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Women Entrepreneurs in Saudi Arabia: Investigating strategies used by successful Saudi women entrepreneurs

A thesis submitted in partial fulfilment of the requirements for the Degree of Master of Business Management at Lincoln University by Haifa Fallatah

Lincoln University 2012
Abstract of a thesis submitted in partial fulfilment of the requirements for the Degree of Master of Business Management.

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by

Haifa Fallatah

Most of the literature on womens’ entrepreneurship relies on quantitative data research. As a result, women entrepreneurs have had limited opportunities to describe their own opinions, experience and their ways of conducting business. Also, there is little research that looks into the business establishment experience of Arab women entrepreneurs in general and Saudi women entrepreneurs in particular.

In order to gain a deeper understanding of the situation, this study uses a qualitative approach. Ten Saudi women entrepreneurs were interviewed in order to investigate the factors that drove them to entrepreneurship, the problems they faced during the establishment of their businesses, and the strategies that they employed to overcome those problems.

The analysis suggests that there are four main factors that encourage the sample to enterprise; the factors are: Family support, Government support, Professionalism, and Partnership. Because family is at the core of Arab societies, family was found to be a positive, significant factor that plays a supportive role for the participants.
This study also investigated the problems Saudi women face in their early stages of business establishment. Types of problems that were identified from previous literature were cultural, gender-cultural, and governmental. The investigation indicates that the problems faced by the participants and the way they perceive them varies depending on the participant’s family social status in the region.

The study found three strategies employed by the participants: family involvement, prior work experience and partnership. These strategies were used by the participants in this study and have helped them in overcoming problems and to succeed in their business.

**Keywords:** Saudi women entrepreneurs, Entrepreneurship, Entrepreneurship driving factors, Entrepreneurship problems, Entrepreneurial strategies
Acknowledgements

If there were one thing that I wish for, it would be for my father, who passed away ten years ago, to read my thesis and be proud of what I have accomplished. He is my role model and I thank him for raising me to be what I am today. May he rest in peace.

This has been a long journey for me. It started with goodbyes to family and friends in Saudi Arabia and coming to New Zealand for the purpose of completing my Masters degree at Lincoln University. Wow…what a journey.

Throughout this journey there have been ups and downs, smiles and frowns, laughter and other times tears. However, I have learned a lot and mostly I learned how to be grateful for having a loving and caring family who at the end of the day put a big smile on my face.

Thanks to Majed, my beloved husband, who taught me not to stress myself and to take it easy. Thanks to Mohammed, my elder son who cheers me up with a bowl of fruit salad when I am stressed and says, “You can do this, Mom.” Thanks to Abdul-Mohsen my second son for always offering his help, and finally thanks to Abdul-Aziz the youngest; he added joy to the family ever since his arrival on the 4 of September 2010.

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Chapter 1

Introduction

1.1 About entrepreneurship

Entrepreneurship is about creating something new, or discovering a new way of making something that already exists (Henderson, 2002; Schumpeter, 1947; Sternberg & Wennekers, 2005). Entrepreneurship is considered to be a key factor to development and growth. A good example of the positive impact of entrepreneurship is best seen in the South-East Asia region. Entrepreneurial activities have transformed the region, leading to newly industrialized economies in the 1980s and 1990s (Schaper & Volery, 2004). Honda and Sony for example, started as two small-scale engineering Japanese firms that grew into leading world manufacturers (Dana, 1999). Therefore, it is broadly believed that entrepreneurship has a positive impact on social development and economic growth (Carree & Thurika, 2002; Dana, 1999).

Entrepreneurs are essential to social development. Entrepreneurs benefit the social aspects by providing new jobs, raising incomes, creating wealth, and connecting the public to the bigger international economy (Henderson, 2002). In China, for example, entrepreneurs were the main drivers for growth by generating new jobs, providing consumer goods, and ending the control of the state firm (McMillan & Woodruff, 2002). Between the years 1980 and 1990, entrepreneurial activities have also led to the emergence of newly industrialized economies such as South Korea and Singapore (Dana, 1999; Schaper & Volery, 2004).

In 1963, the president of South Korea had a policy for economic development that aimed at protecting entrepreneurs and helping them to be effective contributors to the economy (Dana, 1999). According to Dana (1999), the South Korean government encouraged the development
of innovative entrepreneurs through programs and policies that assisted small-scale entrepreneurship and eventually helped to create an industrialized economy.

In Singapore, entrepreneurship has also played a dynamic role in boosting the nation’s economy. With support from the Economic Development Board and the Singapore Productivity and Standards Board, the country has made remarkable economic progress since 1995 (Dana, 1999). Both agencies promoted entrepreneurship by providing entrepreneurs with all the assistance they needed to help them grow and prosper. According to the Singapore Department of Statistics (2009), there were about 160,000 enterprises in 2007, of which 99 per cent were SMEs (small to medium-sized enterprise) employing nearly six out of every ten workers and thus making a significant contribution to the Singapore economy (Singapore Department of Statistics, 2009).

In recent years, women entrepreneurs have been recognized to be significant contributors to the global economy. According to the findings of the 2010 Global Entrepreneurship Monitor, 104 million women in 59 economies, started and managed new business ventures and another 83 million ran businesses that they had launched in the previous three and a half years (Kelley et al., 2010). Compared with men entrepreneurs, women entrepreneurs remain in the minority for all of the 59 economies surveyed in the 2010 Global Entrepreneurship Monitor report (Kelley, et al., 2010). Scholars have put significant effort into understanding the causes of this gender gap among entrepreneurs. Much of this ongoing research has focused on the numerous barriers that women entrepreneurs face when starting and growing their businesses. These barriers are summarized in Table 1.1.1:
### Table 1.1.1 Barriers to Entrepreneurs Success

<table>
<thead>
<tr>
<th>Source</th>
<th>Economies</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Global Entrepreneurship Monitor (GEM) (Kelley, et al., 2010)</td>
<td>Fifty nine economies surveyed by the GEM in 2010</td>
<td>• Cultural constraints</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lack of Business Skills</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Financial problems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Starting business procedures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lack of business opportunities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lack of business educational programs</td>
</tr>
<tr>
<td>The Centre of Arab Women and Training Research (CAWTAR) (The Center of Arab Women and Training Research, 2007)</td>
<td>Five Middle East and North African (MENA) economies: Bahrain, Jordan, Lebanon, Tunisia, and the United Arab Emirates.</td>
<td>• Lack of access to capital.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Balancing business and social roles</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Business entry barriers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Government regulations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Business set up costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lack of business skills</td>
</tr>
</tbody>
</table>

A report presented by the Centre of Arab Women and Training Research (CAWTAR) has also provided information about the challenges women entrepreneurs face in countries from the Middle East and North African (MENA) region (The Center of Arab Women and Training Research, 2007). The report states that women in this region are challenged by a series of constraints when starting-up or expanding their businesses, yet, they continue to make important contributions to the region’s economic growth, wealth, and job creation.
1.2 Research problem statement

Saudi Arabia is one of the Middle East and North African (MENA) countries. Saudi Arabia has been going through major economic developments for the last 25 years resulting in major transformations in its economy (Shoult, 2006). According to the Saudi Arabian Monetary Agency, the country had a substantial budget surplus of USD180 billion for the years 2007, 2008 and 2009 (SAMA, 2010). The Saudi economy is considered to be strong; however, the country is facing a number of challenges that cannot be ignored, for example the high rate of unemployment amongst its youth population. According to the Central Intelligence Agency (CIA) the rate of unemployment among the Saudi nationals aged between 15 and 24 stood at 28.2 per cent (Central Intelligence Agency, 2012).

Women in Saudi Arabia hold more than $13 billion in local bank accounts that could possibly be invested in the local economy (Arabic Knowledge @ Wharton, 2010). However, Saudi women’s contribution to the local economy is underestimated with a high rate of unemployment among females that stood at 45.8 per cent for the 2008 year (Central Intelligence Agency, 2012). Saudi women entrepreneurs could play a dynamic role in providing jobs and reducing the rate of unemployment, however, they face a series of constraints when it comes to starting-up or expanding their businesses. Saudi women entrepreneurs need support in order to overcome the cultural, gender-cultural and governmental constraints facing them. The Saudi government could be more proactive in their support for female entrepreneurs by understanding their needs and could provide them with programs that may help them with their business start-ups and remove the barriers facing them (Arabic Knowledge @ Wharton, 2010).

Due to the lack of documented data regarding Saudi women entrepreneurs and the challenges they face to start their own businesses, this study is launched to provide an understanding of the challenges faced by Saudi women entrepreneurs. Saudi Arabia is chosen as a case study
because of its unique conservative environment. The aim of this research is to investigate the strategies utilized by successful Saudi women entrepreneurs to overcome the problems they face when establishing their businesses. A deep understanding of the ways these women within a conservative segregated Muslim society are able to overcome cultural, gender-cultural and governmental constraints is important and may help to motivate women in other and similar societies to establish their own businesses. This approach is also taken to alert interested individuals about the changing role of Muslim women, supported by the voice of women themselves.

1.3 Research question

In order to understand how successful Saudi women entrepreneurs succeed in their businesses and what strategies they employ, the proposed study will answer the following question: What types of problems do Saudi women entrepreneurs face and what strategies do they use to solve them?

1.4 Research objectives

Through face-to-face interviews and the use of content analysis, this research aims to:

- Investigate what drives Saudi Women to start their businesses. It is suggested that policy and programs that aim to promote entrepreneurship should begin by investigating the factors that drive entrepreneurs towards enterprise (Sarri & Trihopoulou, 2005).

- Investigate what problems do Saudi women entrepreneurs face when starting their business. Some of the problems that women entrepreneurs face may be generic and challenged by women entrepreneurs globally as shown earlier in Table 1, whereas other problems may relate to a certain group or culture (Guiso, Sapienza, & Zingales, 2006).
• Investigate the strategies pursued by the Saudi women entrepreneurs to face their challenges and succeed in their businesses. This may help in providing key lessons for potential and existing entrepreneurs.

1.5 Research structure

This research is divided into five chapters. Each of these chapters serves a different role:

• **Chapter One**: Introduction, aims to provide the reader with background information about what entrepreneurship is and what are the difficulties associated with it and what the objectives of this research are.

• **Chapter Two**: The Saudi Arabian Context presents a brief background about Saudi Arabia, which is the case study of this research. The chapter provides an understanding of the historical economic background of the Saudi economy, the Saudi culture, and women’s life in Saudi Arabia.

• **Chapter Three**: The Literature Review examines what the literature says about entrepreneurship in terms of its meaning, motives, and problems that entrepreneurs face.

• **Chapter Four**: The Methodology chapter describes the method chosen for this research. Following that, the process is described by which this research was completed.

• **Chapter Five**: The Findings and Discussion: presents the analysis of the data collected and discusses the findings.

• **Chapter Six**: Recommendations and conclusion: this chapter concludes the thesis with a brief summary of the findings of the study followed by suggested recommendations and the study limitations and implications.
Chapter 2 The Saudi Arabian Context

2.1 Introduction

Saudi Arabia is the birthplace of Islam. Economically speaking, the country is known as an oil rich country. In 1932 King Abdel-Aziz Al-Saud established the Kingdom of Saudi Arabia. The traditional basis of the Al-Saud family's legitimacy is the support of the clerics and the maintenance of a conservative interpretation of Sunni Islam\(^1\) (Library of Congress, 2006). Massive oil revenues generated from large-scales of oil production contributed significantly to the economic growth of the country. However the political and social side continues to be very conservative.

This chapter provides a brief background about the Saudi Arabian context. The information presented in this chapter may assist the reader in understanding the type of environment the Saudi women were brought up in, the factors that contributed to the changing role of the Saudi women, and the role that the Saudi women could play to contribute to the development of the economy.

2.1.1 Location

Saudi Arabia is located in the southwest corner of Asia. The country borders Kuwait, Iraq and Jordan from the north, Yemen and Oman from the south, the Red Sea from the west, and the Arabian Gulf, United Arab Emirates, and Qatar from the east (Central Department of Statistics and Information, 2010).

\(^1\) Sunni Islam is the largest group of Islam. The word Sunni originates from the word Sunni, which means the words, actions or examples of the prophet Mohammed, peace be upon him.


\(^3\) The Organization for Economic co-Operation and Development is constituted of thirty-four
The central location of Saudi Arabia has given it a strategic importance in terms of trading links through the Red Sea with north Africa, southern Europe, and east Africa; and through the Arabian Gulf with eastern Asian countries (Shoult, 2006).

![Saudi Arabia Map](http://www.the-saudi.net/saudi-arabia/images/saudi-map.gif)

**Figure 1. Saudi Arabia Map**

### 2.1.2 Religion

Saudi Arabia is the centre of the Islamic world, embracing the two holiest places in Islam, Makah and Medina (Shoult, 2006). Saudis regard themselves as the guardians of the Islamic religion and the custodians of the two holy mosques that are located, one in Makah and the other in Medina (Niblock & Malik, 2007). Therefore, it can be said that Islam plays an important role in shaping the daily life of this society.
This Islamic state adheres to the Islamic law (Sharia) that embraces the Holy Qur’an and the Sunni of Prophet Mohammed, peace be upon him\(^2\) (Vogel, 2003). The Sunni, that is the behaviours of the prophet Mohammed, is what guides the daily life of Muslims (Pharaon, 2004).

The Committee of the Promotion of Virtue and the Prevention of Vices (CPVPV) are the enforcement authority of the Saudi religious establishment. The CPVPV view themselves as the protectors of the country’s ethics and therefore their major role is to monitor public places and make sure that all practices adhere to Islamic Law. Among their duties is gender segregation; for example, they make sure that women do not violate Islamic values by preventing them from seducing men (General Presidency of the Promotion of Virtue and the Prevention of Vices).

There are 486 CPVPV branches located in 13 regions in Saudi Arabia (General Presidency of the Promotion of Virtue and the Prevention of Vices). The power and control of these branches differ from one branch to another depending on its region. The region’s tribes and leaders are the main source of inspiration and power that the CPVPV holds. For example, there are tribal communities in Saudi Arabia that tend to be more oriented towards religion more than other communities and so they are very conservative (Al-Rasheed, 2002).

Population

The number of the Saudi population including non-Saudis has been increasing significantly in the past years, for example:

- In the 1970s, the number was small amounting to only six million (Simmsons, 2005).
- In the 1980s, the population rose by 50 per cent totalling nine million (Lahmeyer, 2003; Simmsons, 2005).
- In 2000, the number of the Saudi population had quadrupled with a total number of 14

---

million (Lahmeyer, 2003; Simmons, 2005).

