

# **A descriptive analysis of entrepreneurial female career success determinants in relation to the entrepreneurial process in Saudi Arabia**

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## **ABSTRACT**

**In this research we aim to identify factors which can contribute to the development of female entrepreneurship. We enumerate these factors in order to stimulate this phenomenon due to its importance for economic development and social development. After identifying these determinants, we list each according to its relative importance and create a matrix, which shows their interdependence at each level of the development of the entrepreneurial process. A quantitative approach was adopted to identify and define these determinants. Our research focused on female entrepreneurial careers in Saudi Arabia. An entrepreneurial career is evaluated as successful if it establishes an entrepreneurial project, because our objective is to motivate women to adopt not only an entrepreneurial intention, but an actual entrepreneurial career. The questionnaire used here was administered to 103 women who had already started an entrepreneurial career. The results show that individual factors are important, but environment factors are more important, especially political factors. The most important contribution of this study is the matrix it defines, in which every determinant can be used differently based on the different steps in the entrepreneurial process. This can provide policy makers with a tool according to which they can detect the key factors of success.**

**Keywords:** female entrepreneurship, individual factors, environmental factors, quantitative analysis,

## **INTRODUCTION**

This work presents an analysis of female entrepreneurial determinants at the micro-level. It aims to determine the relative importance of each determinant to business creation.

We can define entrepreneurship, in a very strict sense, as the creation of enterprises (intangible or physical) by people. According to Martin (2013), female entrepreneurship comes from a context of promoting private initiative, and is related to varied woman-owned enterprises.

The study will examine individual characteristics of female entrepreneurs such as demographic factors, personality traits and motivations, and environmental factors like economic, regulatory, and sociocultural. We will be able, at the end of this research, to create an exhaustive list of determinants and provide a classification based on their importance. This exploratory approach is undertaken with Saudi Arabian women.

We talk about female entrepreneurship due to the importance of this field on economic growth. For this reason, we must develop and stimulate the generation of female entrepreneurship. This point is the essence of our study. We aim to list determinants which can facilitate this process. Our objective is to produce this list and fix the relative importance of each factor to provide policy makers with a user guide for female entrepreneurship.

In other words, if we identify determinants, it will be easier to create opportunities for women to consider an entrepreneurial career, or to resolve factors which can constitute an obstacle for women to create their own business. In Saudi Arabia, female entrepreneurship is a new approach adopted both to create new opportunities to combat unemployment and to give women new horizons.

To reach this objective, we have to define female entrepreneurship and its particularity. We will then present a list of determinants as cited in the literature review, both in general and specific to Saudi Arabia. The last part will be related to methodology and results. We will present a questionnaire used to collect data, and the results of a components analysis, through which we will be able to specify the determinants and their importance in our case.

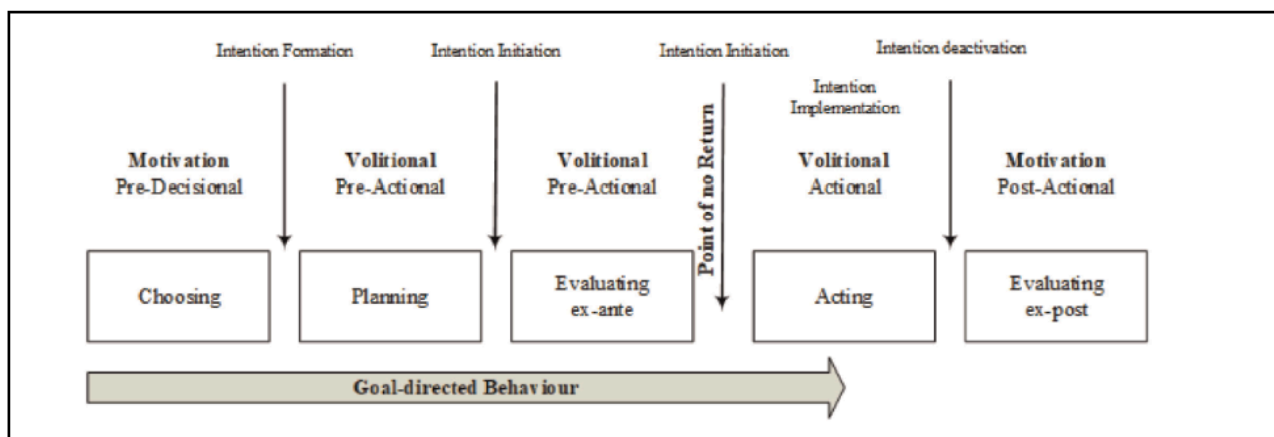
## FEMALE ENTREPRENEURSHIP

### Entrepreneurship: definition and process

Entrepreneurship is always assimilated with creation and the person creating is named an entrepreneur (Birsd and Schjoedt, 2009). Brush et al. (2006) demonstrate that entrepreneurship contributes to the creation of new opportunities and reduces unemployment. It enriches economies. Theoretical and empirical research shows the benefits of entrepreneurship on socio-economic development, such as job creation, economic growth, innovation and diversity (Verheul et al., 2006).

