

Final Project 1

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Exploring the Gap Between Large and Small Companies in the Entertainment Industry in Saudi Arabia.

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1. Chapter 1: Introduction

2.1 Market Concentration and Barriers to Entry in the Saudi Entertainment Industry:

Saudi Arabia's entertainment sector has undergone a significant transformation since the launch of *Vision 2030*, which aims to diversify the national economy and improve quality of life through large-scale cultural, recreational, and tourism initiatives. The entertainment industry has become one of the Kingdom's fastest-growing sectors, encompassing music festivals, sporting events, cinemas, exhibitions, and leisure destinations that contribute to national income and generate job opportunities for Saudi youth.

Despite this rapid growth and the government's strong commitment to developing the sector, the **Saudi entertainment market remains highly concentrated**, with a few large corporations dominating most of the high-value contracts, major events, and government-supported initiatives. These companies possess strong financial resources, advanced organizational capabilities, and extensive networks of strategic partnerships, which allow them to maintain control over a large portion of market opportunities — often exceeding 90% of the total market share.

In contrast, **small and medium-sized enterprises (SMEs)** face considerable challenges in entering or competing within this sector. Such challenges include the difficulty of obtaining operational licenses, limited access to funding, high startup costs, and the lack of exposure or government support compared to the large corporations. Additionally, SMEs often lack the marketing influence and professional networks necessary to secure major contracts or partnerships.

This imbalance has created a **clear market gap** between large corporations and smaller players, resulting in a lack of innovation, reduced diversity in entertainment offerings, and limited economic inclusivity. Consequently, the entertainment industry's growth may appear strong in numbers, but not necessarily balanced in participation or sustainability. Understanding the reasons behind this concentration — and identifying solutions — is crucial

to ensuring a more dynamic and competitive entertainment market aligned with Vision 2030's objectives.

3.1.1 Research Background

Therefore, this research aims to explore the **reasons behind market concentration** in the Saudi entertainment industry and to analyze **how and why large companies are able to close the market** to smaller competitors. It will also seek to identify potential strategies and policies that could promote **fair market access**, support small business growth, and reduce the structural gap that currently exists.

By addressing this issue, the study contributes to the broader discussion of economic diversification and sustainable development in Saudi Arabia. It highlights the importance of regulatory frameworks, industry partnerships, and innovative business models that encourage healthy competition while maintaining the sector's growth momentum. Ultimately, the goal is to provide practical recommendations that can help shape a more **balanced, competitive, and innovative entertainment ecosystem** — one that supports the ambitions of Vision 2030 while empowering all market participants, regardless of their size.

4.1.2 Research Problem

The Saudi entertainment industry stands as one of the fastest-growing sectors under Vision 2030, contributing not only to the economy but also to social transformation and national identity. However, **beneath the impressive surface of rapid expansion and major investments lies a structural imbalance** that threatens the sustainability and inclusivity of this growth.

Over the past few years, a handful of large entertainment corporations — often backed by significant capital, strong government ties, and exclusive access to major projects — have come

to dominate the market. These companies represent approximately 5% of the total entities operating in the sector, yet they control the majority of contracts, sponsorships, and event opportunities. Meanwhile, the remaining 94% — consisting of small and medium-sized enterprises (SMEs) — are left competing over limited, low-revenue opportunities with minimal support or exposure.

4 .1.2.1 Theoretical Gaps

This imbalance has created a **competitive gap** that restricts innovation and limits the diversity of offerings available to the Saudi public. When a few companies monopolize the market, the sector tends to prioritize large-scale, commercialized events, leaving little room for creative, community-based, or culturally diverse entertainment experiences. As a result, the market risks becoming stagnant, overly dependent on a narrow set of players, and less representative of the rich and dynamic Saudi creative scene.

From an economic standpoint, the **concentration of market power** in the hands of a few large entities leads to several negative consequences. First, it limits fair competition, making it harder for new entrants or small firms to secure partnerships, funding, or visibility. Second, it discourages innovation, as dominant firms have little incentive to take creative risks or collaborate with emerging talent. Third, it creates **market inefficiency**, where resources are allocated based on connections and size rather than merit and creativity.

