. Principles and methods of validity and reliability testing of questionnaires used in social and health science researches. *Nigerian Postgraduate Medical Journal*, 22(4):195.
- Bourguignon, F. and Chakravarty, S.R. 2019. The measurement of multidimensional poverty. In *Poverty, Social Exclusion and Stochastic Dominance* (pp. 83-107). Springer, Singapore.
- Brannen, J. 2017. Combining qualitative and quantitative approaches: an overview. In *Mixing methods: Qualitative and quantitative research*. pp. 3-37. Routledge.
- Butt, K.M. and Butt, A.A. 2016. Blockade on Gaza Strip: A Living Hell on Earth. *Journal of Political Studies*, 23(1):157.
- Cant, M.C. and Wiid, J.A. 2013. Establishing the challenges affecting south african SMEs. *International Business & Economics Research Journal (IBER)*, 12(6):707-716.
- Carree, M., Congregado, E., Golpe, A. and van Stel, A. 2015. Self-employment and job generation in metropolitan areas, 1969–2009. *Entrepreneurship & Regional Development*, 27(3-4):181-201.
- Carree, M.A. and Thurik, A.R. 2010. *The impact of entrepreneurship on economic growth. In Handbook of entrepreneurship research*. pp. 557-594. New York: Springer.
- Ceptureanu, E.G. 2015. Research regarding change management tools on EU SMEs. *Business Excellence and Management Review*, 5(2):28-32.
- Chen, S. and Ravallion, M. 2010. The developing world is poorer than we thought, but no less successful in the fight against poverty. *The Quarterly Journal of Economics*, 125(4), pp.1577-1625.
- Chimobi, O.P. 2010. Inflation and economic growth in Nigeria. *Journal of Sustainable Development*, 3(2):159.
- Chrisman, J.J., Chua, J.H., Pearson, A.W. and Barnett, T. 2012. Family involvement, family influence, and family-centered non-economic goals in small firms. *Entrepreneurship theory and practice*, 36(2):267-293.
- Cochrane, J.H. 2017. The new-Keynesian liquidity trap. *Journal of Monetary Economics*, 92:47-63.
- Cordova, A., Dolci, J. and Gianfrate, G. 2015. The determinants of crowdfunding success: evidence from technology projects. *Procedia-Social and Behavioral Sciences*, 181:115-124.
- Cull, R., Demirgüç-Kunt, A. and Morduch, J. 2018. The microfinance business model: Enduring subsidy and modest profit. *The World Bank Economic Review*, 32(2):221-244.

- Cvetanović, S. and Novaković, I. 2019. Commercialization of Knowledge into Innovation in Theory of Economic Growth and Development. *Knowledge International Journal*, 33(1):15-20.
- Cyril, U.M. 2016. The effect of fiscal policy on economic growth in Nigeria. *Journal of Finance and Accounting*, 4(3):140.
- Dang, G. and Pheng, L.S. 2015. Theories of economic development. In *Infrastructure investments in developing economies*. pp. 11-26. Kuala Lumpur: Springer.
- De Wit, G. and De Kok, J. 2014. Do small businesses create more jobs? New evidence for Europe. *Small Business Economics*, 42(2):283-295.
- Dhahri, S. and Omri, A. 2018. Entrepreneurship contribution to the three pillars of sustainable development: What does the evidence really say? *World Development*, 106:64-77.
- Dogan, E., Islam, M.Q. and Yazici, M. 2017. Firm size and job creation: evidence from Turkey. *Economic research-Ekonomska istraživanja*, 30(1):349-367.
- Doh, S. and Kim, B. 2014. Government support for SME innovations in the regional industries: The case of government financial support program in South Korea. *Research Policy*, 43(9):1557-1569.
- Douglas, J.A., Douglas, A., McClelland, R.J. and Davies, J. 2015. Understanding student satisfaction and dissatisfaction: an interpretive study in the UK higher education context. *Studies in Higher Education*, 40(2):329-349.
- Ductor, L. and Grechyna, D. 2015. Financial development, real sector, and economic growth. *International Review of Economics & Finance*, 37:393-405.
- Easterlin, R.A. 2015. Happiness and economic growth—the evidence. In *Global handbook of quality of life*. pp. 283-299. Dordrecht: Springer.
- Egels-Zandén, N. 2017. The role of SMEs in global production networks: A Swedish SME's payment of living wages at its Indian supplier. *Business & Society*, 56(1):92-129.
- Ekundayo, W. 2015. National Development in Nigeria and the indispensable lessons for Nigeria to learn from the Asian Tigers. *Journal of Good Governance and Sustainable Development in Africa (JGGSDA)*, 2(4):70-83.
- El Din, A.L.M.S. and Karim, M. 2019. Battle of Agnadin and the beginning of the liberation of the Levant from the Romans (13 AH/634 AD). *Journal of historical and cultural studies*, 11(38):337-354.
- El Zein, R. 2017. Developing a Palestinian Resistance Economy through Agricultural Labor. *Journal of Palestine Studies*, 46(3):7-26.