- In 2007, the number of the population continued to rise reaching a total of 23,980,834 (Central Department of Statistics and Information, 2007).
- By 2010, the Kingdom's total population stood at 27,136,977 according to the Central Department of Statistics and Information, (2010).

Saudi Arabia is witnessing a significant growth in its young population (Pharaon, 2004). The growth rate among the Saudi population was 3.2 per cent between the years 2004 and 2010 (Central Department of Statistics and Information, 2010). This growth rate led to the population explosion of young people who find difficulties in entering the labour market.

### 2.1.3 The culture of Saudi

In Saudi Arabia, the family plays an important role in shaping its culture and in spreading the values and attitudes concerning relationships between the family and relationships of the family and the rest of the society (Doumato, 1992). The family is patriarchal and in the family the father has the ultimate power by law. Children belong to the father by law, and the mother is the one responsible for teaching the cultural and religious traditions to the family to ensure solidarity and loyalty (Doumato, 1992; Pharaon, 2004).

**Culture and trade in Saudi Arabia:**

The culture of Saudi Arabia is a unique blend of Islam and Arab traditions. Trade, for example, is part of the Arab’s culture, and Islam clearly supports the principle of trade and commerce through the Holy Qur’an. Prophet Mohammed, peace be upon him, was a businessman and during that period trade was practised by high status people (Sabri, 2001).
Moreover, early in the seventh century and prior to his Prophet hood, Mohammed managed commercial affairs for his wife Khadija who was one of the richest female traders in Mecca (Sabri, 2001).

**Culture and women in Saudi Arabia:**

Saudi women live in a male dominated, patriarchal society where men exert strict codes and unwritten social norms on them (Miller-Rosser, 2006). Women in Saudi live in a segregated society. The gender segregation led to exclusive women only public spaces where they can practise a range of activities that are by women and for women for example, schools, government offices, charitable organizations, women’s administration and women-only shopping centres (Le Renard, 2008).

**Culture and the society:**

The Social structure of Saudi Arab is based on its Tribal system. The Ulama are powerful religious scholars who are responsible for the social and religious codes and also for their verdict on several difficult matters (Sabri, 2001).

Since the 1980, the Saudi society began to witness some change with more citizens entering universities and many more travelling and working abroad (Doumato, 1999). The Saudi society, says Doumato, became both increasingly polarized and increasingly conservative.

### 2.2 The Saudi economy

Saudi Arabia witnessed a dramatic shift in its economy, from a rural period that relied on nomadic Bedouins and farmers (that was before the discovery of oil) to an oil industry period that impacted the world economy as a whole.
The Saudi economy is based on oil. It is estimated that the petroleum amounts for approximately 80 per cent of budget revenues, 45 per cent of GDP, and 90 per cent of export earnings (CIA, 2011). Additionally, the country enjoys other natural resources such as gold, iron ore and copper (Shoult, 2006).

### 2.2.1 Before oil discovery

Saudi Arabia was a poor country with an absence of physical infrastructure and very limited industrial developments (Sabri, 2001; Simmsons, 2005). Limited commodities existed in Saudi Arabia, such as soap, pottery, household goods, and furniture (Sabri, 2001). People of this region were rural, living in nomadic groups driving their sheep, goats, and camels across the desert (Sabri, 2001; Simmsons, 2005).

During this period, Saudi Arabia was self-reliant and its source of money came from the fees charged to Muslims who visit Makah each year for the annual pilgrimage (Simmsons, 2005). The country also relied on the gains from exporting sheep, horses, camels, hides, pearls and dates (Cole, 2011; Sabri, 2001). The country also depended on the nomadic rural activities such as camel raising, growing cereals and grazing (Sabri, 2001).

### 2.2.2 After oil discovery

Major Frank Holmes, a New Zealander, played a dynamic role in the finding of oil in the Eastern Province of Saudi Arabia (Simmsons, 2005). According to Simmons (2005), Holmes was the first to discuss the prospect for oil in Saudi Arabia with the Saudi king at the time, King Abdul Aziz, in 1923.
About ten years later, Saudi Arabia became an oil producer and major changes began to take place. In the 1950s significant geographic mobility took place as new cities developed and urban areas grew rapidly (Cole, 2011). This change urged nomadic Bedouins to move to villages and the villagers moved to cities and people from old cities moved to the new developed ones (Cole, 2011).

In the 1970s the country became a global economic power, a leading producer and a large exporter of oil (Simmons, 2005). Saudi Arabia became a major contributor to the world economy with 25 per cent of world oil reserves lying beneath its sands (Pharaon, 2004).

The 1970s witnessed massive oil revenues that were invested in developing the country’s physical infrastructure and in modernising various sectors of the economy (Pharaon, 2004). Due to the shortage of local workforce, the region hosted huge numbers of foreign labourers from Asian countries (Moghadam, 2005). In fact, Saudi Arabia along with other countries of the GCC became the largest markets for Arab and Asian job seekers (Kapiszewski, 2006). The massive inflow of expatriate labour force had a significant impact on the politics, economic, and social structure of this region (Kapiszewski, 2006).

### 2.3 The Saudi labour force

The high rate of unemployment is one of the major concerns to the Saudi Government. Table 1 presents data provided by the Central Department of Statistics and Information; it shows that the total Saudi population aged 15 and over reached 11,790,990 in 2009. Approximately 32 per cent of the total number is employed leaving 68 per cent unemployed, amongst them students who will be looking for jobs after they graduate from their schools (Central Department of Statistics and Information, 2010).
According to the Central Intelligence Agency (CIA), the rate of unemployment among the Saudi nationals aged between 15 and 24 stood at 28.2 per cent (Central Intelligence Agency, 2012).

**Table 2.3.1. 2009 Saudi Population and Workforce (15 years and over)**

<table>
<thead>
<tr>
<th>Saudi Population</th>
<th>Saudi Workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Employed)</td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td><strong>Female</strong></td>
</tr>
<tr>
<td>5,890,052</td>
<td>5,900,938</td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td><strong>Female</strong></td>
</tr>
<tr>
<td>3,332,628</td>
<td>505,340</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,790,990</td>
</tr>
<tr>
<td></td>
<td>3,837,968</td>
</tr>
</tbody>
</table>

The unemployment problem dates back to the period after the discovery of oil and continues to date. A large number of expatriate workers were hosted in Saudi Arabia to help in building the physical infrastructure of the region. The majority of these foreigners were employed by the private sector. Recent estimates by the Ministry of Labour show that for the year 2009, the private sector constituted a significant high rate of 90.12 per cent of foreign workers and a very low rate of only 10 per cent of Saudi workers (Ministry of Labor, 2009). The massive inflow of these workers had a significant impact on the development of Saudi Arabia (Kapiszewski, 2006). Yet, the rising demand for foreign labour has disadvantaged Saudi citizens and limited their chances for entering the labour market (Madhi & Barrientos, 2003). The government is concerned about its extreme reliance on expatriate workers and the high unemployment rate among its citizens (Pharaon, 2004). Considering the challenges the country was facing, the Saudi Government adopted a policy called Saudisation in the 1990s that aimed at providing the nationals with employment opportunities and reducing the dependence on expatriate workers (Madhi & Barrientos, 2003). Nevertheless, the Saudisation...
strategy was successful only in the public sector whereas the private sector remains unattractive for nationals (Kapiszewski, 2006). The low salaries that the private sector offers, the long working hours, and the possibility of an expatriate supervisor are among the reasons for nationals not to prefer working in this sector (Kapiszewski, 2006; Madhi & Barrientos, 2003). Other reasons are concerned with the nationals’ limited skills and qualifications.

The Saudi Government also acknowledges the shortcomings in skills and qualifications of its local workers. The Saudi king, King Abdullah bin Abdul-Aziz, responded to this problem by allocating more than half the total spending predicted under the five-year plan for the years 2010-2014 towards developing manpower (Gavin, 2010).

2.4 Saudi Arabian women

Historically, Saudi women’s participation in the development of the society was remarkable. The Saudi women worked on farms, sewed clothes, wove wool, engaged in hand crafting and camel and sheep breeding (Bubshait, 2008; Le Renard, 2008).

Later, the oil boom made major impacts on the status of women and their place in the society. As the population got richer, the number of working women declined, relying on the men’s income for providing the family’s needs (Le Renard, 2008).

Recently however, Saudi women have been expressing their desire to broaden their participation in various fields. According to Doumato (1990), two major factors have motivated the Saudi women:

- Education

- The Gulf War of 1990

*Education:*
Women’s education went through several stages in Saudi Arabia. Historically, early education started at unofficial schools called Katateeb where a lady or a group of ladies taught the Holy Qur’an and math in their homes. Some of these teachers were volunteers and others were paid through funds gathered from the citizens. Later, in 1942, citizens upgraded katateeb to become private schools (Bubshait, 2008).

The Saudi king at the time (King Faisal) and his wife were big supporters of women’s education and as a result, official girls’ schools were established with a total number of 15 schools in 1960 educating 5000 female students (Bubshait, 2008; Hamdan, 2005; Pharaon, 2004). In 2003, the number of girls’ schools rose to 13,000 schools and 3 million students (Bubshait, 2008).

The schools were under the General Presidency for Girls’ Education where religious scholars supervised and regulated the schools and made sure that the type of education that girls received was based on the role that they would perform in the society (Bubshait, 2008; Hamdan, 2005). Until 2002, the General Presidency for Girls’ Education and the Ministry of education were merged, responding to general public and government requests (Hamdan, 2005).

As the expansion in women’s education grew, their desire to participate in the work force grew as well (Doumato, 1999).

*The Gulf War of 1990*

The Gulf war took place in 1990 when Iraq invaded Kuwait. The war impacted the Saudi society in general and the Saudi women in particular. The American troops participated in this war and they were living in Riyadh and in the east coast of Saudi Arabia. People who lived in these regions saw American women driving cars, and shopping unveiled in malls (Hamdan,
2005). After the Gulf War of 1991, women in Saudi found new areas to work in the private sector, such as broadcasting, advertising, and journalism (Doumato, 1999).

According to the Ministry of Labour, the participation of the Saudi women in the private sector was only 7 per cent (Ministry of Labor, 2009) and the biggest employer for women remains the public sector (AMCL, 2010).

### 2.4.1 Saudi women and the labour force

According to the Ministry of Labour, the participation of the Saudi women in the private sector is only 7 per cent (Ministry of Labor, 2009). The biggest employer of women remains the public sector (AMCL, 2010). According to the Central Intelligence Agency (CIA), women aged 15 and over constitute 57.84 per cent of the total work force but only 13.17 per cent are employed and 44.67 per cent are unemployed, amongst them students who will graduate and be looking for jobs in the future (Central Department of Statistics and Information, 2010). It is believed that Saudi women’s wealth amounts to USD11.9 billion, however, their participation in the private sector is only 7 per cent (AMCL, 2010; Ministry of Labor, 2009).

It is believed that the lack of women’s participation in the private sector is due to the many religious, political and cultural constraints forced on them by the society (AMCL, 2010).

### 2.4.2 Government support for Saudi women

The Saudi government is concerned about the role of Saudi women in society. Efforts by the government have been made to promote entrepreneurship among Saudi women. For example:
• The Government established the King Abdul Aziz Women’s Charity Association’s Al-Barakah Loans centre. The centre finances projects that are undertaken by low-income, divorced and widowed Saudi women (AMCL, 2010).

• The Government also established The Centennial Fund that provides funds for young Saudi men and women entrepreneurs (AMCL, 2010). The fund aims to help young entrepreneurs achieve financial independence through helping them start their own successful businesses.

Other support was also provided from non-government organizations, such as The Abdul Latif Jameel (ALJ) Community Services Program. The organization provides loans and training programs for both men and women in Saudi Arabia. This family-owned business empire has successfully helped improve skills within the local population and has created more than 113,855 job opportunities for them in 2003 (AMCL, 2010; Gavin, 2010).

Abdul Latif Jameel and The National Commercial Bank (NCB) in Saudi Arabia also provide interest-free loans for owners of small projects, who have graduated from the organization’s training program (Gavin, 2010).

2.5 Summary

Saudi Arabia has witnessed significant social and economic changes in the last 50 to 60 years. The discovery of oil has played a significant role in shifting the life of the Saudi people from nomadic Bedouins to a modern urbanized society. Women’s lives have changed with more college graduates year after year. The government employs massive numbers of Saudi women; however, the unemployment rate among Saudi nationals remains an issue for the Saudi government. Saudi women with a wealth that amounts to USD11.9 billion may help in reducing the unemployment rate by their contribution in the private sector. The Saudi
government acknowledges the important role that Saudi women entrepreneurs could play in the development of the economy and tries to provide them with the support they need.
Chapter 3

Literature Review

3.1 Introduction

A number of researchers have undertaken the task of understanding entrepreneurship. A review of the literature reveals that there are many approaches in terms of defining entrepreneurship and a wide variation in terms of entrepreneurial motives and the factors impacting the growth and prosperity of entrepreneurship. This chapter presents a brief review of the definitions of entrepreneurship, the reasons why individuals decide to begin an enterprise, and the problems associated with entrepreneurship.

3.2 Defining entrepreneurship

Defining entrepreneurship has been a problem to researchers and there has been no generally accepted definition for this phenomenon (Bruyat & Julien, 2001; Hechavarria & Reynolds, 2009). Schumpeter (1947) defined entrepreneurship as “the doing of something new or the doing of things that are already being done in a new way (innovation)” (Schumpeter, 1947). Kent, Sexton and Vesper defined it as “the creation of new business enterprises by individuals or small groups, with the entrepreneur assuming the role of society's major agent of change, initiating the industrial progress that leads to wider cultural shifts” (Kent, Sexton, & Vesper, 1905). Ufuk and Öagen (2001) stated that entrepreneurship “is the process of creating something of value by devoting the necessary skills, time and effort, and, assuming the accompanying financial and sometimes physical and social risks, to reap the resulting monetary rewards and personal satisfaction”. Shaper and Volery (2004) defined it as “the process brought about by individuals of identifying new opportunities and converting them into marketable products or services”. Regardless of the many definitional approaches, it is
agreed among most researchers that entrepreneurship is about creating something new (Henderson, 2002; Schumpeter, 1947; Sternberg & Wennekers, 2005).

