

Factors Effecting Performance of Women Entrepreneurship: An Empirical Study in Saudi Arabia

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Abstract

This paper highlights the key indicators of the performance of women entrepreneurs in Saudi Arabia. The emergence of women entrepreneur and their contribution to the national economy are quite visible in Saudi Arabia. Women have become aware of their existence, rights & work situations. While women entrepreneurship and the formation of women business networks are growing rapidly, a number of factors are significant towards the success of women entrepreneurs which are discussed in the paper. The study administered a survey questionnaire in collecting primary data. The sample of 100 women entrepreneurs was surveyed for this research. Data collected are processed in SPSS 20.1 to generate statistical results. Correlation Matrix is used to find correlation between the variables. The study states that professional education, family business inheritance, family motivation and social values are key performance indicator towards the success of the entrepreneurs.

Keywords: Women Entrepreneur, performance indicators, correlation matrix

Introduction

Entrepreneurship is recognized as an important driver of economic growth and development, productivity, employment and innovation. Entrepreneurship is also accepted as a key aspect of the economic dynamism. The pragmatic, innovative and entrepreneurial people willing to exploit the opportunities and taking risks (Hisrich, 2005) have been contributing to the economic progress of the nation. While enterprises owned and run by men are always reported (ILO, 2006) in official sources, rarely are taken note of women-owned businesses worldwide and especially in developing countries like Saudi Arabia. The idea and practices of women entrepreneurship are at the nascent stage. Scientific discourse about the women's entrepreneurship

and about women run organizations began only in 1980s (ILO, 2006).

Maziku, et al, (2014) point out that Socio-Cultural Factors have significant impact on the Performance of Women run Small and Medium Enterprises. It has been also observed that knowledge and skills obtained from the family and social environment are essential in shaping women aspirations to become entrepreneurs (Tundui, 2012). Women's participation in formal entrepreneurship are influenced by various factors e.g. social culture, legal environment, sources of finance and networking. The government and other agencies have encouraged women entrepreneurs to start business which has contributed to an increase in the number of women entrepreneurs across the kingdom. Women entrepreneurs also generate income and employment in the country. An experienced individual with higher level of education, considerable good knowledge of the market and business practices are more likely to

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cope with the challenges of starting a new business venture.

Review of Literature

Namusonge (2006) in his study mentions that entrepreneurial education and training play vital role in stimulating entrepreneurship and self-employment. Okpara and Wynn (2007) mention that for both small and medium scale enterprises to be successful, owner manager must possess appropriate skills and abilities to operate in the business. Terry (2005) states that business owners need to have basic skills necessary to start, develop, the finance and market for the product. Lazear et al., (2005), in their study opine that entrepreneurship requires general knowledge and formal education system particularly operating at the small scale as are common in developing countries. Gatewood, et al. (2004) in their research state that education is one of the characteristics of women entrepreneurs that can affect their business performance. Wit and Van (1989), mention that individuals with high level of education are more likely to engage in entrepreneurship. Bhola et al., 2006 observe that highly educated people are more likely to grab opportunity-based ventures while less educated entrepreneurs are involved in necessity entrepreneurship. Kirkwood (2009) and Charles and Gherman (2013) introduce push and pull factors motivating women entrepreneurs. Push factors are those that push individuals towards the entrepreneurship. Push factors are issues such as unemployment, redundancy, and lack of job or career prospects. Pull factors are those that draw people to start businesses. This category talks about ability to identify opportunity. According to Kirkwood (2009), the desire for independence and monetary motivation especially for wealth creation are considered as pull factors. Motivations to become an entrepreneur are considered as push factors when Family-related situations compel to

take up entrepreneurship. Brush et al., (2006) in their study, mentions women are more likely than men to start their businesses to achieve a work-family balance.

Research Methodology: Research Design

Target population are total number of individuals (Mugenda, 2003), that the researcher specifies for his research. The target population for this research are all women entrepreneurs in Saudi Arabia which are unevenly distributed in the kingdom. Judgmental sampling is used for collecting data from Four major cities Riyadh, Jeddah, Jazan and Dammam. Sample size for the study is 100 women entrepreneur randomly selected in the kingdom from total women entrepreneurs.

The formula of Saunders et al. (2003) decides the range of the least sample.

$$\text{Sample size } n = (ZS/E)^2$$

Where

Z=Standardized value corresponding to a confidence level of 95% = 1.96

S = Sample SD from Pilot study of 50 sample=0.59

E=Acceptable Error = 5% = 0.05

Hence, Sample size = $n = (ZS/E)^2$

$$= (1.96 * 0.25 / 0.05)^2$$

$$= 98.8$$

$$= 100$$

(Saunders et al., 2003, pp.83)

The minimum sample size based on a 95% confidence interval (z value= 1.96) was found to be 100.

