



## Women entrepreneurs in Saudi Arabia: Opportunities and challenges

Hajera Fatima Khan

Accounting Department, University of Hail, Hail, Kingdom of Saudi Arabia

### Abstract

An entrepreneur is discrete who creates a new business, bearing the risks and enjoying the rewards. An entrepreneur is an innovator, a source of new ideas, goods, services, and business/or procedures. Saudi Arabia is making remarkable social changes and highlighting its determination to moving forward to a more prosperous future by providing opportunities for everyone so that they can contribute to the development of the nation to their best abilities. Saudi women are a great asset to the nation. Over 50 percent, of the university graduates, are female, the country is developing their talents, investing in their productive capabilities and enables them to strengthen their future and contribute to the development of the society and economy. Besides this, Saudi Arabia is working hard to increase and support the female entrepreneurs, by providing workshops, training programs, and financial assistance so that they can start their own projects. Not only this the Saudi government has also launched a major program in collaboration with Sweden to train female entrepreneurs and innovators by creating networks and organizing mutual learning through meetings, study tours, education and interaction with the top opinion leaders and decision-makers. Women empowerment is one of the Major keys to the modernization objectives set out in the 2030 vision and national transformation program of the country. Islamic women entrepreneurs ascribe success and failure in different terms than do their western counterparts and relate a large set of obstacles and unique strategies to function well. This study identifies the conceptual background of women entrepreneurship and attributes that contribute to the success of female entrepreneurs in Saudi Arabia. The study also aimed to recognize factors that enable female business owners to realize their entrepreneurial potential. It also suggests ways in which the government can support women in realizing their entrepreneurial potential and makes recommendations to improve the entrepreneurial situation in Saudi Arabia.

**Keywords:** entrepreneurship, women, Saudi Arabia, policies, innovation

### 1. Introduction

Saudi Arabia is the best country to register a business. In terms of “the ease of doing business,” According to the Vision 2030, Saudi Arabia’s design for developing its economy over the next decade and beyond is a determination to strengthen the contribution of women to society and to the economy.

In a country where women have historically played a restricted public role, relatively little attention was paid to these inspiring aspirations when Vision 2030 was first published. But that is now rapidly changing. In September 2017, the Government announced, from July 2018, women will be allowed to drive in Saudi Arabia for the first time. After a month later, the government announced that women will also be allowed to watch live sport at the three main national stadiums in Riyadh, Jeddah, and Dammam. The ambition reflected in these two decisions to embrace the potential of Saudi Arabia’s women has been seen as a powerful indication that the country’s commitment towards strengthening the economic involvement and contribution of women is much more than just warm words. Saudi women account for 39% of the total number of entrepreneurs in the kingdom, up 35% over the past 10 years, according to a report published by Al-Eqtisadiyah (Arab news, 28 November 2017). According to the official statistics presented for World entrepreneurship day, the number of Saudi women

entrepreneurs grew significantly from 2007 to 2017, from 4% to 39%, the government and the private support is the reason behind this drastic change. Dr. Nabil Kushak, the dean of MBSC, said that supporting and encouraging the women entrepreneurs contributes to the development of the economic cycle and provides an attractive and sustainable business environment. “The role of women in the business and financial environment is an integral part of what we aspire to through our vision, which is an important direction in our responsibility towards the country”

Women- run businesses are getting common nowadays and are playing a significant role in uplifting the economic growth of the overall society. Many entrepreneurial development support processes have been initiated to uplift the entrepreneurial zeal among women in KSA. These support initiatives are creating and providing paths to economic independence and work opportunities for women. Micro, Small and Medium Enterprises (MSMEs) are providing a sound base of economic development and growth in the country. They are supporting the contribution of huge businesses worldwide. As far as KSA is concerned, the economic development and progress of the country have been significantly flourishing due to these MSME. The presence and contribution of women as entrepreneurs in the field of business will change the demographic prospects of a business.

## 2. Literature Review

Based on the interpretation of Islamic laws, the Saudi Arabian government has traditionally placed many restrictions on women's rights and job opportunities have been limited accordingly ("How Women Entrepreneurs Are Driving Business," 2010; Koyama-Marsh, 2017). Considering the Saudi governments, investment in educating women (Al-Asfour *et al.*, 2017), the massive unemployment and underemployment of women represent a large-scale waste of human capital. On a personal level, it reflects the tragedy of unfulfilled potential.

The Saudi government recognizes that owning a business can be a way for women to contribute to the country's economy while still working within societal restrictions (Cole, 2011; Sabri, 2001). Therefore, increasing the number of Saudi female entrepreneurs has become a priority of the government (Fallatah, 2012). For example, the government established the King Abdulaziz Women's Charity Association's Al-Barakah Loan Center (Saudi Gazette, 2010). This center helps women finance initial expenses for their business (Al Masah Capital Limited, 2010). The government generated the Centennial Fund, which offers financial support to young Saudi female and male entrepreneurs (Al Masah Capital Limited, 2010). However few women have taken advantage of such programs to date (Alturki and Braswell, 2010). In 2016, the Saudi government announced the Saudi Arabia National Transformation Program 2030, reflecting a vision to transition the country's economy in a post-oil era. The program will support small businesses, thus creating more job opportunities while enabling small businesses to become larger contributors to the country's gross domestic product.