3.3 Entrepreneurship is important

There is no doubt that entrepreneurship is important in terms of economic growth, job creation, productivity, and innovation. According to the OECD (Organisation for Economic Co-operation and Development, 2006), between 95 and 99 per cent of SMEs in OECD countries contribute to the creation of 60-70 per cent of jobs. In the United States of America, 25.8 million small businesses create more than 50 per cent of the jobs and generate more than half of the nation’s gross domestic product (United States Department of Labor, 2010). According to the US Department of Labour, Entrepreneurship is claimed to be the driving force for job creation and innovation in the US economy (United States Department of Labor, 2010). The significant role that entrepreneurship plays in the US economy may be attributed to the fact that the US has always adopted entrepreneurship as a vital part of its culture, raising schoolchildren on stories about inventors such as Benjamin Franklin and Thomas Edison, and thus creating a nation that is an outstanding example of entrepreneurialism (Anonymous, 2009). Similarly, China has also introduced entrepreneurship as a course in its education system as far back as the 1990s and entrepreneurship has brought success and rapid developments to the Chinese economy over the past two decades (Li, Zhang, & Matlay, 2003; Yang & Li, 2008). Entrepreneurs were the main drivers for growth by generating new jobs, providing consumer goods, and ending the control of the state firm (McMillan & Woodruff, 2002).

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Research shows consistent agreement that entrepreneurship plays a significant role in the economic and social development process (Fonseca, Lopez-Garcia, & Pissarides, 2001; McMillan & Woodruff, 2002; Rocha, 2004; Sarri & Trihopoulou, 2005; Schaper & Volery, 2004; Sternberg & Wennekers, 2005; Wong, Ho, & Autio, 2005). Fonseca, Lopez-Garcia, and Pissarides (2001) suggest that entrepreneurs’ participation in the market creates new jobs and reduces unemployment. Others state that the benefit of entrepreneurial firms is that they create new jobs and provide the knowledge and experience needed on how to do business (McMillan & Woodruff, 2002). This is supported by the findings of the Global Entrepreneurship Monitor (GEM) survey for the year 2011 that interviewed over 140,000 adults 18-64 years of age in 54 economies. The survey found that there were approximately 388 million entrepreneurs engaged in starting and running their businesses in 2011, among them a significant number of 141 million entrepreneurs were expected to create at least five new jobs in the next five years, and another 65 million were expected to create 20 or more jobs in the next five years. In addition, 69 million early stage entrepreneurs offered innovative products and new services and another 18 million sold at least 25 per cent of their products and services internationally (Kelley, Singer, & Herrington, 2011).

3.3.1 Importance of women entrepreneurship

The economic importance of women entrepreneurs as an important source of employment and potential growth is also recognized globally. The OECD 2004 report stated that there were more than 10 million women entrepreneurs in Europe who created approximately 15 million jobs and another 6.4 million women entrepreneurs in the US who created 9.2 million jobs. Recent investigations presented from the GEM showed that the total number of women early-stage entrepreneurs reached 163 million in 54 economies (Kelley, et al., 2011). There is no doubt that women entrepreneurs are important in regenerating the national economy by creating job opportunities for themselves and for others (Allen, Elam, Langowitz, & Dean, 2007).
Another important factor of women entrepreneurship is that they provide society with different types of services, especially when their businesses are centred in the service sector and local market (OECD, 2004; Omair, 2008). Women entrepreneurs have also made some significant societal changes by offering positive role models and enriching the image of female entrepreneurs. For example, Carolina Herrera, a famous fashion designer and entrepreneur who founded her company in 1980 and now six branches exit around the world and it is continuing to expand (Wikipedia, 2012); Estee Lauder is also another successful entrepreneur who was the only women listed on ‘Time’ magazine’s 1998 list of the most influential business geniuses of the 20th century (Wikipedia, 2012).

Entrepreneurship, and women’s entrepreneurship in particular, are important contributors to the social and economic development of a nation. Research in different economies has provided evidence showing the important role of women entrepreneurial activities (Allen, et al., 2007; OECD, 2004; Pollard, 2006; Scott, 1986; Weiler & Bernasek, 2001). This study considers the important role that women entrepreneurs may play in Saudi Arabia and the lack of model women entrepreneurs in this region. Since individuals are more likely to be inspired by individuals of the same sex, the investigation of this study may help in presenting models of existing successful Saudi women entrepreneurs.

3.4 Entrepreneurial drivers

There are different drivers that cause individuals to become entrepreneurs. These drivers are shaped by different life circumstances where social, economic and political factors influence an individual’s entrepreneurial behaviours (Hechavarria & Reynolds, 2009). Sarri and Trihopoulou (2005), suggest that policies and programs that aim to promote entrepreneurship should begin by investigating these factors.

According to Schumpeter (1947), entrepreneurial activities emerge as a response to economic change. He explains two types of responses to economic change: the adaptive response, and
the creative response. When an economy responds to an increase in its population by merely increasing the work force in the existing workplaces then that is an example of the “adaptive response” (Schumpeter, 1947). However, when the economy responds to the same situation by doing something new, it is called a “creative response” (Schumpeter, 1947). Schumpeter associates the creative response with entrepreneurship in that it responds to economic changes by doing something that is outside of the existing practice – something new. Accordingly, Schumpeter defines entrepreneurship as “the doing of something new or the doing of things that are already being done in a new way (innovation)”.

Similarly, Reynolds et al. (2002) investigated the factors that cause entrepreneurial activities. Considering the different motives that generate entrepreneurial activities, the researchers distinguished between two different types of motives: necessity-motives and opportunity-motives (Reynolds, Bygrave, Autio, Cox, & Hay, 2002). Consistent with Schumpeter’s adaptive response, necessity-motives exist when individuals start their businesses because other options for work are either absent or unsatisfactory, whereas, opportunity-motives exist when entrepreneurs start their businesses based on the individual’s perception of a business opportunity and this resembles the creative response (Acs, 2006; Acs, Desai, & Hessels, 2008; Block & Wagner, 2010; Hechavarria & Reynolds, 2009; Reynolds, et al., 2002).

McMullen, Bagby and Palich explain that entrepreneurs who are opportunity driven are actually “pulled into entrepreneurship by the attractiveness of the opportunity”, on the other side, those who are necessity driven are “pushed into self-employment because of an absence of attractive alternatives” (McMullen, Bagby, & Palich, 2008).

The literature has also provided ample examples of driving factors that either pushed or pulled entrepreneurs to establish their own enterprises. For example, both Cromie (1987) and Pistrui et al. (2001) examined the motives that stimulate men and women into becoming entrepreneurs (D. S. Cromie, 1987; Pistrui, Huang, Oksoy, Jing, & Welsch, 2001). The
findings of these researchers show that both genders have a number of factors that drive them into becoming entrepreneurs. Cromie (1987) found that ‘autonomy’ was an important motivator for both men and women entrepreneurs who expressed the need for controlling their own lives. Other motivating factors that affected both sexes in the study were ‘achievement’, ‘job dissatisfaction’, and ‘desire to make money’. He also identified important factors that motivated women in particular to start their businesses: career dissatisfaction and child rearing. Pistrui, et Al. (2001), on the other hand, found that the ‘need for higher earnings’ was the most important motivating factor for both sexes. Other factors that motivated both sexes were the ‘need for personal achievement’, the ‘desire to contribute to the success of an enterprise’, and finally ‘family security’.

Factors that motivated women entrepreneurs in particular were also considered. Weiler and Bernasek (2001) explored the causes of the rapid increase in entrepreneurship among women in the US for better understanding the new wave of women entrepreneurs. They found that women in the US are driven into entrepreneurship by a number of push factors. They explain that women face discrimination in the labour market and other work/family constraints that made women prefer to transfer to self-employment for its flexibility (Weiler & Bernasek, 2001). Belcourt (1990), on the other hand, examined the factors that influenced 36 successful Canadian women to become entrepreneurs. The study revealed that family was a major contributing factor. The female entrepreneurs in the study reported that they had gone through rejection experiences with their families and 50 per cent of the sample were raised with the absent fathers. Growing up in a perplexed authority relationship encouraged the children of these families to make career choices that rejected dealing with any authority figures, rather seeking ‘self-reliance’, ‘independence’ and ‘control over their own destinies’ (Belcourt, 1990).
In the United Arab Emirates, a neighbouring country to Saudi Arabia, with the same religion and language, Naser, Mohammed, and Nuseibeh (2009) presented a study that showed the factors that motivated women in UAE to become self-employed. The researchers found that government support, self-fulfilment, and the need for being financially independent were important factors that motivated these women to enter enterprise. However, the father’s and the spouse’s occupation were cited as the most important factors. (Naser, Mohammed, & Nuseibeh, 2009). The researchers argue that in the Arab countries women entrepreneurs, whose fathers or husbands occupy a good social position within the society, are advantaged by the position in their businesses and in making their way in other social and economic activities. In Oman, another neighbouring country to Saudi Arabia with a similar environment, the family’s and/or husband’s support also seems to play an important role in motivating women to become entrepreneurs. McElwee and Al-Riyami (2003), who investigated the factors that motivate Omani women to become entrepreneurs, found that family support and encouragement had a positive impact. They explained that because Oman is a patriarchal society, support from family and/or husband (managing their business, assisting them financially, providing them with business advice) is very important to Omani women’s businesses. Family members and/or husbands also become role models who inspire Omani women to become entrepreneurs.

The literature provides examples of different drivers that cause individuals to become entrepreneurs. It can be seen that these factors are shaped by different life circumstances where social, economic and political factors influence an individual’s entrepreneurial behaviours. There is a lack of literature on the factors that drive women in Saud Arabia to become entrepreneurs; this study attempts to provide an understanding of the factors that influenced successful Saudi women to become entrepreneurs.
3.5 Problems with entrepreneurship

The success and growth of entrepreneurship is fraught with peril. Many new businesses fail within the first five years and there are several factors that contribute to this failure. For example, lack of capital, lack of experience, lack of business premises, and business procedures are all factors that could possibly hinder entrepreneurship.

This study is concerned with three important factors that have a significant impact on the success and failure of entrepreneurship: cultural, gender-cultural and governmental regulations (Aldrich & Waldinger, 1990; Dana, 1999; Schaper & Volery, 2004). The cultural factors (gender generic factors) refer to the beliefs and values of a social group that may impact entrepreneurial activities. Gender-cultural factors (gender specific factors) refer to the beliefs and values of a certain group or culture that impact women entrepreneurship. Finally governmental factors refer to the impact of government regulations and policies on the growth and prosperity of entrepreneurship.

3.5.1 Cultural issues

There is considerable evidence to suggest that culture plays an important role in the growth or failure of entrepreneurial activities. Culture is defined as “those customary beliefs and values that ethnic, religious, and social groups transmit fairly unchanged from generation to generation” (Guiso, et al., 2006).

In Pacific Asia, some cultures have a positive orientation towards entrepreneurship and the support gained from the family motivates potential entrepreneurs to establish their own businesses. A good example of such cultures is China (Dana, 1999). In their attempt to understand how culture impacts entrepreneurship in central China, Pistrui, et al. (2001) found
that the family was the driving force behind entrepreneurship and enterprise development. Families provide the support entrepreneurs need and they create family-based business networks responding to their economic and social needs (Pistrui, et al. 2001). In China’s culture, the social network is very important and the individual’s link within the social network is known as guanxi. These strong connections motivate Chinese entrepreneurs to do business with close family members first, saving costs of building new relationships. Families in China are regarded as personal resources that entrepreneurs trust and rely on when starting a new business.

There are other cultures where entrepreneurship is still lacking, such as Laos (Dana, 1999) and sub-Saharan Africa (Amine & Staub, 2009). In Laos, where Theravada Buddhism is the adopted religion, the traditional belief system of Theravada plays a significant role in the discouraging of entrepreneurship among Lao men (Dana, 1995). The Lao cultural values suggest that unsatisfied desires can cause suffering and therefore forbidding desire will eliminate suffering (Dana, 1999). As a consequence they believe that commerce is a way to satisfy a desire and a decent person should not work towards the fulfilment of materialistic desires (Dana, 1995, 1999). These social forces that are heavily controlled by Theravada Buddhism have generated a non-entrepreneurial society.

The belief system in sub-Saharan Africa also negatively impacts the society’s attitudes towards entrepreneurship (Amine & Staub, 2009). In the rural areas of this region, witchcraft is practised and the sorcerers issue curses or provide protection against a curse (Amine & Staub, 2009). Amine and Staub (2009) report that part of the African family traditions is that members of the family support each other and those who get involved in business and fail to share their business wealth with the family may become subject to a curse, even if they need to reinvest the profits in the business or don’t make enough to share.
This fear may grow and become a significant contributor to negative views about entrepreneurship.

Culture plays a significant role in the growth and prosperity of entrepreneurship. The above examples show how culture may have a positive or a negative impact on the total entrepreneurial activities in a region. It is therefore important to understand how the Muslim culture impacts on entrepreneurship.

3.5.2 Gender-cultural problems

A significant amount of research from different countries has examined how cultural factors impact women’s entrepreneurial activities (Amine & Staub, 2009; Dechant & Lamky, 2005; Gray & Finley-Hervey, 2005; McElwee & Al-Riyami, 2003; Muhammad Azam & Pegram, 2010; Roomi & Parrott, 2008). Results from the GEM (2009) report consistently show that the rates of total entrepreneurship activities operated by men are higher than those operated by women. Studies show that women are more challenged by a number of barriers that prevent them from beginning an enterprise. Some of the obstacles women face are generic and others are specific to a certain group or culture. For example, women entrepreneurs in Islamic societies live in patriarchal, male-dominated societies, and face socio-cultural values and traditions that limit their entrepreneurial activities (McElwee & Al-Riyami, 2003; Roomi & Parrott, 2008). The gender-cultural issues that women encounter and their impact on business activities has been studied across a number of regions including sub-Saharan Africa (Amine & Staub, 2009), Morocco (Gray & Finley-Hervey, 2005), Pakistan (Roomi & Parrott, 2008), Oman, and United Arab Emirates.

In sub-Saharan Africa, the cultural environment is one of the factors that negatively impact the development of entrepreneurship among women entrepreneurs. The negative beliefs, attitudes and behaviours of the society in this region are disadvantaging business start-ups.
among women entrepreneurs (Amine & Staub, 2009). For example, Amine and Staub (2009) explain that in the Muslim communities of sub-Saharan Africa, it is not socially acceptable for a married women to work or own her business fearing that her independent source of income may change the balance of power with the husband, causing conflicts and embarrassments that may lead to the possibility of a divorce. The researchers argue that such cultural environmental barriers need to be changed before women entrepreneurs can take part in the economic development of this region. Overcoming cultural barriers will provide the support needed for those who are operating as entrepreneurs and help to limit their chances of failure.