Collected data are tabulated in SPSS 20.1 and then processed to get correlation Matrix for finding associations between variables.

Objective of the Study:

- To evaluate the key factors which affect the

performance of women entrepreneurs in Saudi Arabia.

- To evaluate the relation between the factors and their relation with performance of women entrepreneurs.

Hypotheses

H1: There is association between Social Values and performance of women entrepreneurs.

H1: There is association between Family Business and performance of women entrepreneurs.

H1: There is association between Professional Education and performance of women entrepreneurs.

Limitation of the Study

The study is conducted in Kingdom of Saudi Arabia, focusing the major cities of Kingdom which is a limiting factor. The other limitation is only women entrepreneurs of SME are taken into account.

Data Analysis and Interpretation

Influencing factors -Correlation Matrix

The following is the Correlation Matrix within the variable Social Values and we find here weak ($r \geq 0.14$), zero correlation and even negative; among the questions (parameters) of the Study Variable.

Table 1: Correlation Matrix within variable Social Values (See in Appendix-I).

Negative relation between “difficulties in making the society accept the women entrepreneur” (Q1 and Q3) see Appendix 2 and “full support from management consultancy, legal consultancy, marketing, financial, enterprise planning and development” explains that better acceptance of the society creates better atmosphere of support for women entrepreneurship. Therefore, we conclude that there are no difficulties in making the society understand women entrepreneur for

building a venture team, as there is full support from management consultancy, legal consultancy, marketing, financial, enterprise planning and development.

In the appendix Table 2 presents the Correlation Matrix within the variables on Family business inheritance Values and we find here weak ($r \geq 0.20$), zero correlation and even negative; among the questions (parameters) of the Study Variables. Correlation between the members support and family inheritance leads to support has the highest r (.53). Negative correlation suggest there is problem of financing for women entrepreneurship.

Table 2: Correlation Matrix within variable Family Business. (See in Appendix I).

Family inheritance of the business provides leverage to the women entrepreneur.

The following is the Correlation Matrix within the variable Professional Education and we find here weak ($r \geq 0.14$), zero correlation and even negative; among the questions (parameters) of the Study Variable.

Table 3: Correlation Matrix within variable Professional Education (See in Appendix II).

In the table 3 the most significant correlations are between Professional Education & Special training on entrepreneurship (0.38), and Restriction of access to the business schools.&International norms which make difficult in getting admission to b schools (0.25).Therefore, we conclude that there is a problem in regulatory because therefor no professional system is required for women entrepreneurs for their success and it is difficult get formal education from international universities due to norms restrictions.

The following is the Correlation Matrix within the variable Family Motivation Values and we find here weak ($r \geq 0.62$), zero correlation and even negative; among the questions (parameters) of the Study

Variable.

Table 4: Correlation Matrix within variable Family Motivation (See in Appendix II).

High degree of correlations are exhibited between ‘male domination in the entire business and entrepreneurship’ & ‘the attitude of the family members towards the business is positive’ (0.69) and ‘male domination in the entire business and entrepreneurship’ & ‘woman managers and executives are proving to be more and more effective at their work places’ (.54).

Therefore, we conclude that there are very few social challenges in women operating business because: the attitude of family members towards women enterprise is positive and women managers and executives are proving to be more effective at their work place.

Conclusion

Most of the previous studies observed that education, family motivation, and family business inheritance supported women entrepreneur to perform better in the economic system. The current study finds that the social values do not play a significant role to the performance of women entrepreneur in the kingdom. Hence, it appears from the study that there is no difficulties in making the society understand women entrepreneur for building a venture team. In context of family business inheritance variables, only one variable among family inherited group (variable Q5 in Appendix-II) is negative and all other variables are positive). family inheritance of the business provides leverage to the women entrepreneur. As regards professional education system, it has been observed that no professional system is required for women entrepreneurs for their success. On the other hand, family motivation variables are associated but magnitudes are weak. Hence, the attitude of the family members towards

women enterprise is positive and women managers and executives are proving to be more effective at their work place

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Appendix I

Table 1: Correlation Matrix within variable Social Values

Question Numbers	Q1	Q2	Q3
Q1	1.00	0.14	-0.24
Q2	0.14	1.00	0.30
Q3	-0.24	0.30	1.00

Table 2: Correlation Matrix within variable Family Business.

