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Entrepreneurial Ecosystem Mapping of Karak and Analysis of Start-up Economic Sectors

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Abbreviations

B2B	Business-to-Business
BDC	Business Development Center
BMZ	Federal Ministry for Economic Cooperation and Development of Germany
CPF	Crown Prince Foundation
DEF	Development and Employment Fund
E4DE	Entrepreneurship for Sustainable Economic Development and Employment
ESO	Entrepreneurial support organisation
EU	European Union
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
JEDCO	Jordan Enterprise Development Corporation
JOHUD	Jordanian Hashemite Fund for Human Development
MoDEE	Ministry of Digital Economy And Entrepreneurship
MSME	Micro-, Small and Medium Enterprises
MVP	Minimum Viable Product
NGO	Non-Governmental Organisation
USAID	United States Agency for International Development

Executive Summary

Method

- Utilising qualitative data collection methods including desk research, workshops, and interviews, the study comprehensively explores the entrepreneurial ecosystem, drawing insights from diverse perspectives and data sources.
- Isenberg's model is employed to identify and categorise stakeholders.
- An economic analysis, based on both quantitative and qualitative data, informs the compilation of its economic profile and identification of priority sectors.
- The study encompasses mapping of start-up actors, start-up assessments, and value chain assessments, aiming to understand the dynamics of the entrepreneurial ecosystem, identify economic opportunities, and address challenges. However, limitations such as sector definitions variability, data availability constraints, exploratory nature of the analysis, and sampling limitations should be acknowledged.

Findings

- **Support**: The Karak entrepreneurial ecosystem offers comprehensive support services, but early-stage funding and communication with start-ups require improvement.
- **Start-ups:** Karak boasts a well-educated and passionate pool of founders, but their lack of business experience necessitates addressing the skills gap.
- **Finance:** While access to finance improves for later-stage start-ups within the Karak ecosystem, limited options hinder early-stage ventures.
- **Markets:** The Karak entrepreneurial ecosystem demonstrates a strategic focus on attracting businesses in key sectors, but limited international reach and distribution channels remain hurdles for most start-ups.
- **Culture:** A growing entrepreneurial spirit with a focus on sustainability is evident within the Karak ecosystem, but fostering collaboration between start-ups and large companies is crucial for further development.

Recommendations

- **Entrepreneurial Support Organisations (ESOs):** Improve outreach, offer early-stage services, strengthen local expertise, and address talent acquisition and international expansion gaps.
- **Start-ups and MSMEs:** Seek training, formalise businesses, explore financing options, expand market reach, collaborate with large companies, network, invest in technology, and consider sustainable practices.
- **Large companies:** Enhance awareness of companies on the start-up ecosystem, offer mentorship and quality assurance of start-up services and products, explore strategic sourcing and partnerships, and consider long-term innovation collaborations.
- **Development Partners:** Bridge service gaps (funding, market research, certifications, talent), enhance communication, facilitate collaboration, promote internationalisation, collect data, showcase success stories, and support green businesses.
- **Education Providers:** Integrate entrepreneurship education, develop practical business skills, and foster industry collaboration through internship programmes.

Introduction

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1. Introduction

This report introduces the Entrepreneurial Ecosystem Mapping of Karak and Analysis of Start-up Economic Sectors, designed to explore the region's entrepreneurial landscape and pinpoint areas where support for start-ups may be lacking.

The structure of the mapping is as follows: Chapter 3 offers an outline of the methodological framework. Chapter 4 unveils the results of Karak's economic analysis. Chapter 5 provides insights into stakeholder mapping, while chapter 6 summarises available services in Karak. Chapter 7 offers an assessment of start-ups in the region, and chapter 8 explores linkages with the value chains of large companies. Chapter 9 concludes the mapping by highlighting strengths and weaknesses. Chapter 10 furnishes recommendations based on the conclusions. The annex features a table of key definitions applied and a list of references and data sources.

The Entrepreneurial Ecosystem Mapping of Karak and Analysis of Start-up Economic Sectors scope of work is developed by the "Entrepreneurship for Sustainable Economic Development and Employment" (E4DE). The E4DE project is implemented by Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) GmbH and the Ministry of Digital Economy and Entrepreneurship (MoDEE) and commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Union (EU). One of the project's focuses is supporting the entrepreneurship ecosystem in Karak through promoting cooperation among stakeholders and setting up mechanisms to support entrepreneurs through private sector development approaches. Mainlevel has implemented the scope of work under the guidance of the E4DE project.

The target audience of the study is twofold.

On the one hand, the study is directed to start-ups on governorate level as well as recently established MSMEs and on the other hand to the broader entrepreneurial ecosystem development partners including governmental stakeholders, incubators, non-governmental institutions, large corporates, academic institutions, and non-governmental organisations. For this target audience this study provides recommendations for strengthening the entrepreneurial ecosystem and identifies potential opportunities to link small companies with large corporates.

Acknowledgment Section

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2. Acknowledgment Section

We express our gratitude to the following stakeholders and contributors for their valuable support and contributions throughout the Entrepreneurial Ecosystem Mapping of Karak and Analysis of Start-up Economic Sectors:

- **Stakeholders and Entrepreneurial Support Organisations:** We commend their willingness to provide information and actively engage in discussions. Their collaboration and insights were fundamental to shaping this mapping.
- **Large Companies in the Value Chain Assessment:** We extend our appreciation for their willingness to share information, which was integral to the success of the value chain assessment.
- **Start-ups in the Start-up Assessment:** We appreciate their openness in providing information, which significantly enhanced our understanding of the entrepreneurial landscape in Karak.
- **Incubator and accelerators:** We highly appreciate their efforts for facilitating exchange by readily sharing the contact details of start-ups from their database, allowing for seamless communication and connection with the ecosystem.

The collective efforts and dedication of these stakeholders and contributors have played a crucial role in the success of the Entrepreneurial Ecosystem Mapping of Karak and Analysis of Start-up Economic Sectors. Their support has been foundational to this endeavour, and we express our gratitude for their collaboration and contributions.

Methodological Framework

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3. Acknowledgment Section

The Entrepreneurial Ecosystem Mapping of Karak and Analysis of Start-up Economic Sectors is based on four qualitative data collection methods that contribute and shed light on the entrepreneurial ecosystem in Karak from different perspectives. To gather comprehensive data, the research design utilises a range of data sources (see Figure 1). These include desk research to gather information from existing reports and studies on the economic profile of the region, workshops with ecosystem stakeholders to gather insights and perspectives, interviews with large companies to understand their linkages to the ecosystem, and group workshops with start-ups to capture their experiences and challenges.

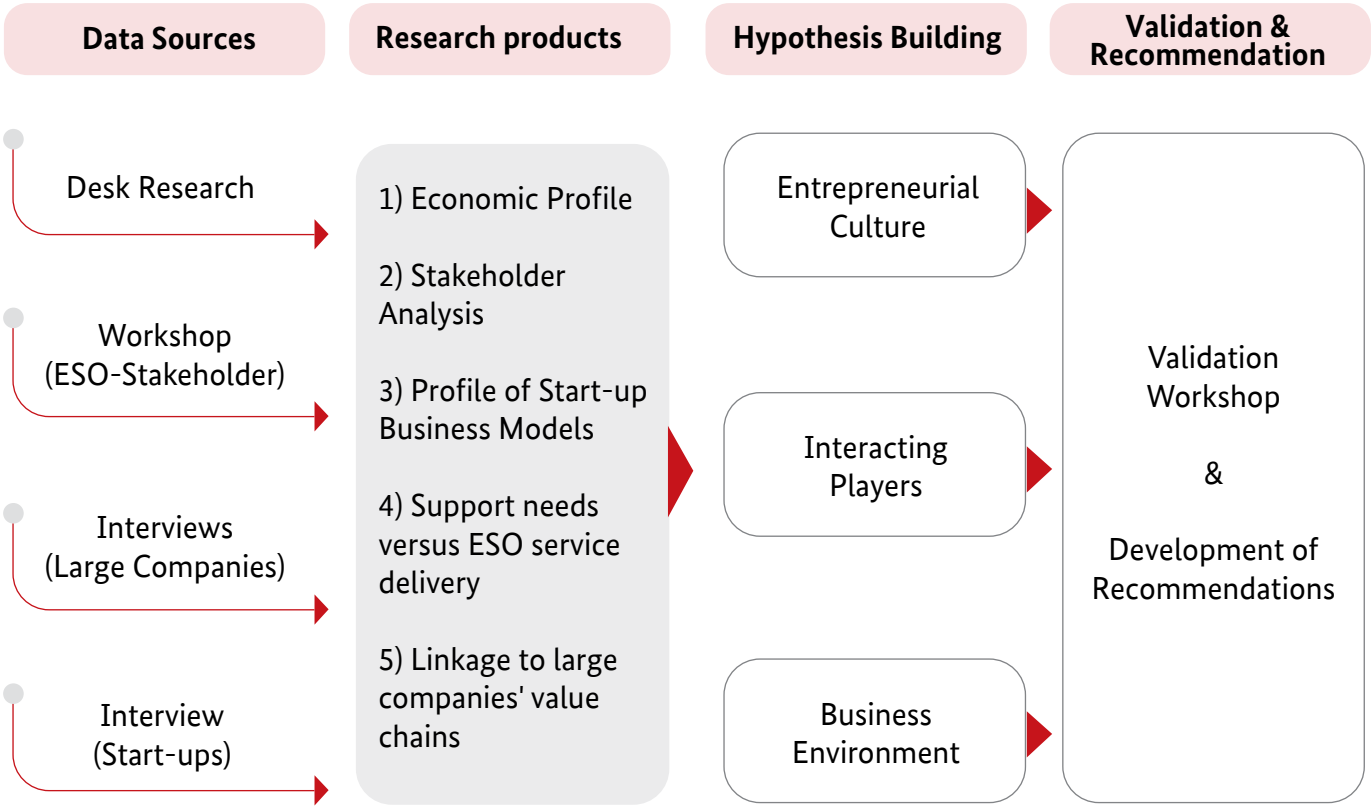


Figure 1 | Overview of Research Design

To identify all relevant stakeholders in the ecosystem and ensure the representation of diverse perspectives on the ecosystem, Isenberg's model for conceptualising entrepreneurial ecosystems is used (Isenberg, 2011). To take the specific context of the project into account these categories of actors will be extended to incorporate accelerators and incubators as key actors into the analytical framework. Incubators and accelerators are of particular importance to entrepreneurial ecosystems as they provide start-ups with support, resources, and mentorship. They validate and refine business ideas, offer skill development programmes, and facilitate access to funding. By fostering a sense of community and collaboration, they contribute to the overall growth and success of start-ups, while also stimulating economic development, job creation, and innovation within the ecosystem.

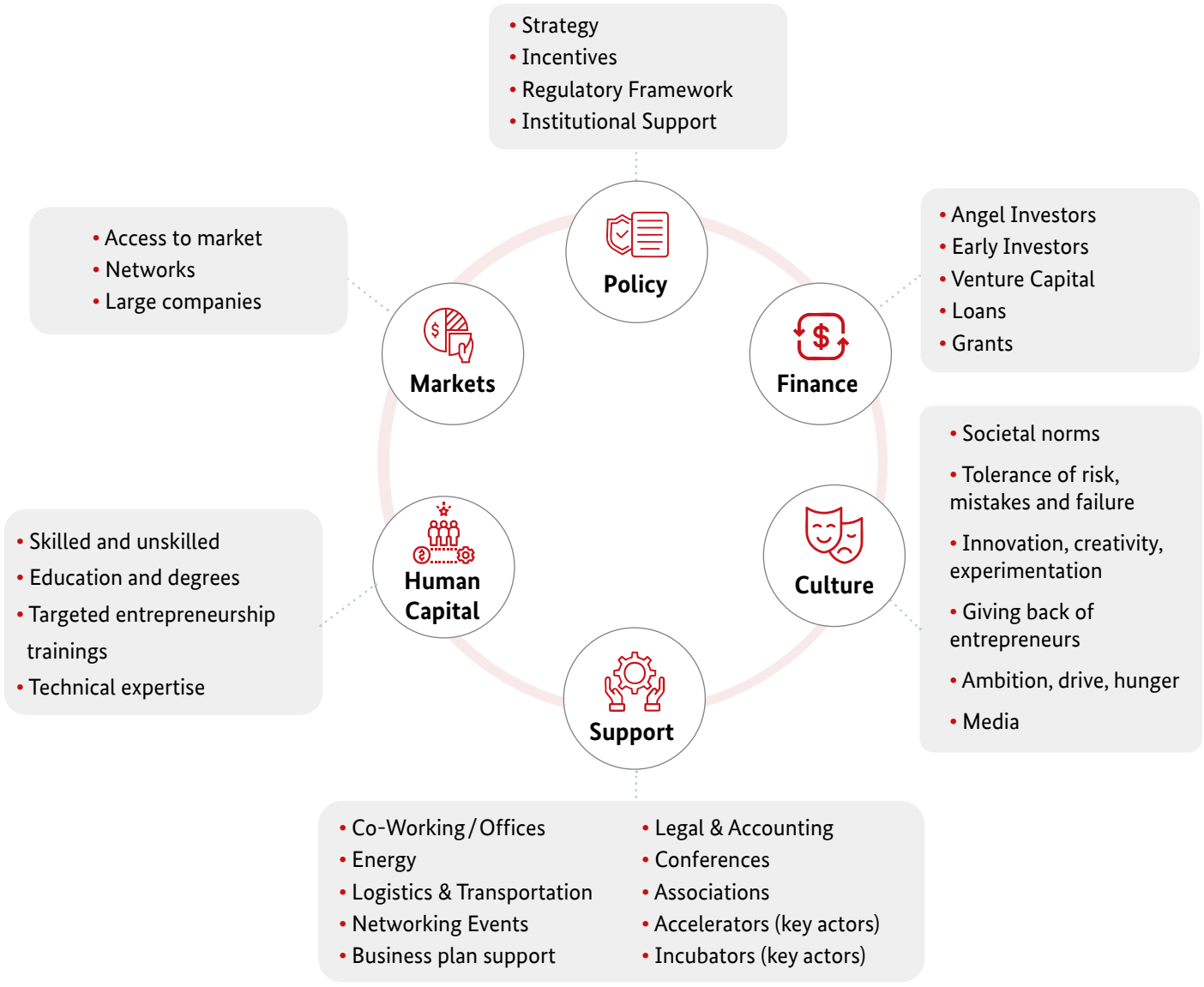


Figure 2 | Isenberg's Model for Conceptualising Entrepreneurial Ecosystems (Source GIZ (2018): Guide for Mapping the Entrepreneurial Ecosystem. Observe – Analyse – Visualise.).

Economic analysis of Karak

Based on desk research of quantitative and qualitative information and available data on selected indicators, an economic analysis of Karak was conducted, the economic profile of Karak was compiled, and priority sectors were identified.