4 .1.2.2 Practical Gaps

From a business perspective, many small and medium entertainment companies report that they face systemic barriers such as:

- Difficulty in obtaining licenses or event permits compared to established corporations.
- Limited access to high-profile venues, sponsorships, or collaborations.
- Financial instability due to the lack of consistent projects or long-term contracts.
- Minimal marketing exposure and weak connections to decision-makers in the sector.

These barriers collectively form a “**closed market system**”, where opportunities are repeatedly circulated among a few well-connected players. Such a system contradicts the goals of Vision

2030, which emphasize empowering the private sector, supporting SMEs, and fostering innovation across industries.

In addition, this situation negatively impacts **the overall quality and sustainability of the entertainment industry**. While major events bring international attention and short-term revenue, a healthy and resilient entertainment ecosystem requires continuous creativity, diversity, and community involvement — all of which are typically driven by smaller, independent companies.

The lack of inclusivity also affects **talent development and employment opportunities**. When the market is closed, talented individuals, startups, and creative entrepreneurs are deprived of platforms to showcase their ideas or contribute to the sector's evolution. This can lead to frustration, brain drain, and reduced motivation among the local creative community.

From a strategic perspective, the current structure poses a risk to the **long-term sustainability** of the Saudi entertainment industry. Overreliance on a few corporations may lead to operational rigidity, reduced audience engagement, and vulnerability to external disruptions. By contrast, a more open and competitive market would allow for continuous renewal, diversity in content, and balanced growth across all levels of the industry.

Therefore, the **core problem** addressed by this research is the **dominance of large entertainment companies and the resulting market closure against small and medium enterprises (SMEs)** in Saudi Arabia. This concentration limits competition, hinders innovation, and creates a market gap that prevents the entertainment sector from achieving its full potential under Vision 2030.

Understanding how and why this situation occurs — and identifying potential solutions — is essential for building a more equitable, creative, and economically sustainable entertainment ecosystem. This research seeks to explore these dynamics in depth, analyze the structural barriers facing SMEs, and propose strategies that promote fair competition and open-market practices.

Ultimately, the problem is not merely about economics or business strategy — it is about ensuring that the entertainment industry reflects the diversity, creativity, and ambition of the Saudi people. By empowering smaller companies and enabling them to participate meaningfully

in the market, the Kingdom can achieve a more vibrant, innovative, and globally competitive entertainment sector.

4.1.3 Research Significance

This research is significant because it highlights a real economic and developmental issue within one of the fastest-growing sectors of *Vision 2030*.

Findings from this study can contribute to:

2. Government entities (such as the General Entertainment Authority) in shaping policies that support market diversity.
3. Entrepreneurs and investors in identifying challenges and new opportunities.
4. SMEs in understanding how to navigate and position themselves within a competitive and evolving market.

4.1.3.1 At the theoretical level

This research contributes to academic discussions on market concentration, barriers to entry, and competitive dynamics in emerging economies. It also enriches understanding of how state-driven economic transformation plans — such as Vision 2030 — can unintentionally create structural inequalities if not supported by inclusive policy frameworks. **to entry, and competitive dynamics** in emerging markets. While these concepts have been widely studied in traditional industries, limited research has focused on their application within the entertainment sector — particularly in rapidly transforming economies such as Saudi Arabia.

This research expands academic understanding by:

- Applying market concentration theories to a non-traditional, creative industry.
- Examining how government-led economic reforms can unintentionally reinforce market dominance.
- Bridging the gap between economic theory and real-world industry practices in the Saudi context.

Additionally, the study provides a framework for future research on **inclusive growth**, **SME empowerment**, and **competition policy** within creative and cultural industries.

1.2.3 At the practical level

Practically, the study can provide insights for policymakers, business owners, and investors.

- For **government entities** such as the General Entertainment Authority (GEA) and the Ministry of Investment, it may guide policy adjustments to enhance competition.
- For **entrepreneurs and SMEs**, it offers a clearer view of challenges and potential market entry strategies.
- For **investors**, it identifies areas of untapped potential within the entertainment landscape.