- Elnamrouy, K. 2017. Transportation cost of agricultural exports from Gaza Strip: An exploratory study. *Transportation cost of agricultural exports from Gaza Strip: An Exploratory Study*, 5(6).
- El-Sawalhi, N.I. and Sarhan, M.S. 2018. Causes of Non-Prioritization of Infrastructure Projects in the Gaza Strip. *Causes of Non-Prioritization of Infrastructure Projects in the Gaza Strip*, 3(1):62-78.
- Eltalla, H. and Hens, L. 2010. The Economic Impact of Donor Aid to Reconstruct Gaza. In *GARNET conference "The European Union in International Affairs"*. pp. 22-24. Brussels: Publisher?
- Erakat, N. 2014. Palestinian refugees and the Syrian uprising: Filling the protection gap during secondary forced displacement. *International Journal of Refugee Law*, 26(4):581-621.
- Fan, Y., Kühn, K.U. and Lafontaine, F. 2017. Financial constraints and moral hazard: The case of franchising. *Journal of Political Economy*, 125(6):2082-2125.
- Farsakh, L. 2016. Palestinian economic development: Paradigm shifts since the first Intifada. *Journal of Palestine Studies*, 45(2):55-71.
- Fernandes, C., Meyer, C.K. and Clapham, S.E. 2018. Small business strategy in India: The case of Café Central. *Journal of Business and Educational Leadership*, 7(1):42-58.
- Fiddian-Qasmiyeh, E. 2018. UNRWA Financial Crisis: The Impact on Palestinian Employees. *Middle East Report (MER)*, 48(286):33-36.
- Fiorini, L., Griffiths, A. and Houdmont, J. 2016. Mixed methods research in the health sciences: A review. *Malta Journal of Health Sciences*, 1:35-45.
- Forde, M., Izurieta, R. and Ôrmeci, B. 2019. Water and health. *Water Quality in the Americas*, 27.
- Franco, M. and Haase, H. 2010. Failure factors in small and medium-sized enterprises: qualitative study from an attributional perspective. *International Entrepreneurship and Management Journal*, 6(4):503-521.
- Fritsch, M. 2017. The theory of economic development—An inquiry into profits, capital, credit, interest, and the business cycle. *Regional Studies*, 51(4):654-655.
- Garrett, T. J. 2014. "Long-run evolution of the global economy: 1. Physical basis". *Earth's Future*, 2(3):127.
- Grandi, F. 2016. World Humanitarian Summit: Addressing Forced Displacement. *UN Chronicle*, 53(1):16-18.

- Gumel, B.I. 2017. Critical challenges facing small business enterprises in Nigeria: A literature review. *International Journal of Scientific and Engineering Research*, 8(8):796-808.
- Hagenaars, A.J. 2017. The definition and measurement of poverty. In *Economic inequality and poverty: International perspectives*. pp. 148-170. London, England: Routledge.
- Haltiwanger, J., Jarmin, R.S. and Miranda, J. 2013. Who creates jobs? Small versus large versus young. *Review of Economics and Statistics*, 95(2):347-361.
- Hamad, B.A. Gercama, I. and Jones, N., 2017. Exploring opportunities for and challenges to quality education for adolescents in the Gaza Strip.
- Hamed, M., Abu Hantash, I., Khalifa, M. and Salah, O. 2012. International Experiences in Supporting MSMEs: Lessons for Palestine. In MAS (ed.). *Poverty Reduction through Private Sector Development: Policy Research for MSMEs, Ramallah, Palestine*. pp. 54-68. The Palestine Economic Policy Research Center (MAS).
- Hammer, M. 2015. What is business process management? In *Handbook on business process management 1*. pp. 3-16. Berlin: Springer.
- Hanafi, S. 2013. Explaining spacio-cide in the Palestinian territory: Colonization, separation, and state of exception. *Current Sociology*, 61(2):190-205.
- Hancock, B., Ockleford, E. & Windridge, K. 2009. *An Introduction to Qualitative Research*. East Midlands: The NIHR.
- Hanushek, E.A. 2013. Economic growth in developing countries: The role of human capital. *Economics of Education Review*, 37:204-212.
- Hatten, T.S. 2015. *Small business management: Entrepreneurship and beyond*. New York, NY: Nelson Education.
- Havranek, T., Horvath, R. and Zeynalov, A. 2016. Natural resources and economic growth: A meta-analysis. *World Development*, 88:134-151.
- Hickel, J (2015). It will take 100 years for the world's poorest people to earn \$1.25 a day. *The Guardian*. Accessed 31st March 2020.
- Hoppe, M. 2016. Policy and entrepreneurship education. *Small Business Economics*, 46(1):13-29.
- Howarth, R.B. and Kennedy, K. 2016. Economic growth, inequality, and well-being. *Ecological Economics*, 121:231-236.