In Morocco, a deeply rooted patriarchal society, women are subject to negative stereotypes, and are considered to occupy a lower position than men (Gray & Finley-Hervey, 2005). Women in Morocco are challenged by the traditions and their only chance to exercise control and power in different aspects of their lives is by engaging in entrepreneurial activities and making significant financial contributions to the household (Gray & Finley-Hervey, 2005).

Women in Pakistan live in an environment where deep-rooted discriminatory socio-cultural values and traditions exist (Roomi & Parrott, 2008). As in other Muslim societies, women in Pakistan live in a patriarchal society where men are superior and interacting with men is not socially acceptable. According to Roomi and Parrot (2008), these sets of social norms discourage women entrepreneurs. For example, they cannot easily interact with male bank officials, making it hard for them to gain significant start-up capital. A woman’s chances of acquiring business management and technical skills are also limited in Pakistan due to the restrictions of segregation and only a limited number of organizations provide training for women. Roomi and Parrott (2008) explain that these gender challenges that arise from feudal, tribal and geographical traditions are practised in Pakistan to show support and continuation for the religious values.
McElwee and Al-Riyami (2003) conducted a study that looked into the factors that are facing women entrepreneurs in Oman. In Oman, Islam is a main religion and Arabic is the spoken language. In this Arab society, a woman’s primary role is as a wife and a mother. Cultural factors seem to interfere in the working life of women entrepreneurs; for example, participants in the McElwee and Al-Riyami (2003) study were asked how cultural factors impacted their businesses. Some of the participants said that the administrative system in Oman makes gender distinctions, whereas others stated that they actually get more help than men and spend less time when asking for government assistance. Similarly, Dechant and Al-Lamky (2003) investigated the business start-up experience of ten women from Oman and Bahrain through semi-structured interviews. With an emphasis on the cultural factors that may affect the start-up of women entrepreneurs in Oman and Bahrain, Dechant and Al-Lamky found women entrepreneurs in both countries reported that they face difficulties competing with men in certain markets due to the culturally-enforced separation of men from women. The researchers found that the impact of this separation on women entrepreneurs in this region limited their access to resources and markets and narrowed their chances for networking, gaining business knowledge, brainstorming ideas, and obtaining potential marketing and sales leads (Dechant & Lamky, 2005).

Saudi Arabia’s unique setting is a good example to demonstrate the barriers of gender. The Library of Congress (2006) reports that women in this region are not given the same educational opportunities as those given to their male counterparts. In this segregated society for example, women are prohibited from studying certain majors in Saudi Arabia such as, engineering, journalism, and law, however, the number of female students has increased from 25 per cent to 47.5 per cent between the years 1970 and 2001 (Library of Congress, 2006). Other constraints that women face are:
• Women cannot travel to foreign countries unless accompanied by a spouse or a male relative.
• Women are prohibited from driving.
• Women undergo discrimination when entering non-traditional fields of employment and are isolated from their male counterparts.
• Women are not allowed to vote in the municipal elections (Library of Congress, 2006).

Besides being a patriarchal and male-dominated society, the massive oil revenues have also led this region to operate differently for men and women (Moghadam, 2005). In her research examining women’s economic experiences in the oil rich Gulf States, Moghadam (2005), explained that oil-rich economies generate high rates of profits that lead to the “patriarchal gender contract”. The researcher explained that men became responsible for earning money for the family and the women became the homemakers. This cultural attitude about the role of males and females resulted in a decrease in the demand for indigenous females in the work force. Renard (2008) further explained that the jobs that rural Saudi women used to occupy such as camel and sheep breeding and crafting have all but disappeared due to oil revenues that provide men with salaries that were enough to satisfy the family needs. The rural women were discouraged to work because cheaper imported goods were affordable (Bubshait, 2008; Le Renard, 2008). Consequently, standards of living improved, without women having to work and be exposed to outside danger (Le Renard, 2008).

Recently, however, the rights of women have been improving in Saudi Arabia. One aim of the reforms in Saudi Arabia is to empower women and secure their rights (Alshayeb, 2010). With the support of King Abdullah in 2009, the first woman was appointed to be Deputy Minister of Education, and a woman won a seat in the Chamber of Commerce and Industry for the first
time. Saudi businesswomen have been trying to overcome the barriers facing them and create a less restricted business environment (Arabic Knowledge @ Wharton, 2010).

### 3.5.3 Government problems

Government policies and procedures play a crucial role in either hindering or helping entrepreneurship. It is believed that entrepreneurial opportunities are higher in deregulated economies where entrepreneurs face few barriers and the market mechanism operates freely (Fogel & Zapalska, 2001). In such economies, the government has an important role to play in the process of new venture creation. The literature provides examples of the impact of government policy on entrepreneurship activities.

In Croatia, it has been recognized that the establishment of SMEs has restructured industry and offered new job opportunities for those who were laid off by large enterprises (Cuckovic & Bartlett, 2007). However, Cuckovic and Bartlett (2007) recognized a decrease in new firm formation at a low annual gross rate of 2.1 per cent in the years between 1999 and 2004. During this time, Croatia faced high levels of unemployment, and decreased economic competitiveness. This was supported in the Annual Report on Croatian Competitiveness that showed a significant decline in the business competitiveness of the Croatian enterprise sector from 52nd place in 2003 to 72nd place in 2004 among 104 countries (National Competitive Council, 2005). Cuckovic and Bartlett (2007) highlighted the main obstacles entrepreneurs faced when establishing a business in Croatia, and one of the major barriers was the role of the Croatian government. The findings of the research were based on focus group interviews with Croatian entrepreneurs who were not impressed with the effectiveness of government policy implementation. Further, they claimed that the regulatory framework restricted entrepreneurial businesses. Some of the problems faced in Croatia related to over-regulation, inconsistency, enforcement, and company registration procedures. The time and costs related
to registering a property for example, discouraged local entrepreneurs and obstructed foreign investors from investing in Croatia (Cuckovic & Bartlett, 2007).

Other examples can be found that show how government policies affect entrepreneurship activities from countries in the Asia Pacific region such as Cambodia, Indonesia, Laos, and Vietnam. Cambodia was disadvantaged by the Khmer Rouge\textsuperscript{4} regime in 1975 that cut off Western influences and created a pure agrarian-based communist society. The government policy reform resulted in ending private property, currency, existence of banks, and postal services. These factors eradicated entrepreneurs and the business sector that is now re-launching in an environment of high risk and ambiguity (Dana, 1999). Dana (1999) argues that for the Cambodian government to obtain the values necessary for a sustainable long-term entrepreneurship environment, it will need to establish a solid legal framework of ownership. The struggle with property is found in Indonesia as well. Anti-business policies were established between the years 1945 to 1966 and the Land Reform Bill of 1960 limited individuals to own up to 7.5 hectares only. Other challenges facing entrepreneurs are related to bribery. In order to obtain a business permit, entrepreneurs have to pay high fees to civil servants causing many entrepreneurs to operate without them. In Laos, the Communist takeover impacted the entrepreneurial environment in a negative way. Policies of the Lao People’s Democratic Republic that took over in 1975 ignored entrepreneurship activities. Vietnam’s government policy was directed towards creating what they call “a market socialist economy” and focused on the rural economy, the domestic market, and agricultural development. The government plan was to achieve self-sufficiency, but many problems have resulted, leading to a lack of specialization. For example, innovation and creativity have been hampered; there are shortages of energy, a lack of research and science, and weak international trade. These

\textsuperscript{4} The Khmer Rouge was the name given to the followers of the Communist Party of Kampuchea, the totalitarian ruling party in Cambodia from 1975 to 1979 led by Pol Pot (http://www.cambodia.org/khmer_rouge) Still not in reference sheet.
Examples illustrate the negative impact of government policies on growth and development. Governments that understand the important role of entrepreneurship to economic development and growth try to implement the policies needed to support the growth and success of these activities (Acs & Szerb, 2007). An example of such support and its outcomes can be seen in the United States of America. The US has developed laws and a system that nurtures the growth of entrepreneurship (Schramm, 2004). The US government is an important contributor to entrepreneurship; the government uses some of the tax revenues to encourage entrepreneurship.

The US economy has transformed from being a managerial to being an entrepreneurial capitalism economy. This significant change and the significant economic success that the US economy has enjoyed over recent decades are attributed to the remarkable efforts the government has put in trying to motivate entrepreneurs and make entrepreneurship easier and rewarding. There were several laws and institutions developed in US to support entrepreneurship, for example: a legal system that protects the rights of contract and property, state and local registration systems making it easy to start a business, a law that supports the financial system that encourages start-ups and growth of new ventures (Acs & Szerb, 2007; Schramm, 2004).

It is evident that governments contribute significantly to the success or failure of entrepreneurship. It is important that governments be aware of the important role entrepreneurship could play in developing a nation’s economy and thereafter deploy the policies and regulations that will ensure support for existing and potential entrepreneurs.

3.6 Chapter summary

This chapter reviewed the literature on entrepreneurship, its definition and its significant role on social and economic development, importance of women entrepreneurship, entrepreneurial driving factors, and factors impacting entrepreneurship.
The literature about entrepreneurship has showed that entrepreneurship in general plays a significant positive role in the social and economic developments of a region. Women entrepreneurs, in particular, were also sought to be significant contributors in providing jobs and reducing unemployment. With ample examples of women role models in other regions, the literature lacks women models in the Arab world, which may possibly play a significant role in inspiring and motivating other women to become entrepreneurs.

The literature has also provided an understanding of the factors that drive individuals to enterprise. There are those who are driven to entrepreneurship out of necessity, meaning that their options for work are either absent or unsatisfactory, and there are others who are opportunity driven, meaning that they seized a business opportunity. Once more, examples were provided from different economies, however, factors that motivated Saudi women entrepreneurs were not provided in the existing literature.

Additionally, this chapter reviewed the literature on the problems facing entrepreneurship growth. There are three factors identified in the literature that have a significant impact on entrepreneurship, for example: cultural, gender-cultural, and governmental factors. The cultural factors are gender generic factors that look into how the beliefs and values of a group or society impacts entrepreneurship. Gender-cultural factors are gender specific factors; the literature shows that these factors have impacted women entrepreneurs and in some regions have discouraged them from starting an enterprise. Finally, government factors are concerned with policies and regulations that governments implement and how they have an impact on entrepreneurial activities. Again, there is a gap in the literature regarding the problems Saudi women entrepreneurs face in their businesses.

Because of the scarcity of scholarly literature on the business environment of the Saudi women entrepreneurs, this study is necessary to contribute to the existing literature. This study will help in understanding more about the business experience of Saudi women
entrepreneurs, their role in the community, their deriving factors to enterprise, the problems they faced when starting up their businesses, and their successful strategies. Since the existing literature on women business owners has been criticized for its reliance on structured surveys, this study will use a qualitative case study method to collect data through open-ended face-to-face interviews with ten successful Saudi women entrepreneurs.
Chapter 4
Methodology

4.1 Introduction

In this research, a qualitative approach was used in an attempt to explore the motives that drive Saudi women into becoming entrepreneurs, to describe the problems that these women face when establishing their businesses, and to explain the strategies that they use to help solve those problems.

This chapter explains the process by which this research was carried out to answer the research question, what types of problems Saudi women entrepreneurs faced and what strategies they used to solve them?

The starting point was the allocation of the participants followed by the actual interviews. A research design was developed for the purpose of guiding the process of this investigation.

4.2 The rationale for the research

The existing literature on women business owners has been criticized for its reliance on structured surveys that offer limited opportunities for entrepreneurs to explain their own thoughts, experience and methods of obtaining business (Cliff, 1998). Therefore, this study used a qualitative case study method to collect data through open-ended face-to-face interviews with Saudi women entrepreneurs.

A qualitative approach allows the participant to tell the story of their business journey and their experience (Corbin & Strauss, 2008). The researcher, on the other hand, has the chance to explore the meanings that participants attach to their behaviour, how they understand situations, and what their viewpoints are on certain issues (Woods, 1999). A qualitative research approach allows the investigator to get at the inner experience of the participant and
understand how the factors presented in the literature review (culture, gender, and government related problems) impacted them and, eventually, explore what other variables there are that may be of significance (Corbin & Strauss, 2008).

This approach enabled the investigator to connect more with Saudi women entrepreneurs, exploring the business environment in which they operated and elucidate narratives of successful business strategies supported by the voice of the Saudi women themselves.

### 4.3 Research design

A methodology of this research follows the research design below in Figure 4.2. The Research Design.

![The Research Design](image)

Figure 4.2. The Research Design

The design was developed to serve as a road map for conducting this research. It was divided into three stages:
1. Stage one provided detailed information about the allocation of the participants and the initial preparations for conducting the interviews.

2. Stage two involved conducting the interviews including the use of recording and probing.

3. Stage three was the analysis process by which coding and grouping techniques used to analyse the collected data.

4.4 Stage One

4.4.1 Allocating participants

The initial step in allocating the participants was to describe the population of interest (Sapsford & Jupp, 2006). Babbie (2007) refers to this method as “Quota and “Snowball Sampling”. The quota sampling started with a list of the characteristics of the target population. In this regard, the characteristics required in this research are Saudi women entrepreneurs who meet the following criteria:

- Age of the business two years and above.
- The selected respondent is the founder and decision maker of the business.
- The selected respondents represent different regions of Saudi Arabia.

The allocation of participants started in New Zealand. The aim was to select 10-15 participants. Below is a description of how the women were located and contacted:

1. The first attempt was to use the Internet and search for successful Saudi businesswomen in the Saudi media. Two successful Saudi women were selected at this stage. Their success stories appeared in the local and international press. Later, an
e-mail was sent to them after taking their contact information from their business websites. However, there were no replies.

2. A phone call was made to a female key informant who used to work in the government and industry. This was a necessary move because an informant, as suggested by Babbie (2007), is “someone who is well versed in the social phenomenon that you wish to study and who is willing to tell you what he or she knows about it”. The informant was told about the purpose of the call and what the study was about. The informant immediately expressed her interest in the topic especially as there was a lot of debate going on about the role of Saudi women in the society. The informant was asked if she could refer any Saudi women entrepreneurs who best fit the purpose of the study. She provided a list of ten names along with their mobile numbers.

3. The ten suggested entrepreneurs were contacted from New Zealand. The aim was to introduce the researcher to them and explain to them the reason for the call. The respondents were very welcoming but only four agreed to participate in the interviews, and three did not meet the research requirements. The remaining three were overseas and expressed their regret for not being able to participate in this research. However, they offered their help and one of them referred me to four of her friends who were very well established in the business environment.