Entrepreneurial Ecosystem Mapping

The Entrepreneurial Ecosystem Mapping primarily focuses on mapping start-up and entrepreneurial actors relevant to the ecosystem in Karak. The actors in the entrepreneurial ecosystem were classified according to established methods and an overview table of stakeholders was developed. To this end, a 1-day workshop was conducted in December 2023 in Karak, where stakeholders within the Karak ecosystem were brought together. The maps were developed based on the input of the organisations. The workshops objectives were to

(a) discuss the entrepreneurial culture in Karak

(b) assess the ecosystem's strengths and challenges

(c) take stock of relevant actors, their support services

(d) identify ideas for projects and entrepreneurial initiatives that can be jointly implemented by the entrepreneurial network.

Start-up Assessment

For the Entrepreneurial Ecosystem Mapping in Karak information from start-ups in three key areas were gathered: general company characteristics, business model and market performance insights, and perception of support services. The start-up assessment covered various start-up lifecycle stages, as well as female-led, green-business, and failed start-ups. The process involved interviews with 23 start-ups, ensuring representation from different stages, gender, and business types to shape the entrepreneurial ecosystem and support services effectively.

Value Chain Assessment

In the scope of the research, a value chain assessment was conducted. The aim was to identify key sectors and economic opportunities for start-ups. The widely used Porter Value Chain Framework (Porter, 1985) is applied as the overarching analytical frame to assess the Value-Chain opportunities and linkages of start-ups' business models with large companies' value chains.

Limitations

It is important to note that there are some limitations for the Entrepreneurial Ecosystem Mapping of Karak and Analysis of Start-up Economic Sectors:

- **Sector Definitions:** Sector definitions can vary significantly among different sources, and these variations may lead to inconsistencies and discrepancies when comparing sectors using data from various sources. To address this challenge, a sector mapping is applied to ensure alignment and consistency as far as possible.
- **Availability of secondary data:** There is a limitation in the availability of disaggregated data at the regional and sectoral level. In cases where such data gaps exist, efforts are made to fill them by utilising national data or employing alternative methods, such as proxies. These measures help compensate for the limitations in data availability and enhance the comprehensiveness of the analysis.
- **Explorative Analysis:** The mapping process is primarily exploratory in nature, which means it may not provide an in-depth analysis of all aspects of the entrepreneurial ecosystem and of start-ups needs and opportunities in the region.
- **Only a sample of the existing start-ups and corporates in Karak were interviewed.** Due to resource constraints, the study involved several selected interviews with start-ups and corporate entities. This may result in a less comprehensive representation of the ecosystem.
- **Limited Depth of Analysis of Services and Ecosystem Stakeholders:** The analysis of support services and ecosystem stakeholders may not delve into a high level of detail, which could limit the depth of understanding in these areas.

The annex contains relevant definitions, additional data, and a list of sources and references.

Economic Analysis of Karak

4. Economic Analysis of Karak

Key findings of economic analysis of Karak

Economic profile of Karak

- Karak's diverse terrain, low population density, and affordable land prices make it ideal for projects away from urban areas.
- The governorate boasts thriving agricultural and industrial sectors
- The AL-Hussein Bin Abdullah II Industrial Zone (HUIE) in Karak offers essential infrastructure, services, and tax benefits for industrial operations. HUIE's strategic location near the Amman-Aqaba highway enhances connectivity to both the capital and the port of Aqaba.

Priority sectors

- Key sectors identified for Karak include manufacturing, tourism, and logistics, transport, and storage, validated through desk research and input from political stakeholders.
- Emerging sectors critical for the region include wholesale and retail trade, including e-commerce, agriculture, and creative Industries.

The Economic Analysis provides an overview of the economic profile of the governorate of Karak and presents the relevant sectors in the governorate, including an overview of key development indicators. Besides sectoral data, the analysis provides available data on a selected set of economic, social, political and sustainability indicators at a regional level. Based on a sector selection, four key sectors including manufacturing, wholesale and retail trade, restaurant and hotels and information and communication and further secondary sectors for the region and for the Entrepreneurial Ecosystem Mapping for the governorate of Karak were identified.

4.1 Economic profile of Karak

Located in Southern Jordan, the governorate is characterised by a variety of terrains, including deserts and mountains. It covers a vast geographical area and, as per the Ministry of Interior, has a low population density and low land prices compared to the capital, Amman. These factors make it an ideal location for projects that need to be situated away from population centres. Economically, the governorate boasts a thriving agricultural and industrial sector. Poultry farms in the region supply 33% of Jordan's total consumption. Additionally, the governorate is home to the AL-Hussein Bin Abdullah II Industrial Zone (HUIE), which offers the necessary infrastructure and services to support industrial operations, along with tax benefits. The industrial zone's strategic location near the Amman-Aqaba highway further enhances its appeal, facilitating efficient connections to both the capital and the port of Aqaba.

The following table presents key indicators that summarises the economic profile of Karak. For comparison, the data corresponding to the whole of Jordan is provided as well.

Category	Criterion	Karak	Jordan
Economic indicators	GDP per capita	No data available	2776,5 JOD
	Average GDP growth (2017-2022, at market prices)	No data available	1.5%
	Number of companies (2021)	-	64.872 (100%)
Social indicators	Average Monthly Wage in JOD (2021)	676 JOD	586 JOD
	Unemployment rate	22.5% (2022)	22,9% (2022)[1]
	% of youth in the labour force	15.3%	23,8% (2021)[2]
	% of women in the labour force	28.4%	15% (2022)[3]
Sustainability indicators	Number of tertiary education institutions	2*	79[4]
	Number of tertiary education students	>10,123	236,000[5]

Table 1 | Latest available data on key indicators for the governorate of Karak in comparison to national data

1. According to the Department of Statistics, as reported here: 0.4% drop in unemployment rate in Q4 2022 — DoS | Jordan Times
2. Attention: Different definition of Youth applied here (ages 15-25) Labor force participation rate for ages 15-24, total (%) (national estimate) - Jordan | Data (worldbank.org)
3. Labor force participation rate, female (% of female population ages 15+) (modeled ILO estimate) - Jordan | Data (worldbank.org)
4. 10 public universities, 17 private universities, 51 community colleges plus the World Islamic Sciences and Education University. Higher Education in Jordan - The Ministry of Higher Education and Scientific Research (mohe.gov.jo)
5. Year not specified. Higher Education in Jordan - The Ministry of Higher Education and Scientific Research (mohe.gov.jo)

4.2 Overview of Economic Sectors in Karak

To systematically assess the sectors, an empirical approach using available sectoral data is used. The key factors for the sector selection for the Entrepreneurial Ecosystem Mapping and Analysis of Start-up Economic Sectors are:

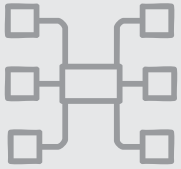
- **Economic potential and entrepreneurial opportunity:** Size of sector and growth prospects, potential for entrepreneurship, innovation, self-employment, and start-ups, e.g. as measured by number of start-ups.
- **Social factors:** Employment potential, especially for women and youth
- **Sustainability factors:** Green business and innovation potential
- **Political factors:** Relevance of the sector for policymakers

To operationalise these factors, a robust selection method is proposed. This selection method is then applied to the economic sectors in the region of Karak, and the results of this process are summarised in the sectoral overview provided below.

The sector overview presents indicators for the sectors (for details on the method of calculation see the annex). This evaluation assesses the sectors by considering their economic potential, entrepreneurial opportunities, social, sustainability, and political factors. Regional data for the governorate of Karak are used as far as available. The matrix enables the identification of priority sectors for entrepreneurship and start-up promotion, utilising both quantitative and qualitative evidence. A scoring mechanism is employed to determine sector relevance, with sectors appearing among the top three performers being highlighted in red. The score is calculated based on the frequency of a sector's inclusion in the top three performers. By identifying sectors with the highest frequency, the priority sectors for the governorate of Karak can be determined. The three proposed sectors for further in-depth analysis are highlighted with red borders.

Category	Criterion	National / regional data	Sectors											
			Agriculture, Hunting, Forestry	Mining and quarrying	Manufacturing	Electricity and water	Construction	Wholesale and Retail Trade	Restaurant and Hotels*	Transport, and Storage	Information and Communication	Finance and Insurance	Real estate	Community, Social and Personal Services
Economic factors	GDP in % in 2022	National	6	3	24	2	4	11	2	12		10	15	11
	Average GDP growth in % (2017 – 2022)	National	2.2	8	1.4	1.1	1.1	1.7	2.1	2		2.4	1.8	1.4
	Share and relevance for MSMEs	Regional	No data	Low	Medium	Low	Medium	High	Medium	Low		Low	Low	No data
	Share and relevance for start-ups	Regional	Medium	Low	Low	Low	Low	High	High	Low	High	Low	Low	Medium
	Employment by sector in %	Regional	7	8	8	2	6	12	3	5	1	1	0	48
Social factors	Average Wage in JOD in 2021	National	537	1242	512	953	607	520	445	749		1053	635	569
	Average Employment Growth in % (2017 – 2023)	Regional	5	58	33	56	87	-4	35	3	-2	99	-100	1
	Relevance for youth (share of youth of employed persons per sector, 2023)	Regional	16	6	20	3	2	9	42	8	10	4	0	6
	Relevance for women (share of women of employed persons per sector, 2023)	Regional	5	2	33	0	4	9	2	2	44	41	0	55
	Private sector share of all employment in the sector (2023)	Regional	100	100	100	100	91	92	100	92	100	100	0	22
Sustainability factors	Green business potential	National	Medium	Low	High	High	Low to Medium	Low	Medium to high	Medium	Low	Low	Low	Low
Political factors	Priority sector in the EMV	National	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	no	Yes
	Export relevance	National	High (e.g. pitted fruits, tomatoes)	High (e.g. potassic fertilisers)	High (e.g. garments, medicaments)	Low to Medium	Low	Low	High	High	Medium	Low	Low	Low to Medium

Table 2 | Sector overview The selected sectors are marked in red borders



Karak Entrepreneurial Ecosystem Map

5

5. Karak Entrepreneurial Ecosystem Map

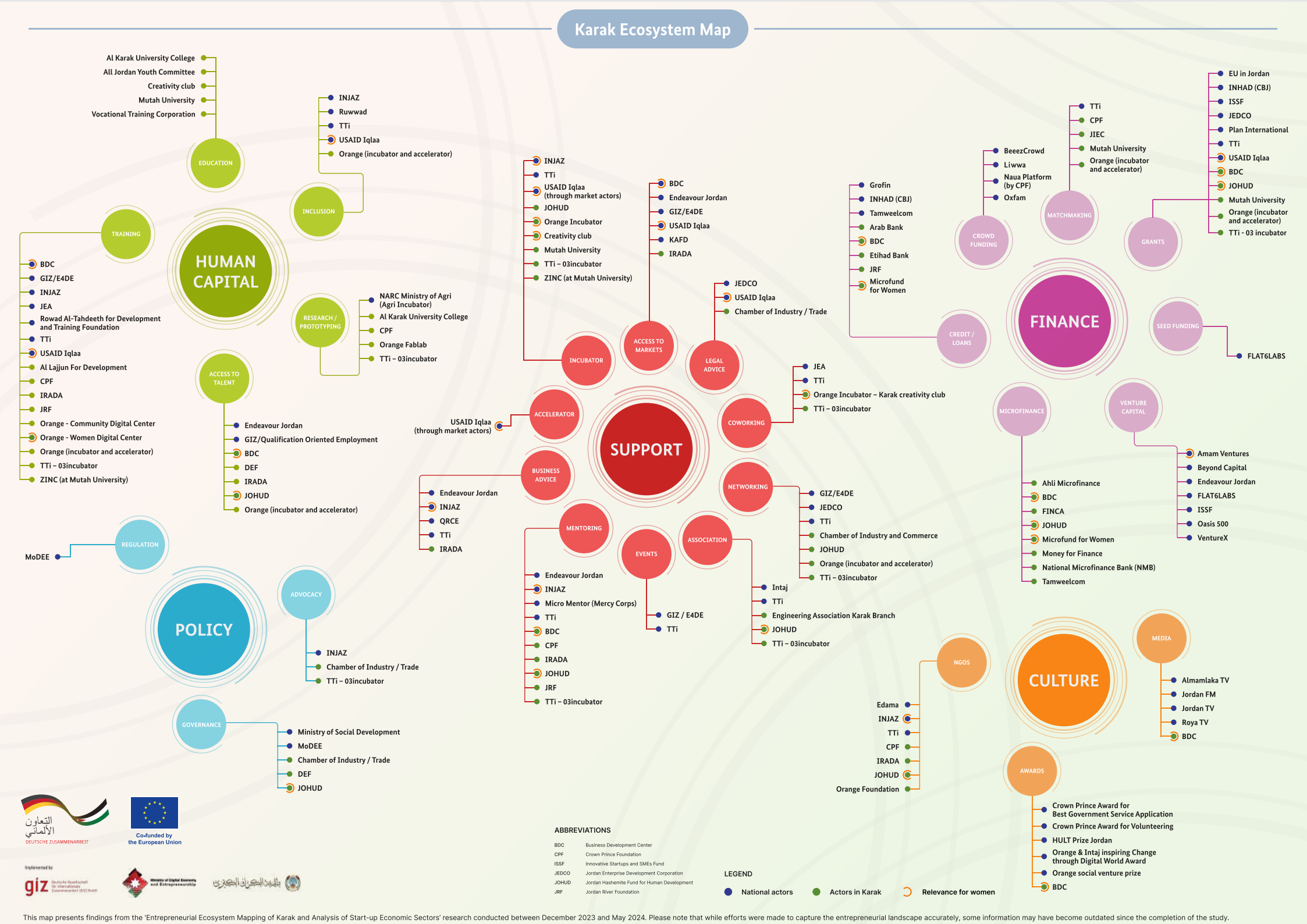
The Karak Entrepreneurial Ecosystem Map presents a comprehensive overview of pertinent entities within the entrepreneurial landscape of Karak.

This encompasses both physically present actors and those without a regional footprint but extending services from the national level? Organisations with physical presence are denoted by a green dot, organisations with outreach to Karak but without physical presence are denoted by a blue dot ''National Actors'', and members of the Karak Entrepreneurial Network are marked with a *. Notably, the inclusion of actors is driven by perceived relevance, as determined by key stakeholders in the region, potentially excluding national actors covering the region if not highlighted in stakeholder consultations.