- Huggins, R. and Thompson, P. 2015. Entrepreneurship, innovation and regional growth: a network theory. *Small Business Economics*, 45(1):103-128.
- Hussain, M.D., Bhuiyan, A.B. and Bakar, R. 2014. Entrepreneurship development and poverty alleviation: an empirical review. *Journal of Asian Scientific Research*, 4(10):558.
- Ike, P.C. and Uzokwe, U.N. 2011. Estimation of poverty among rural farming households in Delta State, Nigeria. *International Journal of Agriculture and Food Science Technology*, 2(1):11-21.
- Illés, B.C., Hurta, H. and Dunay, A. 2015. Efficiency and profitability along the lifecycle stages of small enterprises. *International Journal of Management and Enterprise Development*, 14(1):56-69.
- Iriqat, R.A. and Anabtawi, A.N. 2016. GDP and Tax Revenues-Causality Relationship in Developing Countries: Evidence from Palestine. *International Journal of Economics and Finance*, 8(4):54-62.
- Islam, R., Ghani, A.B.A., Kusuma, B. and Theseira, B.B. 2016. Education and human capital effect on Malaysian economic growth. *International Journal of Economics and Financial Issues*, 6(4):1722-1728.
- Jalal, S.E. and Issa, B. 2012. Measuring the impact of economic growth on unemployment rates in the Palestinian Territory for the period 1996-2011. *El-Bahih Review*, (11):23-34.
- Jamali, D., Lund-Thomsen, P. and Jeppesen, S. 2017. SMEs and CSR in developing countries. *Business & Society*, 56(1):11-22.
- Jamil, F., Ismail, K., Siddique, M., Khan, M.M., Kazi, A.G. and Qureshi, M.I. 2016. Business incubators in Asian developing countries. *International Review of Management and Marketing*, 6(4S):291-295.
- Jamshed, S. 2014. Qualitative research method-interviewing and observation. *Journal of basic and clinical pharmacy*, 5(4):87.
- Johannisson, B. 2017. Networking and entrepreneurial growth. *The Blackwell handbook of entrepreneurship*. pp. 368-386. Oxford: Blackwell.
- Johnson, M.P. and Schaltegger, S. 2016. Two decades of sustainability management tools for SMEs: how far have we come? *Journal of Small Business Management*, 54(2):481-505.
- Johnson, N.D. and Koyama, M. 2017. States and economic growth: Capacity and constraints. *Explorations in Economic History*, 64:1-20.