From a practical standpoint, the findings of this research are valuable to multiple stakeholders:

- **Policy Makers and Government Authorities:**

The research can support entities such as the General Entertainment Authority (GEA) and the Ministry of Investment by highlighting regulatory gaps and suggesting policy reforms that promote fair competition and SME inclusion.

- **Small and Medium Enterprises (SMEs):**

Entrepreneurs and business owners can gain insights into market challenges, strategic positioning, and potential collaboration models that improve their chances of success.

- **Large Entertainment Corporations:**

The study encourages reflection on sustainable business practices and highlights the long-term benefits of partnership-based growth rather than market exclusion.

- **Investors and Financial Institutions:**

By identifying underserved market segments, the research helps investors recognize opportunities beyond dominant players.

- **The Saudi Economy and Society:**

A more balanced entertainment market supports job creation, cultural diversity, innovation, and long-term economic resilience — all key pillars of Vision 2030.

5.1.4 Research Questions

This research is guided by a set of core questions designed to examine the structure of the Saudi entertainment market and to understand the mechanisms that contribute to its concentration. These questions aim to identify the root causes of market dominance, assess its implications, and explore potential solutions that can promote fair competition and inclusive growth.

The main research question is:

How and why do large entertainment companies dominate the Saudi entertainment market, and what impact does this dominance have on small and medium-sized enterprises (SMEs)?

From this central question, several sub-questions emerge:

1. What structural, financial, and regulatory factors have enabled large entertainment companies to control a disproportionate share of the Saudi market?

This question focuses on identifying the internal and external advantages enjoyed by large corporations, including access to capital, government partnerships, regulatory flexibility, and operational scale.

2. What are the primary barriers preventing SMEs from entering, competing, or expanding within the entertainment sector?

This includes licensing challenges, funding limitations, access to venues, sponsorship constraints, and market visibility issues.

3. How does market concentration affect innovation, creativity, and service diversity in the entertainment industry?

This question explores whether dominance by a few players limits creative experimentation and reduces the variety of entertainment experiences offered to audiences.

4. What are the economic and social consequences of limiting SME participation in the entertainment market?

This includes impacts on job creation, entrepreneurship, talent development, and long-term sector sustainability.

5. What strategies, policies, or business models can help reduce market concentration and create a more inclusive entertainment ecosystem?

This question seeks practical solutions that align with Vision 2030 goals and encourage collaboration rather than exclusion.

Together, these questions provide a structured framework for analyzing the entertainment market from both a business and policy perspective, ensuring that the research addresses real-world challenges faced by industry stakeholders.

5.1.5 Research Objectives

The primary objective of this research is to analyze the structure of the Saudi entertainment market and to examine the causes and consequences of market concentration dominated by large corporations. The study aims to provide a comprehensive understanding of how this concentration affects small and medium-sized enterprises (SMEs) and to identify opportunities for creating a more balanced and competitive market environment.

The specific objectives of this research are as follows:

1. **To examine the current structure of the Saudi entertainment industry and assess the level of market concentration.**

This objective focuses on identifying the distribution of market power among large corporations and SMEs, highlighting the extent to which a small number of firms dominate high-value projects and contracts.

2. **To identify the key economic, regulatory, and operational barriers faced by small and medium-sized enterprises in the entertainment sector.**

This includes analyzing challenges related to licensing, financing, access to venues, sponsorship opportunities, and government-supported initiatives.

3. **To evaluate the impact of market dominance on innovation, creativity, and service diversity within the entertainment industry.**

The research seeks to determine whether the limited participation of SMEs reduces creative output and restricts the variety of entertainment experiences available to consumers.

4. **To analyze the economic and social implications of excluding SMEs from meaningful participation in the entertainment market.**

This objective examines effects on job creation, entrepreneurship, talent development, and the long-term sustainability of the sector.

5. **To explore existing policies and business practices that influence competition within the Saudi entertainment industry.**

The study aims to assess whether current frameworks support fair competition or unintentionally reinforce market closure.