Many researchers have adopted an empirical approach to entrepreneurship through the definition of a process. Here we look at how to go beyond this process to create a project, rather than just an entrepreneurial intention. Here, we will define process entrepreneurship, its steps and its mechanisms to associate determinants. Our main conclusion, based on the literature review and observation, is that the relative importance of determinants differs between studies and between steps in the same process.

Figure 1. Accomplishment Process



Source: Heckhausen (2007, p.167)

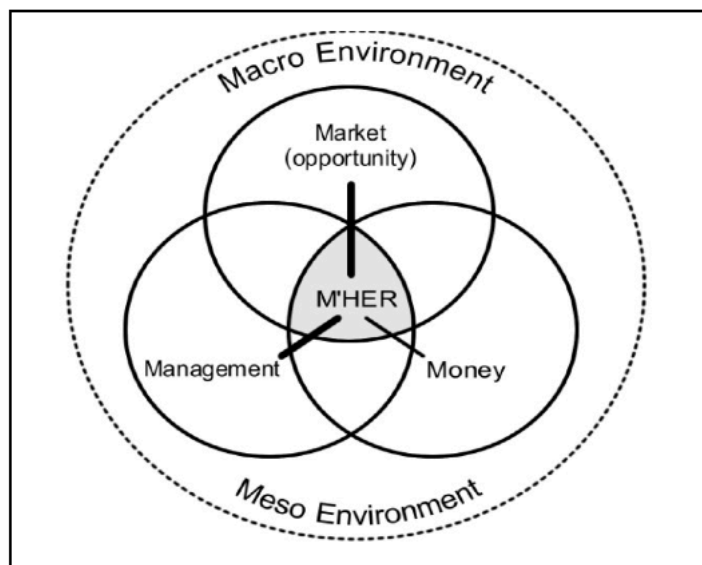
Wilson and Martin (2015) argue that entrepreneurial intention does not guarantee accomplishment of the entrepreneurial process.

### Female entrepreneurship

Berger and Kuckertz (2016) conducted a study on female entrepreneurship which showed that the level of constraint for women in the workforce was a significant factor influencing female entrepreneurs.

Recent literature on entrepreneurial entrepreneurship (de Bruin et al., 2007; Jamali, 2009) uses a multidimensional research design to identify all variables that influence women's entrepreneurship practices. In the same vein, Brush et al. (2009) proposed the 5M model.

**Figure 2. 5M Model**



**Source: Brush et al. (2009)**

Entrepreneurship is embedded in social situation (Davidsson, 2003, Steyaert and Katz, 2004), that is, external values and expectations are important to understand the phenomenon. Brush et al. (2009) expanded the 3M model (Money, Market and Management), by integrating these external values into the 5M model and introducing *Maternity* and *Meso/Macro Environment*.

*Maternity* represents family, this means that family could have a greater impact on women than men (Jennings and McDougald, 2007). Thus, the first important aspect here is the different pressures on women and men.

*Meso/Macro environment* is a component that integrates, beyond the market and institutions, the expectations of society, cultural norms and structures. The macro environment includes national policies, strategies, cultural influences and the economy; while the meso environment reflects regional specificities in terms of political, economic and cultural aspects.

The second important observation is that female entrepreneurship is limited both at macro and meso environment level.

Maternity and Meso-Macro environment determine individual access to the first three M factors, because they are specific to female entrepreneurship if we remember that this process needs more much time to be accomplished. However, the Bates 3M model presents essential variables for any business, whatever its nature or creator.

After this brief presentation of female entrepreneurship, we can see the particularity of this process. So, we can suppose that determinants must be adopted and adapted to these specificities.

Our analysis has two main categories: individual and environment factors. The perception of determinants differs from one researcher to another and there is no unique classification. It is still a personalized process or a particular entrepreneurial process.

## **DETERMINANTS OF FEMALE ENTREPRENEURSHIP**

Based on our literature review, determinants or barriers to female entrepreneurship can be represented by individual, environmental, social and cultural factors. To facilitate testing and identification, we combined these factors into two categories: individual and environmental.