The sample included people from different cities in Saudi Arabia, for example, five were from Riyadh, the capital city, one was from Dhahran located in the eastern province of Saudi Arabia another two were from Jeddah (a sea port city) and the final two from Medina, one of the two holiest cities in Islam. Both Jeddah and Medina are in the western part of Saudi Arabia.

Arriving in Saudi Arabia, the plan was to arrange appointments to interview the sample. So the next step was to call the ten participants once more to arrange appointments with them. It
was difficult to fix dates to meet the sample. Therefore, the researcher had to go by what suited the samples’ timetable. For this reason, the interviews took the following order:

- First interview was in Medina
- Second, third, and fourth interviews in Riyadh
- Fifth interview in Dhahran
- Sixth and seventh interviews in Riyadh
- Eighth interview in Medina
- Ninth and tenth interviews in Jeddah

4.4.2 Preparing an Interview Guide

An interview guide was prepared to remind the researcher of the important areas that needed to be discussed in the interview. Minichiello, et al. (1990) suggest that preparing a list of the issues that need to be covered in an interview before entering the field will help the researcher to do a good interview.

Further, the interview guide was outlined from the literature review. The five areas that were identified in the literature review and listed in the interview guide were:

1. The motives for starting up a business
2. The initial stages of the establishment of the business
3. The process by which the business was established
4. The problems faced during the establishment of the business
5. How the problems faced have impacted the business
6. The methods chosen for overcoming the problems faced
4.5  Stage Two

4.5.1  Conducting the interviews

This stage began with an informal conversational interview. This type of interview, as Patton (2002) explains, is an open-ended method that will enable the researcher to obtain information about the interviewee through questions that follow the direction of the interview. Unstructured interviewing was used to gather the data. Once more, this technique helped extract the information needed through a social interaction between the interviewer and the informant (Minichiello, Aroni, Timewell, & Alexander, 1990). All ten open-ended interviews were conducted at the participant’s place of business. The interviews were conducted in Arabic and lasted between 50-60 minutes. The interview guide that was prepared was used to help guide the interview.

4.5.2  Recording the interview

Minichiello, et al. (1990) mentions that tape recording is one way of gaining a full and exact record of the interview. Because the data collected needed translation from Arabic to English, the taping strategy was very beneficial in keeping a record of the actual interview. The translating and transcribing process took eight to nine hours.

4.5.3  Probing

Probing is “a technique employed in interviewing to solicit a more complete answer to a question. It is a nondirective phrase or question used to encourage a respondent to elaborate on an answer”.

Two types of probing suggested by Minichiello, et al. (1990) were used in the interviews: primary questions and probing questions.
Primary questions were used to start the interview and introduce new topics to the discussion (Minichiello, et al., 1990). For example:

- How many years have you been in the business?
- What type of services are you offering?

Probing questions were asked for the purpose of obtaining more detailed information than those provided from the primary questions (Minichiello, et al., 1990). For example:

- Can you explain more?
- What do you mean by regulatory issues? Can you please give me an example?

4.5.4 Finishing the interview

At the end of the interview, the researcher asked participants to give their recommendations for potential entrepreneurs. The aim was to show the informant that the interview was finishing. After the recommendations, the participants were thanked for sharing their business success stories and their valuable time. The participants showed interest in the topic and asked for a copy of the research when completed.

4.6 Confidentiality

Participants were guaranteed confidentiality and that the recordings were for the purpose of the research only. The participants also were told that there would be no mentioning of names in the research.

4.7 Stage Three

4.7.1 The analysis process

The analysis process took the form of a content analysis. Patton (1980) suggests that “classifying qualitative data in preparation for content analysis is to facilitate the search for
patterns and themes within a particular setting or across cases”. Therefore, the data gathered was organized and classified into three groups.

The interviews were completed, translated, transcribed and made ready for the analysis. The techniques used for analysing the data were coding and grouping.

4.7.2 Coding

Coding is “a means of reorganizing the data according to conceptual themes recognized by the researcher” (Minichiello, et al., 1990). To organize the coding process the “All-But-Dissertation Survival Guide” (http://www.abdsurvivalguide.com/News/020603.htm) by Foss and William Waters (2003) was used. The coding process followed the following steps:

1. An overview of the data was the first step to take. The aim was to look for things that answer the research questions. The research questions suggest the categories to be coded. The research questions were:

   *Question one:* what were/are the entrepreneurial motives?

   *Question two:* What were/are the problems faced?

   *Question three:* what strategies were/are implemented?

   *Question four:* Any other concerns?

2. The next step was to add names to the coded materials. Minichiello, et al., (1990) suggests naming codes with names that best match the concept they are describing. Therefore, the codes were named as follows:

   Answers to question one are labelled “Motives”

   Answers to question two are labelled “Problems”

   Answers to question three are labelled “Strategies”
Answers to question four are labelled “Other”

3. Later, the coded data was assessed again with more focus. The aim was to try to sort the data into categories. For example, under “Motives” two piles were developed which are: “Push Motives” and “Pull Motives”. Further, under “Problems” four piles were developed which are: “Culture Problems”, “Government Problems”, “Gender Problems”, and finally “Other Problems”. And under “Strategies” the piles developed were “Family Support”, “Partnership”, and “Prior work Experience”.

Having coded the data it is time to make sense of it by grouping ideas together, looking for patterns and themes to obtain a better understanding of the phenomenon.

4.7.3 Grouping

Sapsford and Jupp (2006) explain that grouping and comparing in qualitative research help shape the main idea into a firm conclusion that is supported by both evidence and argument.

The grouping technique aims to group similar characteristics identified from the previous step. When comparing and contrasting the ideas generated from the data, three groups were identified. The three groups were labelled by names that best describe their characteristics.

The three groups were:

1. The Elite group: this group consisted of four elite Saudi women.

2. The Niche group: consisted of two middle class professional women.

3. The Vocational group: this group consisted of four middle class women.

The grouping was based on the similarities found among each group in terms of the entrepreneurial motives, the types of problems faced, and the strategies they implemented to solve their problems.
4.8 Chapter summary

This chapter started by explaining the logical reason for choosing a qualitative case study approach as a method for conducting the research. The primary focus was to interview successful Saudi women entrepreneurs in Saudi Arabia. A research design was developed to serve as a road map by which this research is carried out, starting with the allocation of participants in New Zealand, through to the collecting of the data in Saudi Arabia, and finally ending with the analysis in New Zealand.
Chapter 5
Findings and Discussion

5.1 Introduction

This chapter presents the findings of the research. The chapter is divided into four sections:

1. *Entrepreneur’s profile*: presents brief background information about the participants.

2. *Entrepreneurial driving factors*: looks into the push and full factors that motivated Saudi women entrepreneurs to start their businesses. The pull factors that helped entrepreneurs launch their businesses will then be used to classify participants into groups.

3. *Entrepreneurship problems*: investigates the problems faced by each of the groups developed.

4. *Entrepreneurship strategies*: reveals the identified strategies that are used by Saudi women entrepreneurs to help them overcome their problems.

5.2 Entrepreneurs’ profiles

As mentioned earlier in the literature review, women entrepreneurs make positive contributions to a region’s economy by creating new jobs for others or for themselves and by providing new services for their communities (Allen, et al., 2007).

Participants in this investigation provided various types of services for the society as shown in Table 5.2.1 Participants Profile. Two of the participants were in the food industry business; one was running cafes and restaurants located in public places and the other had a home-based baking business. Another two participants were in the
education sector, running kindergartens, primary schools, and also providing training classes for graduate students. Further, two participants owned women-only shopping centres, encouraging and motivating potential entrepreneurs to run their businesses at their centres thus saving them the time and effort of acquiring business place licenses. Another two participants worked in real estate, and the final participant worked in architecture and design.

<table>
<thead>
<tr>
<th>Name</th>
<th>Years in Business</th>
<th>Business status</th>
<th>Staff</th>
<th>Business Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant 1</td>
<td>Four years</td>
<td>Partner Decision maker</td>
<td>20+</td>
<td>Pre-school</td>
</tr>
<tr>
<td>Participant 2</td>
<td>Four and a half years</td>
<td>Partner Decision maker</td>
<td>15+</td>
<td>Women-only service centre.</td>
</tr>
<tr>
<td>Participant 3</td>
<td>13 years</td>
<td>Self-owned</td>
<td>20+</td>
<td>Women-only shopping centre</td>
</tr>
<tr>
<td>Participant 4</td>
<td>18 years</td>
<td>Partner Decision maker</td>
<td>80+</td>
<td>Women-only restaurant, cafes, and pre-school</td>
</tr>
<tr>
<td>Participant 5</td>
<td>3 years</td>
<td>Self-owned</td>
<td>20+</td>
<td>Architect</td>
</tr>
<tr>
<td>Participant 6</td>
<td>Four and a half years</td>
<td>Self-owned</td>
<td>15</td>
<td>Women-only Boutique</td>
</tr>
<tr>
<td>Participant 7</td>
<td>20 years</td>
<td>Self-owned</td>
<td>40+</td>
<td>Trade, import, export,</td>
</tr>
</tbody>
</table>
5.3 Entrepreneurial Driving Factors

Participants were asked about their reasons for choosing to enterprise to get a better understanding of their entrepreneurial motives. Their motives are shown in Table 5.3.1 Entrepreneurial Motives (Push and Pull factors).

<table>
<thead>
<tr>
<th>Participants</th>
<th>Entrepreneurial Motives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Push factors</td>
</tr>
<tr>
<td>Participant 1:</td>
<td>Self-fulfilment</td>
</tr>
<tr>
<td>“It has been a dream for me to start my own primary school and manage my own business”</td>
<td>Achievement</td>
</tr>
<tr>
<td>“My family were very supportive and encouraging”</td>
<td></td>
</tr>
<tr>
<td>“My uncle offered to partner with me, this helped the business financially”</td>
<td></td>
</tr>
<tr>
<td>Participant 2:</td>
<td>Flexible working hours</td>
</tr>
<tr>
<td>“I quit my job because my child”</td>
<td></td>
</tr>
<tr>
<td>Participant 3:</td>
<td>Self-fulfilment</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------</td>
</tr>
<tr>
<td>“I grew up loving the business of my family and always wanted to be like them”</td>
<td>Achievement</td>
</tr>
<tr>
<td>“I saw a market opportunity”</td>
<td>Market opportunity</td>
</tr>
<tr>
<td>“The whole family is involved in business, and their support encouraged me to establish my business”</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participant 4:</th>
<th>Self-fulfilment</th>
<th>Family support</th>
</tr>
</thead>
<tbody>
<tr>
<td>“I always wanted to be a business women”</td>
<td>Achievement</td>
<td></td>
</tr>
<tr>
<td>“I saw a market opportunity”</td>
<td>Market opportunity</td>
<td></td>
</tr>
<tr>
<td>“My husband supported me all the way”</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participant 5:</th>
<th>Self-fulfilment</th>
<th>Family support</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Ever since I was a kid, I always loved to play as being a manager”</td>
<td>Achievement</td>
<td></td>
</tr>
<tr>
<td>“I have leadership skills in me”</td>
<td>Job dissatisfaction</td>
<td></td>
</tr>
<tr>
<td>“there was frustration in my job”</td>
<td>Market opportunity</td>
<td></td>
</tr>
<tr>
<td>“Father was very supportive, providing me advice and guidance when I needed”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“I saw a market opportunity when I heard about the government funds for women entrepreneurs”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“My professionalism was rare in the Saudi market as a women in this field”</td>
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<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Participant 6:</th>
<th>Market opportunity</th>
<th>Family support</th>
</tr>
</thead>
<tbody>
<tr>
<td>“I saw a market opportunity”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“I travelled with my father for business trips, he was a role model to me and very supportive”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participant 7</td>
<td>Self-fulfilment</td>
<td>Family support</td>
</tr>
<tr>
<td>---------------</td>
<td>-----------------</td>
<td>----------------</td>
</tr>
<tr>
<td>“I saw a market opportunity”</td>
<td>Achievement</td>
<td></td>
</tr>
<tr>
<td>“My brother was supportive especially in the early stages of establishing the business”</td>
<td>Job dissatisfaction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market opportunity</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participant 8</th>
<th>Job dissatisfaction</th>
<th>Government support</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Not pleased with my job, I thought I could do more”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My husband, mother, and family friends were very supportive and encouraging”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“I saw a market opportunity when I heard about the government funds for women entrepreneurs”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“My professionalism was rare in the Saudi market as a women in this field”</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Participant 9</th>
<th>Job dissatisfaction</th>
<th>Business opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>“I was not satisfied with my job”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“My family supported me and provide their advice”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“Me and a friend of mine decided to partner and start a bakery business from home”</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participant 10</th>
<th>Lack of job opportunities</th>
<th>Family support</th>
</tr>
</thead>
<tbody>
<tr>
<td>“There were no job opportunities”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“My family was very supportive”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“Partnering helped in financing the business and providing the capital needed to launch it”.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.3.1 Entrepreneurial Motives (Push and Pull factors), showed several motivating factors that are consisted with the literature. The data suggests that Saudi women entrepreneurs are motivated by a combination of push and pull factors. While push factors
embedded in Saudi women entrepreneurs the desire and hope to become entrepreneurs, pull factors facilitated the Saudi women entrepreneurs’ path to actually become entrepreneurs.

5.3.1 Push factors

Interestingly, the data noted two types of push factors. One type of push factors resulted from opportunity reasons; for example, participants 1, 3, 4, 5 and 7 explained that becoming a successful entrepreneur was like a dream to them and an opportunity to show the society the positive contributions the Saudi women entrepreneur can make to the society. The women entrepreneurs expressed how it was important for them to send positive messages of what the Saudi women can accomplish. Hence, factors like ‘Self-fulfilment’ and ‘achievement’ were found to be an important push factor for Saudi women entrepreneurs, this supports the findings of Cromie (1987) and Naser, Mohammed, and Nuseibeh (2009) who found that achievement and self-fulfilment were important motivating factors that added satisfaction to women in successfully starting their businesses.