6. **To propose practical recommendations and strategic solutions that can reduce market concentration and support SME growth.**

These recommendations will align with Vision 2030 objectives and aim to promote collaboration, inclusivity, and sustainable industry development.

Through these objectives, the research seeks to bridge the gap between theory and practice, offering insights that can support decision-makers, entrepreneurs, and investors in building a healthier entertainment ecosystem.

5.1.6 Research Hypotheses

Based on the research problem, literature review, and objectives of the study, the following hypotheses have been formulated to guide the analysis and empirical investigation:

Main Hypothesis

H1: The dominance of large corporations in the Saudi entertainment sector has a significant negative impact on the growth, competitiveness, and innovation capacity of small and medium-sized enterprises (SMEs).

Sub-Hypotheses

H1a: Market concentration in the Saudi entertainment industry significantly limits SMEs' access to high-value contracts, sponsorships, and government-supported projects.

H1b: Regulatory and licensing requirements disproportionately favor large entertainment companies over small and medium-sized enterprises.

H1c: Limited access to financial resources and investment opportunities negatively affects SMEs' ability to scale and compete in the entertainment market.

H1d: Market dominance by large corporations reduces innovation and diversity in entertainment services and content.

H1e: Increased SME participation in the entertainment sector would contribute positively to innovation, employment, and sustainable market growth.

Purpose of the Hypotheses

These hypotheses are designed to be tested through qualitative and quantitative analysis in later chapters of the research. By examining these relationships, the study aims to provide empirical evidence on how market concentration influences business performance, competition, and innovation within the Saudi entertainment industry.

6.1.7 Research Model

The research model for this study is designed to examine the relationship between **market concentration by large entertainment companies** and the **performance and growth of small and medium-sized enterprises (SMEs)** within the Saudi entertainment sector. The model provides a conceptual framework that explains how the dominance of large corporations influences SME participation, innovation, and competitiveness.

This model is grounded in theories of **market structure**, **barriers to entry**, and **competitive advantage**, and it reflects the unique characteristics of Saudi Arabia's entertainment industry under Vision 2030.

Independent Variable (IV): Market Concentration

The **independent variable** in this study is **market concentration**, defined as the degree to which a small number of large entertainment companies control a significant share of the market's economic value, contracts, and opportunities.

Market concentration in this research is measured through several dimensions, including:

- Dominance of large corporations in government-supported entertainment projects
- Control over high-value events, sponsorships, and venues
- Preferential access to financial resources and strategic partnerships
- Influence over pricing, standards, and operational requirements

High levels of market concentration are expected to reduce competitive pressure and limit opportunities for smaller market participants.

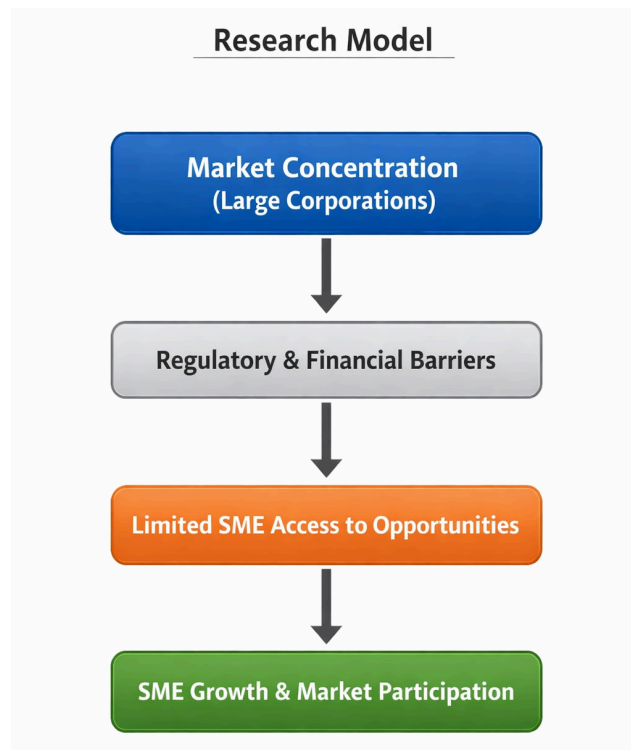
Dependent Variable (DV): SME Growth and Market Participation

The **dependent variable** is **SME growth and market participation** within the Saudi entertainment industry. This variable reflects the ability of small and medium-sized enterprises to enter, compete, and sustain operations in the market.