The start-up ecosystem map illustrates various institutions categorised according to the Isenberg model elements, showcasing their roles in fostering entrepreneurship:

- **Policy** (Governance, Regulation, Advocacy): Institutions involved in **Governance** and **Regulation** impact the operational environment for start-ups, while **Advocacy** groups actively promote policies favourable to start-ups, creating a supportive ecosystem.
- **Finance** (Microfinance, Venture Capital, Seed Funding, Crowd Funding, Grants, Credit / Loans, Matchmaking): Financial institutions such as **Microfinance** providers, **Venture Capital** firms, providers of **Seed Funding,** and **Crowdfunding** platforms offer diverse funding sources. Banks and other financial institutions provide **Credit and Loans**. Entities providing **Grants**, contribute crucial financial support, while **Matchmaking** services connect start-ups with suitable investors.
- **Culture** (Awards, NGOs, Media): **Award**-granting bodies recognise and incentivise entrepreneurial accomplishments, fostering a positive start-up culture. **Non-governmental organisations** (NGOs) play a pivotal role via influencing public opinion and connecting individuals with common purpose. This may set the ground for new ideas and social initiatives that can turn into businesses. **Media** outlets contribute to building awareness and cultivating a culture of entrepreneurship through coverage and success stories.
- **Support** (Business Advice, Mentoring, Incubator, Accelerator, Co-Working, Networking, Associations, Legal advice, Events): Institutions providing **Business advice, Mentorship**, and support services, such as **Incubators** and **Accelerators**, play key roles in start-up growth. **Co-working** spaces offer collaborative environments that facilitate networking and resource-sharing. Opportunities for **Networking** are offered by many organisations. On a sectoral level, **Associations** play a key role in connecting businesses in the same industry. **Legal advisory services** ensure start-ups navigate regulatory challenges, while **Events** provide valuable platforms for learning and for mingling with similar business, suppliers, investors or clients. Institutions facilitating **Access to markets** are crucial for start-ups to broaden their customer base and scale operations.
- **Human Capita**l (Education, Research / Prototyping, Training, Access to Talent, Inclusion): **Educational institutions** and **Training** providers equip individuals with the necessary skills for entrepreneurship. Institutions offering a space for **Research and prototyping** contribute to innovation. In the area of human resources, specialised organisations offer **Access to Talent** by connecting to qualified industry experts. The category of Inclusion includes organisations that aim at enhancing diversity and the inclusion of marginalised groups in the start-up ecosystem.

Karak Ecosystem Map



ABBREVIATIONS

BDC	Business Development Center
CPF	Crown Prince Foundation
ISSF	Innovative Startups and SMEs Fund
JEDCO	Jordan Enterprise Development Corporation
JOHUD	Jordan Hashemite Fund for Human Development
JRF	Jordan River Foundation

LEGEND

National actors · Actors in Karak · Relevance for women

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This map presents findings from the 'Entrepreneurial Ecosystem Mapping of Karak and Analysis of Start-up Economic Sectors' research conducted between December 2023 and May 2024. Please note that while efforts were made to capture the entrepreneurial landscape accurately, some information may have become outdated since the completion of the study.

Available start-up services in Karak

6. Available start-up services in Karak

Key findings of assessment of start-up services in Karak

Idea stage

- All major service areas from access to financial incentives and grants, to vocational training programmes, provision of networking opportunities, mentorship and coaching, and assistance in business plan development are covered by the local entrepreneurial support community in Karak.
- Strengths include awareness-raising campaigns with eight out of 11 ESOs conducting sessions to educate aspiring entrepreneurs about the opportunities and challenges of entrepreneurship. Other strengths of ESO service provision at this stage include vocational training, and networking opportunities.
- Improvement could prove benefits in financial support and business plan development.
- Investigate the reach of awareness campaigns as many start-ups are unaware of active ESOs. Evaluate current communication channels.

Seed stage

- Local ESOs provide all major services to start-ups in the seed stage, such as access to seed stage finance, provision of networking opportunities targeting seed stage entities, incubation programmes and services. In addition, they also provided more sophisticated services such as pitch events and acceleration programmes.
- Strengths include access to seed funding with six out of 11 ESOs providing this specific form of finance that is crucial for start-ups to build their first product, validate their business model and prepare for scaling. Other strengths included networking opportunities, and business model advisory.
- Only one ESO is known to provide market research, highlighting a need to identify others offering this service.
- Student contests could bridge vocational training in the idea stage and pitch competitions in the seed stage, potentially creating additional synergies.
- Despite the range of services, start-ups have a rather unfavourable view of the regional ESO landscape, indicating a mismatch that needs attention.

Start-up stage

- Most service areas at the start-up stage are covered by the surveyed ESOs.
- Gaps exist in quality testing & certification and access to talent.
- Access to finance is a particular strength of Karak's ESO portfolio at this stage.

Expansion stage

- Three significant gaps at the expansion stage. There is no support for international expansion, no support for promotional activities and no leadership programmes.
- A key recommendation could be to explore other actors or incentivise ESOs to expand their portfolio with these services.

The start-up life cycle encompasses several distinct stages, each crucial in the development and growth of a new venture

There are various ways in differentiating between the stages. For this ecosystem mapping, a relatively simple differentiation into four phases is used. We will differentiate between Idea, Seed, Start-up and Expansion stage. The initial phase is the "idea" stage, where aspiring entrepreneurs conceptualise their business concepts and identify opportunities in the market. This is followed by the "seed" stage, where the founders work on validating their ideas, conducting market research, and securing the necessary resources and funding to kickstart their business. Upon the completion of refining the business idea and establishing its operations, the start-up initiates its formal journey, transitioning into the designated "start-up" stage. This phase involves the launch of the business, focusing on early customer acquisition, product development, and establishing a solid market presence. As the start-up progresses and demonstrates sustainable growth, it enters the "growth" stage, where it scales operations, expands market reach, and targets profitability.

Entrepreneurial support organisations play a vital role throughout these stages. During the idea stage, they offer mentorship, workshops, and resources to help budding entrepreneurs shape their concepts. In the seed stage, these organisations provide access to investors and funding networks to secure initial capital. As the start-up takes off in the start-up stage, they continue to offer guidance, networking opportunities, and specialised training to navigate the challenges of early growth. Finally, in the growth stage, entrepreneurial support organisations assist in accessing new markets, facilitating partnerships, and optimising operational processes to ensure sustainable expansion. In essence, these organisations act as a critical backbone for start-ups, providing the necessary support and resources at every key milestone in their life cycle. The following table gives an overview of typical support services from entrepreneurial support organisations for each of the four stages.

Stage	Idea Stage	Seed Stage	Start-up Stage	Start-up Stage
Example of key entrepreneurial support organisations (ESOs) per phase	• Support in ideation and brainstorming (workshops) • Provision of resources and mentorship • Offering market research • Assistance in business plan development • Facilitation of networking opportunities	• Organisation of pitch competitions and investor events • Provision of access to incubator or accelerator programmes • Assistance in product development and prototyping • Connecting with angel investors or venture capitalists	• Offering co-working spaces or office facilities • Assistance in legal and regulatory compliance • Offering access to networks and partnerships • Offering access to investors and financing	• Provision of access to growth-stage funding sources • Offering market expansion strategies and guidance • Assistance with international expansion and market entry • Facilitation of connections with strategic partners and distribution channels • Offering leadership development programmes and executive coaching

Figure 3 | Typical start-up services by ESOs

6.1 Idea stage

The idea stage of a start-up is a time of creativity and testing out possibilities.

At the same time, it can also be a period of great uncertainty and vulnerability. In this phase, it is crucial that ESOs stand ready to provide a range of essential services that can help budding entrepreneurs navigate this challenging phase. The services provided in this phase are pivotal in shaping the raw concepts and ideas into well-defined, viable business prospects.

ESO	Access to Start-up incentives and grants	Awareness-raising campaigns and orientation	Vocational Training	Ideation and brainstorming workshops	Networking opportunities for founders in the idea stage/ linkages	Mentorship and coaching	Offering market research and support for feasi-bility studies	Assistance in business plan development	Specific services for green busi-nesses or women	Other 1.Empowerment 2.Licensing information 3.Pitching 4. business model validation, support with registration 5 Mystart-up online platform
Al-tahdeeth Foundation for Development and Training		√	√							√ 1
BDC		√	√		√	√				
Creativity Club									√	
DEF	√	√	√		√	√				
INJAZ			√	√	√					√ 5
IRADA		√	√		√		√			√ 2
Islamic Relief			√				√			
JOHUD		√	√	√	√		√			
Mutah University		√	√	√						
Orange (Incubtaor and Accelerator)	√		√	√	√	√	√	√		
TTi 03 Incubator		√	√	√		√				√ 4
USAID IQLAA	√	√	√	√	√	√			√ (Green business, women, PLWD and Youth)	√ 1,2,3,5

Table 3 | Available services for start-ups at the idea stage in Karak

- **Access to financial incentives and grants.** Start-ups at the idea stage benefit from access to start-up incentives and grants, which provide financial support and resources to explore ideas. These incentives and grants can help cover initial costs and thus stimulate entrepreneurial activity. Financial support is especially important for potential founders who come from marginalised backgrounds. Three ESOs surveyed in Karak currently provide access to finance at the idea stage.
- **Awareness raising campaigns and orientation.** Awareness campaigns and orientation sessions educate aspiring entrepreneurs about the opportunities and challenges of entrepreneurship. These initiatives aim to foster an entrepreneurial mindset, inspire innovation and provide guidance on how to effectively navigate the start-up ecosystem. Awareness-raising campaigns appear to be a strength of Karak's entrepreneurial support network with eight out of eleven surveyed ESOs providing this service.
- **Vocational training.** Vocational education and training refer to programmes or courses that focus on the skills required for a particular job or trade. Vocational education and training prepares students for specific jobs. While it tends to focus on practical, job-specific instruction, it may also include more technical training related to administrative or similar white-collar jobs. All ESOs surveyed in Karak provide training, so this service area can definitely be seen as a strength. To further strengthen the quality of services provided, it may be worth investigating the extent to which l provided trainings prepare students for the business world and issue this knowledge to match the skills focused on in these programmes to the needs of the labour market.
- **Ideation and brainstorming workshops.** Ideation and brainstorming workshops provide a platform for entrepreneurs to generate, refine and validate business ideas. These workshops encourage creative thinking, problem-solving and collaboration among aspiring entrepreneurs, helping them to explore innovative solutions and identify viable business opportunities. With INJAZ, JOHUD, Mutah University, Orange and the TT03 Incubator and USAID IQLAA, 6 actors in Karak provided a space for future entrepreneurs to generate and work on their ideas.
- **Networking opportunities for founders in the idea stage.** An entrepreneur's journey continues by connecting innovators with the broader entrepreneurial ecosystem. Five of the organisations presented currently provide networking opportunities for emerging start-ups. Besides training and awareness-raising campaigns, networking opportunities seem to be the third strength of Karak's support network with seven ESOs providing services in this area.
- **Mentorship and coaching.** Mentoring provides entrepreneurs with experienced guidance and insight from people who have already faced the challenges of starting and growing a business. Mentors can help entrepreneurs refine their ideas, identify potential pitfalls and develop effective strategies for success from the start. Five ESOs (BDC, , Orange, USAID IQLAA and the TTi 03 Incubator) provide mentorship and coaching services to aspiring founders in Karak.
- **Offering market research and support for feasibility studies.** Market research helps start-ups assess the viability of their business idea by analysing market trends, customer needs, the competitive landscape and the potential demand for their products or services, which is an important step in mitigating risk and enabling informed strategic decision-making. Four of the explored ESOs currently offer services in this regard: IRADA, Islamic Relief, JOHUD and Orange.
- **Assistance in business plan development.** A well-developed business plan serves as a roadmap that outlines the vision, goals, strategies and execution plan of the start-up and is the critical foundation for all other start-up stages that follow. With Orange, there is one ESO which currently supports businesses in setting up their business plans. It may be valuable to investigate whether they are able to meet the demand of the local start-up community and whether there are other actors in the region who are already providing similar services.

- **Specific services for green businesses or women.** In terms of targeting specific groups that may traditionally face more barriers to entrepreneurship, JOHUD, BDC, and Creativity Club tailor some of their services to the needs of women and green businesses.
- **Other services offered.** In addition to these service areas, there are other services provided by the actors we studied. Al-Tahdeeth Foundation for Development and Training offers empowerment programmes that include awareness campaigns and advocacy on issues related to social inclusion, health and participation; INJAZ offers the Mystart-up online platform (an incubator for young and female entrepreneurs aged 20-35, tailored to social enterprises and green start-ups); and IRADA helps to share knowledge on licensing (e.g. obtaining professional licences for home-based businesses). In addition, the TTi 03 incubator provides a wide range of services not explicitly listed in the table, such as business model validation, business development training, consulting, mentoring, business registration and ICT support services. Finally, USAID IQLAA intends to establish a tourism incubator in Karak, which will provide various services, including the organisation of pitching events for the idea stage in this particular sector.

  - For the idea stage, we can see that each major service area is being provided by the local entrepreneurial support community in Karak with no significant gaps emerging. The provision of awareness raising campaigns, vocational training and networking opportunities seem to be strengths.
  - Areas which may benefit from improvement, i.e. more ESOs providing them, are the provision of financial support as well as assistance with the development of business plans.
  - It may be valuable to investigate how well awareness-raising campaigns in Karak reach their audiences as many start-ups report that they are not aware of ESOs active in Karak (see the following chapter). Here, it could prove beneficial to evaluate current communication channels.

6.2 Seed stage

In the seed stage of a start-up's journey, the focus shifts from ideation to turning ideas into tangible products and services while preparing for market entry. This stage involves refining the business model, developing prototypes, and securing initial funding. Various entrepreneurial support organisations provide a range of services in Karak during this phase to help entrepreneurs transition from ideas to market-ready products or services. For the seed stage, eleven organisations have been explored.

ESO	Access to seed-stage finance	Organisation of pitch competitions and investor events	Networking opportunities for founders in the seed stage/ Linkages	Incubation programmes or services	Acceleration programmes or services	Offering market research and support for feasibility studies	Prototyping and product development	Business model advisory	Specific services for green businesses or women	Other 1.HSSP Services 2.Bids/Tenders 3.Technical support 4.Inv/Export 5.Location 6. Student Contests
Al_tahdeeth Foundation for Development and Training F			√				√		√ (Women)	√ 1
BDC	√		√					√		
DEF	√							√		√ 5
Greater Karak Municipality										√ 2
INJAZ										
IRADA			√			√		√		√ 3
JOHUD	√		√	√			√		√ (Women)	
Mutah University										√ 6
Orange (Incubtaor and Accelerator)	√	√	√	√	√		√	√		
TTi 03 Incubator	√		√	√			√	√		
USAID IQLAA	√	√	√	√	√		√		√ (Green business, Women, PLWD, and Youth)	√ 1,2,3,5

Table 4 | Available services for start-ups at the seed stage in Karak

- **Access to seed-stage finance.** Seed-stage financing refers to funding provided to start-ups in the early stages of development, typically after the idea stage when the business concept has been validated to some extent but before significant revenue or traction has been achieved. This funding is crucial for start-ups to build their first product, validate their business model and prepare for scaling. Seed-stage funding can come from a variety of sources, including angel investors, venture capital firms, seed-stage funds, and crowdfunding platforms. Out of the eleven ESOs explored, six provided and facilitated access to finance in this crucial stage. Thus, there are more actors in this stage than in the idea stage providing this important service.
- **Organisation of pitch competitions and investor events.** Pitch competitions and investor events provide start-ups with the opportunity to present their business ideas, products and potential to a panel of judges, investors and industry experts. Participating in these events allows start-ups to gain visibility, receive feedback and attract investment opportunities. USAID IQLAA and Orange are players in providing these services to the regional start-up community.
- **Networking opportunities for the founders in the seed stage.** Networking opportunities bring together founders, investors, mentors and other stakeholders in the start-up community to connect, share insights and collaborate. These opportunities can take various forms, including networking events, meetups, workshops and online communities, and are as important for the seed stage as for the idea stage. Networking remains an important strength for Karak in the seed stage, with seven organisations providing these opportunities for the regional start-up scene.
- **Incubation programmes or services.** Incubation programmes are typically aimed at seed-stage start-ups and focus on helping them validate their business ideas, build minimum viable products (MVPs), acquire initial customers, and prepare for further funding and growth. They may also provide start-ups with physical workspace and infrastructure. USAID IQLAA, JOHUD, Orange and the TTi 03 Incubator offer incubation programmes in Karak.
- **Acceleration programmes or services.** Acceleration programmes are intensive, time-limited programmes designed to help start-ups rapidly scale their businesses and achieve key growth milestones through the provision of timely funding, mentorship and guidance, networking opportunities and boosts in credibility that improve their attractiveness to future investors and partners. Orange and USAID IQLAA provide a dedicated acceleration programme for potential start-ups in Karak.
- **Offering market research and support for feasibility studies.** Market research and feasibility studies remain important during the seed stage as start-ups refine their business models, target markets and product offerings. Conducting thorough market research helps start-ups understand customer needs, assess market demand, analyse competition, and identify growth opportunities. Feasibility studies assess the technical, financial, and operational feasibility of scaling the start-up's business model. These studies help start-ups assess potential risks, challenges, and resource requirements, and inform strategic decision-making and investment priorities. IRADA is currently the only surveyed ESO which supports start-ups with market research. It may be valuable to get in touch with them to see whether they can meet the demand of the current start-up community or whether they are aware of other important actors providing similar services.
- **Prototyping and product development.** Prototyping and product development are critical activities during the seed stage as start-ups build and refine their initial product or service offerings. Prototyping involves creating early versions of products or services to test and validate key assumptions, gather user feedback and iterate on designs. Five ESOs in Karak, including the Al tahdeeth Foundation, JOHUD, Orange, TTi 03 Incubator, and USAID IQLAA currently assist start-ups in prototyping and product development.