- Johnson, R.B. and Onwuegbuzie, A.J. 2004. Mixed methods research: A research paradigm whose time has come. *Educational researcher*, 33(7):14-26.
- Jouda, A.A., Ahmad, U.N.U. and Dahleez, K.A. 2016. The Impact of Human Resource Management Practices on Employees Performance: The Case of Islamic University of Gaza in Palestine. *International Review of Management and Marketing*, 6(4):1080-1088.
- Jung, S., Lee, J.D., Hwang, W.S. and Yeo, Y. 2017. Growth versus equity: A CGE analysis for effects of factor-biased technical progress on economic growth and employment. *Economic Modelling*, 60:424-438.
- Kaldor, N. 2015. Keynesian economics after fifty years. In *Essays on Keynesian and Kaldorian Economics*. pp. 27-74. London: Palgrave Macmillan.
- Kamei, K. and Dana, L.P. 2012. Examining the impact of new policy facilitating SME succession in Japan: From a viewpoint of risk management in family business. *International Journal of Entrepreneurship and Small Business*, 16(1):60-70.
- Karim, N.A., Tamari, S. and Farraj, K. 2010. The Palestinian economy and future prospects: Interview with Mohammad Mustafa, head of the Palestine Investment Fund. *Journal of Palestine Studies*, 39(3):40-51.
- Katua, N.T. 2014. The role of SMEs in employment creation and economic growth in selected countries. *International Journal of education and Research*, 2(12):461-472.
- Khan, A., Rasib, Q. and Ahmed, H. 2019. *Children mortality and malnutrition as a global issue*. *Clinical Nutrition*, 38(4):1968-1969.
- Kiley, M.T. and Roberts, J.M. 2017. Monetary policy in a low interest rate world. *Brookings Papers on Economic Activity*, 2017(1):317-396.
- Kittaneh, M. 2018. Agriculture sector at the edge of collapsing in the West Bank. *GeoJournal*, 1:1-15.
- Komal, R. and Abbas, F. 2015. Linking financial development, economic growth and energy consumption in Pakistan. *Renewable and Sustainable Energy Reviews*, 44:211-220.
- Korkmaz, S. 2015. Impact of bank credits on economic growth and inflation. *Journal of applied finance and banking*, 5(1):51.
- Krosnick, J.A. 2018. Questionnaire design. In *the Palgrave handbook of survey research*. pp. 439-455. Cham: Palgrave Macmillan.
- Kshetri, N. 2014. Developing successful entrepreneurial ecosystems: Lessons from a comparison of an Asian tiger and a Baltic tiger. *Baltic Journal of Management*, 9(3):330-356.

- Kurz, H.D. and Salvadori, N. 2016. *11 Theories of 'Endogenous'. Contemporary Economic Issues: Volume 4: Economic Behaviour and Design*. pp. 225. London: Macmillan.
- Kwadzo, M. 2015. Choosing Concepts and Measurements of Poverty: A Comparison of Three Major Poverty Approaches. *Journal of Poverty*, 19(4):409-423.
- Lee, N., Sameen, H. and Cowling, M. 2015. Access to finance for innovative SMEs since the financial crisis. *Research policy*, 44(2):370-380.
- Lepoutre, J. and Heene, A. 2006. Investigating the impact of firm size on small business social responsibility: A critical review. *Journal of business ethics*, 67(3): 257-273.
- Lybbert, T.J. and Wydick, B. 2018. Poverty, aspirations, and the economics of hope. *Economic Development and Cultural Change*, 66(4):709-753.
- Macnab, A.J. and Mukisa, R. 2017. The UN Sustainable Development Goals; using WHO 'Health Promoting Schools' to create change. *GHMJ (Global Health Management Journal)*, 1(1):23-27.
- Madsen, J.B. 2016. Barriers to prosperity: Parasitic and infectious diseases, IQ, and economic development. *World Development*, 78:172-187.
- Mandrinos, S. 2015. Challenges in managing micro enterprise: a case of Malaysia social entrepreneurship program. pp. 559-575. In: *The Proceedings of the 4th International Seminar on Entrepreneurship and Business (ISEB 2015)*. Faculty of Entrepreneurship and Business, UMK, pp. 559-575.
- Mansour, H. and Rees, D.I. 2012. Armed conflict and birth weight: Evidence from the al-Aqsa Intifada. *Journal of Development Economics*, 99(1):190-199.
- Marshall, C. & Rossman, G.B. 2006. *Designing Qualitative Research*. 4th ed. California: Sage Publishing.
- Mathebula, N.E. 2016. An Impossible Developmental State in the South African Context: A True Reflection of the Asian Tigers? *Bangladesh e-journal of sociology*, 13(1):46.
- Mcintosh, I. and Alfaleet, J., 2015. *Envisioning a Tourism of Peace in the Gaza Strip. The Politics and Power of Tourism in Palestine*, Rami K. Isaac, Colin Michael Hall, Freya Higgins-Desbiolles, eds., Routledge.
- Memili, E., Fang, H., Chrisman, J.J. and De Massis, A. 2015. The impact of small-and medium-sized family firms on economic growth. *Small Business Economics*, 45(4):771-785.