## 3. Research Methodology

The research method used for this study is descriptive in nature supported by a brief analysis of the theoretical findings. The data sources used for this study are secondary in nature collected and compiled by making the use of various sources related to the subject of study like academic research journals, scientific journals, online web articles, newspapers, etc.

### Objectives of the study

- To study the conceptual background of women entrepreneurship in KSA.
- To examine the growing and current scenario of women entrepreneurship in KSA.
- To analyze the issues and challenges faced by the women entrepreneurs in KSA.
- To extend suitable suggestions for the growth and development of women entrepreneurs in KSA.

## 4. Women entrepreneurs in Saudi Arabia

It may take months or years, but the one who walks on the correct path will definitely reach the goal. Every business demand effort, efficiency and, physically and financially preparation. KSA women as an entrepreneur are bringing new ideas and colors to the enterprises and economy of the country. Against planning to execute, beautiful, timely and effective execution of work takes place under her control. A woman as an entrepreneur has an efficiency to calculate the risk and, visualize the potential risk to strategize the work and

endeavors. She can take a genuine and realistic form of risk, facing the uncertainties strongly to express herself as a successful entrepreneur. She can strive to develop a sound organization, by coordinating, organizing and managing resources to their best utilities. It is important for all women entrepreneurs to have self-confidence and faith in their abilities and potential with the courage to accept, learn and improve themselves with the mistakes.

In general, every woman knew to balance her personal and business lives. They knew they could be flexible enough to accommodate family demands and had identified ways to function without giving up their Saudi norms or religious beliefs.

The most appreciable feature of a woman entrepreneur is her zeal to work hard, show her potentials and can handle multiple tasks simultaneously very easily. Generally, women work for accomplishment, achievement, challenge, and service to others, keeping the money as a secondary mode of motivation. The combination of positivity, intelligence, creativity, analytical thinking and zeal to prove them helps her to succeed in business.

## 5. Opportunities

Saudi female entrepreneurs discern self-efficacy, desirability, feasibility, and propensity to act, and determine their ability to start a successful business venture. Knowledge gained by the successful businesspersons can be applied to make recommendations for public policy, business assistance and higher education programming to help women realize their entrepreneurial potential.

A woman as an entrepreneur has numerous opportunities in Saudi Arabia. They were motivated by the desire to help their families financially, to make their parents proud, or to turn lifelong hobbies into marketable skills. The new population of Saudis regardless of men or woman has grown up with increased access to the internet. A new generation of Saudi women has grown up in an era of socio-economic reforms where the contribution of women is being increasingly acknowledged (Parker, 2007). Unlike other countries, the economic resources of KSA are extensive and rapidly growing.

Women with educational and skilled qualifications can take initiative and manage the business in large and medium sectors. A woman entrepreneur, who has received basic managerial training and educational qualifications, may also become the head of the medium and large sector units. Saudi women due to their qualifications and different opportunities that are available to them are in a very superior position and have a competitive edge over others to set up and manage the units.

Some women have proceeded into engineering, electronics, chemicals, and pharmaceuticals whereas others make surgical instruments, furniture, and pottery. These women entrepreneurs need within the initial period, certain special privileges to overcome the impediment they face.

Women, who do not have education or any formal training in management, can run small-scale sectors with their developed skills. They can start their business in which they are familiar like garments, weaving, pickles, dolls, and handicrafts. They can also contribute to the Saudi workforce by participating in

bazaars where traditionally homemade foods and crafts can be sold in the form of a micro business.

Saudi women are also selling products like fashion items and technology by using online websites and social media platforms. This option is being developed for Saudi women through networks that previously did not exist.

Besides the above-discussed women can also help the poor and needy people who belong to the economically backward sections. To help the people she needs Government support in promoting as well as obtaining finances at a concessional rate for their product. A preferential purchasing policy of government helps such institutions to manufacture and sell different products to the government.

However, a large gap remains between the number of Saudi educated women and the women actually entering the workforce, particularly in the entrepreneurial sector. Over the last several years, there has been an increasing interest of Saudi women in entrepreneurship, leading to an increased demand for knowledge on these issues. Yet, little information is known about Saudi female entrepreneurs, their business practices including their survival and growth strategies, their lived experiences, and the obstacles they face while developing and maintaining careers in entrepreneurship.

## 6. Challenges

In Islamic countries where religion, cultural factors and lack of an entrepreneurial environment are, additional deterrents Challenges for women entrepreneurs may be more severe. The major issue facing businesspersons in Saudi Arabia is the lack of support from men/women. Lack of market research, as the majority of women do not work outside the home, they lack business experience and exposure of vital skills that would contribute to establishing their own business. Where on one side women are striving hard and accomplishing educational heights but on the other hand, they are not able to produce high production outputs in business due to lack of amalgamated experience of education, skills, and work expertise.