- Business model advisory. Business model consulting services provide start-ups with strategic guidance and support in designing, refining and optimising their business models. Consultants help start-ups identify revenue streams, pricing strategies, customer acquisition channels and key partnerships to drive sustainable growth and profitability. Similar to business plan development assistance at the idea stage, consulting in this area can turn a mere idea into a tangible business through well-defined steps and insightful advice. With five ESOs (BDC, DEF, IRADA, Orange and the TTi 03 Incubator) providing services in this area, business model advisory in the seed stage can be seen as another strength of Karak's entrepreneurial support network.
- Specific services for green businesses or women. In terms of targeting specific groups that may traditionally face more barriers to entrepreneurship, three of the eleven ESOs surveyed offer services tailored to specific target groups, namely the Al-tahdeeth Foundation for Development and Training for legal and advocacy services and JOHUD Women Digital Centers. USAID IQLAA provides services with an explicit focus on green businesses, women, people with disabilities and youth.
- Other services offered. The workshops have shown that the ESOs in Karak providing services to seed stage start-ups offer more than only the services listed above and provide additional vital support. The Al-tahdeeth Foundation for Development and Training offers Health, Safety, Security and Protection services. DEF comes in with support in identifying a feasible business location. The Greater Karak Municipality helps simplifying the conditions for entrepreneurs in applying for tenders. IRADA offers technical support for product development for start-ups, the Mutah University offers students contests to identify the "best business/project idea", and lastly, USAID IQLAA intended services include Investment/Export promotion.
    - All service areas in the seed stage are being provided by the local ESOs studied. This also includes more complex services related to the organisation of pitch events and acceleration programmes. USAID IQLAA and Orange appear to be key actors with regards to pitch events, incubation and acceleration.
    - Particular strengths at this stage are the access to seed funding, the provision of networking opportunities as well as business model advisory.
    - However, as far as market research is concerned, we are aware of only one ESO providing this service. As this is such an important service in laying the foundations for emerging businesses, it may be important to investigate whether there are other actors with a similar offer in their portfolio.
    - Student contests may provide an important bridge between the (vocational) trainings offered in the idea stage and the pitch competitions which are usually targeted to start-ups in the seed stage. It is possible that additional synergies can be created by bringing the respective actors closer together.
    - In view of the full range of services offered in Karak, it is important to examine the rather unfavourable assessment of the regional ESO landscape obtained through interviews with start-ups (and presented in the following chapter). There seems to be an important mismatch that deserves future attention.

6.3 Start-up stage

In Karak's entrepreneurial ecosystem, several organisations offer services for entrepreneurs in their start-up stage as presented below.

ESO	Access to start-up-stage finance	Offering co-working spaces or office facilities	Networking opportunities for founders in the seed stage	Access to talent	Business model advisory	Advisory on professional business administration	Quality Testing and Certification	Marketing and branding support	Assistance in legal and regulatory compliance (incl. intellectual property rights)	Specific services for green businesses or women	"Other (specify) 1. artistic creation; life skills"
DEF	√				√						
Habibi Valtiberina Association	√					√					
IRADA	√		√		√	√	√	√	√		
ISLAMIC RELIEF	√					√			√		
JOHUD	√	√	√					√	√		
Money for Finance	√										
Orange		√			√	√					
Creativity Club		√									√ 1
TTi 03 Incubator		√	√								
USAID IQLAA	√	√					√	√	√	√ (Green business, women, PLWD and Youth)	

Table 5 | Available services for start-ups at the start-up stage in Karak

- **Access to start-up-stage finance.** Access to start-up finance is about facilitating or providing start-ups with the necessary funding to support their growth and to prepare for expansion initiatives. Start-ups use this finance to cover expenses related to product development, marketing, hiring, operational costs and scaling their business. ESOs in Karak seem to meet the need for start-up stage finance quite well with seven organisations providing funding at this stage or facilitating the access to finance with relevant market actors or investors.
- **Offering co-working spaces or office facilities.** Co-working spaces or office facilities provide start-ups with shared workspaces equipped with amenities such as desks, internet access, meeting rooms and kitchen facilities. These spaces are designed to accommodate start-ups, freelancers and small businesses in a collaborative and flexible environment. Four ESOs in Karak, namely JOHUD, Orange, Creativity Club, and TTi 03 Incubator offer co-working spaces or office facilities. Here we see another mismatch with the support needs reported in the workshop, as quite a few said that they missed working spaces in the region. It may be worthwhile to evaluate the locations in terms of accessibility and promotional efforts.
- **Networking opportunities for founders in the start-up stage.** Networking opportunities for founders in the start-up stage facilitate connections with other entrepreneurs, investors, mentors, and industry professionals. Building strong relationships within the start-up ecosystem can provide start-ups with strategic partnerships, mentorship, and potential investment opportunities. At the start-up stage, there are three ESOs creating networking opportunities (IRADA, JOHUD and the TTi 03 Incubator).
- **Access to talent.** Access to talent involves helping start-ups recruit and retain skilled professionals to support their growth and expansion efforts. Start-ups can access talent through various channels such as job boards, recruitment agencies, networking events and partnerships with educational institutions. None of the surveyed ESOs enables access to talents for start-ups at the moment. Thus, this service may constitute a considerable gap in Karak's entrepreneurial support network. This is especially surprising, given that all of the surveyed ESOs are involved in vocational training and might serve as matchmakers for training graduates and businesses.
- **Business model advisory.** Business model advisory services provide start-ups with strategic guidance and support in designing, refining and optimising their business models. Currently, there are three ESOs that offer business model advisory – DEF, IRADA and Orange.
- **Advisory on professional business administration.** Advice on professional business management involves providing guidance and support to start-ups in managing various administrative functions of their business once the business has been established at the seed stage. This area is currently being served by four of the explored ESOs in Karak: The Habibi Valtiherina Association, IRADA, Islamic Relief and Orange.
- **Quality Testing and Certification.** Quality testing and certification services help start-ups ensure that their products or services meet industry standards, regulatory requirements and customer expectations. IRADA and USAID IQLAA provide services related to quality testing and certification at the third stage of start-up development.
- **Marketing and branding support.** Marketing and branding support involves helping start-ups develop and implement effective marketing strategies to promote their products or services, attract customers and build brand awareness. In a more traditional sense, it can also mean helping new businesses to get the word out that they have been set up in the first place. Marketing and branding support are a service which can be considered reasonably well served in Karak with four ESOs providing support in this area (IRADA, USAID IQLAA and JOHUD).

- **Assistance in legal and regulatory compliance (incl. intellectual property rights).** Legal and regulatory compliance support involves helping start-ups navigate the legal and regulatory requirements relevant to their business. This can include intellectual property protection, contract drafting, regulatory filings, data privacy compliance and risk management. Of the start-up ESOs surveyed, IRADA, Islamic Relief, JOHUD and USAID IQLAA provide support in this area.
- **Specific services for green businesses or women.** USAID IQLAA provides services with an emphasis on the needs of green businesses, women, people with disabilities and youth.
    - At the start-up stage most service areas are covered by the ESOs surveyed.
    - However, certification as well as access to talent can be seen as gaps.
    - Access to finance can be seen as a particular strength of Karak's ESO portfolio at this stage.

6.4 Expansion stage

The expansion stage of a start-up is characterised by rapid growth and scaling of operations to capture a larger market share. At this stage, start-ups have validated their business model, gained traction in the market and are focused on expanding their customer base, geographic reach and product offerings. This is why services that ESOs offer in this stage focus especially on scaling and expansion strategies.

ESO	Access to growth-stage finance (incl. loans)	Facilitation of connections with strategic partners and distribution channels	Assistance with national market expansion	Assistance with international expansion and market entry	Advisory for scaling strategies	Assistance and integration in promotion activities	Offering leadership development programmes and executive coaching	Specific services for green businesses or women	Other 1.Success Stories 2.Fin Mng 3.Quality tests 4.Inv/Expor readiness 5. Legal
BDC	√								
DEF	√	√	√						√ 1
IRADA			√		√				√ 2,3
JOHUD		√	√					√	
USAID IQLAA	√	√	√	√	√			√ (Green business, women, PLWD and Youth)	√ 2,4,5

Table 6 | Available services for start-ups in the expansion stage in Karak

- **Access to growth-stage finance (incl. loans).** ESOs may facilitate access to growth-stage financing, to support the expansion and scaling efforts of start-ups. Three of the five expansion stage ESOs in Karak specifically BDC, DEF, and USAID IQLAA facilitate access to growth stage finance.
- **Facilitation of connections with strategic partners and distribution channels.** It is crucial for start-ups to forge strong partnerships with strategic collaborators to establish stable distribution channels. With DEF, JOHUD and USAID IQLAA, three ESOs provide this important service to start-ups in Karak.
- **Assistance with national market expansion.** Start-ups often need help expanding their presence in national markets to capitalise on domestic growth opportunities. Guidance on market analysis, localisation strategies, regulatory compliance and tailored marketing campaigns is essential for start-ups looking to enter new regions and attract local customers. This service area seems to be served rather well since four ESOs help regional start-ups expand nationally.
- **Assistance with international expansion and market entry.** In addition to the national market, start-ups may also seek to expand internationally. USAID IQLAA is the only player currently providing assistance with international expansion and market entry in Karak.

- **Advisory for scaling strategies.** Advising on growth opportunities, operational optimisation, revenue diversification, and risk management by experienced businesses and entrepreneurs enables start-ups to scale their operations efficiently and sustainably. IRADA and USAID IQLAA are two ESOs who give advice to start-ups Karak.
- **Assistance and integration in promotion activities.** Effective advertising is essential for start-ups to build brand awareness, attract customers and drive growth during the expansion phase. Unfortunately, none of the ESOs surveyed offers assistance in this regard.
- **Offering leadership development programmes and executive coaching.** Leadership skills become more important as the start-ups mature from one phase to the next. Thus, start-ups benefit from leadership development programmes and executive coaching aimed at enhancing leadership skills, fostering a growth mindset, improving decision-making capabilities, and managing team dynamics. This service area can be seen as another gap in Karak's ESO portfolio for the expansion stage as no ESOs offering leadership programmes could be identified.
- **Specific services for green businesses or women.** At the expansion stage, USAID IQLAA and JOHUD provide specific services with an emphasis on the needs of green businesses, women, people with disabilities and youth.
- **Other services.** Besides the described service areas, ESOs in Karak have added a few additional services to their portfolio as well. This includes the sharing of success stories and disseminating knowledge between lenders by DEF, financial management training (e.g., how to prepare profit / loss statements) by IRADA, investment / export promotion as well as legal advice by USAID IQLAA.

    - The exploration of ESO services has exposed three significant gaps in Karak's ESO portfolio at the expansion stage. There is currently no support for international expansion, no support for promotional activities and also no leadership programmes offered. For all three service areas, it would be advisable to explore whether other actors that have not been investigated as part of this assignment are already taking on that role, or which ESO might be able to expand their current offerings in this regard.

Start-up Assessment

7. Start-up Assessment

Key findings of start-up assessment

Socio-economic profiles of founders

- The vast majority of founders hold formal educational qualifications, reflecting a trend observed in Jordan in general.
- Passion drives many founders, in addition to the desire to focus on addressing market demands and empowering communities.
- Founders in Karak tend to be relatively young, and are drawn from a variety of professional backgrounds.
- Most founders are full-time entrepreneurs with limited prior business experience.

Socio-economic profiles of start-ups

- The majority of start-ups in the sample are in the later stages of the start-up lifecycle, focusing on product development, market expansion, and refining business models.
- Despite the maturity of many start-ups, a significant portion remains unregistered due to legal, regulatory, and financial challenges.
- Start-up financing primarily relies on personal savings and grants, with limited use of loans and none using equity financing.

Business model

- Start-ups primarily sell directly to consumers, with limited B2B engagement
- Traditional goods/services dominate, with a growing presence of digital solutions.
- Start-ups operated in a variety of sectors including consumer goods/services and tech/innovation
- Modest revenues indicate challenges in scaling businesses to a profitable and stable size.
- Focus remains on the local market, with limited international presence.
- Despite modest revenues, start-ups contribute to job creation.
- Collaboration with larger companies is limited, suggesting room for growth in partnerships.

Assessment of business Models

- Even start-ups in advanced stages continue to struggle with low revenue, indicating overlooked business aspects.
- Clarity and precision needed in defining unique value propositions (UVPs) targeting specific problems.
- While UVPs articulate potential benefits, most lack details linking these to customer needs.
- Key business challenges include financial management, market access, and operation related issues.
- Challenges related to financial management include securing investment, making profits, and generating revenue.
- Market challenges involve finding effective distribution channels and facing strong competition.
- Operational challenges include finding qualified employees and addressing human resource issues.

Support Needs

- The ESO system in Karak is not viewed very favourably by the regional start-up community which may be due at least in part to a lack of sufficient marketing of its service portfolios to the right people.
- What stands out from our interviews with start-ups in Karak is especially the need to be put in touch with specialists and experts through training and consultancy services. Founders also highlighted the need for regular, ongoing and therefore sustainable relationships with ESOs as well as experts through regular follow-up, e.g. after grant provision.
- Better financial support and marketing support either through promotion services or training opportunities are the two most cited improvements interviewees would like to see added to regional ESO portfolios.