- Mensah, A.O., Fobih, N. and Adom, Y.A. 2019. Entrepreneurship development and new business start-ups: challenges and prospects for Ghanaian entrepreneurs. *African Research Review*, 13(3):27-41.
- Miaari, S., Zussman, A. and Zussman, N. 2014. Employment restrictions and political violence in the Israeli–Palestinian conflict. *Journal of Economic Behavior & Organization*, 101:24-44.
- Mishra, P., Montiel, P. and Sengupta, R. 2016. Monetary transmission in developing countries: Evidence from India. In *Monetary Policy in India*. pp. 59-110. New Delhi: Springer.
- Mohamad Radzi, K., Nor, M., Nazri, M. and Ali, S.M. 2017. The Impact of Internal Factors On Small Business Success: A Case Of Small Enterprises Under The Felda Scheme. *Asian Academy of Management Journal*, 22(1):27-39.
- Momoh, Z. 2016. African solutions to African problems: a critical appraisal. *Journal of African Union Studies*, 5(1):39-62.
- Morrar, R. and Gallouj, F. 2016. The growth of the service sector in Palestine: the productivity challenge. *Journal of Innovation Economics Management*, 1:179-204.
- Mostafa, A. 2019. Zinc Deficiency among Malnourished Children under 5 Years in Gaza City. *EC Paediatrics*, 8:106-118.
- Nani, G.V. 2018. Challenges faced by business incubators in one city council in Zimbabwe: Perceptions of council administrators. *Journal of Contemporary Management*, 15(1):344-367.
- Naser-Najjab, N. and Pappé, I. 2016. Palestine: Reframing Palestine in the post Oslo period. Teaching history and the changing nation state: Transnational and intranational perspectives, pp. 9-29. London: Bloomsbury.
- Nassar, Y. and Alsadi, S. 2016. *Economic and environmental feasibility of the renewable energy as a sustainable solution for the electricity crisis in the Gaza Strip*. nt J Eng Res Dev, 12 (3) (2016), pp. 35-44.
- Nassif, A., Feijo, C. and Araújo, E. 2015. Structural change and economic development: is Brazil catching up or falling behind? *Cambridge Journal of Economics*, 39(5):1307-1332.
- Obaid, T.A. 2012. Population and Poverty: Challenges for Asia and the Pacific. *The Asia-Pacific*, 47(4):7.
- O'Donnell, A. 2014. The contribution of networking to small firm marketing. *Journal of Small Business Management*, 52(1):164-187.

- Olmsted, P.J.C. 2015. Globalization denied: Gender and poverty in Iraq and Palestine. In *Wages of Empire*. pp. 186-197. Neoliberal Policies, Repression and Women's Poverty. London: Paradigm Publishers.
- Osadume, R. 2018. Effect of Interest Rate Mechanisms on the Economic Development of Nigeria, 1986-2016. *International Journal of Economics and Business Management*, 4(4):91-115.
- Palestinian Central Bureau of Statistics. 2017. *Energy use statistics in the household sector. Ramallah, Palestine*. pp 105-109. Ramallah: Publisher?
- Panayotou, T. 2016. Economic growth and the environment. *The environment in anthropology*, 1:140-148.
- Pelham, N. 2012. "Gaza: A Way Out?". <https://www.nybooks.com/daily/2012/10/26/gaza-isolation-way-out/> [01 December 2020].
- Pelizzo, R. and Kinyondo, A. 2018. Growth, Employment, Poverty and Inequality in Tanzania. *Employment, Poverty and Inequality in Tanzania*, 2018:62-78.
- Phelps, R., Fisher, K. & Ellis, A. 2007. Organising and Managing Your Research: A practical guide for Postgraduates. London: SAGE.
- Prebisch, R. 2016. *Towards a new trade policy for development. ECLAC Thinking, Selected Texts (1948-1998)*. pp. 211-238. Santiago: ECLAC.
- Rabayah, K.S. and Qalalwi, K. 2011. The impact of mobile telephony on developing country enterprises: A Palestinian case study. *The Electronic Journal of Information Systems in Developing Countries*, 46(1):1-20.
- Ramadan, H. and Ahmad, S. 2018. The impact of business environment on performance of manufacturing SMEs in Palestine: The empirical evidence. *Asian Journal of Multidisciplinary Studies*, 6(2):1-6.
- Ravallion, Martin. 2013. "How long will it take to lift one billion people out of poverty?" *The World Bank Research Observer*, 28(2)139-158.
- Renwick, T. and Fox, L. 2016. *The supplemental poverty measure: 2015. Current Population Reports*. pp. 1-23. Suitland: Census Bureau.
- Rhee, J., Park, T. and Lee, D.H. 2010. Drivers of innovativeness and performance for innovative SMEs in South Korea: Mediation of learning orientation. *Technovation*, 30(1):65-75.
- Sabates, R. 2008. *The impact of lifelong learning on poverty reduction*. pp. 5-6. England and Wales: National Institute of Adult and Continuing Education (NIACE).

