Businesswomen in Saudi Arabia

Characteristics, Challenges, and Aspirations in a Regional Context

Noura Alturki  Rebekah Braswell

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Established at the Jeddah Chamber of Commerce and Industry in November 2004, Al-Sayedah Khadijah Bint Khuwailid Businesswomen Center (AKBK) works in collaboration with the private sector and government officials to lobby for the removal of obstacles facing women, in order to empower them both economically and socially to become active participants in national development. It seeks to reform current legislations and policies to become supportive of women’s advancement. In addition, the Center is keen on raising awareness and providing networking and educational opportunities for female entrepreneurs, working women, job seekers, and potential entrepreneurs. The Center was named after Prophet Muhammad’s (PBUH) first wife Al-Sayedah Khadijah Bint Khawilid, a successful businesswoman who remains a role model for Muslim women today. Known for her business skills, wisdom, and her values and ethics, she was also able to balance between her family and career. With such a prominent figure as an inspiration, the Center aims to follow in Al-Sayedah Khadijah’s footsteps to become a national and international resource for women’s advancement in Saudi Arabia.

Monitor Group

Founded in 1983, Monitor Group is a global firm that serves clients through a range of professional services — strategic advisory, capability building and capital services. The firm employs or collaborates with some of the world’s foremost business experts and thought leaders to develop and deliver specialized capabilities in areas including competitive strategy, marketing and pricing strategy, innovation, national and regional economic competitiveness, organizational design, and capability building. Monitor Group is focused on helping our clients lead in their field and create sustainable competitive advantage and impact. To this end, and drawing on decades of experience advising governments on economic competitiveness, Monitor Group has studied and identified the crucial factors that encourage or impede entrepreneurship throughout the world. Through its offices in Dubai and Riyadh, Monitor Group has examined in particular how the public and private sectors can stimulate business formation through shaping the policy and regulatory environment to drive competitiveness and to educate and engage the Middle East’s next generation of business leaders.
This report begins to document the inspiring and multifaceted journey of female entrepreneurs in Saudi Arabia. This focus comes at a time when we are witnessing a rapid and increased investment in our country's human resources and economic development. Fundamental to this investment has been the inclusion of regulations that encourage greater involvement of women in our workforce. The impact of this support can be seen through the growth, productivity and innovation of Saudi Arabia's female-owned businesses.

I would like to express my thanks and appreciation to all who contributed to the preparation of this remarkable work. My wish is that this report will highlight the progress and determination of these businesswomen and serve as a foundation for researchers interested in the socioeconomic development of our beloved country.

May God give us success

HRH Princess Adelah bint Abdullah bin Abdulaziz Al-Saud  
President of the Khadijah Bint Khuwailid Businesswomen Center
The historical election of two businesswomen and appointment of another two women to the Board of the Jeddah Chamber of Commerce and Industry in 2005 fundamentally altered the face of business and opened new doors for female economic participation in Saudi Arabia. This year, 2010, began with a celebration of two businesswomen’s appointment to the board of the Eastern Province Chamber of Commerce and Industry in Saudi Arabia, as well as the election for the first time of a businesswoman to serve as Vice Chair of the Jeddah Chamber. There was similar euphoria at the beginning of last year when Custodian of the Two Holy Mosques King Abdullah appointed the first female Deputy Minister to his cabinet. Across the Kingdom, cultural acceptance of women’s economic role has accelerated, carving a deeper place for women in business and increasing the potential for future expansion. Indeed, the active participation of women has been integral to the government’s plans for spurring economic development, with many old rules being annulled to support businesswomen’s advancement.

Since the establishment of Al-Sayedah Khadijah Bint Khuwailid Businesswomen Center in November 2004, we have strived to be facilitators of women’s entrepreneurship and employment through lobbying, research, and awareness. We engage in discussions with businesswomen and policy makers alike to identify obstacles to women’s advancement and help address these concerns. We also believe in creating an enabling environment for women through raising awareness and doing research. This latest report seeks to better understand the position of businesswomen in Saudi Arabia: who they are, what types of businesses they run, and what challenges they face. By highlighting businesswomen’s accomplishments and identifying areas for improvement, we aim to drive changes in policy and promote the support services needed to take Saudi Arabia’s female entrepreneurs to the next level.