SME performance in this study is evaluated based on:

- Access to entertainment projects and contracts
- Revenue growth and business sustainability
- Innovation and creativity in service offerings
- Market visibility and brand development
- Ability to scale operations and form partnerships

A decline in these indicators suggests reduced competitiveness and limited market inclusion for SMEs.



Explanation of the Model

The model suggests that as market concentration increases, access to resources becomes more restricted for SMEs. This results in lower innovation, weaker competition, and reduced sustainability of the entertainment industry. The model serves as the foundation for hypothesis testing and data analysis in subsequent chapters.

Mediating Variables (Optional)

The research model also considers several **mediating variables** that influence the relationship between market concentration and SME performance. These variables help explain *how* and *why* market dominance affects SMEs.

Key mediating variables include:

- **Regulatory and Licensing Barriers:** Complexity of permits and compliance requirements
- **Access to Finance:** Availability of funding, investment, and credit facilities
- **Government Support and Partnerships:** Inclusion in public initiatives and national programs

- **Market Visibility and Networking Opportunities:** Access to sponsors, media, and decision-makers

These factors intensify or reduce the impact of market concentration on SME outcomes.

Conceptual Framework Description

The research model proposes that:

Higher levels of market concentration by large entertainment companies lead to reduced SME growth, innovation, and participation in the Saudi entertainment market, primarily due to regulatory barriers, limited financial access, and unequal partnership opportunities.

This relationship is visually represented as follows:

Market Concentration (IV)

→ Regulatory & Financial Barriers (Mediators)

→ **SME Growth and Market Participation (DV)**

Purpose of the Research Model

The purpose of this research model is to:

- Provide a structured framework for empirical analysis
- Clarify the cause-and-effect relationship between key variables
- Support hypothesis testing and data interpretation in later chapters

By applying this model, the research aims to generate actionable insights that can inform policy reforms, business strategies, and investment decisions aligned with Vision 2030.

6.1.8 Research Methodology

Research Approach

This study adopts a **descriptive–analytical research approach**, combining qualitative and quantitative methods to provide a comprehensive understanding of market concentration and its impact on SMEs in the Saudi entertainment industry.

Research Design

The research design focuses on:

- Analyzing the structure of the entertainment market
- Identifying patterns of dominance and exclusion
- Examining SME experiences and challenges

The study relies on both **secondary data** and **primary data** to ensure accuracy and depth of analysis.

Data Collection Methods

Secondary Data

Secondary data will be collected from:

- Saudi Vision 2030 official reports
- General Entertainment Authority (GEA) publications
- Ministry of Investment reports
- Industry reports from PwC, Deloitte, and OECD
- Academic journals and previous research studies

Primary Data

Primary data may be collected through:

- Structured questionnaires distributed to SME owners and managers
- Semi-structured interviews with entertainment industry professionals
- Insights from entrepreneurs and policymakers where available

Population and Sample

The research population includes:

- Large entertainment companies operating in Saudi Arabia
- Small and medium-sized entertainment enterprises
- Industry experts and stakeholders

A **purposive sampling method** may be used to select respondents with relevant experience in the entertainment sector.

Data Analysis Techniques

Collected data will be analyzed using:

- Descriptive statistics to identify trends and patterns
- Comparative analysis between large firms and SMEs
- Thematic analysis for qualitative interview responses

The results will be used to test the research hypotheses and evaluate the research model.

Ethical Considerations

All data collected will be handled confidentially. Participant responses will be used strictly for academic purposes, ensuring anonymity and voluntary participation.

Conclusion of the Section

This methodology enables a structured examination of how market concentration affects SME participation in the Saudi entertainment sector. By integrating qualitative insights with quantitative evidence, the research aims to produce reliable findings and practical recommendations aligned with Vision 2030.

