

# GIVING VOICE TO WOMEN ENTREPRENEURS IN SAUDI ARABIA

Kelly Lavelle and Hessah Al Sheikh



## Executive Summary

Women's Entrepreneurship  
Initiative  
in collaboration with  
Ashridge Business School

Edited by Gill Coleman

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## A message from the authors

This project would not have been possible without the amazing courage, openness and commitment of the women who joined us as the participants and co-founders of this action research experiment. This became far more than a research project. These wonderful, restless spirits would become our dear friends and companions on an incredible journey of learning and discovery. Their warmth and open-heartedness will remain with us for the years to come, as a deep source of inspiration for the future work of the WEI. This report is dedicated to them, and to the families who support them. We wish them every success, in keeping their dreams alive and in fulfilling their ambitions as entrepreneurs.

To the women students of Al Yamamah University we owe our gratitude for providing the original inspiration for this project. In particular, we are grateful to the young women who participated so enthusiastically in the business start-up competition and who developed such inspiring new business ideas for their marketing class projects.

We extend our sincere appreciation to Gill Coleman for sharing our excitement about this initiative, agreeing to join as a research partner and being here with us in Riyadh to help facilitate our first workshop. The project has benefited from her wisdom, experience and guidance throughout. We are grateful also to Ashridge Business School for supporting the project and for their collaboration as we take this work forward.

Finally, thank you to our families, for sustaining us with their constant love and companionship. To our husbands, Lorentz and Salman, especially for the unfailing support and encouragement they have given us throughout this project.

Kelly Lavelle and Hessah Al Sheikh

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# EXECUTIVE SUMMARY

Fostering a dynamic entrepreneurship sector is key to driving growth and revitalisation in any economy. Stimulating employment of Saudi nationals has been identified as one of Saudi Arabia's most pressing economic policy priorities. Increasing the participation of the private sector and women in the national economy is key to achieving this goal.

This report tells the story of a learning journey that a group of 37 Saudi women entrepreneurs embarked upon together starting in August 2011. It is our account of a pioneering action research-based study of women's entrepreneurship in Saudi Arabia, told partly through the voices of the women who joined in on this project.

## BACKGROUND

Although Saudi women may be more active than they are sometimes perceived to be by the international community, and opportunities for their economic participation are undoubtedly on the rise, women's entrepreneurship is still very much in the shadows of the Saudi economy.

While this sector suffers from a lack of reliable data, making it difficult to arrive at exact figures for how many women entrepreneurs exist, one study suggests that for every one female entrepreneur in Saudi Arabia there are ten male entrepreneurs (GEM, 2009). The literature on Saudi women entrepreneurs is limited, yet most agree that women are clearly under-represented in this sector, presenting a significant source of untapped economic potential for Saudi Arabia. Also, in addition to the challenges that are common to all Saudi entrepreneurs, women entrepreneurs face a unique set of gender-specific obstacles that hinder their participation in this sector.

It was as a result of our first-hand experience

of the challenges facing aspiring Saudi women that we became interested in the field of this study. Specifically, it was the disillusionment about job prospects that we witnessed among high-potential Saudi women university students that was the original inspiration for this project. The question we asked ourselves was: with such limited employment opportunities in the private sector, why was starting a business not a high priority career option for these women? Following an initial experiment – a business start-up competition at Al Yamamah University's women's campus – we discovered that, with the right information, incentives and support, these women were capable of becoming successful entrepreneurs.

## OUR PURPOSE

In this project we set out to learn about the real-life experiences of Saudi women entrepreneurs. Unlike traditional research, we were also concerned with being of service to the women involved in the research, and with making a contribution to Saudi society by enabling positive change in this sector. We also wanted to look beyond survey-based data and statistics, and some of the more immediate, tangible issues already addressed within the limited literature to-date. We aimed to provide an opportunity for collaborative exploration and reflection on some of the underlying societal, cultural and political issues that hinder women's entrepreneurship in Saudi Arabia.