The other type of push factors resulted from necessity reasons. For example, factors like ‘Flexible working hours’, ‘job dissatisfaction’, and ‘lack of job opportunities’ were motivating factors for participants 2, 5, 8, 9, and 10. Participant 5 explained that there was frustration in the job and participant 8 agreed and mentioned that the job did not give her the freedom of choice and prevented her from presenting her ideas. Participant 9 expressed that her job was not paying enough. These reasons also support Cromie’s (1987) findings about the role ‘job dissatisfaction’ plays in motivating individuals to become entrepreneurs. Further, participant 10 adds that the ‘lack of job opportunity’ motivated her to think about starting her own business. On the other hand, participant 2 reported that she quit her job because she had a child who needed her care and the job was taking all her time. Therefore, self-employment was the best option for her so that she can set her own working hours and provide her self the time she needs for her children. Cromie (1987) refers to this motive as “child-rearing” meaning
that women establish their own businesses to be able to spend more time with their young children.

### 5.3.2 Pull factors

These are the factors that helped Saudi women entrepreneurs to actually establish their businesses. These factors facilitated the launching of the successful Saudi women’s enterprises, for example:

- Family Support
- Government Support
- Professionalism
- Partnership

**Family Support**

All ten participants consistently expressed how family was a significant factor in their decision to become entrepreneurs. For example, one participant mentions that:

> Ever since I was a child, I enjoyed watching my family in the business. I learned a lot from them through business travels. I was waiting for my moment. My family backed me up all the way, them believing in me and in what I can do was the main reason for me to start the business and succeed. [Participant 3]

The participant explained how her family were her role model. Her strong ties with the family and the experience she gained from her childhood are significant driving factors that played a role in her decision to become an entrepreneur.

Another participant added:
My husband encouraged me all the way and my family always showed me how proud they were for me and for what I have achieved. I wouldn’t be standing here in my restaurant if it weren’t for them. [Participant 4]

Participant 6 also said:

When I thought about establishing my own business my father was very supportive and provided me with a lot of help from the start. Some business procedures I did not have to worry about because it was all taken care of by my father’s employees. I didn’t bother with the business feasibility study, for example. [Participant 6]

Participant 1 added:

My husband, uncle, and brother were my big supporters financially and morally. I owe my business success to them. [Participant 1]

The role that the family played in the participants’ career life was significantly important. The above examples are consistent with the findings of Naser, et al., (2009) and McElwee and Al-Riyami (2003) who found that the social positions of the family and the support gained from them are key players in the shaping of women entrepreneurs in Arab societies, especially that of the Arab Gulf region (McElwee & Al-Riyami, 2003; Naser, et al., 2009).

**Government Support**

Two participants expressed the important role the Government played in their decision to begin their enterprise. Participants emphasised that the government financial role had played a major role in them becoming entrepreneurs. One participant reports that:

I had a business idea but it was put on hold because I lacked the capital needed to launch the business. When I heard about the “Prince Sultan Funds” for potential

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5 Prince Sultan Fund is an independent financial and non-profit unit acting as a technical and financial support structure for small, new or ongoing projects initiated by women. The aim is to support small business projects initiated by women Mokhtar, H. a. (2009). Prince Sultan Bin Abdulaziz Fund: Supporting women’s small businesses. *Arab News* Retrieved 5 Feb
investors I thought that this was a golden opportunity for me and I had to seize it. I applied for the fund and one of the requirements was to prepare a feasibility study and present it to the board of directors. I did not have enough time to prepare it so I had to rely on my confidence in the business idea. At the interview, I explained the business idea in full detail. Later they approved my application and I was granted the loan. Besides the fund, the “Prince Sultan Funds” also helped guide me and give me the tools I needed, for example, it taught me about human resources development, accounting, finance, marketing and cash management, in short everything related to building the business idea I have. [Participant 5]

Participant 8 also added:

I had a business idea but I did not have the funds. When I heard about the Centennial Fund⁶ I thought this was my chance of a lifetime and so I immediately applied. I then began to prepare the business plan and the feasibility study. I did not know how to do a feasibility study, but I decided to learn how. I sought help from friends and I was determined to learn everything about how to do a feasibility study. Later I went to present my idea to the board of the Centennial Fund and I was feeling very confident. I was informed later that my application was approved. [Participant 8]

The example above shows that the support that the participants had from the government has motivated them to start their businesses. This is supported in the findings of Naser, Mohammed and Nuseibeh (2009) who found that financial support form the government especially in the start-up capital was an important factor that motivated women to launch their
own enterprises. The support provided from the Saudi government was financial and technical. The participants were given the opportunity to learn different managerial skills that will help them in running their businesses. It is suggested that the government is supportive to women entrepreneurs with innovative business ideas.

**Professionalism**

Two participants expressed their passion for their field of study and so they were constantly thinking about establishing a business that best fits their professional field.

*When I graduated from college I had a job. I was not pleased with my job because it was completely different from my field of study. Though getting a job is something for which I should be thankful and keep it, yet, I was not comfortable and I thought that I could do better than this. So I decided to go to the Chamber of Commerce and seek help on how to start my own business. A trainee who worked there advised me to work and gain experience first. Months later, I found a job where I could get training in my field of speciality. Getting the experience, I was able later to launch my business.*

[Participant 5]

Participant 8 also said:

*After my graduation I had a job that was not in my area of study. I discovered that I love my job and what I can do for others. I started searching and learning about this new field that I am working in. I then decided to proceed with my education; I changed my major and was able to obtain a Masters degree in this new field. Being confident of what I can do, I immediately started thinking about running my own business.*

[Participant 8]

The Participants above were confident in what they do and what they can provide for others. Their passion for their speciality has driven them to start their businesses and apply what they have learnt.
Partnership

Half of the participants were encouraged to start their businesses by partnering with other investors. Partnership had a number of advantages, for example, financially as Participant 1 said:

My uncle offered me one of his properties to open my business in exchange for partnering with me the business. Needing the property, I immediately agreed.

[Participant 1]

Participant 2 also agrees:

I had the business idea but did not have the money to fund it. I later heard about a relative of mine who wanted to invest her money but did not know how. So I introduced my business idea and she liked it. We later started the business as partners.

[Participant 2]

Partnership also provided participants with moral support by sharing the responsibilities and goals of the business, for example:

My husband and my uncle are my business partners. Partnering with them is beneficial to the business because they worry about the business as I do. They do the business follow-ups at government departments so I don’t need to hire a stranger to do this job. [Participant 1]

Participant 4 also agrees; she adds:

I partnered with a male member of the family. From my point of view, it was a wise thing to do. Living in a patriarchal society where men are in the centre almost everywhere you go, it would be more convenient to have a male do all the paper work and the business follow-ups. [Participant 4]
Partnership was a driving factor for the participants to start their businesses. This factor has facilitated obtaining the capital needed for starting the business; also, male partnership has facilitated the business registration procedures for the participants who are living in a patriarchal society.

5.4 Grouping

Based on the information provided, participants were able to pursue their dreams and launch their business successfully because of pull factors. This is consistent with Naser, Mohammed and Nuseibeh’s conclusions that pull factors are attributed to positive developments. Three groups were developed and labelled using the grouping technique (Sapsford & Jupp, 2006).

The grouping emphasized the pull factors that facilitated participants to start-up their businesses. These pull factors are shown in Table 5.4.1 Participant groups and entrepreneurial pull factors.

<table>
<thead>
<tr>
<th>Group of Participants</th>
<th>The Elite Group</th>
<th>The Niche Group</th>
<th>The Vocational Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Driving Factors</td>
<td>Family Support</td>
<td>Family Support</td>
<td>Family Support</td>
</tr>
<tr>
<td></td>
<td>Government Support</td>
<td></td>
<td>Partnership</td>
</tr>
<tr>
<td></td>
<td>Professionalism</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The groups were labelled as ‘The Elite group’, ‘The Niche group’ and ‘The Vocational group’.

The Elite Group: this group consists of four women entrepreneurs. Participants in this group resemble each other in that their families’ support helped them to become entrepreneurs.
Participants in this group are elite, educated, middle-aged women who come from elite, very well known, wealthy Saudi families in the region.

**The Niche Group:** this group consists of two women entrepreneurs. Participants in this group resemble each other in that they were able to start their businesses because of three main pull factors: family support, professionalism, and government support. These three factors have enabled them to start their businesses.

**The Vocational Group:** this group consists of four women entrepreneurs. Participants in this group resemble each other in that family support and partnership helped them in starting their businesses.

Having grouped the participants, it is now important to obtain a deeper understanding of the problems each group faced in terms of the cultural, gender-cultural, and governmental problems. Getting a better insight into the problems faced by each group and how they overcame those problems will result in identifying the strategies they devoted to succeed in their businesses.

### 5.5 Problems

Participants were asked about their business establishment experience and the problems they faced. The data shows that each of the three groups had a different perception of the problems they faced. The main problems this study is concerned with are cultural, gendered-cultural and governmental. Other problems were also discovered and will be revealed in this study.

#### 5.5.1 Cultural Problems:

In this part of the investigation the main concern was to understand whether culture had a negative impact on the participant’s business. The study aims to get a better understanding of
how the beliefs and values of a society that were mentioned in the literature may have impacted their businesses.

5.5.1.1 The Elite group

According to this group, cultural problems were not significant. This group was born and raised in a business environment and so it was acceptable to their families and the people around them to establish their own businesses.

Participant 3 had an interesting experience with authorities from the religious establishment, she says:

> When I first started, I had a boutique selling women’s lingerie. I remember once, the driver dropped me on the main street, and as I was walking towards the boutique’s entrance door, I was looking at a new lingerie catalogue. Across the street a couple of men from the religious establishment glimpsed me and suddenly they made a quick turn, and they were aiming at me. I was scared and started to knock harder at the door so that they would open faster. However, the men arrived and it was like they were arresting me and asked me to get in the car. I refused, so they asked my identity as they thought I was a foreigner because my face was uncovered. I told them I am a Saudi citizen, and when I mentioned my name they immediately recognized it as it resembles the name of a high authority figure. When they knew he was my uncle, they walked away. I felt fortunate to have my family. [Participant 3]

This example shows that family status and its position in the society influences entrepreneurs’ business life. This supports the findings of Naser, Mohammed and Nuseibeh (2009) who found that the father’s and the spouse’s occupation was cited as the most important factor. The researchers argue that in the Arab countries, if the father or spouse occupies a good social position in the society then that facilitates the business and other social and economic
activities of women entrepreneurs (Naser, et al., 2009). In the example above the religious police from The Committee of the Promotion of Virtue and the Prevention of Vices (CPVPV) are the enforcement authorities of the Saudi religious establishment. The CPVPV (as mentioned in Chapter 2) view themselves as the protectors of the country’s ethics and therefore their major role is to monitor public places and make sure that all practices adhere to Islamic Law. Interestingly, the religious establishment authorities were about to arrest the participant for viewing lingerie catalogue in a public space because they thought it was inappropriate and against the society’s Islamic ethics, however, they discarded their charges when they discovered her family name.

The above example supports the argument of Pistrui, et al., (2001) that family is a driving force behind entrepreneurship and enterprise development. The family provided the participant the confidence to proceed in her business, believing that she has a strong family name that will ensure the protection and success of her career choice. However, the above example also shows the powerful position of the religious police in Saudi Arabia who strongly enforce cultural norms and traditions on the society. Saudi women entrepreneurs are challenged by the power of the religious establishment, those who are from the elite are fortunate to belong to very well families and their family names serves as a protection shield for them. Yet others are battling their way through their businesses. Some women entrepreneurs shut their businesses and others change their business activities to either please the religious police or to put an end to the problems coming from them.

Another cultural experience was related to the society’s acceptance of the type of business.

Participant 4 says,

*I travel a lot so I started the business as a bag merchant. I was challenged by the way people looked at me. I wasn’t shy; in fact I loved it. People think because you are rich you have to start big. That is not true. I enjoyed climbing the ladder step-by-step and*
Once more the role of the family impacts the participant’s reaction to the society’s judgement. The participant above explained that in her early stages, people around her did not accept the idea of her being a merchant bag. According to the participant people thought this was not a suitable thing to do for a woman who comes from a wealthy family. However, the participant refuses to adhere to what people are thinking of her business and the way she started. The participant’s family support encouraged her in proceeding with the business and growing with success.

Since family is an important part of the Saudi culture, the elite group are fortunate to have their family beside them during the establishment and throughout their businesses.

5.5.1.2 The Niche group

There were no cultural problems mentioned by this group. The group expressed that they received encouragement from family and friends to proceed with their businesses. In fact, this group was encouraged by the government to proceed with their business for its rareness in the Saudi market. Therefore, no cultural challenges were mentioned in the data. Local and international media covered their business story. The support this group is getting ensures that the Saudi government is concerned about the role of Saudi women in society and is putting efforts to promote entrepreneurship among Saudi women.

5.5.1.3 The Vocational Group

This group, also, did not mention any cultural problems that they faced. The group had no cultural problems with regard to the idea of enterprising.
5.5.2 Gendered-Cultural problems

According to the literature, women entrepreneurs in Islamic societies live in patriarchal, male dominated societies challenged by socio-cultural values and traditions that limit their entrepreneurial activities (McElwee & Al-Riyami, 2003; Roomi & Parrott, 2008). Participants revealed some of their gendered-cultural challenges that they had to go through during the early stages of their business establishment.

Back then, there were not many women-only tailor shops. This type of business was new in the market. The business was going well but the religious authorities were always showing up to monitor the place. It was annoying. Sometimes they get false reports about us probably from other competitors of ours, and so they constantly come to monitor the place and make sure we are complying with the law. After a couple of successful but challenging years, I decided to change the business from women-only tailor shops to trade, import, export, and construction work. This major shift in the business has saved a lot trouble. [Participant 7]

Participant 6 adds:

I face some customers who still have suspicions about women-only places. A woman may refuse to try a dress on expressing that her husband or father forbids her from doing so. So we came up with a new service to please our niche customers that was to deliver the item to their residential place for them to try on. [Participant 6]

The examples demonstrate that there are negative stereotypes about women-only boutiques. According to participant 7, when she first opened a women-only tailor shop, that type of business (owned, operated and targeted for women only) was new at the time and there were only a few shops that existed. At that time, the religious police was not comfortable with women-only spaces where they have no access. This put a lot of frustration on the religious establishment and raised suspicions about these spaces. Rumours were spread about women-
only shops, for example, that men sneak in from secret doors, and that un-appropriate movies are shown inside and a lot of activities that are against the Islamic law. For this reason, participant 7 mentions that there were females assigned by the religious police who constantly spied and monitored her place. The Participant couldn’t resist this situation, however, she did not give up her business career, and in fact she only changed the business activity. According to participant 6, negative stereotypes about women-only boutiques will continues to exist, however, there will always be a way to deal with them.