7.1.9 Scope of The Study

The scope of this study defines the boundaries within which the research is conducted, ensuring clarity regarding its focus, coverage, and limitations. This research is confined to the

entertainment sector in the Kingdom of Saudi Arabia, with particular emphasis on the structure of the market and the relationship between large entertainment corporations and small and medium-sized enterprises (SMEs).

Geographical Scope

The geographical scope of the study is limited to the **Kingdom of Saudi Arabia**. The research focuses on entertainment activities conducted within the Saudi market, including major urban centers such as Riyadh, Jeddah, and other key regions where entertainment projects and events are concentrated. International markets and foreign entertainment industries are excluded, except where used for comparative or theoretical reference purposes.

Sectoral Scope

The study concentrates on the **entertainment industry**, including but not limited to:

- Live events and concerts
- Festivals and cultural exhibitions
- Sports and recreational entertainment
- Event management and production companies
- Entertainment service providers

Other creative industries such as media broadcasting, advertising, or digital content platforms are not the primary focus unless directly linked to entertainment operations.

Organizational Scope

This research examines two main categories of organizations:

- **Large entertainment corporations** that dominate high-value projects, government-supported initiatives, and major sponsorships.
- **Small and medium-sized enterprises (SMEs)** operating within the entertainment sector, including startups and independent event organizers.

The study focuses on understanding the interaction, competition, and imbalance between these two groups.

Time Scope

The temporal scope of the research covers the period from **2018 to 2025**, corresponding to the rapid development phase of the entertainment sector following the launch of Vision 2030 and the establishment of major regulatory bodies such as the General Entertainment Authority.

Conceptual Scope

Conceptually, the study is limited to analyzing:

- Market concentration and dominance
- Barriers to entry for SMEs
- Competitive dynamics within the entertainment market
- SME growth, innovation, and participation

The research does not evaluate consumer satisfaction or financial performance metrics in isolation unless directly related to market concentration effects.

Limitations of the Study

While this research aims to provide comprehensive insights, it is subject to certain limitations:

- Access to confidential financial data of large corporations may be restricted.
- Findings are based on available data and participant responses, which may reflect subjective perceptions.
- Results may not be fully generalizable to other industries or countries.

Conclusion of the Scope

By clearly defining the scope of the study, this research maintains a focused and structured approach to analyzing market concentration within Saudi Arabia's entertainment industry. This ensures that the findings remain relevant, practical, and aligned with the objectives of Vision 2030.

8 .1.10 The Suggested Project Structure

This research is organized into structured chapters to ensure clarity, logical flow, and comprehensive coverage of the research problem. The proposed structure allows for systematic analysis, beginning with the theoretical foundation and progressing toward empirical findings and conclusions.

Chapter One: Introduction

This chapter presents an overview of the research topic and provides background information on the entertainment industry in the Kingdom of Saudi Arabia. It outlines the research problem, research questions, objectives, significance, hypotheses, research model, methodology, and scope of the study. This chapter establishes the foundation and context for the entire research.

Chapter Two: Literature Review

This chapter reviews relevant academic literature, industry reports, and previous studies related to market concentration, competition, and small and medium-sized enterprises (SMEs) within the entertainment sector. It discusses the independent and dependent variables and analyzes the relationship between them. The chapter identifies research gaps that justify the current study.

Chapter Three: Research Methodology

This chapter explains the research design and methodological approach adopted in the study. It includes the research strategy, data collection methods, sampling techniques, research instruments, and data analysis tools. Ethical considerations and research limitations are also addressed.

Chapter Four: Data Analysis and Findings

This chapter presents the analysis of the collected data and discusses the empirical findings. The results are interpreted in relation to the research hypotheses and objectives, highlighting patterns, trends, and significant relationships between variables.

Chapter Five: Discussion

This chapter provides an in-depth discussion of the findings in light of existing literature and theoretical frameworks. It explains the implications of market concentration on SMEs in the entertainment sector and examines how the results align with or differ from previous studies.