In this part, we define each factor and its composition in order to facilitate its measurement, in line with our objective to list factors and their relative importance.

### **Individual determinants**

Arenius and Minniti (2005) argue that the determinants of entrepreneurship decisions are related to individual factors divided into three main groups: demographic and economic factors, perceptual factors and socio-environmental factors. For the majority of researchers, demographic factors include measurable variables such as age, level of education and social statute. Added to these factors, entrepreneurial motivation is also seen as a major determinant of entrepreneurship decision at individual level (Shane, 2003).

Fallatah (2012) refers to these determinants as *personal*. This can include age, level of education, gender, motivation, innovation and lack of skills or experience.

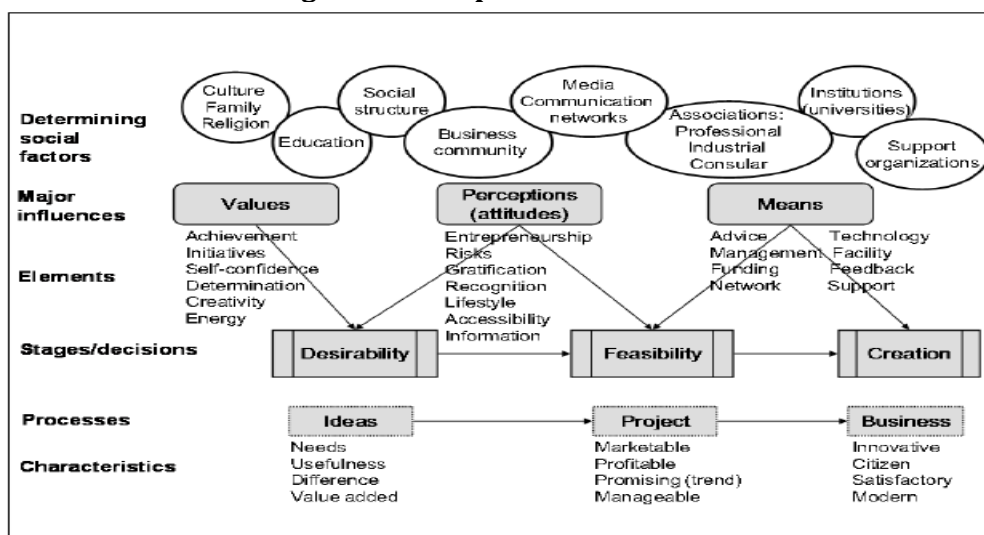
The evaluation of entrepreneurial motivation depends on certain indicators. For Tiwari and Tiwari (2007), entrepreneurs always take risks to achieve their goals if they are highly motivated. Kayed and Hhassen (2013) demonstrate that innovative entrepreneurs with strong initiative cause a significant change on economic growth and on entrepreneurial activities.

Doran et al. (2018) consider that the positive effect of entrepreneurship on economic growth is not guaranteed and depends on attitudes, aspirations and beliefs.

### **Environmental determinants**

Gnyawali and Fogel (1994) consider that entrepreneurial environment, as a combination of factors, plays a role in the development of entrepreneurship decisions and can refer to economic, sociocultural and political factors that influence the ability of individuals to undertake an entrepreneurial decision. It can be related to the availability of assistance and support facilitating the start-up process.

The integrated model of Gnyawali and Fogel (1994) developed a metric for environmental factors based on five categories: government policies; socio-economic factors; know-how; financial resources; and non-financial resources, such as training and governmental assistance.

**Figure 3. Entrepreneurial Process Model**

Source: Trembly (2011)

Trembly (2011), as shown in Figure 3, provides a different vision of female entrepreneurship determinants because she associates specific factors with each stage of the entrepreneurial process.

As we can see, social determinants are the most important factor as they regulate the beginning of the process. After this, the degree of importance of the determinants defines a mind map related to female entrepreneurs' decision making.

Another point which is important here, based on this analysis and our literature review, supposes that there is a complementarity between determinants to succeed (to create a project). Here, separate determinants or factors are not enough to guarantee the continuity of the process.

### FEMALE ENTREPRENEURSHIP IN SAUDI ARABIA

According to Sarker (2014), entrepreneurship is viewed as a catalyst agent to create productive activity, expand the economy and assist economic growth. In Saudi Arabia, this orientation was adopted and policies have been created to promote entrepreneurship and encourage the development of a positive entrepreneurial spirit (Kayed and Hassan, 2013).