5.5.2.1 The Niche group

Participant 5 reports that she had some gendered-cultural challenges in the early stages of her business. For example she says:

\begin{quote}
People in the beginning criticized me for giving the business my name. They said, “Why do you give it your name?” Their complaints made me more determined to keep my name and be proud of it. I think that women in Saudi can achieve and they should be proud about what they have accomplished and not hide their identity. Our society needs to accept this. [Participant, 5]
\end{quote}

The participant points out the situation of women living in some Muslim patriarchal societies. The society believes that it is against the values and traditions that a female exposes her name on a sign and displays it publicly where men can see it. Roomi explains that such a situation of women who live in patriarchal societies “is one of systemic subordination determined by specific patriarchal forces” (Roomi, 2011). However, according to the participant she did not surrender to the criticism, in fact she insisted on playing an active role in the society as a successful Saudi woman entrepreneur. The participant was empowered by her father’s support, which gave her confidence to proceed with her decisions. Family support, especially a male in such a society, has a significant influence on the success of women entrepreneurs (Roomi, 2011).
In Saudi Arabia women wear a long black, loose over-garment that covers their body (called an *abaya*) and a veil that covers their hair when they go out in public. In some regions women are also required to cover their faces; some wear a face veil that is called a *niqab*, which covers their whole faces but for the eyes. This practice of female seclusion and gender segregation is the norm for many south Asian societies (Roomi & Parrott, 2008). However, different Muslim societies have different perceptions about covering the face; to some it is important and part of their Islamic cultural values and traditions while others believe that it is not mandatory and not a religious requirement.

The majority of Saudi families are very conservative and do not welcome the idea of pictures of their daughters/ sisters/ wives (with their faces shown) being exposed in public television, newspapers, or magazines. Participant 8 said:

> My business was very successful and I was given prizes and my story was covered in local and some international newspapers. My husband was also happy for me but once he started seeing my pictures in newspapers he was very upset and thought that this was not part of our cultural values. So later I had to ask the media to not take pictures. [Participant 8]

On the other hand, there are a number of Saudi families who have changed in recent years due to globalization and have begun to accept this idea and become open to the media. For example Participant 5 said:

> My mother was trying to convince me not to allow my pictures to be posted in newspapers and magazines and not to appear on television. She tells me that this is not part of our traditions and values. It took me a while to convince her that what I do is something that she should be proud of. I am representing the Saudi businesswoman with all dignity. I have a message to send to the world and the media is the fastest way. My father did not have any problem with me appearing in the media. I believe
that as long as we keep our good reputation and respect our Islamic ethics and values, then we have nothing to hide from [Participant 5]

The examples show that gendered cultural restrictions on Saudi women do exist in Saudi Arabia; however, it does not keep them from becoming involved in their enterprise. Each of the examples above show how each of the participants had her way of dealing with the matter and reaching a solution that pleased her and the people surrounding her.

Participant 5 adds:

I believe that the way I run my business is my way of showing that the Saudi woman can run her business successfully without having to violate our Islamic ethics. For example, my business requires me to meet male clients sometimes. I never wanted to meet a client in an isolated office; neither did I want any of my employees to do so. So when I rented the place I removed all the doors so that everything is open.

[Participant 5]

5.5.2.2 The Vocational Group

One of the participants in this group mentioned that she faces gender specific problems with some male clients in her business. She explains:

Some of our clients refuse to make any deals with me when they know I am female. There was this client once that I was supposed to meet at a bank to sign the deal. When I showed up he was embarrassed to find out that I was a female and left right away. I was shocked by his behaviour.

The client’s embarrassment supports the findings of Amine and Staub, (2009). Some men are still possessed by the social-cultural values, attitudes and behaviours of their society and refuse to accept the authority of women (Amine & Staub, 2009; Roomi & Parrott, 2008). Accordingly, only women who are extremely determined and motivated by the need to seize a
Another participant says that the Saudi woman entrepreneur does not enjoy the freedom of choosing her business activity. For example:

In my women-only centre, I had a big space in the second floor where I thought I could use it to open a gym for women, providing them with martial arts training. The business started and it went well until I received a warning from The Committee of the Promotion of Virtue and the Prevention of Vices (CPVPV). The warning stated that I do not have a license for such an activity. The problem was to get a license I needed someone to sponsor the business. I ended up closing the business because I couldn’t find a sponsor. No one wanted to take the risk and face problems with the CPVPV.

[Participant 2]

In Saudi Arabia, sport is looked at as an activity for men. Sport is banned in girls’ state schools, and women can only play in the privacy of their homes or in some private schools. According to media coverage, in 2009 an official representative of the Supreme Council of Religious said, “The excessive movement and jumping needed in football and basketball might cause girls to tear their hymens and lose their virginity” (Syed, 2012). The majority of the Saudi society as a consequence rejects the idea of women playing sport, believing that it is against their cultural values. With no support coming from the powerful Muslim clerics and the society, women-only gyms (that are not medically supervised) are not permitted and those that are open will be shut down because they are considered unlicensed and illegal.

5.5.3 Governmental Problems

Before describing the types of problems found, for a better understanding of the situation it is best to present in brief the requirement for Saudi women to establish a business in Saudi Arabia. In Saudi Arabia an entrepreneur will need to go through a registration process and
comply with all the requirements of different government departments to be issued a license.

There are businesses that require a commercial license from the Ministry of Commerce (Every industrial or commercial establishment), and other businesses that require a license from the Municipality only.

**Table 5.5.1 Business Requirements and Procedures**

<table>
<thead>
<tr>
<th>Department</th>
<th>Type of Consents</th>
<th>When needed</th>
<th>Department Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Ministry of Commerce and Industry</td>
<td>Business Registration</td>
<td>Every industrial or commercial establishment must register with the Ministry of Commerce’s commercial registration offices in the major cities in Saudi Arabia.</td>
<td>If the applicant is a woman she will need a power of attorney to a Saudi person who is not a government employee to finalize the registration procedures, and management of the establishment.</td>
</tr>
<tr>
<td>The Municipality</td>
<td>License of business place</td>
<td>When opening any business</td>
<td>Fill Application&lt;br&gt;Bring proof of ID&lt;br&gt;Business registration (if required)&lt;br&gt;Pictures of place (from inside, from distance, from close distance)&lt;br&gt;Copy of building plan&lt;br&gt;Lease contract&lt;br&gt;Rent receipt&lt;br&gt;Approval from the Civil Defence.</td>
</tr>
</tbody>
</table>
Table 5.5.1 Business Requirements and Procedures above show briefly the required procedures for individual establishments in Saudi Arabia. Requirements may sometimes vary depending on the type of business carried out, for example, according to the Ministry of Commerce and Industry website, businesses that are owned by women are required to have a power of attorney which a Saudi person who is not a government employee to finalize the registration procedures (http://www.mci.gov.sa/english/moci.aspx?PageObjectId=807). The Municipality also differentiates between businesses that are owned by women and employ women, from businesses that are owned by women and employ men. For example, the Riyadh Municipality forbids businesses that are owned by women and employ women to have an exit door at the rear of their business place (http://women.alriyadh.gov.sa/Wom_Activities.aspx). This condition is necessary to meet the requirements of the religious establishment who among their duties is gender segregation; for example, they make sure that women do not violate Islamic values by preventing them from seducing men. Also, suspicions about women-only places that men may access from the rear door and encroach on the sanctity of other women is also a reason for them to ban rear doors. However, this condition was not on other Municipality’s websites, for example in Jeddah. This shows the inconsistency of the regulations from one city to another. This also shows the variation of power and control of the religious establishment from one region to another as mentioned earlier in the Saudi Arabian context chapter section 2.1.2 religion.

Due to strict segregation of women in Saudi Arabia, there are segregated government offices for women in most of the region’s cities. Women entrepreneurs are required to do their business registration at the women’s offices. In some regions there is a lack of women’s offices and so women entrepreneurs are required to assign a legal representative to finish their registrations from the men’s offices. Giving this brief background about the business registrations requirements, the following describes the governmental problems faced by each group:
5.5.3.1 The Elite group

When the participants in this group were asked about the challenges they faced regarding government departments their reply was “there were no problems”. Participant 6 said:

The problems that we face are no different than any of those that are faced by entrepreneurs in other countries. The government makes the rules and we have to comply with them to avoid having problems. [Participant 6]

Participant 3 also did not have any problems with the government. She said:

I think I am fortunate to belong to this family who have a long history in business. My family name is recognised almost everywhere. [Participant 3]

The above participants come from very well known families in the region. It is their family names that facilitated their business establishment procedures. They did not have to be challenged with business establishment procedures that other women entrepreneurs went through. Problems they face are immediately solved when they are recognised. However, Participant 7 had some problems with regard to issuing licensing, she said:

I wanted to open a women-only café and when I went to the Ministry of Commerce to get a license, I was told that this type of business activity is not included in the approved list for women’s business activities. I decided to start the business anyway using my institution license from another business. This has worked and the business is operating successfully. [Participant 7]

This is an illustration of the gender-differentiating regulations that are disadvantaging women in this region. There are businesses that women entrepreneurs are not permitted to practise and so they are forced either to play around the system or change the business.

Another concern was the male representative that women entrepreneurs will have to assign to do their follow-ups in some government departments; one participant said:
My first business was a women-only tailor shop about 20 years ago. This type of business required a license from the Municipality only and that was not difficult to obtain. Years later I decided to develop the business into trade, import, export, and construction business. This type of business required a commercial license from the Ministry of Commerce and Industry. When I went to apply for it, they told me I have to appoint a male representative to apply for me. So I legally assigned my brother, even though he had nothing to do with business, but a business friend of mine helped us through the registration process. However, many of these obstacles have vanished now. Almost every government department has a women-only section where we businesswomen can go and obtain licenses ourselves. [Participant 7]

According to participant 7, women no longer need to have a power of attorney to a Saudi person who is not a government employee to finalize the registration procedures, and management of the establishment. The participant mentions that currently most government department opened women-only offices where businesswomen can go and finish their business registrations. Ironically, the Ministry of Commerce and Industry website shows under the required documents for individual establishment that:

f. A power of attorney to a Saudi person who is not a government employee to finalize the registration procedures, and management of the establishment in the event that the registration applicant is a woman”.

There are some who appreciated having a male legal representative to carry on their businesses at government departments and thought it was helpful for them, for example:

I don’t see any problems with assigning someone to do the follow-ups for me. In fact I think this saves me more time to do other things that concern the business. Besides I don’t find it convenient to go to a place all surrounded by men. [Participant 3]
The improvements made recently in most government departments have facilitated procedures for women entrepreneurs to follow up on their businesses themselves at the government women’s offices, for example, most Municipalities have a separate department for women where they can go and apply for licensing of business place. These government women offices, have spread throughout most of the major cites, and have helped women to do most of their business follow-ups rather than assigning a male representative to do it for them.

Yet, Participant 6 had another view about the women’s branches, she said:

*I don’t find the women’s branches workable for me. I like doing my follow-ups myself, however, the women’s branches lack full authority. Some applications will have to be sent to the men’s branch before they can approve it. So rather than waiting days for important applications to be approved, I take the short cut and go to the men’s branch from the beginning.* [Participant 6]

This participant expresses her discomfort about the women’s branches at government departments. According to the participant, women employees at government departments sometimes face situations where they lack the power to make decisions regarding applications and registrations and are forced to consult the higher authorities at the men’s section for their approvals. According to Participant 6, she goes to the men’s branch to save herself costs and delays. With a strong family background and a powerful name, the participant was confident to go to the men’s branch, without being rejected and referred to the ladies branch.

### 5.5.3.2 The Niche group

Although this group was distinguished from the others with the support they received from the government, they still have some issues regarding delays and inefficiency of government employees in some regional departments, for example, Participant 5 says:

*The business has been going well for four years. I had decided to take it to the next level and expand it. My plan was to introduce a new service that suits the current one.*
In order to do so the new business activity needs to be accredited by the Municipality council. I had assigned a male representative who did all the follow-ups with government departments and he did not know the reasons for delaying the approval of my applications for the new business activity. I have decided to go myself because the time wasted is affecting the growth of the business. [Participant 5]

Participant 8 also adds:

*When I started with the business registration, I had some problems with the issuing of the commercial store license from the Municipality. The reason was that they were confused with the name of the business and did not know what it meant. I tried explaining that the name refers to the scientific name of the type of business we operate. This situation delayed the license for four years. I had to start the business illegally for the first years, not being able to hang the sign, because I already rented the place and furnished it.* [Participant 8]

Both cases above support the argument of Cuckovic and Bartlett (2010) that due to inconsistency and inefficiency in the procedures for company registration by public administrators, entrepreneurs face difficulties in obtaining licenses, certificates, and permits. The two participants in this category expressed how they are challenged by the significant costs and delays in starting their businesses. This led one of them to start illegally, however the other is putting the business growth on hold until she obtains the required permits.

**5.5.3.3 The Vocational Group**

The data shows that this group was the most challenged by the difficulties they faced during their business registrations. This group had a number of concerns, for example they faced problems regarding lack of cooperation between government departments, for example:

*There is lack of coordination between government departments. The entrepreneur needs to go from one department to another to be issued with the required licenses.*
question why can’t there be one department for entrepreneurs to start and finish from and that the departments contact electronically to save the entrepreneur the time and effort of the registration process. [Participant 1]

Participant 2 also complains:

To start a business there is no one-stop department where you can start and end from. It is a big hassle for us entrepreneurs having to go from one department to another to issue the required license and complete the registration of our businesses. [Participant 2]

Consistent with the niche group, this group also complained about delays caused by inefficiency of government employees in some regional departments. The lack of women-only departments in their region was also an issue to some of the participants:

Here, we lack women’s sections in most government departments. To issue the required license I will have to assign a male representative to complete the registration procedures. The problem is that my representative is my husband; he will have to get permission from his job to go back and forth every day for business follow-ups. One of my licenses was delayed for a month because the Municipality employee who was working on my file was on holiday. [Participant 1]

The participant above complained about the scarcity of government women’s offices in her region. In her case, she must assign a male representative do the registrations and licensing. To her that is sometimes a problem because her male representative is her husband who has a job. The husband will have to excuse himself from his job to finish the business registrations. Sometimes he can’t be excused and so that impacts the business.

Participants also complained about gender-differentiating regulations. One participant mentions that:
To obtain a license for a business place, there must not be a rear door in the place; also, I needed permission from the Civil Defence who certifies the compliance of the place with fire codes and building occupancy. The problem is that when the Civil Defence came to inspect the place, they asked us to have an exit door at the rear. We ended up confused between the Municipality and the Civil Defence. So we played around the system. [Participants 1 and 2]

The Municipality of Riyadh (Capital city) states clearly that business that are owned by women and run by women are not allowed to have a door at the rear of the business place. On the other hand, the Civil Defence does not approve the appropriateness of the place unless there is a rear exit door in case of emergencies. According to the participants they are forced to play around the system.