To achieve these aims, we chose to work with an action research approach, and with Gill Coleman, Director of the Ashridge Centre for Action Research, on the first action-research-based study of women's entrepreneurship in the Middle East and North Africa (MENA) region.

## OUR APPROACH

Action research is a pioneering approach that is not well-known in the MENA region. It is a way of learning about something, while trying at the same time to change, develop or improve it in some way. It is research by people, with people, for people. It places its participants at the heart of the research process, seeking to support and enable them to develop their work or practice. It aims to produce knowledge that is of immediate practical use to those involved.

This project was an 18 months' long effort, which took place in Riyadh, Saudi Arabia, between August 2011 and December 2012 and involved a total of 37 Saudi women entrepreneurs. It consisted of three key phases:

### Engagement

An exploratory phase, from August to October 2011, that involved gathering and consulting relevant public data, information and studies; seeking out support initiatives, bodies and organisations; and talking to women entrepreneurs through a series of meetings and conversations with aspiring, home-based and established entrepreneurs.

### Cooperative Inquiry

This consisted of a workshop-based learning process, held between October 2011 and April 2012, involving the women participants in multiple cycles of collaborative action and reflection. The aim was to help them to better understand and make sense of their experience as women entrepreneurs and learn how to act to change things for the better. The workshop series, entitled *Unleashing female entrepreneurial potential through action research* consisted of three workshops that were designed based on the 4D Appreciative Inquiry Cycle: Discovering, Dreaming, Designing and Delivering various aspects of their visions for their businesses.

### Research consolidation

This final phase, from May 2012 to December

2012, involved the interpretation and analysis of an extensive body of rich research material and data gathered throughout this project. We have reviewed detailed meetings notes from conversations, listened to workshop recordings, written and analysed transcripts; to enable us to achieve our aim of giving voice to the participants who joined alongside us in the project. The co-authoring of this report has, in itself, been a very insightful learning journey, particularly given the differences between us in terms of language, culture and worldview. Yet, we believe it is this difference of perspective that has nourished the quality of the conversations between us and allowed for so many of the key insights in this report to emerge.

## KEY FINDINGS

A key aim of this report is to give voice to women entrepreneurs in Saudi Arabia. The focus of the findings is not, therefore, on drawing conclusions about women entrepreneurs in Saudi Arabia using a conventional 'sample-based' research approach. In addition, it is not our aim to provide quantitative data about the nature, characteristics and situation of women entrepreneurs, which is covered elsewhere in the literature. Rather, the emphasis in this report is on 'what do women entrepreneurs say about their experience?' As a result of the continuous collaborative research process and the space that was created through multiple research cycles, for individual and collective reflection, significant insights emerged and inform our findings, which we summarise below.

While interest in entrepreneurship opportunities may well be on the rise among Saudi women, a key finding from this project is that the number of active women entrepreneurs in Riyadh is still very small. Although the information that exists is patchy and unreliable, and the studies of Saudi women's entrepreneurship are limited, one area of consensus in the literature is that women are clearly underrepresented in this vital sector.

The striking gender gap in entrepreneurship participation rates raises important questions as to the barriers and challenges that stand in the way of Saudi women entrepreneurs, particularly since it is arguable that they have more positives to draw on today than ever before.

## Opportunities

The conditions for the development of women's entrepreneurship in Saudi Arabia have never been as positive as they are today:

1. **The country has a very young population and a growing youth bulge** – a fact which lends itself well to the development of this sector.
2. **There is a new political emphasis on fostering the development of the entrepreneurship sector in Saudi Arabia.**
3. **Commitment from the Saudi government to the advancement of women is greater than ever before.**
4. **Never before have Saudi women been as educated as they are today** – leading to unprecedented levels of ambition and determination.
5. **Employment opportunities for women in Saudi Arabia remain very limited** – which should fuel interest in alternative career options such as starting a business.
6. **Saudi women hold substantial economic power in their own right** – and have access to a range of sources of capital to start a business.

## Challenges

Through action research, a complex web of social, economic and political factors were revealed as key barriers to Saudi women's participation in the entrepreneurship sector.

