



Saudi women entrepreneurs: A growing economic segment[☆]



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ABSTRACT

The purpose of this study is to explore the sources of knowledge and support for Saudi Arabian women entrepreneurs when starting or operating a new venture. The study examines factors relevant to knowledge base, family support, and external support from outside sources that may influence venture creation. The findings reveal that women are the principal in the majority (55%) of women-owned businesses. A total of 70% of the women own more than 51% of the business and 42% started the business by themselves. Saudi Arabian businesswomen are highly educated, receive strong support from family and friends, and rate themselves as excellent in people skills and innovation. Further research should focus on qualities that contribute to successful women-owned firms in Saudi Arabia. The current study contributes to the literature by focusing on Saudi women entrepreneurs. The understanding of entrepreneurship around the world grows through these findings from a Saudi Arabian context. The results show that Chang, Memili, Chrisman, Kellermanns, and Chua's (2009) model of venture creation is applicable to the broader entrepreneurial and family business population. A discussion of the implications relevant to the business environment, challenges, and opportunities in Saudi Arabian women's entrepreneurship brings this paper to a close.

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1. Introduction

Research on women entrepreneurs is scarce, despite women's impact on the world economy (Ahl, 2006; De Bruin, Brush, & Welter, 2006, 2007). In fact, studies on women entrepreneurs constitute less than 10% of all research in the field of entrepreneurship (Brush & Cooper, 2012). Authors in recent times are beginning to cite the need for more studies on women entrepreneurs in the Middle East. This study answers this call by investigating women entrepreneurs in Saudi Arabia, why and how Saudi women are becoming entrepreneurs, the characteristics of Saudi women entrepreneurs and the businesses that they launch, the methods of funding, support systems, and skills and business knowledge, as well as the challenges that they face. The decision to study this research question arises because, although the subject of female entrepreneurs is gaining traction—particularly in the popular press and from government entities—studies focusing on women entrepreneurs, particularly in Saudi Arabia and much of the Arab world, are in short supply. This study aims to contribute to a better understanding of Saudi women entrepreneurs, and how this

information could impact the success of women entrepreneurs in other Arab countries.

2. Women and opportunities

2.1. Saudi women employment

Thirty percent of women in the Arab World find themselves in unemployment (McKinsey & Company, 2011). AlMunajjed (2010) notes that the active work force in Saudi Arabia in 2007 was 8.2 million, while the unemployment rate for women was 26.9%; almost four times higher than men. Unemployed women are highly qualified, a full 78.3% are university graduates. From 1992 to 2007, the percentage of women participating in the Saudi work force saw an almost threefold increase; from 5.4% to 14.4%. While the majority of working women hold bachelor's degrees, 85% of them work in the primary school education sector. Of the female population in employment, 97% work in the public sector, which is the largest employer of Saudi women; 30% of government employees are female, whereas only 5% of working women have jobs in the private sector. AlMunajjed (2010) observes that the increase in the level of women participants in the work force is a direct result of women's education.

2.2. Saudi women entrepreneurs

In 2005, about 23,000 businesswomen were working in Saudi Arabia (Sadi & Al-Ghazali, 2009); 97% in finance, business services,

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construction, or wholesale/retail trade. Saudi women own 12% of firms in the country, 16% of which are large manufacturing firms (AlMunajjed, 2010). Alturki and Braswell's (2010) study reveals that female Saudi entrepreneurs are ambitious, positive, and persistent in their pursuit to overcome the challenges they face. A total of 69% of these women are optimistic about the future, and the majority show determination to expand their businesses. Alturki and Braswell's (2010) study also finds that Saudi businesswomen consider ambiguous policies and regulations key issues affecting their success, feel that gender makes social and regulatory interactions more challenging, disagree with the requirement that male relatives play a central role in the business registration process, and overwhelmingly believe that they face more restrictions and requirements than men.

In a similar study, Ahmad (2011) conducts a qualitative analysis on 19 women entrepreneurs, finding that most fall into the category of microenterprises. A total of 75% claim that they had some difficulty starting their businesses; primarily, in finding information, obtaining financing, dealing with bureaucratic procedures, and recruiting workers. These women demonstrate confidence, determination, enthusiasm, hard work, a considerable need for achievement, personal dedication, and capability. In summary, the study gives us three insights: Saudi women entrepreneurs have a high need for achievement, show a tolerance of ambiguity, and are goal-oriented.

3. Conceptual framework

Entrepreneurs' knowledge base, family support, and external support can be critical in venture creation (Chang, Memili, Chrisman, Kellermanns, & Chua, 2009). Entrepreneurs' knowledge base develops through collecting information, personal events, education, and work experience, as well as gaining exposure to entrepreneurial activities within the community.