Green Businesses

- Green businesses in Karak span multiple sectors, from consumer goods to manufacturing and technology and innovation, thus highlighting the potential for sustainable approaches in the ecosystem.
- Green businesses focus on eco-friendly products, emphasise recycling, organic methods, resource efficiency and new technologies.
- Green and non-green businesses face similar challenges, indicating no additional burden to adopt green approaches

The start-up assessment aimed to gather information from start-ups in three key dimensions.

The assessment structure was divided into three main parts, each designed to elicit specific information. The first part focused on gathering general information about the start-up and its founder. The second delved into the start-up's business model and the challenges they encountered in their daily operations. The third and final part investigated the particular support requirements of each start-up, fostering a comprehensive analysis of their unique needs. The assessment was conducted with a diverse group of 23 male and female start-ups and entrepreneurs, each interview lasting approximately one hour.

Selection of Start-ups

In total, 23 start-ups from the Karak region were assessed. The list of start-ups was sourced from local entrepreneurial support organisations. The start-ups were chosen based on key sectors identified through the ecosystem assessment, including manufacturing, logistics, tourism, wholesale and retail trade, and food and beverages. Representation of women entrepreneurs in the sample was an additional key factor. The sample is not representative of start-ups in Karak in a statistical sense and was not randomly drawn.

Hence, while the 23 phone or in-person interviews conducted within the framework of this assessment offer valuable insights into the entrepreneurial ecosystem and the diverse landscape of start-ups, it's essential to approach the findings with caution and not overgeneralise. **The assessment provides a meaningful indication of the challenges, opportunities, and support needs encountered by start-ups at various stage**s of their lifecycle. However, it's crucial to recognise that the sample is limited. The entrepreneurial landscape in Karak is dynamic and multifaceted, and the experiences of these 23 start-ups may not fully represent the entire spectrum of entrepreneurial ventures in the area. Therefore, while the insights are informative and can inform tailored support strategies, the findings should be considered indicative rather than exhaustive, and further research and data collection may be necessary for a more comprehensive understanding of the ecosystem.

7.1 Socio-Economic Profiles

7.1.1 Founders

The majority of founders in the sample were female.

The gender balance among start-up founders in the sample slightly favoured women, with 14(61%) out of 23 founders being female. This contrasts the trend seen elsewhere, where men typically dominate the start-up landscape. Boasting nearly 61% female representation, the proportion of female start-up founders in the sample is significantly higher than the national average of 21%.

Most founders held formal educational qualifications.

Almost all founders in Karak (96%) had received some type of formal education, with 78.3% (or 18) holding bachelor's degrees, 8.7% (or 2) completing vocational training, and another 8.7% (or 2) finishing high school; only 1 lacked any qualifications. These figures mirror the 2019 Jordan Start-up Ecosystem Survey, where 94% had academic education (GIZ, 2019).

Founders were primarily motivated by passion.

The single largest motivator behind founders building their business in Karak was passion and accounted for 8 out of 23, i.e., 34.8% of responses. These founders mentioned an interest in a variety of activities and ideas, ranging from entrepreneurship and photography to environmental conservation and working with natural materials. Another common motivator was demand or previous experience, with 6 out of 20 (or 26.1%) respondents driven by a desire to satisfy gaps in the market or through experience gathered in specific domains, such as providing medical supplies or utilising skills in hydroponics. Additionally, there was also a strong emphasis on community empowerment, with 5 responses (or 21.7%) aligning with this reason. Examples included offering marketing services to women in underserved regions and providing innovative solutions to overcome challenges with electricity supply.

Figure 4
Gender of founders

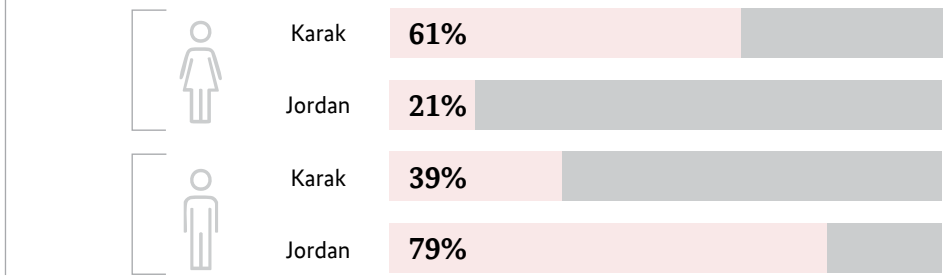


Figure 5
Education of founders

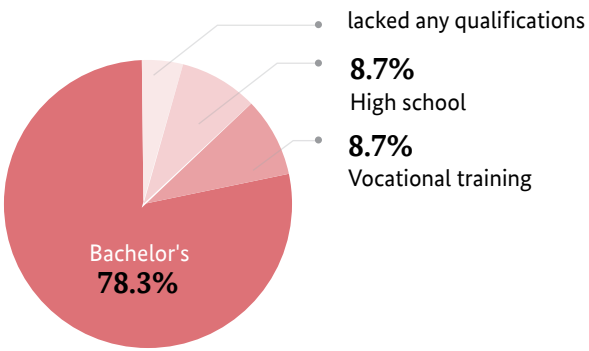
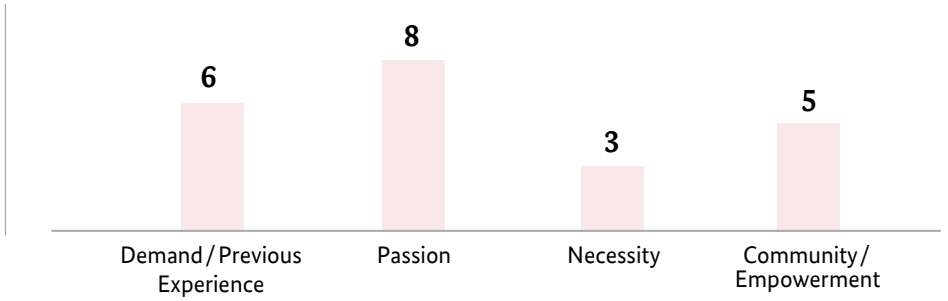


Figure 6
Motives



Founders were relatively young, with an average age of around 28 years.

Almost all founders, precisely 18 out of 23 or 78.3%, were below the age of 35. Notably, 12 or 52.2% fell within the 20 to 30 age bracket, while five or 21.8% were between 30 and 40 years old. Only three founders were above 40, with the oldest amongst them aged 56. These figures strongly contrast the picture at the national level, where 40% of founders were between 35 and 44 years old.

Start-up founders had prior professional experience.

Karak's start-up founders bring substantial experience, with most having 5-10 years in the field (14 out of 23 or approximately 61%) and some exceeding a decade (4 out of 23 or around 17%). A significant portion developed their skills while self-employed (16 out of 23) or in small and medium enterprises (4 out of 23), showcasing the ecosystem's diversity.

The majority of founders were full-time entrepreneurs with no prior business experience.

With 19 out of 23 founders indicating that they were full-time entrepreneurs, there appears to be a clear dedication among founders to pursue their business ideas. Interestingly, all of these founders were first-time entrepreneurs, without any prior experience in running and owning a business.

Figure 7
Years of Professional Experience

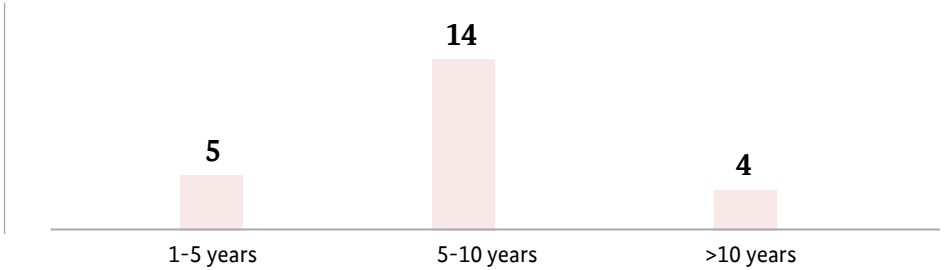


Figure 8
Previous Employment

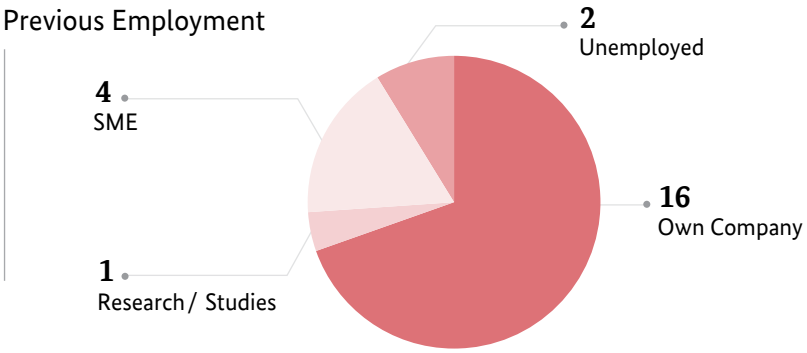
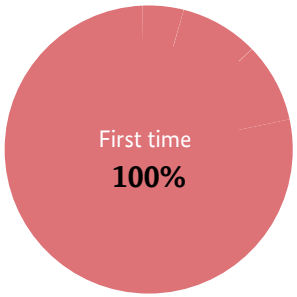


Figure 9
Serial Entrepreneur



7.1.2 Start-ups

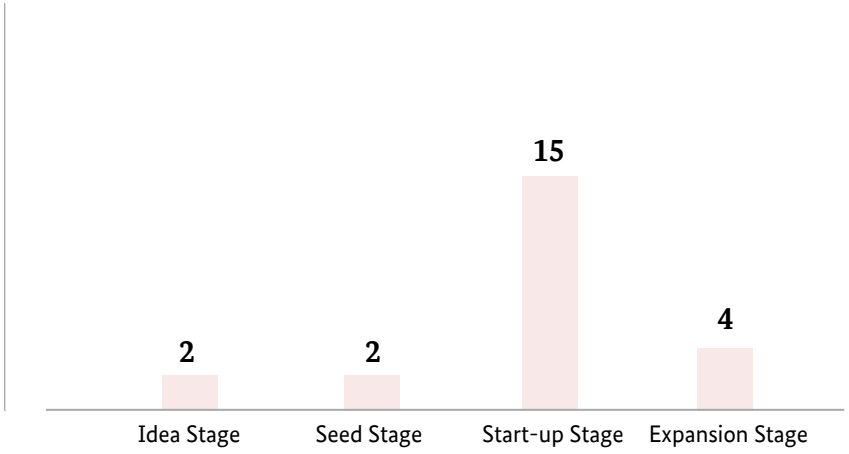
A substantial proportion of start-ups in our sample were in the later phases of the start-up lifecycle, implying a level of maturity in Karak's start-up ecosystem.

Across the start-ups interviewed, the majority, i.e., 83%, were in the later two phases of the start-up journey, i.e., the start-up stage or the expansion stage. Accordingly, of the 23 start-ups in our sample, 15 or 65.2% were in the start-up stage. Examples of start-ups in this stage included one manufacturing smart lanterns using solar cells, another providing maintenance services for mobiles, a start-up providing hydroponics for green houses and another engaging in source reduction by reusing valuable materials from discarded electronics devices. As per founders, these start-ups were more or less formally established, and were now focused on developing their product or service to meet market needs and differentiate them from competitors, engaging in marketing and sales to attract early adopters and build a customer base, and refining their business model in terms of revenue streams, pricing strategies, and distribution channels to understand what would be sustainable but also scalable. A further 4 or 17.4% of start-ups were in the expansion stage, working towards scaling their operations and expanding their market presence, perhaps diversifying products and investing in talent, all with the end goal of achieving sustainable profitability. Examples of start-ups in the expansion stage included a studio specialising in baby and newborn photography, a foundation focusing on web designing and a coding academy for children and the youth, and a tourism focused enterprise. The remaining 4 start-ups or 17.4% in our sample were equally split between the idea and the seed stage, implying the diverse needs of the start-up community in Karak. Examples of start-ups in the idea stage include a start-up wishing to create a business producing medals, trays and plaques, while start-ups in the seed stage include a project that serves tourists by creating tour packages.

Despite many start-ups in advanced stages, most of them were still not officially registered.

Despite the large number of start-ups in Karak being in the later phases of the start-up life cycle, only 10 or 43.5% of all 23 start-ups were officially registered, all established within the last 5 years. Exactly half of these registered start-ups, 5 out of 10, were founded in 2022, with a further 3 start-ups established in 2021. The oldest established start-up dates back to 2019, while the most recent was founded in 2023. Additionally, considering why 13 start-up founders chose not to register, we find that the two most cited reasons related to legal and regulatory challenges (3) and resource constraints and financial challenges (3). In terms of regulatory challenges, one founder mentioned that due to their occupation as a lawyer, commercial registration of a business in their name would not be possible; another mentioned that the Ministry of Environment license that would need to be acquired for their business cost a substantial amount, and the stipulations of where the business should be located also complicated the process. In terms of resource constraints, founders echoed the fact that registration was expensive and that their financial situation would not allow for it. Lastly, two founders also mentioned that it would be too early to officially register their business, with one founder ruling out registration as their business was in the idea stage, and another founder mentioning that as the business was in the experimentation stage and there were issues regarding marketing, registration needed to be postponed.

Figure 10
Start-up Lifecycle



Start-up financing depended on the founder's personal savings and grants, while there was a limited use of loans and a total absence of equity financing.

Founders primarily relied on two sources of funding to finance their businesses: the founder's own funds and grants. Out of 23 founders surveyed, 14 reported using their personal savings to bootstrap their businesses. Similarly, a comparable number tapped into grants provided by governmental and non-governmental organisations like the Danish Refugee Council, Norwegian Refugee Council, Islamic Relief, USAID, Jordanian Enterprise Development Cooperation, and Creativity Club, among others, to finance their ventures. Despite the availability of external financing options such as microfinance and loans in Karak, their utilisation remains limited. Only two founders indicated using loans, with none accessing microfinance. Interestingly, in contrast to the national trend, where 61% of respondents secured funding through equity financing methods like angel investment or venture capital, none of the founders in Karak reported accessing these sources.