### I. Challenges in the policy and regulatory environment

Five key areas where government-led policy and regulations are currently inadequate for the promotion of women's entrepreneurship were identified through this project:

#### a. Lack of clear enforceable targeted policy

While the government has committed to ambitious targets for enhancing the economic activity of women via its various policy umbrellas, as yet no comprehensive targeted policy has been formulated to address the participation of women in the entrepreneurship sector. Where positive measures have been adopted, such as the removal of the *wakeel*<sup>1</sup> and *mudeer*<sup>2</sup> requirements, enforcement is still severely lagging.

#### b. Obstacles in business licensing regulations and procedures

One of the biggest challenges faced by Saudi women entrepreneurs when starting a business is the complexity and obstacles they encounter in the licensing regulations and processes. Some of these challenges are common to anyone starting a business in Saudi Arabia, but others are either specific to women, or have a greater impact on women.

- i. Lack of access to reliable information – women struggle to obtain reliable and consistent information about how to start a business. This fosters tremendous uncertainty among women entrepreneurs and undermines their confidence levels.
- ii. Slow bureaucratic procedures – women entrepreneurs find the official processes extremely slow, complex, non-standardised and anti-competitive.
- iii. Restricted access to government services – despite positive steps taken by the government to improve access to government services, women entrepreneurs are still facing major struggles with this issue. Since the recently established Ladies Sections within government entities are perceived as ineffective, women entrepreneurs still prefer to rely on a male relative to help them process their paperwork via the 'Main' sections.
- iv. *Wakeel* requirement for women-owned businesses – women entrepreneurs are continuing to meet with the *wakeel* requirement upon starting a business.

Despite its official removal by the Ministry of Commerce in 2004, enforcement of this regulatory change has not been effective or consistent throughout all government departments.

- v. *Mudeer* requirement for women-owned public-facing businesses – many women entrepreneurs are still being met with the requirement to appoint a male manager, despite the Ministry of Commerce's removal of this requirement in 2011. This issue puts women-owned businesses at a major disadvantage and sets them up for failure from the outset. It also causes them considerable anxiety and humiliation, as a result of the undue interference and harassment they experience from the *Haya*<sup>3</sup> in response to their practical efforts to manage their businesses and male staff.
- vi. Restricted licensing options – a number of business activities that are often popular among women are not currently available in the official licensing categories, limiting the options and discouraging women entrepreneurs. Also, the lack of 'home-business licences' is a significant missed opportunity given women's preference for starting their businesses from home. The many uncertainties, complexities and challenges in the regulatory environment mean that applying for a business licence can be an overwhelming and off-putting experience that deters many would-be women entrepreneurs from starting a business. The result is that a large proportion of women-owned businesses tend to go unlicensed and unnoticed in the informal economy.

**c. Women entrepreneurs are not being reached by entrepreneurship initiatives**

Despite recent growth in public and private sector entrepreneurship support initiatives, few Saudi women entrepreneurs are benefiting from them – either due to a lack of awareness or understanding of exactly what is offered and how it meets their needs, or because of women's underlying

aversion to seeking external help.

**d. Women's restricted mobility**

The implications of the driving ban on women in Saudi Arabia and the need for male guardian permission for international travel put women entrepreneurs at a significant disadvantage. They must incur significant incremental financial burdens (for a driver or private taxis) and may be precluded from important international opportunities for business or personal development.

**e. Lack of support services**

Government policy is not responding to the growing needs of working women for infrastructure and support services such as transportation and childcare.

Despite recent attempts, then, to introduce favourable policies to enhance the economic participation of Saudi women, in our view, a lot more could and should be done – by the government and support organisations – to improve the policy and regulatory environment and enable the growth and development of the women's entrepreneurship sector.

**II. Attributes and competencies gap among Saudi women entrepreneurs**

A key finding from this project is that there is a significant gap to close between the competencies and capacities of Saudi women entrepreneurs and those attributed to the 'successful entrepreneur'.