Chapter Six: Conclusion and Recommendations

The final chapter summarizes the key findings of the research and presents conclusions derived from the analysis. It offers practical recommendations for policymakers, regulatory bodies, and SMEs to enhance market accessibility and competitiveness. Suggestions for future research are also provided.

2.Chapter 2: Literature Review

11 .2.1 Introduction

The entertainment industry has gained increasing attention in academic and professional literature due to its significant contribution to economic diversification, job creation, and cultural development. In the context of Saudi Arabia, the entertainment sector has experienced rapid expansion following the launch of Vision 2030, which positioned entertainment as a strategic pillar for enhancing quality of life and stimulating private sector participation.

Despite this growth, existing literature highlights a noticeable imbalance in market structure, where a limited number of large corporations dominate the majority of entertainment projects and financial resources. This dominance often limits the participation of small and medium-sized enterprises (SMEs), which face structural, financial, and regulatory challenges. Consequently, researchers have emphasized the need to examine market concentration and its implications on competition, innovation, and sustainable growth.

This chapter reviews relevant theoretical frameworks, empirical studies, and industry reports related to market dominance, SMEs, and competition within the entertainment sector. It aims to identify gaps in the existing literature that justify the need for this research, particularly within the Saudi Arabian context.

11 .2.2 The independent variable

The independent variable in this study is **market dominance by large entertainment companies** within the Saudi Arabian entertainment industry. Market dominance refers to the ability of a limited number of large firms to control a significant share of market resources, projects, and decision-making power, often resulting in high levels of market concentration.

In the context of the entertainment sector, market dominance is reflected through the control of large-scale events, government-supported initiatives, exclusive sponsorship agreements, and long-term contracts. Large entertainment companies possess substantial financial capital,

advanced operational capabilities, strong governmental and institutional relationships, and extensive networks, which enable them to secure high-value projects and maintain a competitive advantage over smaller firms.

Several studies suggest that market dominance is not solely driven by financial strength, but also by **structural and regulatory factors**. These include complex licensing procedures, high entry costs, and procurement practices that favor established companies. In Saudi Arabia, such conditions often create indirect barriers to entry for small and medium-sized enterprises (SMEs), limiting their ability to compete on equal terms.

From a theoretical perspective, market dominance aligns with **Market Power Theory**, which explains how dominant firms can influence market conditions, limit competition, and control access to resources. While market dominance can contribute to efficiency, quality assurance, and large-scale execution, excessive concentration may lead to reduced competition, limited innovation, and unequal market opportunities.

Within this research, market dominance is operationalized through indicators such as:

- The proportion of entertainment projects awarded to large companies
- The concentration of financial resources and sponsorships
- The level of exclusivity in contracts and partnerships
- The degree of access to major venues and government-supported initiatives

Understanding this independent variable is essential to analyzing its impact on the dependent variable, which is the growth and sustainability of SMEs in the Saudi entertainment market.

12 .2.3 The dependent variable

The dependent variable in this study is the **growth and sustainability of small and medium-sized enterprises (SMEs)** operating within the Saudi Arabian entertainment sector. SMEs are widely recognized as a key driver of economic development, innovation, and employment generation, particularly in emerging and creative industries such as entertainment.

Growth and sustainability refer to the ability of SMEs to survive, expand, and remain competitive over time. In the entertainment industry, SME growth is often associated with increased market participation, revenue stability, business continuity, innovation capability, and access to strategic opportunities such as major events, partnerships, and sponsorships.

However, existing literature highlights that SMEs in highly concentrated markets face significant structural challenges. These challenges include limited access to funding, restricted visibility, difficulty in obtaining licenses and approvals, and limited bargaining power when dealing with dominant firms. In the Saudi entertainment sector, SMEs often struggle to secure high-value projects and are frequently confined to subcontracting roles, which restricts their long-term growth potential.

From a theoretical standpoint, the growth of SMEs is supported by **Entrepreneurship Theory** and **Resource-Based View (RBV)**, which emphasize the importance of access to resources, capabilities, and fair competitive environments. When SMEs are denied equal access to market resources, their ability to innovate and sustain operations is significantly reduced.