Figure 11
Year of Establishment

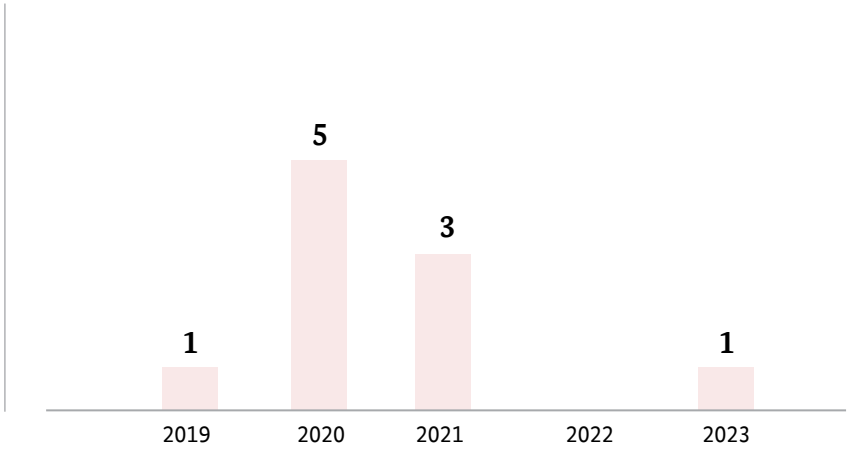
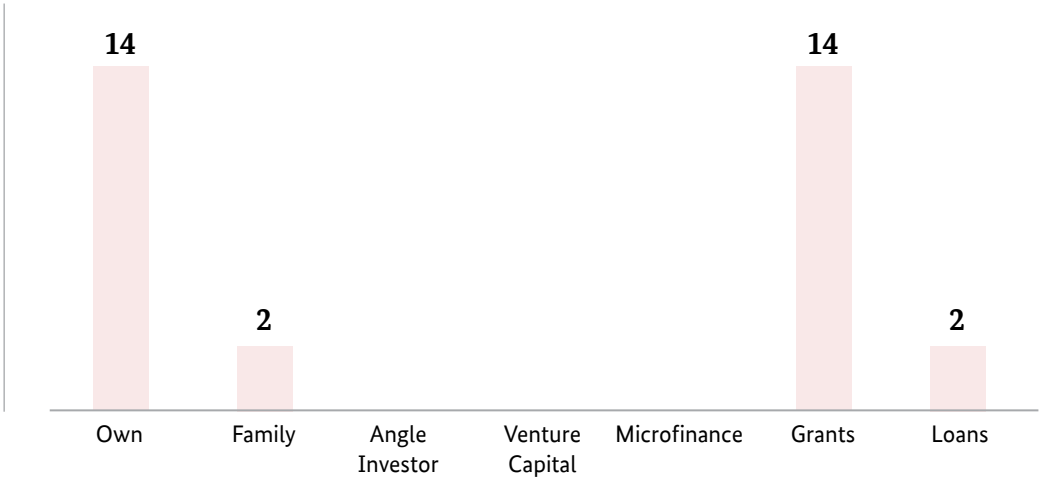


Figure 12
Financing



7.2 Business Models

7.2.1 Founders

Most start-ups offer products to individual consumers.

Nearly 90%, or 20 out of 23, start-ups in our sample focused on selling directly to individual consumers (B2C), in stark contrast with the national trend favouring B2B. In fact, only 3 start-ups targeted business clients (B2B). Surprisingly, none of the start-ups surveyed indicated adopting a hybrid model, catering to both business and individual customers. Furthermore, none of the start-ups also indicated targeting governmental, non-governmental organisations, or academic clients.

The majority of start-ups focus on traditional goods/services, with some embracing digital solutions, possibly indicating market changes.

In our sample, the majority of start-ups concentrated on traditional goods and services, with 10 dedicated to goods and an equal number focusing on services. Examples of goods produced by start-up in our sample included honey, hydroponics systems, and eco-friendly accessories. Start-ups providing services included a mobile device maintenance operation, another providing tour packages, and a third specialising in photographing new born children and babies. In addition, the distribution of start-ups in terms of their product offerings also indicates a possible trend towards digitalisation, with 3 start-ups operating on a software as a service model. Examples of SAAS offerings by start-ups included an online store that sells handicrafts using a vendor based system, and a foundation providing web design and coding skills to children and the youth. This diversity underscores an entrepreneurial landscape responsive to both conventional demand and technologically driven market changes.

Figure 13
Business Models

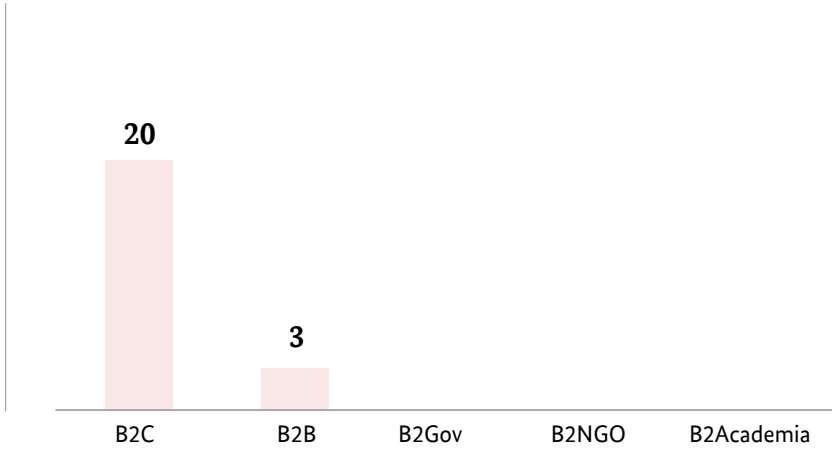
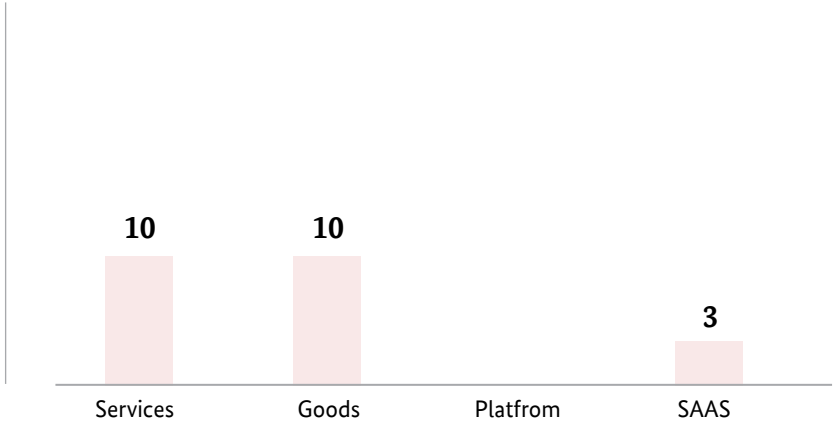


Figure 13
Business Offerings



Building on the product offering identified previously, there was a notable presence in consumer goods/services and technology/innovation sectors among start-ups.

There was an equal split of 8 start-ups each in the consumer goods and services sector and the technology and innovation sectors. In terms of the consumer goods and services space, start-ups had a wide focus, from mobile phone repair to event management and tour companies. Meanwhile, technology and innovation start-ups focused on e-commerce, website design, coding, mobile app development, and even artificial intelligence and virtual reality education. Additionally, 3 start-ups operated in the manufacturing sector, with one specialising in recycling. This data highlights a diverse entrepreneurial landscape across various sectors, with a significant presence in consumer goods/services and technology/innovation, in-line with the product offering highlighted above. However, 3 start-ups did not specify their sector indicating a need for some start-ups to work further to define their target market and prospective clients.

Figure 15
Sectoral distribution of interviewed start-ups

Priority sectors	Manufacturing	Consumer Goods and Services	Technology and innovation
Priority subsectors	4	8	8
	Goods & Products		
	4	1	2
	Services		
	0	7	3
	SaaS		
	0	0	3
	Platform		
	0	0	0

The revenue generated by the start-ups predominantly fell within the lower end of our assessment scale.

Out of 23 start-ups, 18 earned below 10,000 JOD per year, with 17 falling between 0 and 5,000 JOD, and one firm earning between 5,000 and 10,000 JOD. In addition, five firms reported annual revenues ranging from 10,000 to 25,000 JOD in the last business year. Given this variation in revenue data, establishing a direct relationship between the sector of operation and revenue is challenging. Nonetheless, among the five firms in the higher revenue bracket, three were in the consumer goods sector, while two were in technology and innovation. Yet, this observation may be skewed given that 8 out of 23 firms were in the consumer goods and services sector, and a further 8 firms were in the technology and innovation sector. However, when examining the relationship between the stage start-ups were in and their revenue, a more interesting finding emerges. Of the firms in the lowest revenue bracket, 13 start-ups fell in the expansion and start-up phases. Conversely, all firms in the higher revenue bracket were situated within these two phases of the start-up journey. Together, these imply that the degree of maturity of a start-up only appears to be loosely associated with its financial performance.

There appears to be an overwhelming focus on the local market in Karak with minimal participation in the international market.

The majority of start-ups (18 out of 23) at least target customers within the governorate. Fewer start-ups focus on opportunities beyond their immediate surroundings, with 8 start-ups each targeting regional and national markets. Furthermore, only 2 start-ups in our sample focused on the international market.

Figure 16
Annual Revenue (in JOD)

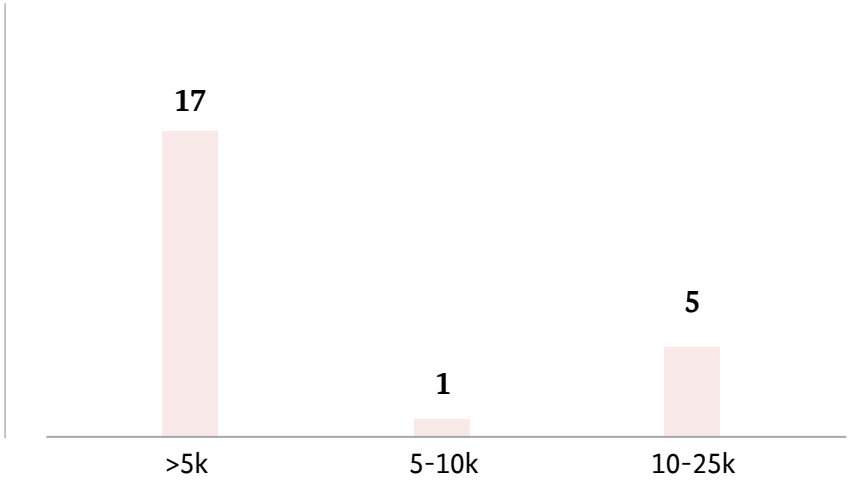


Figure 17
Target Markets

The majority of start-ups created additional job opportunities.

In total, the start-ups in Karak generated 45 additional jobs. While eight firms operated solely with the founder and had no additional employees, 65% of the firms (15 out of 23) had at least one employee. Among these, the majority (10 out of 23) had between 1 and 3 employees. Notably, three firms in our sample stood out with the highest number of employees, employing five individuals each. Additionally, we were also interested in understanding at which stage of the start-up lifecycle did businesses create additional jobs. Our analysis showed that of the 45 additional jobs created, nearly half (24) were by start-ups in the start-up phase, and an additional 13 jobs were by start-ups in the expansion stage. Start-ups in the early stages also contributed to employment creation, although to a lesser degree, with idea and seed stage start-ups each contributing 4 additional jobs. Additionally, when examining employment creation in female-headed versus male-headed start-ups, we found that although 61% of the firms were led by women, these firms contributed 22 jobs, while the firms led by men created 23 additional jobs.

Collaboration with large businesses seemed to be somewhat limited.

Of the 23 start-ups surveyed, only 39% or 9 firms reported actively engaging in collaborations with larger companies. This included collaborations between consumer goods and services start-ups with large companies such as Zara, another with Computer Express and a printing press company, with an event services company, and with. In terms of start-ups in the technology and innovation sector, collaborations with large businesses included Noon Renewable Energy and Al-Rasekh, and with the Crafts Palace.

7.2.2 Assessment of Business Models

Before presenting our assessment of the business models of start-ups in Karak, despite our methodology's robust structure (see Chapter 3), we would like to point out two limitations that impact the interpretation and usage of findings. Firstly, our findings build on the interviews conducted with founders, where these entrepreneurs provided self-assessments regarding the current status of their businesses. The fact that these are self-assessments may introduce bias as entrepreneurs benefit from presenting their business in a more positive light and thus may present a better overall picture of the ecosystem than is actually the case. In our analysis in this section, we aim to overcome this shortcoming by evaluating the extent to which start-ups critically analyse their business models and the extent to which start-ups possess the expertise necessary to gauge and meet the market's demand. Secondly, our findings are specific to the sampled start-ups and mainly reflect their perspective at the time of the survey. Using the data gathered, we can provide insight into the current state and operational strategies of surveyed start-ups, but it is not possible to give a comprehensive understanding of their future performance or prospects.

Start-ups need to refine multiple aspects of their businesses.

Our analysis of interview data indicated that while over 80% of all start-ups were in the later stages of their business journey, most of them had generated very little revenue over the previous fiscal year. This suggests that founders, eager to bring their start-ups to market, may have neglected crucial elements of their business that require further development or polishing. These elements include refining their product, identifying their target audience, acquiring and retaining customers, and validating their business model. To understand why start-ups appeared to have rushed into the market, we assume that the underlying motivations of founders, alongside their prior entrepreneurial experience, likely played a role. Many founders were driven by their passion for their idea, and most were establishing a business for the first time. This combination of enthusiasm and inexperience likely led them to misjudge or overlook the challenges inherent in starting and running a business.

Need to specify more clear and precise unique value propositions, that target specific problems.

Based on our interviews with founders, we identified six clusters of unique value propositions (UVPs) from 21 out of 23 interviews. These clusters related to convenience and efficiency, educational and informative services, environmental sustainability, health-conscious offerings, personal care, and quality products at fair prices. Notably, two founders did not specify any UVPs, despite one having a start-up already in the start-up stage.

While the UVPs articulated potential benefits, almost all lacked precise details linking these benefits to customer needs. For instance, several start-ups mentioned improving efficiency or offering innovative solutions without specifying how or for whom these benefits would apply. Additionally, most UVPs did not clearly identify the specific challenges their products or services aimed to address. Only one UVP effectively addressed these concerns and described the following, "an educational platform that provides solutions to youth problems without financial costs. It provides courses through which 1,400 students were trained. Training programmes in a national and international format and with a special design. It works on educational products that teach programming and innovation skills easily in the Arabic language".

Altogether, some of these findings were surprising, given that many start-ups were in the later stages of development and should have conducted preliminary market research, customer identification, and product conceptualisation. Qualifying the unique value proposition is crucial for founders to clarify their business direction, define their business model, and align potential employees with the start-up's vision. Moreover, a well-defined UVP is essential for convincing potential investors, which is particularly important given the lack of equity investing among start-ups in Karak.

Start-ups face crucial issues with regards to financial Management, market access, and operations.

Building on our analysis of the business models of start-ups, we examine the specific challenges encountered by start-up founders. To do so, we focus on the three challenges mentioned by each founder. Accordingly, of the 69 challenges identified, 26 (38%) related to financial management, 15 (22%) related to market challenges, and 12 related to operational issues.

With regards to financial management, the primary issues were securing investment and financing (12 out of 26), making profits and reducing costs (9), and generating revenue through selling products or services (5). These findings align with our previous observations regarding the low annual revenue of start-ups and their reliance on bootstrapping and grants. Additionally, regarding market challenges, finding effective distribution channels, cited 10 times, and strong competition, cited 5 times, were seen as major issues. Further, issues with human resources and talent, specifically finding qualified employees, which was mentioned 8 times, was also seen to be a prominent business challenge that founders currently face. Altogether, these challenges suggest that founders are struggling with core aspects of running their business.