While the participants in this study benefited from a wide range of enabling qualities such as their education, capability, courage and determination, a number of contradictions and internal conflicts became evident in their behaviour over the course of this project. We found that these internal barriers represent some of the most significant obstacles faced by Saudi women entrepreneurs and hold them back from achieving their full potential.

The most notable gaps in the competencies and capacities of Saudi women entrepreneurs and those of the successful entrepreneur are as follows:

#### a. Self-confidence

We found that although these Saudi women entrepreneurs present themselves as confident and strong, they often suffer from a lack of underlying self-belief. This is manifested through their hesitation to make key decisions, avoidance of commitment and their tendency to postpone taking action by putting unnecessary obstacles in their way.

#### b. Risk-taking

While the women entrepreneurs display a lot of courage in following their chosen career path, they are often hesitant or averse to assuming tangible risks, such as leaving the security and social status of their government sector jobs or seeking external funding to support their businesses.

#### c. Autonomy

The women entrepreneurs also suffer from a lack of self-reliance, self-sufficiency and personal initiative. Restrictions imposed upon them at the societal level are often internalised to such an extent that they become complacent, if not complicit, in their lack of autonomy, with significant repercussions for their sense of self-esteem.

#### d. Self-esteem

These Saudi women entrepreneurs experience powerful emotional reactions to the gender-specific challenges they face in the regulatory environment. They express feelings of frustration, outrage, helplessness and/or self-blame at their lack of autonomy. They also have a powerful fear of judgement and failure, which they must overcome if they are to succeed as entrepreneurs.

We found no discussion of these issues in the literature, and yet they seemed to lie at the heart of challenges facing Saudi women entrepreneurs. Our search for answers led to a collaborative exploration, with the participants, of some of the wider systemic factors that affect the development of entrepreneurial qualities among Saudi women.

We found Saudi culture in general to be

unsupportive of the personal skills and qualities needed to be a successful entrepreneur. Indeed, for women, the general environment stifles, rather than nurtures, the development of entrepreneurialism.

Through the cooperative inquiry process we were able to draw the following insight: that the internal conflicts felt by Saudi women entrepreneurs are a reflection of macro-level conflicts and paradoxes present in the socio-political context within which they operate.

While the Saudi government is ostensibly supportive of increasing women's participation – which it demonstrates through its high level policy commitments – it continues to support and uphold a highly restrictive socio-cultural system that systematically inhibits women's basic freedoms, disempowers them and denies them the right to become independent, self-determining individuals.

We found that the psychological internalisation by Saudi women of government-sanctioned policies – such as **male guardianship** and **gender segregation** – is a key factor that contributes to the internal barriers and conflicts they experience. Such policies result in women being treated as inferior and, in effect, infantilised throughout their lives. The psychological effects on women entrepreneurs are profound in terms of the negative impact on their self-image, identity and self-esteem, which undermines their potential as entrepreneurs.

**Women's education** is also failing to create the conditions under which women's entrepreneurship can thrive. Rather than preparing women for their role as active participants in the Saudi economy, the focus remains on upholding dominant socio-cultural norms that emphasise the role of women as wives and mothers. The curriculum continues to place a strong emphasis on traditional content and teaching methods, such as memorisation and repetition. This system is failing to foster entrepreneurial qualities, skills and knowledge among young Saudi women.

### III. Socio-cultural restrictions

In addition to the shortcomings of the education and political system, we found that Saudi

women entrepreneurs are deeply impacted by restrictions in the socio-cultural context within which they operate.

It is the psychological internalisation by women entrepreneurs of such systemic factors that ultimately undermines their ability to achieve their full entrepreneurial potential.

Deeply embedded social values and traditional customs in Saudi Arabia underpin a bedrock of ultra-conservative attitudes towards women. The traditional domestic role of women, as wives and mothers, is a strongly held value that is guarded by the majority of Saudis. Saudi society also upholds a powerful image of the 'ideal' woman as one who is a good wife and mother, obedient, quiet, modest, honourable and acquiescent.

While public acceptance of women's choice to work outside the home is growing, the fields that are considered acceptable for her are still largely confined to public sector roles in health and education that are considered 'suited to her nature'.