Entrepreneurship promotes rapid and balanced growth in Saudi Arabia through efficient use of resources and creation of employment (Cole, 2011; Sabri, 2001).

Fallatah (2012) demonstrates that women participating in the labor force has a positive effect on economic growth, but lack of awareness and inadequate education can discourage Saudi women from considering an entrepreneurial career.

Khurshid and Khan (2017) argue that the position family role has an important effect on women's empowerment toward an entrepreneurial career.

Zeude et al. (2002) pointed out that the absence of adequate and appropriate organizations to help female entrepreneurs with their decision making has a negative impact on the development of woman-owned enterprises.

Regarding the lack of skills in this field, entrepreneurship programs were recently introduced by Saudi universities, which could develop students' risk taking and innovation in order for them to become entrepreneurs (Spencer et al., 2016). It can be considered a step towards entrepreneurship awareness, to introduce the concept to society and to encourage acceptance of independent projects.

Social barriers in Saudi Arabia include motherhood; in general, mothers are limited to the sphere of raising their children. To this can be added a lack of recognition of their efforts and the absence of moral support from family members (Basaffar, 2012).

### **METHODOLOGY**

To evaluate the impact of these determinants, we conceived a questionnaire which was administered to women who undertake entrepreneurial activity.

The questionnaire was divided into two parts: the first part related to personal characteristics evaluated through sociodemographic, personality traits and motivations; the second part contained data related to environmental factors (economic, regulatory and political, sociocultural). Administration of the questionnaire was assisted by many women's associations, who facilitated access to necessary information.

We proceeded in two ways: descriptive and explorative. A descriptive analysis of our sample provided an approximate profile of respondents, to help us to later present an ideal profile of women who can undertake an entrepreneurial career. This description was based on sociodemographic information collected.

**Table 1. Measured Variables**

<i>Determinants</i>	<i>References</i>
Personal characteristics	Arenius and Minniti (2005) Scheinberg and MacMillan (1988)
Environmental factors	Gnyawali and Fogel (1994)

These variables were evaluated by items according to the references mentioned in Table 1. Data collected was analysed with SPSS 24.

The KMO (Kaiser-Meyer-Olkin) for each dimension was evaluated in order to test items' coherence. Cronbach's Alpha was also used to eliminate items if necessary and improve the internal coherence of the construct.

Component analysis was established to evaluate the composition of each category of determinants or factors. The explained variance constituted our reference to list determinants by relative importance. Factor loading is summarized in Annex 1.

### **RESULTS AND DISCUSSION**

In this section we present our results, and recommendations based on our findings.

#### **Descriptive analysis**

This first part is used to specify our sample. We needed to discover general attributes in order to operationalize our results. Activity in entrepreneurial projects, situation before the entrepreneurial act, entrepreneurial experience, social situation, number of children and degree were analyzed.

**Table 2. Descriptive Analysis of Activity ACVTY**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	12	11.7	11.7	11.7
	2	25	24.3	24.3	35.9
	3	30	29.1	29.1	65.0
	4	18	17.5	17.5	82.5
	5	18	17.5	17.5	100.0
	Total	103	100.0	100.0	

The majority of projects studied here related to commerce (29.1%) and industrial activity (24.9%).

**Table 3. Descriptive Analysis of SITUAT**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	35	34.0	34.0	34.0
	2	27	26.2	26.2	60.2
	3	29	28.2	28.2	88.3
	4	12	11.7	11.7	100.0
	Total	103	100.0	100.0	

Unemployment is the most represented (28.2 %) followed by students (26.2%). This confirms that female entrepreneurship constitutes a solution to find jobs and decrease the rate of unemployment for women in Saudi Arabia.

*Table 4. Descriptive Analysis of EEXP*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	24	23.3	23.3	23.3
	2	21	20.4	20.4	43.7
	3	32	31.1	31.1	74.8
	4	21	20.4	20.4	95.1
	5	5	4.9	4.9	100.0
	Total	103	100.0	100.0	

The highest range of years in this field is about 4-6 years (31.1%). This can encourage other women to create enterprises and provide extra output for many years.

**Table 5. Descriptive Analysis of SLES**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	12	11.7	11.7	11.7
	2	38	36.9	36.9	48.5
	3	35	34.0	34.0	82.5
	4	17	16.5	16.5	99.0
	5	1	1.0	1.0	100.0
	Total	103	100.0	100.0	

36.9 % of women respondents are married, which suggests that family barriers can't affect the decision of entrepreneurs. Divorced women are representative too with 34%.