- Sabra, M.M. and Sartawi, S. 2015. Development impacts of foreign aid on economic growth, domestic savings and dutch disease presence in Palestine. *International Journal of Economics and Finance*, 7(3):32-45.
- Sabra, M.M., Eltalla, A.H. and Alfar, A.R. 2015. The shadow economy in Palestine: Size and causes. *International Journal of Economics and Finance*, 7(3):98-108.
- Safadi, N.S., Easton, S.D. and Lubben, J. 2015. Power relationships and the formulation of anti-poverty policies in emerging countries: the case of Palestine. *Journal of International and Comparative Social Policy*, 31(1):34-50.
- Salama, A. 2017. Analysis of Unemployment Challenges in Palestine between 2000 and 2015. *SEA—Practical Application of Science*, (15):381-387.
- Salama, A. 2017. Discuss The Relationship Between Unemployment And Level Of Education In Palestine. *Annals of Faculty of Economics*, 1(1):171-180.
- Samargandi, N., Fidrmuc, J. and Ghosh, S. 2015. Is the relationship between financial development and economic growth monotonic? Evidence from a sample of middle-income countries. *World development*, 68:66-81.
- Samhuri, M. 2016. Revisiting the Paris Protocol: Israeli-Palestinian Economic Relations, 1994–2014. *The Middle East Journal*, 70(4):579-607.
- Sami Sultan, S. 2014. Enhancing the competitiveness of Palestinian SMEs through clustering. *EuroMed Journal of Business*, 9(2):164-174.
- Sarsour, S. and Daoud, Y. 2015. The Efficiency of the Banking System in Occupied Palestinian Territory (OPT) 2000–2009. *Review of Middle East Economics and Finance*, 11(1):55-77.
- Sciascia, S., Nordqvist, M., Mazzola, P. and De Massis, A. 2015. Family ownership and R&D intensity in small-and medium-sized firms. *Journal of Product Innovation Management*, 32(3):349-360.
- Semrau, T., Ambos, T. and Kraus, S. 2016. Entrepreneurial orientation and SME performance across societal cultures: An international study. *Journal of Business Research*, 69(5):1928-1932.
- Shaban, O. 2017. The implications of siege and the internal Palestinian division on the situation in the Gaza Strip Since 2007. *Palestine-Israel Journal of Politics, Economics, and Culture*, 22(2/3):70.
- Sharipov, I. 2015. Contemporary economic growth models and theories: A literature review. *CES Working Papers*, 7(3):759.