With the exception of the landmark appointment of 30 women to the Shura Council<sup>4</sup> in January, women remain largely absent from public leadership positions in Saudi Arabia and are generally secluded in private women-only environments. This has a negative impact on the Saudi woman's self-perception, in terms of her sense of identity, dignity and self-worth.

All things considered, becoming an entrepreneur is an unlikely consideration for the majority of Saudi women. The socio-cultural pressures and expectations upon her are a significant obstacle to overcome. For those who do choose the lonely path of the woman entrepreneur, there are very few role models for them to look to for inspiration and encouragement.

### **Action Research – part of the solution?**

Serving and enabling change among women entrepreneurs was core to the aims of this project. The extent to which we were able to achieve these aims, through action research,

far exceeded our expectations.

We found the Cooperative Inquiry process to be a very powerful research approach with significant benefits for Saudi women entrepreneurs. Appreciative Inquiry and the "4D-Cycle" provided the tools for participants to discover their passions, explore their dreams, make important decisions and commitments and take concrete steps towards realising their aspirations.

Engaging with others through the Cooperative Inquiry process allowed them to enjoy a new and profound experience of community. It seemed as if what these women needed more than anything else was simply to connect, to share and exchange with each other.

The impact on the participants was noticeable. They were able to recognise and overcome some of the internal barriers that had been holding them back. They developed a more positive approach and outlook, grew significantly in terms of confidence and were enabled to make substantial new commitments and take positive practical steps towards achieving their entrepreneurial aspirations.

## **CONCLUSION**

In spite of the remarkable advancement of women in Saudi society over the past few decades, women today remain vastly under-represented in the entrepreneurial sector. In an economy that continues to seek out opportunities to reduce its dependency on oil, women's entrepreneurship presents an important avenue for diversification, and a major source of untapped economic potential.

While women in Saudi Arabia have many positives to draw on, they remain constrained at large in their ability to translate this into tangible entrepreneurial success. The most fundamental obstacles to women's entrepreneurship in the Kingdom remain the same today as they were fifty years ago, when girls were first admitted to schools in the Kingdom.

Although discussion of the socio-political and cultural constraints is absent from the limited Saudi women's entrepreneurship literature,



we have found that these issues lie at the very heart of the obstacles that stand in the way of greater female participation in the Saudi entrepreneurial sector, economy and society at large.

Any policy attempts aimed at addressing the exclusion of women from the Saudi Arabian economy, and in particular the entrepreneurial sector, are in our view confined to superficial tinkering if they fail to address this myriad of socio-political and cultural factors that stifle, rather than promote, the entrepreneurial spirit and capabilities of aspiring business women.

## SUMMARY RECOMMENDATIONS

1. Undertake further action-research-based studies of women's entrepreneurship, extending this project to all regions in Saudi Arabia, and potentially MENA countries.
2. Conduct a formal review of official Saudi entrepreneurship data and introduce measures to improve reliability and accuracy of information.
3. Address gender-specific challenges in the regulatory environment to improve women's access to government business licensing services, remove remaining gender discrepancies and ensure comprehensive enforcement of positive women-targeted policies through all government agencies. Review and expand business licence activity options to better serve the needs of women and create a 'home-business licence' to encourage them to participate in the formal economy.
4. Improve women-targeted outreach of entrepreneurship initiatives and funding sources. Establish a central information and advisory service, launch awareness campaigns and training support.
5. Invest in support services and infrastructure such as public-funded transportation service for women and subsidised childcare.
6. Carry out an official review to assess the impact of socio-political factors, such as legal guardianship, segregation and mobility restriction laws, on women's entrepreneurship in Saudi Arabia.
7. Undertake a review and reform of women's education to align its purpose and outcomes with the government's strategy of increasing the economic participation of women. Ensure greater focus is placed on fostering entrepreneurship competencies, skills and qualities such as autonomy, creativity, innovation, self-confidence, decisiveness and risk-taking.
8. Undertake a government-led campaign to promote the positive economic role and contribution of Saudi businesswomen and promote women to prominent public positions to increase their visibility.
9. Create opportunities for women entrepreneurs to connect with and support each other through networking events, workshops and action-research-based change programmes.