In this research, the dependent variable is measured through several key indicators, including:

- The level of SME participation in entertainment projects
- Business continuity and survival rates
- Revenue growth and financial stability
- Ability to innovate and introduce new entertainment concepts
- Access to partnerships, sponsorships, and market opportunities

Analyzing the growth and sustainability of SMEs provides critical insight into how market structures influence the overall health and inclusiveness of the entertainment sector in Saudi Arabia.

12 .2.4 The relationship between the independent and the dependent variables

and the **growth and sustainability of small and medium-sized enterprises (SMEs)** (dependent variable) has been widely discussed in economic and business literature. This relationship is particularly critical in capital-intensive industries such as entertainment, where access to resources, venues, funding, and institutional support determines market participation.

Existing studies suggest that high levels of market dominance often lead to reduced competitive intensity, limiting opportunities for SMEs to enter and expand within the market. Large entertainment companies tend to control key market resources, including major venues, sponsorship agreements, and government-backed projects. As a result, SMEs face restricted access to high-value opportunities, which negatively affects their growth, revenue stability, and long-term sustainability.

From a theoretical perspective, this relationship is explained through **Market Power Theory** and **Industrial Organization Theory**, which argue that dominant firms can influence market conditions in ways that protect their interests and limit competition. In such environments, SMEs may experience reduced bargaining power, dependency on dominant firms, and limited innovation capacity.

However, the literature also acknowledges that the relationship between large companies and SMEs is not inherently negative. In some cases, strategic partnerships, subcontracting, and collaboration can create opportunities for SMEs to gain experience and exposure. Nevertheless, when these relationships lack transparency or fair contractual frameworks, they often reinforce dependency rather than promote sustainable growth.

In the context of the Saudi entertainment sector, this relationship reveals a significant market gap. While Vision 2030 emphasizes private sector participation and SME empowerment, market dominance by large firms continues to restrict inclusive growth. This imbalance highlights the need for regulatory intervention, policy reform, and inclusive market frameworks that ensure fair competition and equal access to opportunities.

Therefore, this study assumes that increased market dominance by large entertainment companies has a **negative impact on** the growth and sustainability of SMEs, unless mitigated by effective regulatory policies and supportive institutional mechanisms.

13 .2.5 Conclusion

The literature review highlights the critical dynamics of the Saudi entertainment sector, particularly the relationship between **market dominance by large companies** and the **growth and sustainability of small and medium-sized enterprises (SMEs)**. Existing studies and industry reports consistently demonstrate that while large entertainment corporations drive high-value projects, attract international attention, and contribute to the rapid expansion of the sector, their dominance often restricts access and opportunities for smaller firms.

The independent variable, **market concentration**, emerges as a key factor influencing SME performance. Dominant companies control critical resources, sponsorships, venues, and government-backed initiatives, creating barriers to entry and limiting competition. Consequently, SMEs face challenges in securing contracts, scaling operations, and innovating within the industry. This concentration of market power aligns with **Market Power Theory** and **Industrial Organization Theory**, which explain how dominant firms can influence pricing, resource allocation, and competitive dynamics.

The dependent variable, **SME growth and sustainability**, is heavily affected by this market structure. SMEs play a vital role in fostering innovation, diversity, and employment within the entertainment industry. However, limited access to resources and opportunities undermines their capacity to contribute meaningfully to sector development, reducing overall market inclusivity and diversity.

The literature also identifies potential mitigating factors, such as regulatory support, fair partnership frameworks, and access to finance, which can enhance SME competitiveness even in concentrated markets. Nonetheless, empirical research specifically addressing the Saudi entertainment sector remains limited, revealing a clear **research gap**. This gap underscores the

importance of investigating how market dominance affects SMEs and identifying strategies to promote a more inclusive and sustainable entertainment ecosystem.

In summary, the review establishes a theoretical and practical foundation for the current research, confirming that **market dominance negatively impacts SME growth and participation**, unless effective interventions are introduced. The findings from the literature provide critical insights for the research hypotheses and guide the design of the research methodology to be applied in subsequent chapters.

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