Figure 18

Challenges faced by start-ups

7.3 Start-up Support Needs

Overall satisfaction

With an average satisfaction rating of 4.8 (standard deviation 1.8), start-ups in general show a slight dissatisfaction with the ESOs in Karak. While most of the answers hover around the value indicating a neutral attitude towards the quality of the services provided, there are two start-ups who share their dissatisfaction with the entrepreneurial support network by rating it 1 out of 10. On the other hand, two give it a 7 and one an 8. This means that there is in fact quite a large variation and disagreement among the respondents on the quality of the services provided by the ESOs. Several reasons for this variation are explored below.

Barriers to access

All start-ups interviewed reported at least some barriers to accessing ESO services in Karak. The barriers that have been highlighted in the conversations with start-ups can broadly be categorised into the following categories:

- **Lack of knowledge about ESO services in the region.** Several interviewees mentioned that there were no ESOs in Karak, or that they were only aware of business support services available in the capital Amman.
- **Lack of marketing and promotion of existing services.** Related to that matter is the fact that several start-ups reported a lack of proper promotion and marketing of the services that do in fact exist in Karak. Without proper knowledge of services available, they are unable to benefit from them at all.
- **Lack of timely communication.** Interviewees also mentioned that, when they did reach out to ESOs, they did not always respond to their concerns in a timely manner making it impossible for them to access the services. A focus on improving communication channels and response times seems to be necessary to reduce barriers in this regard.
- **Lack of transport.** Another important barrier for founders is their inability to get to the ESOs in Karak because they live further away and do not have the means necessary to travel there. Offering services remotely, where feasible, could be a solution to this problem and might make them more accessible to founders living further away.

However, even when these barriers were overcome, other problems remained in making the most of the ESO service portfolios in Karak.

- **Not enough support at the idea stage.** Interestingly, many start-ups reported that the services offered did not always match their needs with regards to the maturity of their products. They pointed out that many ESOs required them to have an existing product or service (or even a feasibility study) in order to receive support. As a result, many start-ups feel that regional ESOs have nothing to offer them in the initial phases of developing their first ideas and helping them to blossom into products (which would ideally happen later, e.g. in the seed stage).

- **Lack of necessary legal documents.** Another significant barrier is that not all founders have the necessary legal documents such as the UNHCR ID card which prevented one person from starting her own business. Considerable business potential is lost if not all people present in Karak are allowed to participate in the entrepreneurial sphere. Legal consultation services in that regard might thus be an important service to strengthen in the local ESO portfolio.

The barriers explored above may partly explain the generally low levels of satisfaction mentioned above. In contrast to other regions explored in previous reports, Karak's business support system appears to have a weakness in promoting its services to a wider audience, with many start-ups not even aware of the organisations that exist. This is especially surprising, given that many ESOs (8 out of 11 surveyed) launch awareness campaigns (see the previous chapter). Thus, expanding marketing efforts and actively targeting previously neglected audiences has great potential to strengthen local start-ups in a relatively simple way.

Missing services

Interviews with entrepreneurs in Karak proved very revealing when it came to the services they felt were missing. We have grouped them into eight key categories.

- **Expert advice and guidance.** The most important issue, emerging out from several interviews, is that many start-ups miss the contact and exchange with proven experts, both with more generally with experienced entrepreneurs and with experts in their own (niche) fields. Many start-ups explicitly asked for 'specialists' to help them with their specific business ideas, who could provide expert feedback that would not be too general (e.g. when preparing an application). Accordingly, at least from the point of view of the start-ups present in the region, Karak needs more business and technology experts to share their insights and experiences in an appropriate format within the ESO services.
- **Training.** Training (e.g. in the area of project development) is another important service area that is missing for start-ups. Interestingly, mirroring the need for technical experts highlighted earlier, start-ups explicitly wanted more advanced training, including more advanced technology. This suggests that it is not simply more general business courses that they would most benefit from, but rather training related to their own niche and the technologies they are using that could really take their business ideas forward.
- **Financial support.** Several start-ups mentioned the need for more financial support across all start-up stages, but especially in the beginning. Some also mentioned that the financial support provided already was too small for them to work with and make progress.
- **Assistance in obtaining necessary (raw) materials and technical resources.** Many start-ups expressed a need for assistance in acquiring materials essential to their business. A particular obstacle seems to be purchasing materials directly in Karak rather than in Amman. Another service that some start-ups would appreciate is the pooling of technical resources at a regional level, so that they are less dependent on capital and can more easily proceed with their own business (ideas).
- **Marketing support.** For those start-ups that had a product or service ready, they missed the opportunity to have it promoted by the regional economic support system. They would appreciate marketing campaigns, or at least support in developing them, from the ESOs.
- **Networking.** Although not as prominent as the other services presented above, some start-ups missed the opportunity to network and connect with other entrepreneurs in the region to exchange ideas and discuss their business ideas.

- **Specialised programmes for young people.** Finally, two founders highlighted the need for services specifically for young entrepreneurs. The focus on the region's youth could thus be seen as a potential to be tapped by the ESO network.
- **Timely advice:** few start-ups mentioned that they are unable to receive advice in proper time within Karak ecosystem. Timely advice provides start-ups with clarity, helps them avoid pitfalls, and contributes to their long-term success. Whether it's legal, strategic, or operational advice, seeking it early can make a significant difference in a start-up's journey.

Recommendations for improvement

Interviews with start-ups in Karak were instrumental in gathering ideas for improvements that could benefit the regional economic development. Three main themes emerged that were expressed by a large number of interviewees, as well as a few other ideas for improvement that they would like to see.

- **Better financial support.** The most welcome improvement that start-ups want to see in Karak relates to the provision of funding. Networking with investors in order to attract their financial support from them was also suggested as another avenue to raise capital.
- **Better marketing.** Another area highlighted by many interviewees concerned the provision of actual marketing services (by promoting regional start-ups by existing ESOs) as well as marketing training that could help start-ups set up and execute their own marketing campaigns. Other suggested the inclusion of photography courses or services that would help them present their own product in the most appealing way without having to invest in the necessary hardware or photographers themselves. Another idea to stimulate the founders in Karak was to launch more awareness raising campaigns, or to share success stories from regional founders to inspire others to follow.
- **Strengthening the region in general.** Many respondents shared a sense of isolation from the capital and northern regions. They highlighted the lack of even basic services, and compared their region unfavourably with the rest of the country. Some mentioned barriers to taking their product to other regions than Karak and felt that they were generally not 'welcome' in the national market. More generally, many of these founders implicitly stated that they felt that Karak was being neglected and that more resources needed to be devoted to it. One explicitly stated that they needed 'moral support' in this regard.

Beyond these three overarching themes, founders shared a few other important ideas on how to strengthen Karak's ESO service portfolio.

- **Support with logistics**. Another suggested improvement was logistical support, for example by providing a place for nascent businesses to store products (as they reported a lack of storage facilities).
- **Provision of materials and equipment.** Other start-ups would like ESOs to provide access to appropriate production facilities and equipment or tools. While this was an improvement suggested by many start-ups, further research would be needed to explore the exact needs.

- **Better and longer-term mentoring services.** A few start-ups expressed the need for better and more long-term advisory and mentoring services. In particular, the possibility of follow-up and repeated contact with experts was highlighted (e.g. after grant approval).
- **Working spaces.** Three start-ups interviewed stressed their need for appropriate working spaces in the region. Even smaller co-working spaces could already help many founders tremendously.
- **Accelerators and incubators.** Accelerator and incubator programmes were another need shared by the start-ups in the interviews.
- **Workspaces.** Three of the start-ups interviewed stressed the need for adequate workspace in the region. Even smaller co-working spaces could help many founders tremendously.
- **Accelerators and incubators.** Accelerator and incubator programmes were another need shared by the start-ups interviewed.

7.3.1 Female-led Start-ups

Female founders dominate Karak's start-ups ecosystem.

As previously indicated, our survey of founders in Karak's start-up ecosystem comprised of more women than men. Specifically, we interviewed 14 women and 9 men. This implies a total of 61% of founders in our survey were women, a figure that is significantly larger than the number seen else-where in Jordan with female founders only accounting for 21% of all start-up founders. In terms of the profile of the founders themselves, we found that women were similarly qualified to men, with the majority (10 out of 14) holding bachelor's degrees. Further, analysing the differences between genders in terms of their motivations for founding a start-up, we found slight differences with men were more driven by passion (4 out of 9), while women were equally driven by passion and demand / previous experience (4 out of 14 each).On average, female founders were seen to be older than their male counterparts, with average ages of 32.3 and 27.2 years, respectively. Specifically focusing on their current and previous employment experiences, we found that a higher proportion of women (85.7%) are now full-time entrepreneurs compared to men (77.8%), though these figures might be biased by sample sizes. In terms of prior work experience of men and women, while the largest group of founders across both genders had 5-10 years of experience (6 out of 14 women and 8 out of 9 men), women also recorded more outliers with over 10 years of experience.

Female-led start-ups have specific challenges, specifically related to differences in financing and registration and given that most are home based businesses.

In terms of the profiles of the start-ups themselves, we observed no differences regarding the stage of development, with the majority of both male and female-headed start-ups being in the start-up stage. However, significant differences were noted in the proportion and absolute numbers of registered start-ups: 9 out of 14 female-led start-ups were unregistered, compared to only 4 out of 9 male-led start-ups. When considering the reasons behind this, we further found that the dominant reason behind the non-registration cited by female founders were resource constraints (3 out of 9) and legal / regulatory hurdles (2 out of 9), whereas male founders did not cite resource constraints at all. Delving into the financing mixture for male and female headed start-ups, we found that women tended to bootstrap their businesses more than men, with 71.4% of women (10 out of 14) relying on personal funds compared to 44.4% of men (4 out of 9). In addition, both male and female founders used grants and loans to fund their start-ups, though grant usage was more prevalent among male founders (7 out of 9). One striking point regarding the profile of the start-ups themselves related to the proportion of start-ups male vs female led start-ups that were home based businesses. While there were a total of 8 such home-based businesses in our sample, the majority of these were female-led start-up (7 out of 8), with only 1 male-led start-up being a home based business. This factor is particularly important to consider when understanding the differences between male and female led start-ups given that socio-cultural factors often require women to balance both business and household responsibilities. These overlapping duties can add significant challenges to running and expanding a start-up and may need to be specifically addressed when leveraging support services targeting female led businesses.

ESOs provide support related to the specific issues raised by female founders, however, awareness of their support remains low. Considering the specific challenges faced by women-led start-ups, we turn our focus to Entrepreneurial Support Organisations (ESOs) that assist start-ups in the start-up stage, as most start-ups in Karak's ecosystem are in this phase. Our analysis revealed that seven organisations—DEF, Habibi Valtiberina Association, IRADA, Islamic Relief, JOHUD, Money for Finance, and USAID IQLAA—provide or facilitate access to start-up finance to support growth and expansion initiatives. Additionally, ESOs such as IRADA, Islamic Relief, JOHUD, and USAID IQLAA offer specific support related to legal and regulatory compliance issues, which were highlighted by founders. These organisations assist start-ups with intellectual property protection, contract drafting, regulatory filings, data privacy compliance, and risk management. Notably, our analysis found that USAID IQLAA also specifically offers services

focusing on the needs of female-led start-ups. However, despite the availability of these services, given the challenges identified by female-led start-ups, it is likely that they do not frequently utilise these ESO services. In fact, when founders were asked about ESOs specifically focused on women or green businesses, only one, JOHUD Women Digital Centres, was identified. Moreover, most founders were unaware of this or any other ESO offering tailored services. Among the surveyed founders, only 2 out of 14 women and 2 out of 17 men identified JOHUD Women Digital Centres. Therefore, it is evident that raising awareness about the tailored services offered by ESOs is crucial in order to ensure that the specific support requirements of female-led start-ups can be addressed.

7.3.2 Green Businesses

In the context of this study, green businesses encompass a two-pronged approach: either they offer environmentally friendly products or services, or they engage in economic activities with an eco-friendly approach, employing clean technologies to minimise adverse environmental impacts.

Green businesses in Karak were identified across multiple sectors, indicating the potential of sustainable practices across the start-up ecosystem.

While the majority of start-ups did not self-identify as green, 8 out of the 23 surveyed did. These green businesses operated in various sectors, including consumer goods and services (1), manufacturing(2), and technology and innovation (3). Examples of green businesses operating in the manufacturing sector included start-ups producing honey, and others creating accessories using natural and recycled materials. Examples of business in the technology and innovation sector included initiatives providing hydroponics solutions, solar powered smart lanterns and another businesses focusing on source reduction by reusing valuable materials from discarded electronics devices. Their activities were diverse, ranging from manufacturing natural cosmetic products for the health and wellness industry, producing honey and eco-friendly accessories, to more technological innovations like hydroponic systems for organic agriculture, solar-powered lanterns, and source reduction for recycling through the reuse of valuable materials from discarded electronic devices. Specifically, the green components of these businesses included the use of recyclable packaging materials, incorporation of recycled materials, adoption of organic and non-toxic approaches, and implementation of technological innovations and processes that minimise resource consumption and reduce environmental impacts and carbon footprints. Taken together, although not widespread, green business practices appear to be growing in importance, and appear to have potential to drive change across multiple sectors and through a variety of ways.

Karak's green businesses were seen to seamlessly integrate into the larger start-up ecosystem without special considerations.

When comparing green and non-green businesses in terms of their business models, challenges, and support requirements, we observe no significant differences. This absence of distinction suggests that green businesses face no additional barriers to entry and operation beyond what is already evident, indicating the potential for further greening of the ecosystem.

Linkage to Large Companies' Value Chain

8. Linkage to Large Companies' Value Chain

Key findings of assessment of large companies

Integration of start-ups in value chains of large companies

- The majority of large companies indicated that they already worked with local start-ups and small businesses
- Large companies buy products and services from start-ups across a variety of sectors, including hospitality and tourism, fast-moving consumer goods (FMCG), distribution and supply chain management, chemical manufacturing, textile and apparels, and financial and professional services

Opportunities and challenges for start-ups

- Opportunities for start-ups include supplying raw materials and intermediate goods like wool yarn, sugar, milk powder, starch, and cheese production additives.
- Limited awareness of the local start-up ecosystem among large companies hinders the development of further collaboration.
- Large companies raised concerns regarding the quality of outputs and products supplied by start-ups, as well as risks associated with start-up failures and payment issues.

Selection of Large Corporations:

In total, 7 large businesses operating in the Karak region were assessed. These corporations were chosen based on key sectors identified through the ecosystem assessment, and covered the hospitality and tourism sector, chemical manufacturing, FMCG, the transportation, warehousing and supply management sector, and textile and apparel manufacturing. While nearly two-thirds or 4 out 7 of the businesses surveyed concentrated on both local and foreign markets, most remaining businesses (2) concentrated on the local market while only one business focused solely on the export market.

Value-Chain Considerations:

The included businesses were assessed in terms of their primary business activities, such as the provision of accommodation and related services, food and beverage services, production of processed food products, intermediate and final products, logistics and distribution, import of food items, and supply chain management. Our analysis also covered support activities undertaken by these businesses, such as food and beverage procurement, human resource management, quality control and assurance, packaging and labelling, inventory management, and research and development.