Family support usually comes in the form of social capital with two main components: information channels and family norms. Family norms include obligations and expectations, collective trust, identity, and moral infrastructure. Family social capital can enhance entrepreneurs' access to information through: efficient action and exchange; associability through collective goals, actions, and emotional support; and balanced flows between the family and firm. Hence, family social capital can facilitate entrepreneurship through information diffusion and access to markets and resources (Arregle, Hitt, Sirmon, & Very, 2007; Sirmon & Hitt, 2003). The knowledge resources as well as networking and financing that entrepreneurs obtain from individuals outside the family constitute women's external support (Chang et al., 2009). These factors are critical in venture creation among a minority group in the US, and the expectation is that they can also be influential on Saudi women entrepreneurs, given the gender- and country-specific factors.

Brush, De Bruin, and Welter (2009) recognize the need for a unique gender-based framework for the study of women's entrepreneurship. Their model encompasses the 3Ms (markets, money, and management) that entrepreneurs need worldwide to launch and grow their businesses, and adds a further 2Ms unique to women's entrepreneurship (Brush et al., 2009): Motherhood (household and family) (Brush & Manolova, 2004; Jennings & McDougal, 2007); and Meso/Macro Environment, with societal and cultural norms at the macro level (Carter, Shaw, Wilson, & Lam, 2007; Kantor, 2002; Peng & Heath, 1996), and structures and institutions that are intermediate at the meso level (Carter, Brush, Greene, Gatewood, & Hart, 2003; Shaw, Lam, Carter, & Wilson, 2006). In all, the 5Ms framework is highly appropriate for the study of women entrepreneurs in Saudi Arabia, where the 2Ms have a major impact on their influence, practice, and success.

4. Method

4.1. Sample

The questionnaire was self-administered, and derives from an adaptation of Hisrich, Bowser, and Smarsh (2006). The 48-item questionnaire required translation into English and back-translation into Arabic. Pre-testing of the questionnaire took place, with a subsequent adjustment process to adapt to local cultural conditions. Field and online distribution, as well as diffusion through five women's organizations and networking sites, constitutes the data collection method. Data collection took place in 2010.

Of the 235 questionnaires that respondents submitted, 164 are usable, giving a 70% response rate. The respondents range in age from 25 to 44. In terms of demographics, 73% of these 164 respondents are married, 13% are single, and 13% are divorcees, separated, or widows.

4.2. Business profile

Friends and family represent the main source for business and financial advice; advice from financial advisors is rare. This result confirms Alturki and Braswell's (2010) findings. The low use of bank loans is likely to be a result of Saudi women's unfamiliarity with financial tools. A total of 54% percent of women embarked on their business venture without conducting a feasibility plan, with 37% stating they had confidence in their experience and knowledge in the business field, 23% viewing a feasibility plan as an unnecessary luxury, and 21% expressing unfamiliarity with the concept altogether. Concerning business planning, 5% of women entrepreneurs use an annual budget, 5% engage in long-range planning, 24% engage in seasonal planning, and 67% plan according to demand. Almost all businesses were started either locally or in a neighboring city (98%), and focus only on the domestic market. Only a fraction (1.5%) of respondents started their business internationally or is currently operating internationally. Among respondents, 30% has been in business for less than one year, 24% from one to two years, 22% from three to five years, and 24% for more than five years.

5. Analysis and results

Due to the paucity of research on Saudi women entrepreneurs, an inductive theory-building approach provides a good study method (Locke, 2007). This approach entails gathering and analyzing empirical data to formulate inductively valid concepts, and then either integrating the totality of findings into a new theory or tying together the new findings with an extant theory, thus advancing the field. This study adopts the latter approach, identifying patterns in the 5M components of Brush et al.'s (2009) model within the unique framework of women entrepreneurship in Saudi Arabia. For this purpose, the chi-squared test of the independence of categorical variables (cross-tabulations) and the t-test for independent samples offer good tools for identifying differences between sample means.

The chi-squared test reveals a significant association ($p = 0.06$) between women's own savings as a source of funding and the ownership structure: 57% have to rely on their own savings in comparison to 100% of the non-family business owners. A total of 42% of women started their business alone and another 42% with someone else, while 7% purchased and 9% inherited the business.

The lack of management skills is an obstacle to running a business. The questionnaire asks women to evaluate the following functional business skills: financial, dealing with people, marketing, general management, sales, idea generation/product innovation, and organization/planning skills. Virtually all respondents are confident in dealing with

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