- Smirata, I.M. and Shariff, M.N.M. 2016. *Mapping the Market Success for Family Micro and Small Food Producers in Palestine: A Qualitative Study*. In Issc 2016 International Conference on Soft Science, Future Acad, Nicosia. pp. 212-219.
- Smith, D.O. 2019. *Third world cities in global perspective: the political economy of uneven urbanization*. pp 214-225. New York: Routledge.
- Song, M. and Wang, S. 2016. Can employment structure promote environment-biased technical progress? *Technological Forecasting and Social Change*, 112:285-292.
- Sultan, S. and Tsoukatos, E. 2019. From Theory to Practice of Formal and Informal Palestinian Small Businesses. In *The Synergy of Business Theory and Practice*. pp. 39-58. Cham: Palgrave Macmillan.
- Sumer, K.K. 2012. Testing the Validity of Economic Growth Theories with Seemingly Unrelated Regression Models: Application to Turkey in 1980-2010. *Applied Econometrics and International Development*, 12(1):63-72.
- Szirmai, A. and Verspagen, B. 2015. Manufacturing and economic growth in developing countries, 1950–2005. *Structural Change and Economic Dynamics*, 34:46-59.
- Takata, H. 2016. Effects of industry forces, market orientation, and marketing capabilities on business performance: An empirical analysis of Japanese manufacturers from 2009 to 2011. *Journal of Business Research*, 69(12):5611-5619.
- Tartir, A.A. 2015. Contentious economics in occupied Palestine. In *Contentious Politics in the Middle East* pp. 469-499. New York: Palgrave Macmillan.
- Tayeh, B.A., Al Hallaq, K., Alaloul, W.S. and Kuhail, A.R. 2018. Factors affecting the success of construction projects in Gaza Strip. *The Open Civil Engineering Journal*, 12(1):24-38.
- Teixeira, A.A. and Queirós, A.S. 2016. Economic growth, human capital and structural change: A dynamic panel data analysis. *Research policy*, 45(8):1636-1648.
- Tiwari, N. and Goel, G. 2017. Success factors of women owned micro and small enterprises in India. *International Journal of Entrepreneurship and Small Business*, 31(4):590-608.
- Toffano, P. and Yuan, K. 2019. The Problem of Israeli-Palestinian cross-border transactions. *LSE Law-Policy Briefing Paper*, (35):15-26.
- Tsuruta, D. 2015. Leverage and firm performance of small businesses: evidence from Japan. *Small business economics*, 44(2):385-410.
- Urbano, D. and Aparicio, S. 2016. Entrepreneurship capital types and economic growth: International evidence. *Technological Forecasting and Social Change*, 102:34-44.

Vaona, A. 2012. Inflation and growth in the long run: A new Keynesian theory and further semiparametric evidence. *Macroeconomic Dynamics*, 16(1):94-132.

Venables, A.J. 2016. Using natural resources for development: why has it proven so difficult? *Journal of Economic Perspectives*, 30(1):161-84.

Wang, Y. 2016. What are the biggest obstacles to growth of SMEs in developing countries?– An empirical evidence from an enterprise survey. *Borsa Istanbul Review*, 16(3):167-176.

Yallapragada, R.R. and Bhuiyan, M. 2011. Small business entrepreneurships in the United States. *Journal of Applied Business Research (JABR)*, 27(6):117-122.

Zonrabi, M. 2013. Mixed Method Research: Instruments, Validity, Reliability and Reporting Findings. *Academy Publisher Journal*, 3(2):254-262.

APPENDICES

APPENDIX A: RESEARCH CONSENT

Research title: “Role of small businesses in the economic development of the Gaza Strip in Palestine”.

You are invited to participate in a research study, entitled **“Role of small businesses in the economic development of the Gaza Strip in Palestine.”** The study is being conducted by **Tareq mesemh** of Cape Peninsula University of technology (CAPE TOWN CAMPUS), who may be reached at [+27 (0)21 460 3068].

The purpose of this research study is to identify the role that small businesses can assist in building the economy of the Gaza strip. Your participation in the study will contribute to a better understanding of the role of small business in Gaza strip. You are free to contact the investigator at the above phone number to discuss the study.

If you decide to participate, please complete the enclosed survey. Your return of this survey is implied consent. The survey is designed to identify the role that small businesses can assist in building the economy of the Gaza strip. It will take about 15 minutes. No benefits accrue to you for answering the survey, but your responses will be used to evaluate the small business in Gaza strip and their role in development. Any discomfort or inconvenience to you derives only from the amount of time taken to complete the survey but i politely request that it be completed as fully and honestly as possible. Any information that is obtained in connection with this study and that can be identified with you will remain confidential and will not be disclosed.

Risks/Benefits/Confidentiality of Data

There are no known risks or some possible risks such as loss of privacy or confidentiality or some discomfort which could cause you to feel uncomfortable, embarrassed, sad, tired, etc. There will be no costs for participating, nor will you benefit from participating. Your name and email address will not be kept during the data collection phase.

Participation or Withdrawal

Your participation in this study is voluntary. You may decline to answer any question and you have the right to withdraw from participation at any time. Withdrawal will not affect your relationship with the researcher or anyone in anyway. If you do not want to participate either simply stop participating. If you do not want to receive any more reminders, you may email us at 217248489@mycput.a.za.

Contacts

If you have any questions about the study or need anything contact the researcher Tareq Mesmeh at +27746232302. This research has been reviewed and approved by the CPUT Office of Research Ethics. All respondents might address any concerns or complaints to Dr Larry jowah at jowahl@cput.ac.za (Supervisor of the research).