### Footnotes

<sup>1</sup> Legal male representative

<sup>2</sup> Male manager

<sup>3</sup> The Committee for the Prevention of Vice and Promotion of Virtue – otherwise known as the 'religious police'

<sup>4</sup> The Consultative Assembly of Saudi Arabia, a formal advisory body to the governing monarchy

## The authors

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Co-founding Director, Women's Entrepreneurship Initiative, independent researcher, lecturer and author of '6th November 1990: Women driving in Saudi Arabia'. Hessah is Chairwoman of the Down Syndrome Charity Association and a Founding Board Member of the National Family Safety Programme. She is a committed and outspoken advocate of women's rights in Saudi Arabia, dating back to her participation in the 1990 Riyadh women driver demonstration. She has spent most of her career in education and public service contributing towards efforts to increase female participation in Saudi society. Most recently she was the Dean of the College of Women at Al Yamamah University, before which she held the position of Assistant Director of the Research Department of the Saudi Ministry of Education. Hessah holds a PhD in Educational Management from King Saud University (2004), and BA in Education and Arabic Language from Riyadh College of Education (1981).

### Kelly Lavelle

Founding Director, Women's Entrepreneurship Initiative, independent researcher and lecturer. Kelly's current focus is on exploring the pursuit of a more sustainable future through the increase of female participation and leadership in society. Before her career change in 2005, Kelly gained ten years' experience in international business and finance with Arthur Andersen, Deutsche Bank, The Financial Times and Reuters, where she held the position of Global Head of Marketing for a high growth business unit. Kelly holds an action research MSc in Sustainability and Business Responsibility from the University of Bath (2009) and a BSc in International Management and Modern Languages (Bath, 1997). Kelly is a multi-lingual British expatriate who has been living and working in Riyadh, Saudi Arabia since 2008, with her husband and their two Riyadh-born children.

## The editor

### Dr Gill Coleman

Gill is Director of the Ashridge Centre for Action Research. She has substantial experience in teaching and supervising action research theory and practice, and has been part of several formal action research projects, in both academic and organisational settings. Her interests are in participative approaches to personal and organisational learning and change, particularly as they relate to sustainability and corporate social responsibility.

Before joining Ashridge in 2009, Gill worked for ten years with the Centre for Action Research and Professional Practice at the University of Bath. Prior to that she was the Director of the New Academy of Business, a radical business education venture sponsored by Anita Roddick of The Body Shop.

## Women's Entrepreneurship Initiative

The WEI is a non-profit organisation whose main purpose is to learn about, serve and enable change for women entrepreneurs in the Middle East and North Africa region.

The WEI was founded in 2011 via an action research project involving Saudi women entrepreneurs that set out to (1) learn about the real-life experiences of Saudi women entrepreneurs (2) be of service to them and their business and (3) enable positive change for them by engaging them as co-researchers in a workshop-based learning and self-development process.

Inspired by the significance of this work to the women involved, the Women's Entrepreneurship Initiative Ltd was formally established as a UK-registered non-profit organisation in March 2013. The WEI's activities include workshop-based development programmes designed to help women entrepreneurs in the Middle East and North Africa realise their full potential as part of a vibrant community of entrepreneurs.

For more information, visit [www.womensentrepreneurshipinitiative.com](http://www.womensentrepreneurshipinitiative.com)

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## Ashridge Business School

Ashridge is a leading international business school based in Hertfordshire, England. Founded in 1959, Ashridge works with individuals and organisations from around the world in its three core areas of executive education, research and consulting.

It is consistently highly placed in major business school rankings, including *Business Week* and the *Financial Times*. It is one of just a handful of business schools to be accredited by the Association to Advance Collegiate Schools of Business (AACSB), The European Quality Improvement System (EQUIS) and the Association of MBAs (AMBA).

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