One of the report’s strategic aims is to contextualize businesswomen in Saudi Arabia by comparing their profiles, businesses, and the types of challenges and opportunities they face to the experiences of other businesswomen in the region. Utilizing regional data from the International Finance Corporation, a member of the World Bank Group, we compared Saudi female entrepreneurs to their counterparts in five countries: Bahrain, Jordan, Lebanon, Tunisia, and the United Arab Emirates. The next step in understanding and assessing women’s experiences in Saudi Arabia would be to compare them to men’s. Additionally, gathering gender-disaggregated data will allow us to work on bridging the gap.

This report is a testament of our commitment to supporting businesswomen and promoting female participation in economic and social development. As evident in the report, female entrepreneurs in Saudi Arabia are taking advantage of their education and the accelerated pace of reform to create businesses that play an increasing role in the nation’s economy. We believe the Kingdom is making strides to support women’s active participation and we have every reason to enter this new decade with optimism, courage, and determination.
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This report is dedicated to the many businesswomen in Saudi Arabia, past and present, to their families who supported them, and to their daughters who are following in their footsteps. Together, they are paving the way for a more vibrant future for female entrepreneurship in Saudi Arabia.
Executive Summary
PURPOSE

Saudi women are often perceived as isolated from the world of business and economic spheres of influence. They are virtually absent from the body of international literature on female entrepreneurship in the Middle East and North Africa. It is difficult to say how many women own businesses in the Kingdom, yet evidence suggests that they account for a small but growing share of total business activity. To address the lack of reliable data and to better understand the challenges and opportunities facing Saudi businesswomen, Al-Sayedah Khadijah Bint Khuwalid Businesswomen Center and Monitor Group carried out a study on current and aspiring female business owners. Based on these findings and given the government’s commitment to increasing women’s participation in business, the report also identifies practical ways to support Saudi businesswomen and to facilitate the growth of their businesses. The recommendations are addressed to policy makers, financing institutions, and entrepreneurship support organizations.

STUDY OBJECTIVES AND APPROACH

This report examines the business-enabling environment for female entrepreneurship in Saudi Arabia and highlights the personal characteristics and business profiles of female business owners. The purpose of the study is three-fold:

1. To bolster understanding of the business and regulatory environment for Saudi Arabia’s businesswomen
2. To contextualize the situation of Saudi female entrepreneurs by creating a meaningful comparison between them and other female entrepreneurs in the region
3. To identify and address the business challenges these women face in order to establish a more supportive environment

To realize these objectives, Al-Sayedah Khadijah Bint Khuwalid Businesswomen Center (AKBK) surveyed 202 registered businesswomen and 62 unregistered businesswomen with varying levels of experience in Jeddah, Riyadh, and the Eastern Province (Dammam and Al-Khobar). The results are compared across five Arab countries: Bahrain, Jordan, Lebanon, Tunisia, and the United Arab Emirates (UAE) through the use of a set of common questions published in 2007 in a report by the International Finance Corporation (IFC) and the Center of Arab Women for Training and Research (CAWTAR) entitled Women Entrepreneurs in the Middle East and North Africa: Characteristics, Contributions, and Challenges.

KEY FINDINGS

The study revealed female business owners in Saudi Arabia, as elsewhere in the world, to be positive, oriented toward the future, and committed to finding ways around the challenges that they face. Furthermore, these women have ambitious goals for the growth of their businesses. 69.3% were very optimistic about the future outlook of their businesses, and a majority expressed their determination to expand their businesses rather than maintain current levels, either through domestic expansion or regional and international market entry. Yet the results also indicate that there are three main challenges to businesswomen’s aspirations and to the future growth of female Saudi businesses. These challenges include:

- Gender-specific obstacles in the regulatory environment
- Limited access to and use of formal capital and financing mechanisms
- The need for increased integration of sophisticated marketing and technology tools into business operations and greater availability of key support services

Executive Summary
The identified challenges represent complex socio-economic dynamics and practices that will take extensive collaboration and ongoing commitment to address. However, the different dimensions highlighted in this study begin to provide insight into the series of integrated steps needed to support Saudi Arabia’s businesswomen to fulfill their business goals.