Thank you for your time.

Sincerely,

Tareq Mesmeh

APPENDIX B: QUESTIONNAIRE

SECTION A BIOGRAPHY

Please fill in the boxes below by crossing the most relevant or most applicable box below. Answer all questions and please do not cross more than 1 box under a single question.

QUESTIONS

1. Are you involved in a business or do you own a business enterprise?

I own a business	I am in the process	I was in business	Other
------------------	---------------------	-------------------	-------

2. If other – please explain in space provided

If you are NOT in business and NOT planning to, please DON'T continue. Thanx

3. What kind of business are you in / do you want to be involved in?

Manufacturing	Retailing	Servicing	Other
---------------	-----------	-----------	-------

4. If other please explain in space provided

If still planning to start – please SKIP NUMBER 5 AND 6, PROCEED TO 7

5. How long have you been in business?

5 years & under	6 – 10 years	11 – 15 years	16 years >
-----------------	--------------	---------------	------------

6. How many people do you employ directly?

5 people & less	6 – 10 people	11 – 15 people	16 people >
-----------------	---------------	----------------	-------------

7. For how long have you employed the maximum ever number permanently?

Under 5 years	6 – 10 years	11 – 15 years	16 years and above
---------------	--------------	---------------	--------------------

SECTION B; Likert scale

This section is based on the Likert scale requesting you to rank pre-determined information based on literature reviewed. Using the scale below please rank the

statements using the scale; 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	REASONS WHY RESPONDENT IS IN BUSINESS	1	2	3	4	5
1	I went into business because I had no job	1	2	3	4	5
2	There was finance available so I went into business	1	2	3	4	5
3	It was easy starting a business that's why I started	1	2	3	4	5
4	I don't come from a business family but I started one	1	2	3	4	5
5	Either you are in business or restricted in the job	1	2	3	4	5
	DIFFICULTY IN STARTING BUSINESS					
6	Government policy makes it easy to start a business	1	2	3	4	5
7	Getting business finance is not easy in the Gaza Strip	1	2	3	4	5
8	I am from a business family hence I am in business	1	2	3	4	5
9	I went into business because I had a skill	1	2	3	4	5
10	Many NGOs fund business start-ups in the Gaza Strip	1	2	3	4	5
	BENEFITS FOR HAVING A BUSINESS					
11	There are many customers for this type of business	1	2	3	4	5
12	There is too much work in running your own business	1	2	3	4	5
13	It's better for me to employ than be employed	1	2	3	4	5
14	Running a business means deciding your own future	1	2	3	4	5
15	For the same salary I would be better in my business	1	2	3	4	5
	FUTURE OF RESPONDENT'S BUSINESS					
16	I employ people and so I changed their life.	1	2	3	4	5
17	I want to diversify to a better business than this	1	2	3	4	5
18	Many small businesses give hope to the citizens	1	2	3	4	5
19	I would rather be in a job than run a business	1	2	3	4	5
20	You cannot get a job here you only can create a job	1	2	3	4	5
	IMPACT OF BUSINESS START-UPS					

21	Manufacturing here increases money in our economy	1	2	3	4	5
22	Every start-up means at least one person employed	1	2	3	4	5
23	The type of business determines number of employees	1	2	3	4	5
24	Manufacturing here makes us buy cheaper products	1	2	3	4	5
25	My living standard changed because I started business	1	2	3	4	5
	BENEFITS OF LOCAL ECONOMY					
26	Manufacturing goods here means more money for us	1	2	3	4	5
27	Importing goods means less jobs for us in the Gaza	1	2	3	4	5
28	Gazans like to support locally manufactured goods	1	2	3	4	5
29	Imported goods are good for the people to use	1	2	3	4	5
30	You can't buy imports and still want a good job here	1	2	3	4	5

SECTION C; Open ended

In this section you are free to discuss [within the pre-determined parameters] what you think about the aspects of small businesses that help with economic development in the Gaza Strip.

a. What five [4] benefits to the community do you think your business provides or may provide to the community in the occupied land?

-
-
-
-

b. What in your own thinking is the single most important means of reducing poverty in the Gaza Strip?

-
-
-
-

c. What do you think government must do to help in the creation of jobs and wealth in the economy?

-
-
-
-

THANK YOU FOR PARTICIPATING – THIS INFORMATION IS CONFIDENTIAL