Corporate Business Operations of Large Companies:

Businesses in our sample exhibited diverse operations spanning several sectors and industries. These included providing hospitality services—such as accommodation, food and beverages, and hosting meetings, incentives, conferences, and exhibitions (MICE). Other companies were involved in the FMCG sector, producing food items like ice cream and cheeses such as mozzarella and cheddar. Another company focused on distributing food products across Southern Jordan, creating a supply chain connecting food producers with retailers, restaurants, and other end-users. Additionally, some businesses were engaged in the chemical industry, manufacturing potash by separating it from salt and other minerals, and then processing it into a form suitable for use in fertilisers. One business specialised in producing various types and shapes of chalk, crayon, and modelling clay using raw materials found across Jordan. The final company in our sample, operating in the textile and apparel manufacturing sector, produced a range of carpets and rugs.

Upon further analysis of the operations of these firms, we found that all large businesses in our sample relied on external suppliers and service providers to support their primary and secondary activities. In fact, 4 out of the 7 large businesses surveyed signalled that they were already working with local start-ups and small businesses, while the remaining three expressed an interest in doing so in the future. At present, large companies mainly collaborated with start-ups to source consumables such as prepared food items, fresh produce, and raw materials like calcium carbonate, coloured dyes, latex, and fibre, as well as packaging cartons, labels, and digital systems for e-commerce. They also utilised services such as digital marketing, insurance, and maintenance. Looking ahead, large businesses indicated their interest in expanding their collaboration, and identified opportunities for firms to supply raw materials and intermediate goods such as wool yarn, sugar, milk powder, starch, and additives for cheese production. They also highlighted the need for equipment and machinery to produce cheese, finished goods and products such as handicrafts and biscuits, and services including tour provision, event management, and maintenance, which they currently source from Amman. More generally, all large businesses surveyed saw a potential opportunity for start-ups in the logistics and storage sector, in the manufacturing sector in terms of food production, or the provision of packaging material, and in IT or services such as event management, accounting and digital marketing.

Despite keen interest, challenges related to quality, continuity, and payment terms hinder collaboration between large businesses and start-ups

In spite of the interest and existing collaborations between large businesses in our sample and start-ups, several challenges prevent reaching the full potential of such cooperation. The primary challenge is the limited knowledge most large businesses have about the local start-up ecosystem. Our survey revealed that all seven large businesses were unaware of start-ups active in Karak. In addition, our survey also found that 5 out of 7 businesses were not even aware of local ecosystem service organisations (ESOs) such as incubators or accelerators that could be valuable sources of information. Indeed, even when businesses were aware of ESOs in Karak, they had minimal interaction with them. The secondary challenge relates to specific limitations identified by large businesses when working with start-ups. Our survey found that four out of seven businesses explicitly mentioned concerns about the quality of outputs and products supplied, the risk of start-ups failing, and issues regarding payment terms. Often, large businesses are required to make advance payments to start-ups for them to purchase raw materials and begin processing orders. One business in our sample mentioned that, apart from service provision, it was difficult to find reliable start-ups in Jordan.

While overcoming these challenges is necessary to foster better partnerships between large businesses and start-ups, it is notable that large businesses were interested in integrating services and products from start-ups into their value chains. Moreover, another positive sign was that more than half of the surveyed businesses were willing to act as mentors for local start-ups.

Conclusion: Strength and Weaknesses of the Entrepreneurial Ecosystem in Karak

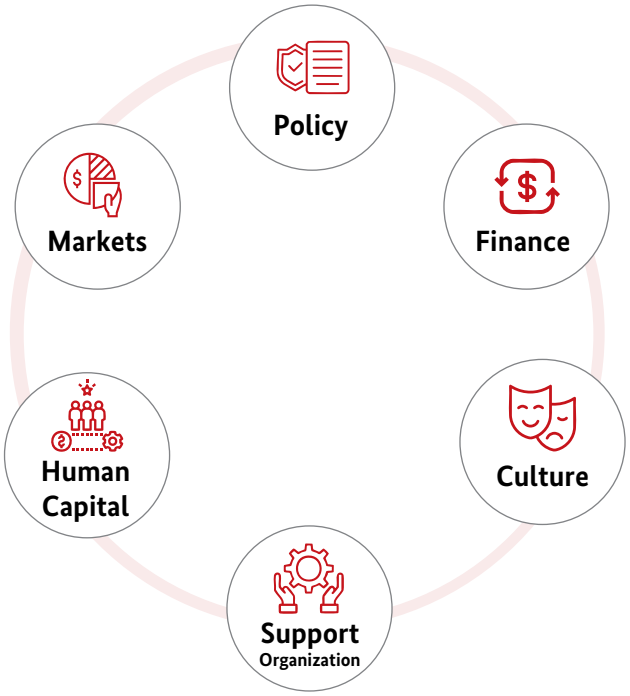
9. Conclusion: Strength and Weaknesses of the Entrepreneurial Ecosystem in Karak

Entrepreneurship is a dynamic force in regional economic development, and Karak has the potential to emerge as a significant entrepreneurial hub within Jordan. This assessment aimed to address three fundamental questions:

- What are key motivating drivers for young entrepreneurs in Karak? How is this different from other governorates in Jordan?
- What are key hinderers that prevent entrepreneurs to start their business in Karak? How is this different from other governorates in Jordan?
- What are strong and weak aspects of the integral elements of the entrepreneurial ecosystems (support organisations, human capital, finance, policy, markets, culture)?

The analysis is based on Isenberg's model of entrepreneurship ecosystems.

Figure 19
Simplified version of Isenberg's model



The following table concludes the analyses by summarising the key strengths to capitalise on and the key weaknesses subject to improvement using the different domains of the Isenberg model.

	Strengths to capitalise on	Weaknesses to improve
Support organisations	• ESOs in Karak offer a range of services that cater to various stages of start-up development, from awareness campaigns and vocational training at the idea stage to business model advisory and access to finance for later-stage start-ups. This one-stop-shop approach can be highly beneficial for entrepreneurs navigating the complexities of starting and growing a business.	• While the ESO portfolio covers a broad spectrum, there are critical gaps in some areas. Early-stage start-ups often struggle to secure funding due to limited access to financial support services. Additionally, market research capabilities seem scarce, making it difficult for start-ups to validate their ideas and identify target markets effectively. Quality testing and certification services, essential for scaling production and entering new markets, are also lacking. Finally, ESOs don't appear to be effectively addressing the talent acquisition challenges faced by start-ups, hindering their operational efficiency. • Despite the range of services available, many start-ups remain unaware of the support offered by ESOs. This disconnect between ESOs and the start-up community can be attributed to limited communication channels. Improving outreach strategies and leveraging effective communication tools are crucial to ensure start-ups are informed about the available resources and can benefit from the ESO ecosystem.
Human Capital	• Karak boasts a growing pool of entrepreneurial talent. Founders tend to be well-educated with a variety of professional backgrounds, bringing a wealth of knowledge and experience to the start-up ecosystem. The passion and drive of these founders are key ingredients for success and can fuel innovation and creativity within the ecosystem.	• While educational qualifications are important, many founders lack prior business experience. This can be a significant hurdle, impacting their ability to develop sound business models, secure funding, and navigate the challenges of running a successful business. • Difficulties in finding qualified employees can hinder the operational efficiency and growth of start-ups.
Finance	• The ESO ecosystem offers some support for start-ups seeking seed funding, and access to finance generally improves as start-ups progress to later stages. The presence of ESOs with financial support services can be a valuable asset for growing businesses.	• Securing funding remains a major challenge, especially for start-ups in the early stages of development. The lack of access to financial resources can stifle innovation and prevent promising ideas from taking root. Over-reliance on personal savings and grants limits access to growth capital that fuels business expansion (e.g., loans, equity financing).

	Strengths to capitalise on	Weaknesses to improve
Policy	• Government initiatives and programmes that support entrepreneurship in Karak demonstrate a commitment to fostering a thriving start-up ecosystem. The establishment of the AL-Hussein Bin Abdullah II Industrial Zone (HUIE) with tax benefits for businesses is a concrete example of such support.	• The current picture on how effectively existing policies translate into tangible support for start-ups remains unclear. There might be a need to assess and refine existing policies or introduce new ones that address specific challenges faced by start-ups.
Markets	• The focus on priority sectors like manufacturing, tourism, and logistics demonstrates a strategic opportunity to developing the entrepreneurial ecosystem. Aligning support structures with sectors with high growth potential can maximise the impact and contribute to the overall economic development of the region. • The presence of digital solutions among start-ups indicates an ability to adapt to evolving market trends and embrace technological advancements.	• Most start-ups in Karak seem to be domestically focused, limiting their market reach and growth potential. Expanding into international markets can be a significant driver of revenue growth, but requires resources, capabilities, and potentially partnerships that many start-ups currently lack. • Difficulty in finding effective distribution channels can hinder a start-up's ability in the region to get its products or services to target markets.
Culture	• The growing number of established start-ups in Karak signifies a developing entrepreneurial culture. This increasing interest in entrepreneurship suggests a supportive environment where individuals are encouraged to pursue innovative ideas and build successful businesses. • The presence of green businesses within the ecosystem highlights a potential cultural emphasis on sustainable practices. This focus on environmental responsibility can attract eco-conscious consumers and investors, while also contributing to the long-term sustainability of the Karak region.	• The low favourability rating of the ESO system suggests a need for a more supportive cultural environment between these organisations and start-ups. Bridging this gap can be achieved through improved communication, a focus on building trust, and ensuring the services offered by ESOs are well-tailored to the needs of the start-up community. • Restricted collaboration between start-ups and large companies hinders knowledge sharing and innovation. Fostering a more collaborative culture can create valuable partnerships that benefit both established businesses and start-ups. Large companies can leverage the agility and innovative ideas of start-ups, while start-ups can gain access to resources, expertise, and potential markets through collaboration.

Recommendations

Stakeholder	Recommendation
Support organisations (ESOs)	• Increase marketing efforts to promote existing entrepreneurial support organisations and their services better and more widely. • Improve the outreach of ESOs and offer more services in remote or out-of-town locations so that more founders can participate physically (or virtually). • Provide more services linked to the idea stage, which do not require founders to have a fully mature idea or product. • Strengthen the region by offering more services, identifying local experts or inviting experts from other regions and reducing dependence from support outside of the region. • The assessment has shown that Karak's ESO service landscape is rather strong in most respects. This contrasts with the often rather unfavourable assessment of regional start-ups. Investigating this discrepancy, for example by evaluating current support campaigns, could provide important insights. • In the start-up phase, access to talent is an important gap in Karak's ESO portfolio. There could be important synergies in linking this area, where possible, with the services offered at the idea stage. Quality testing is another area that could be strengthened as it appears to be a gap in the service portfolio. • At the expansion stage, support for international expansion, integration into promotional activities and leadership programmes seem to be gaps in Karak. It would therefore be valuable to provide incentives for suitable ESOs to expand their portfolio in this regard.
Start-ups and MSMEs	• Seek training and mentorship: Seek out ESOs like incubators and accelerators, and mentorship programmes to acquire critical skills and know-how regarding how to run a business • Register the business: Address legal, regulatory, and financial challenges for formal registration to take advantage of business opportunities with large companies • Explore alternative financing: Consider loans, equity financing, and crowdfunding in order to move beyond bootstrapping and informal networks as funding sources. • Expand market reach: Way the pros and cons of regional, national, and international expansion and exposure. • Engage with large companies: Seek partnerships with bigger businesses to integrate into established supply chains, and benefit from mentorship and knowledge transfer from experienced players. • Network Actively: Participate in industry events and trade shows. • Invest in Technology: Incorporate digital solutions for operational efficiency. • Clarify UVPs: Clearly define and communicate unique value propositions. • Optimise Operations: Improve processes to reduce costs and increase efficiency. • Talent Acquisition: Focus on attracting and retaining qualified employees. • Consider green(er) practices: Adopt sustainable production and operational approaches. • Leverage Green Credentials: Attract eco-conscious consumers and investors. • Consider green(er) practices: Adopt sustainable production and operational approaches.

Stakeholder	Recommendation
Larger Corporations	• Enhance awareness and engagement: Build awareness of the local start-up ecosystem by collaborating with ESOs and hosting or participating in networking events and workshops • Quality assurance and support: Consider engaging in mentorship activities and hosting training programmes for start-ups, while also establishing quality control measures with feedback loops • Strategic sourcing and collaboration: Identify and document opportunities for sourcing materials from start-ups and encourage departments to integrate start-up solutions. • Long-term partnerships for innovation: Foster long-term partnerships with promising start-ups and establish innovation labs for co-creating solutions.
Development Partners	• Partner with ESOs to expand their service portfolio or explore alternative service providers to address critical gaps in areas like, financial support for early-stage start-ups, market research, quality testing and certification assistance, and talent acquisition support. • Enhance communication and visibility, e.g. through the organisation of workshops and events to connect start-ups with potential partners, investors, and service providers and through social media activities. • Facilitate collaboration between start-ups and large companies, as well as start-ups and mentors. • Promote internationalisation, e.g. by connecting start-ups with relevant international trade missions or delegations and exploring opportunities for participation in international trade shows or conferences. • Regularly collect data on the performance and challenges faced by start-ups in Karak. Use this data to inform the development of targeted support programmes and interventions. • Showcase successful start-ups in Karak through various channels to inspire and motivate aspiring entrepreneurs. • Support the growth of green businesses by providing access to resources, expertise, and potential funding opportunities focused on sustainable practices.
Education providers	• Educational institutions in Karak should integrate entrepreneurship education modules or courses into existing curriculums across various disciplines to equip students with the foundational knowledge and mindset to pursue entrepreneurial endeavours. • In addition to core academic subjects, developing programmes that focus on practical skills highly sought after by start-ups, such as business model development, pitching, digital marketing, and project management, will better prepare graduates for the realities of launching and running a business. • Industry collaboration through internship programmes is crucial. Partnering with local businesses and start-ups can provide students with practical experience and help them build professional networks that can be instrumental in becoming an entrepreneur.

Annex

11.1 Definitions

Term	Definition
Large companies	Large companies are defined as companies with 100 or more employees.
Micro, Small and Medium Enterprises (MSME)	In Jordan, MSMEs are categorised by their number of employees as micro (1–4), small (5–19) or medium (20–99). This is in line with the definitions of the DoS of Jordan, the World Bank's SMEs database, the Central Bank of Jordan and the Jordan Enterprise Development Corporation (JEDCO).
Green Businesses	Green business can be defined from two perspectives: one relates to the output in the form of green products or services, while the other relates to the process of an economic activity. This means entrepreneurs can enter into the "green" business sector by either providing environmentally friendly products or services or through an environmentally friendly process or with the help of clean technologies which reduce any negative effects of the business (ILO). (businesses with green mission / vision)
Start-up	Start-ups are companies in the formation and growth phase up to 4 years after formation. Currently, there is no official definition of start-ups in Jordan. For the scope of this study, the proposed definition is applied.
Youth	Youth is defined by the National Youth Strategy 2019-25 as the age group between 12-30.

11.2 References and data sources

Primary data sources

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