Question Numbers	Q1	Q2	Q3	Q4	Q5	Q6
Q1	1.00	0.46	0.20	0.53	-0.07	0.44
Q2	0.46	1.00	-0.10	0.26	-0.13	0.48
Q3	0.20	-0.10	1.00	0.09	-0.24	0.42
Q4	0.53	0.26	0.09	1.00	0.23	0.38
Q5	-0.07	-0.13	-0.24	0.23	1.00	0.31
Q6	0.44	0.48	0.42	0.38	0.31	1.00

Table 4: Correlation Matrix within variable Family Motivation

Question Numbers	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
Q1	1.00	0.54	-0.71	-0.12	0.35	0.26	0.22	0.69	0.26	0.22
Q2	0.54	1.00	-0.43	-0.24	0.25	0.03	0.33	0.20	0.03	0.33
Q3	-0.71	-0.43	1.00	0.12	-0.21	-0.24	-0.62	-0.43	-0.24	-0.62
Q4	-0.12	-0.24	0.12	1.00	-0.08	-0.49	-0.22	-0.22	-0.49	-0.22
Q5	0.35	0.25	-0.21	-0.08	1.00	0.68	0.49	0.19	0.68	0.49
Q6	0.26	0.03	-0.24	-0.49	0.68	1.00	0.58	0.10	1.00	0.58
Q7	0.22	0.33	-0.62	-0.22	0.49	0.58	1.00	-0.03	0.58	1.00
Q8	0.69	0.20	-0.43	-0.22	0.19	0.10	-0.03	1.00	0.10	-0.03
Q9	0.26	0.03	-0.24	-0.49	0.68	1.00	0.58	0.10	1.00	0.58
Q10	0.22	0.33	-0.62	-0.22	0.49	0.58	1.00	-0.03	0.58	1.00

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Table 3: Correlation Matrix within variable Professional Education

Question Numbers	Q1	Q2	Q3	Q4	Q5
Q1	1.00	-0.48	0.38	-0.08	0.18
Q2	-0.48	1.00	0.02	0.25	-0.19
Q3	0.38	0.02	1.00	0.14	-0.13
Q4	-0.08	0.25	0.14	1.00	-0.06
Q5	0.18	-0.19	-0.13	-0.06	1.00

Appendix II (Questionnaire)
Women Entrepreneurship in The Kingdom of Saudi Arabia
Survey Questionnaire

The information collected through this questionnaire will be used for research purpose ONLY, and will be kept strictly confidential.

Part I: Demographic Information

- 1. Age** a. Below 20 years c. 31-40
 b. 21-30 years d. Above 40
- 2. Education:**
 a. Primary education c. secondary education
 b. Graduation/diploma d. Master e. Ph.D.
- 3. Work Experience:**
 a. Less than 1 Years c. 1-5 Years
 b. 6-10 Years d. Greater than 10 Years
- 4. Marital Status**
 a. Single c. Married
 b. Divorced d. Widowed
- 5. Number of employees in the enterprise**
 a. Less than 5 c. 6-10
 b. 11-15 d. more than 15
- 6. Enterprise Name:** _____
- 7. City:** _____

Instruction: Please give your perception based on the following scale:

- 5- Strongly Agree
 4- Agree
 3-Neutral
 2-Disagree
 1-Strongly disagree

A. Socio-cultural Values	1	2	3	4	5
1. Difficulties in making the society accept women entrepreneur					
2. The women managers and executives are proving to be more and more effective at their work places.					
3. Full support for management consultancy, marketing ,financial and enterprises planning and development					

B. Family Inherited Business	1	2	3	4	5
1. There is reasonable inheritance of ancestral business.					
2. Family inherited business flourish easily.					
3. Family inherited business are smooth to be executed.					
4. The family inherited business get grants and aids from government.					
5. Family inherited business are generally supported by family members.					
6. Family inherited business has its own brand entity.					

C. Professional Education	1	2	3	4	5
1. There is no gender biasness for women education.					
2. There socio-cultural restrictions to access the professional education for women entrepreneurs.					
3. There is legal restriction for women entrepreneurs to receive professional education.					
4. There are limitations of available Institutions to offer women entrepreneurship program.					
5. There are limitations of available resources for the women entrepreneurs to access professional education.					

D. Family Motivation	1	2	3	4	5
1. The family attitude towards women has positive motivation on women entrepreneurs.					
2. Family economic condition has motivating factor on women entrepreneurship.					
3. The women entrepreneurs prefer to be active partner entrepreneur with their spouses					
4. The women entrepreneurs feel motivated they are given financial independence to run the business.					
5. Women entrepreneurs are motivated when necessary support are given rather than initiating and running a business enterprise entirely on their own.					
6. The family networks helps to encourage women entrepreneurship.					
7. Family member's involvement helps motivation in the women entrepreneurs.					
8. The attitude of the employees has positive impact on motivation					
9. Marital status of the women entrepreneurs has impact on the motivation.					
10. The numbers of family members has motivating factor on women entrepreneurship.					