Despite their rigorous efforts, this is the most challenging part of a woman's life to create a balance between work and family commitments. They are expected to keep domestic responsibilities and family commitments on priority above other personal ventures of business women are considered to be primarily responsible for child-rearing, home and family commitments, hence very few are able to come out of this and devote maximum to their entrepreneurial endeavors. Family and personal obligations generally work as a barrier for succeeding in the business career of women entrepreneurship. Few women are capable of managing both home and business efficiently, giving ample time to perform all their responsibilities in priority. Sometimes women are not treated equally to men. Individuals in rural areas usually having a bias that woman are capable just for household work.

women entrepreneurs usually face the challenge of obtaining financial or capital help from banks which show reluctance to women entrepreneurs if they are not backed by the support of any male, particularly in lower-income families due to lack of legal information on these matters. For some documentation, they are even asked to present the countersignature of their male counterparts. Women particularly staying in rural areas

are surrounded with heavy responsibilities of many children along with rigorous house chores, ending up with very little free time for themselves, Hence, much sacrifice their zeal for these tied up constraints. Besides having multiple constraints, women look for inspirational role models who could mark up their confidence and trust in themselves to gear up their energies.

Women in Saudi have exposed too much-protected life where she is supposed to become a risk-taker and bed dependent on male members of the family for any activity outside the home. Therefore, they lack confidence in being self-dependent. Societal traditions and customs prevailing in the societies for women sometimes act as a hindrance in the path of growth or business development.

Motivation plays a very significant role in running a business venture. Women because of the above-mentioned reasons sometimes lack the motivation to initiate their venture. Even in the 21st century, many rural women are lagging far late within the field of education. Women in rural areas are educated less or inadequate education than their male equivalent partly because of poorness, early marriage, low socioeconomic status, partly because of their son's higher education.

Lack of education is one of the most important problems for women who wish to start their business. Due to the lack of good education, women entrepreneurs did not adopt the new technology development, new trends of marketing, new ways of manufacturing and different government schemes that inspire them.

There is a contradiction of having and have not, skills of entrepreneurship in women belonging to economically poor and rich families. Women belonging to economically rich families have capital support but sometimes they may not have sensible entrepreneurial skills, thus outsourcing the activities. At the alternative side of society, many women from economically poor families have consistent entrepreneurial skills; but do not have any financial support from their families. Thus, the issues of women entrepreneurship square measure hanging within the trap of this contradiction.

## 7. Suggestions

Here are a few suggestions that could be considered for the development and advancement of women entrepreneurs in Saudi Arabia.

Women particularly living in rural areas should be exposed to awareness programs related to entrepreneurship. The government should come up with better schemes for women entrepreneurs, keeping in mind their challenges and constraints.

New training programs should be framed and provided to women. Entrepreneurship could be taught as a mandatory or optional subject at the school level. A separate entrepreneurial guidance cell for women could be set up for all time assistance of information. Women entrepreneurs should be given the provision of credit systems at a micro or enterprise level.

Saudi women should be given opportunities to make their own business decisions. They need chances to discover and develop their own abilities, to have their own projects, to work

with and learn from others and to visit business settings. Women should also be given a chance to become successful role models and should be given opportunities for recognition in society for their accomplishments.

Additionally, Family should give women the freedom to drive, to move about in public spaces and to travel on their own. Access to a driver's license and the ability to drive in Saudi Arabia is a first step in improving the life quality and self-efficacy for women in Saudi Arabia.

### 8. Conclusion

The most important findings of this study are that Saudi women must have self-efficacy to

Realize their entrepreneurial potential skills; they should be given independence and achievement so that they can devote all their efforts to achieve their business goals. Women entrepreneurship should be encouraged by the government as well as by society. Saudi women were able to ascertain their entrepreneurial potential and their intentions regardless of any educational, familial, cultural, or economic obstacles they might have faced.

However, some of those obstacles would be enough to deter other women who may desire to become entrepreneurs. These findings support the need for the development of public policy, business assistance, and higher education program. In addition, the government should support them to decrease obstacles and strengthen Saudi women perceived self-efficacy—thereby encouraging women's participation in the workforce, especially as entrepreneurs. Women are very important for the development of the nation and every state ought to try to utilize their skills to the fullest as mediators of economic growth and development.

Nevertheless, it is seen that the traditional way of thinking of the society and negligence of the state are some important obstacles in women entrepreneurship development. Apart from this, the absence of certain agenda of life, lack of balance between family and career are the obligations of women, the family should give them complete support and care.

Intensively of financial freedom for women, absence of direct ownership of the property, contradiction of entrepreneurial ability and finance among economically rich and poor women. Deficiencies of awareness of capacities, low ability to bear risks, issues of work with male employees, negligence by financial institutions are other constraints.

A shortfall of self-confidence, lack of skilled education, and inadequate interaction with successful entrepreneurs are major issues in the development of women entrepreneurship in KSA. Consequently, there is a need for continuous attempt to inspire, encourage, motivate and co-operate with women entrepreneurs, awareness programs ought to be regulated on a mass scale regarding the diverse areas of business.

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