**Table 6. Descriptive Analysis of DGREE**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	14	13.6	13.6	13.6
	2	16	15.5	15.5	29.1
	3	21	20.4	20.4	49.5
	4	23	22.3	22.3	71.8
	5	29	28.2	28.2	100.0
	Total	103	100.0	100.0	

Women's degrees were mainly training certified (28.2%) or Masters (22.3%), so the degree level seems not to be important for entrepreneurial women's careers.

The most important determinant among individual factors was personality traits; entrepreneurship is related on decision based on personality. In general, creating an enterprise is considered a personal decision, with creation depending on personality traits. This result agrees with the findings in the literature review. Motivations are also an important determinant, with 14.23 %.

Political factors are the dominant environmental factor (29.95%). This dimension relates to facilities provided by government to create enterprises. Female entrepreneurs need governmental assistance to establish a project. Universities figure as a political factor, related to their role not only to develop awareness about the necessity to create, but to assist entrepreneurs to acquire the knowledge and know-how to proceed.

**Table 7. Component Analysis**

Variables	Dimensions	Explained variance	KMO
Individual factors	Sociodemographic information	8.61%	0.73
	Personality traits	20.49 %	
	Motivations	14.23 %	
Environmental factors	Economic factors	7.27%	0.80
	Political factors	29.95%	
	Sociocultural factors	9.50%	

Our objective was to specify determinants for female entrepreneurship in Saudi Arabia to provide a roadmap which can help women to create projects. The question was how to proceed not only to generation of ideas, but to their effective realization.

These directives are summarized in the matrix in Table 8 which references the different steps of the entrepreneurial process against the determinants identified in this study.

**Table 8. Matrix of Determinants of Female Entrepreneurship in Saudi Arabia**

	Choosing	Planning	Evaluating	Acting
<b>Sociodemographic information</b>	x			
<b>Personality traits</b>	x		x	
<b>Motivations</b>	x	x		
<b>Economic factors</b>	x	x	x	x
<b>Political factors</b>	x	x	x	x
<b>Sociocultural factors</b>	x	x	x	x



## CONCLUSION

Determinants for the success of female entrepreneurship in Saudi Arabia were identified and listed in this research as a first step. It seems here more important to propose solutions or recommendations for each factor to resolve problems and create good conditions for women to create enterprises and contribute to personal and economic growth. Our exploratory approach shows that there is progress, and if we compare the results to previous studies, we can conclude that female entrepreneurship is progressing in Saudi Arabia.

For example, universities offer education and training that give potential entrepreneurs various alternatives (Alhaidi, 2013) with the development of programs such as *Saudi women between economics and social reality* which targets women's development and supports female entrepreneurs (Minkus-Mckenna, 2009).

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**ANNEX 1. LOADING CONTRIBUTION**

<b>Sociodemographic information</b>	
Activity	0.65
Age	0.52
Situation before entrepreneurial career	0.49
Entrepreneurial experience	0.74
Social situation	0.63
Number of children	0.81
Degree	0.64
<b>Personal traits</b>	
I don't accept risk taking	0.77
The decision of entrepreneurial career is my choice	0.64
Family has strongly affected my decision	0.58
<b>Motivations</b>	
Continuous learning	0.87
Capacity to innovate	0.83
Innovativeness	0.81
Independence	0.75
Take opportunity	0.66
Rentability	0.54
Social position	0.57
Be grateful	0.79
Social responsibility	0.85
Continuity of entrepreneurial career as members of my family	0.45
Security and well-being for my family	0.69
Uncomfortable at previous job	0.88
Unemployability	0.76
<b>Economic factors</b>	
Availability of financial assistance	0.53
Financial sources	0.65
Extra financial sources	0.87
Price of raw materials	0.75
Security of procurement	0.48
Low competition	0.74
Growth of market	0.53
Availability of distribution	0.55
Availability of workforce	0.58
<b>Political factors</b>	
Availability of information in this field	0.87
Start-up	0.79
Laws protecting private propriety	0.88
Facility of investment	0.86
Tax incentives	0.76
Procedure clear	0.71
The role of universities	0.65
Particular encouragement	0.89
Stability and security	0.80
<b>Sociocultural factors</b>	
Government attitude towards female entrepreneurship	0.61
Experience as entrepreneur's assistant	0.76
Entrepreneurial relationships	0.81
Assistance service	0.88
Importance of entrepreneurship	0.76
Husband influence	0.86
Family influence	0.84
The majority consider an entrepreneurial career as success	0.53
You have position in society	0.51
Social media valorize entrepreneurial activity	0.60