Another problem about gender-differentiating regulations is the lack of women’s business activities that are approved by the Ministry of Commerce and Industry. Participant 2 says:

I have a lot of great ideas for the business; however they are put on hold. The reasons are the Ministry of Commerce does not approve some activities for women and therefore I cannot be issued with a license to practice them, such as women only marshal arts, women only Internet café, women only spa, and a lot more. [Participant 2]

The participant complained about the lack of business activities that are permitted for women at the Ministry of Commerce. This is disadvantaging the growth of her business.

5.5.4 Other Problems

There were other problems that were mentioned by the vocational group, for example Participant 1 said:

There is a lack of supervision from agencies that provide entrepreneurs with the loans. They grant the funds without supervising the applicants’ business. There are some
entrepreneurs that lack business experience and so they don’t spend the money properly and in the end they can’t pay the loan back. [Participant 1]

The participant argued that there are women entrepreneurs in Saudi who lack business experience and lack the knowledge on how to start a business. Organizations that provide loans for entrepreneurs may be helping entrepreneurs financially to start their businesses, however, some entrepreneurs are disadvantaged with no supervision and no business experience; the business fails and the loan becomes a burden that they need to pay back. According to the participant there should be a consultant group to whom entrepreneurs can refer, seeking business advice and where they can get the help they need.

5.6 Strategies

This study sheds some light on the problems faced by ten Saudi women entrepreneurs. Participants differed in how they interpreted the problems mentioned in the literature review; however, they resembled each other in the strategies they used to succeed in their businesses.

<table>
<thead>
<tr>
<th>Problems</th>
<th>Solutions</th>
<th>Identified Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting a business is challenging for women living in a patriarchal male dominated society.</td>
<td>“Involving my family (especially males) in my business and letting them take part in it provided me with their support” [Participants 1, 3, 6, 8 and 9]</td>
<td>Family Involvement</td>
</tr>
<tr>
<td>I lack business knowledge and I struggled in the early stages of my business.</td>
<td>“Working before starting my own business has provided me the chance to learn, observe and gain experience” [Participants 3, 5, 7, 8 and 9].</td>
<td>Prior Work Experience</td>
</tr>
<tr>
<td>I have problems regarding capital to start the business. I have problems with government departments and the registration procedure. Lack of women’s offices is a</td>
<td>“Partnering with an investor helped in funding the business. [Participants 1 and 2] “Partnering with a male helped in sharing the business responsibility and doing all the follow-ups at government”</td>
<td>Partnership</td>
</tr>
</tbody>
</table>
Table 4 above outlines the main problems the participants faced, how they solved them, and the strategies they used. There were three main strategies identified in this investigation:

- **Family involvement**
- **Prior work experience**
- **Partnership**

### 5.6.1 Family involvement

> Involve your family (especially males) in your business and let them take part in it and you will get their support. [Participants 1, 3, 6, 8 and 9]

Participants suggest that involving the family in an individual’s business helps in letting them share the responsibility and in getting their support. Family involvement advantages entrepreneurial activities by providing needed capital, access to markets, sources of supply, technology, and new ideas for the business (Dyer & Handler, 1994).

More importantly, family comes first in Arab societies where Arab women are responsible for many house chores and for raising the children (McElwee & Al-Riyami, 2003). Therefore, family support, and a husband’s support in particular, plays a critical role in the success of the business (Naser, et al., 2009). This is justified in this study sample. Participants had supportive families who provided them with different sources to ensure the success and wellbeing of their businesses.
5.6.2 Prior work experience

*Working before starting my own business has provided me the chance to learn, observe and gain experience.* [Participants 3, 5, 7, 8 and 9]

Participants expressed the important role their previous work experience had in helping them in managing their businesses and building a network. Nichter and Goldmark explain that experience that is gained from prior work is helpful to the business especially when it is gained from the same sector. In fact, experience and skills gained from a previous job may be a contributor to the success of enterprises (Nichter & Goldmark, 2009; Watson, Hogarth-Scott, & Wilson, 1998).

Participant 5 and 8 set the example of how frustration, skills and experience that they gained from their prior work were important determinants for her business success. The participants explained that in their previous job they were not given the chance to express their thoughts freely and were rejected most of the times. This was a reason for them to launch their businesses when they saw the opportunity, especially that that they are equipped with the experience they needed. It is there for suggested that prior work experience is one of the factors that contribute to the success and growth of a business (Watson, et al., 1998).

5.6.3 Partnership

*Partnering with an investor helped in funding the business.* [Participants 1 and 2]

*Partnering with a male helped in sharing the business responsibility and doing all the follow-ups at government departments.* [Participants 1, 2, 4 and 10]

Among the solutions mentioned to avoid financial problems is partnership. The benefit of partnership is sharing the responsibility and financing the business, and sharing the workload (S. Cromie, 1991). Participant 8 supports this by mentioning that:
The business consumes a lot of time and I am glad to have a partner who can share the responsibility with me. I sometimes take vacations without worrying about the business and how it is running. It is a big relief to know that there is someone who cares just much as you do about the business. [Participant 8]

Additionally, partnership advantages women entrepreneurs who work in male dominated patriarchal societies. Due to problems faced regarding business registrations, licensing, strict segregated offices and lack of women’s offices in some government departments, partnership is a solution. Participant 4 intentionally decides to partner with a male relative to avoid such problems; the participant says:

I think the business is running smoothly because I have a male partner. This is a male dominant society and the interference of men in daily aspects of our lives is something we women cannot deny. So to partner with a man who does all the follow-up at government departments is a wise move for me. The good thing is that the partner worries about the costs and returns of the business just like me. [Participant, 4]

This female-male partnership strategy is also supported by (Godwin, Stevens, & Brenner, 2006). Their research suggests that women who live in male dominated industries and cultures may implement this strategy to help overcome the problems of sex-based stereotypes. This may be a possible solution for women to gain access to “resources, contacts, and legitimacy necessary” (Godwin, et al., 2006).

Table 5.6.2 Strategies and Advantages below briefly displays the strategies and their advantages:

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnership</td>
<td>• Helps with financing the business.</td>
</tr>
</tbody>
</table>
• Shares the business responsibility.

• Female-male partnership in a male dominated culture may help in overcoming gender specific problems that women face.

| Prior Work Experience | • Improves the performance of the business  
|                      | • Builds up a recognised name and a business network |
| Family Involvement   | • Provides family support |

5.7 Chapter Summary

This chapter presents the findings of the interviews with ten successful Saudi women entrepreneurs from different regions in Saudi Arabia. The analysis revealed entrepreneurs’ driving factors, problems and their business strategies.

There were four factors identified in this study that encouraged participants into enterprise. These factors were: family support, professionalism, government support, and partnership.

Based on these factors, three groups were developed: the elite group, the niche group, and the vocational group. The data showed that the three groups varied in their reasons for entering into enterprise; however they all resembled each other in the ‘family support’ factor. The findings show that family support, especially a male’s support, plays a positive role in supporting and encouraging women in enterprise.

The findings also presented a deeper understanding of the different problems faced by the three groups developed. This study looks into the cultural, gender-cultural and governmental problems. The findings showed that the three groups had different perceptions of these
problems. The elite group was advantaged by their families’ powerful positions in the society and as a consequence their problems were not significant. The niche group, although supported financially and technically from the government, they face problems regarding delays caused by inefficiency of government employees. The vocational group was the group most challenged in this study, however their consistency and passion for their business are the reasons for them to succeed.

The study aimed at understanding the different strategies used by the sample in their business. There were three strategies identified: family involvement, prior work experience, and partnership. Each of these strategies helped the participants in getting the support needed from their families, the business skills and knowledge to run their businesses, and the share of the business workload and financial responsibilities from their partners.
Chapter 6

Recommendations and Conclusion

6.1 Conclusion

As outlined in the Introduction Chapter (section 1.5), the objectives of this research were to:

• Investigate what drives Saudi Women to start their businesses.
• Investigate what problems do Saudi women entrepreneurs face when starting their businesses.
• Investigate the strategies pursued by Saudi women entrepreneurs to face their challenges and succeed in their businesses.

This study used a qualitative approach, interviewing ten successful Saudi women entrepreneurs. The data collected was then analysed and the findings provided useful understanding about women entrepreneurs in Saudi.

6.1.1 The factors motivating Saudi women to enterprise

The findings of this investigation suggest that Saudi women entrepreneurs are motivated by a combination of push and pull factors. The findings indicate that push factors such as a desire for ‘self-fulfilment’, ‘achievement’, and ‘market opportunity’ have embedded the vision in Saudi women to become entrepreneurs. In the case of Saudi women entrepreneurs (who live in a patriarchal male dominated, society), these factors are important, however, they need the pull factors to help them actually start their businesses. For example, some Saudi women entrepreneurs take advantage of their families’ strong position in the society. Such families’ financial and moral support facilitated their businesses with regard to, for example, funding, licensing, and other business requirements. Other types of Saudi women entrepreneurs take advantage of their families’ moral support. These families provide advice and encouragement
that help Saudi women entrepreneurs to establish and succeed in their businesses. Further, another significant type of support is the male relative support, such as father or/and husband. This type of support is very important for Saudi women entrepreneurs who live in a male dominated patriarchal society. Male relative support provided help in sharing the business responsibility and in carrying on the business registration procedures at government departments. Other factors that play a major role in shaping Saudi women entrepreneurs are ‘Government support’ and ‘Partnership’. These two pull factors provide Saudi women entrepreneurs with the capital needed for launching the business. Finally, “professionalism”- this factor empowers Saudi women entrepreneurs to start their businesses in a field where they have relevant knowledge and experience.

6.1.2 The problems Saudi women entrepreneurs face when establishing their businesses

This research has identified that there are a range of problems that Saudi women entrepreneurs face when starting-up their businesses. For example;

- **Cultural problems**: the beliefs and values of the Saudi society do not have any negative impact on entrepreneurial activities. The society seems to be welcoming to entrepreneurship and this may be attributable to the fact that trade is part of the Arab’s culture, and Islam clearly supports the principles of trade and commerce through the Koran. Prophet Mohammed (peace be upon him) managed commercial affairs for his wife, and his wife (Khadija) was one of the richest female traders in Mecca. However, the findings of the study reveal that there are problems arising from the religious establishment who consistently force their power and restrictions especially on Saudi women entrepreneurs. The restrictions and rules forced by the religious establishment, however, differ from one region to another in Saudi Arabia. This variation results in
different challenges faced by the Saudi women entrepreneurs operating in different regions.

- **Gendered-cultural problems**: the findings show that there are a number of gendered-cultural issues that challenge Saudi women entrepreneurs. These women face obstacles regarding customs and traditions, negative attitudes, and negative stereotypes. Even though the society is more open to women entrepreneurship, however some families are still holding on to their values and traditions putting restrictions on women entrepreneurs.

- **Government Problems**: The findings reveal that government problems were the most of the problems faced by Saudi women entrepreneurs. These problems result from gender-differentiating regulations that restrict Saudi women entrepreneurs from choosing some business activities, such as sports. Also, problems result from individual government employees who are not supportive of women entrepreneurship and so give women entrepreneurs a hard time and complicate the business establishment procedure. Problems also arise from a lack of cooperation between government departments and the long time it takes to establish a business. Unless the government finds a solution to these challenges, financial support will never be enough to determine the successful growth of women entrepreneurship in Saudi Arabia.

### 6.1.3 The strategies Saudi women entrepreneurs use to solve their problems

The data suggest that Saudi women entrepreneurs are strong women who overcome the challenges they meet as they try to achieve their goals. Their desire to fulfil their dreams and achieve their goals has given them the power to resist the problems they encounter and develop different strategies to sustain successful businesses. For example,
• Realising the important role of their families in their businesses they strategically involve them from the early stages through seeking advice and guidance from them. This ‘family involvement’ strategy has made the family take part in the business providing support and care to ensure the success and growth of the business.

• Considering the financial difficulties of starting a business, Saudi women entrepreneurs achieve their goals by partnering with a potential investor who financially facilitates the business establishment. Male-partnership is also a strategic move for Saudi women entrepreneurs who live in a male dominated society. The male partner helps in carrying out the business establishment procedures at government agencies, which is faster and more convenient for the women entrepreneur. Finally, partnering is positively effective in sharing the business responsibility and the workload providing more time for the other partner to spend with family.

• The third strategy recognized is ‘prior-work experience’. With a lack of training entrepreneurship programs for Saudi women entrepreneurs, prior work experience is important for them. This strategy helps women to develop the skills and knowledge that will help them in operating their business successfully.

6.2 Recommendations

The findings of this study recommend that if women entrepreneurs are to thrive in Saudi, some things will need to change:

• Society will need to change the negative attitudes towards Saudi women entrepreneurs and put an end to the unwritten social norms that are restricting women entrepreneurial activities in Saudi Arabia.

• The religious police will need to provide the support needed for women entrepreneurs to launch and operate their businesses successfully, and acknowledge the importance
• Government policies will need to limit the restrictions put on Saudi women entrepreneurs and provide them the freedom of choosing their business activities as long as it complies with the Islamic law, such as, women only sport activities.

• Government organizations need to provide entrepreneurship-training opportunities for women where they can develop business management skills. Also provide mentoring and coaching to help women entrepreneurs obtain the techniques required to run their business successfully.

• Government agencies and offices will need to cooperate with each other and remove the inconsistencies in their rules and regulations across all regions of Saudi Arabia. An example of this coordinated effort could be the availability of a one-stop office where Saudi women entrepreneurs can start and finish their business registration from.

6.3 Research limitations and implications

This research is intended to be an exploratory exercise to examine the parameters that impinge on Saudi women entrepreneurs. The research provides information about the business establishment experiences of only ten Saudi women entrepreneurs. Future research may use a larger sample to reveal other important factors concerning Saudi women entrepreneurs and the business environment in which they operate.

The study provides useful information that could be used for future research about Saudi women entrepreneurs and their business experience, yet, future studies may also need to target women who chose not to start their own businesses to improve the knowledge about the factors that are preventing entrepreneurship among Saudi women.
Overall, this research contributes to the growing empirical research on Saudi women entrepreneurs and provides some rich information about the factors that motivate Saudi women to enterprise, the problems they face when starting-up their businesses, and the strategies they use to solve their problems.
References


AMCL. (2010). The Saudi Woman: A Catalyst for Change?