Overview of Saudi Female-Owned Businesses

Female-owned businesses in Saudi Arabia, both registered and unregistered, operate in a wide variety of fields. As detailed in the Appendix, the most common businesses owned by surveyed Saudi women are art-based, including fashion, jewelry, interior design, and photography. Other areas with a large presence are beauty salons, retail/wholesale, professional services such as consulting, marketing, public relations, event management and education.

Saudi Arabia’s registered female-owned businesses are among the largest in the surveyed MENA countries: 72.6% of registered female-owned businesses operate outside the home and 92% have paid employees. However, female business owners in Saudi Arabia are less likely than their GCC neighbors (Bahrain and the UAE) to be involved in international trade, with only 21.3% engaged in either import, export, or both activities.

With respect to Saudi businesswomen themselves, three main findings emerge. Firstly, Saudi businesswomen are significantly more likely to be the sole owners of their businesses than are MENA businesswomen. Secondly, they do not personally spend as much time as their regional peers in the daily hands-on management of their businesses. Finally, Saudi businesswomen are a more highly-educated group than the general Saudi workforce: 58% of businesswomen have pursued a postsecondary degree, of which three out of ten were completed abroad. Comparative-ly, only 21.3% of the general Saudi workforce has a postsecondary degree, according to the Ministry of Economy and Planning in 2004. However, the level of postsecondary education for Saudi businesswomen is not as high as that of their counterparts in comparable MENA countries.

Regulatory Environment

Businesswomen must navigate all issues common to business owners operating in Saudi Arabia, as well as female-specific challenges. The female-specific challenges include regulations that both directly and indirectly constrain the business activities of Saudi businesswomen. For example, as of the publication of this report, businesswomen registering public businesses (businesses that serve both men and women) have been required to appoint a male manager. The lack of relevant business licenses for many popular business activities, such as day-care centers and beauty salons, further complicates the registration process for Saudi businesswomen. In addition, restrictions on women’s mobility due to the absence of public transportation and the ban on driving, as well as restrictions on international travel, may cause delays, extra costs and/or limited options for training abroad. Recruiting international female specialists to provide training courses within the Kingdom also poses a challenge to business management, due to restrictions on obtaining business visas for foreign females.
Additionally, implementation of regulatory changes aimed to ease constraints on Saudi businesswomen has not taken full effect. Saudi businesswomen reported that some government officials continued to insist on implementing laws that have already changed, such as the prohibition to invest in real estate, contracting and public services or the requirement to hire a male intermediary or power of attorney, wakeel. Furthermore, when implementation has taken place, it has not always been effective. Saudi businesswomen cited inefficient access to government services through female sections, stating that female sections add a layer of bureaucracy and lack the decision-making power found in the main section. These regulatory challenges result in business closures and also discourage women from starting a business or leaving the informal economy. Amending the regulatory environment to eliminate direct and indirect constraints on Saudi businesswomen and fully implementing these changes will have a significant impact on their ability to start and manage their businesses.

Access to Capital

Although accessing capital is fundamental to the growth and productivity of small and medium-sized businesses, Saudi businesswomen reported rarely seeking external financing. Instead, 82.2% of registered businesswomen rely on personal savings and 12.9% seek contributions or loans from relatives and friends. In contrast, MENA businesswomen in general are much more likely to seek external financing.

Surveyed Saudi businesswomen perceive access to capital as being more challenging for women; however, the results indicate that there are many more potential reasons why Saudi businesswomen do not extensively rely on formal capital for their business. For example, a lack of familiarity with business and finance tools and a preference for family financial support also help explain this trend.

While further research is needed to better understand the drivers of businesswomen's financing choices, survey results demonstrate that Saudi businesswomen have a high interest in getting support for the loan process and training that would help them identify ways to expand their businesses into new markets. Providing businesswomen with these tools could help further integrate them into the formal channels central to Saudi Arabia's core business environment.

Tools and Services for Growth

Saudi businesswomen do not always utilize or have access to the range of tools and services that are instrumental to business development. From a communications perspective, the marketing tools used tend to
be 'low-tech' and traditional in nature. For example, 55.9% of businesswomen do not have a website, with the incidence rising even higher for unregistered businesswomen (62.9%). Both as a result of the limited use of technology and perhaps contributing to it, the most common method of marketing is by word of mouth, followed by brochures and leaflets, and bazaars. It is through these means that Saudi businesswomen promote and share information about their products and try to grow their businesses.

While many female-owned businesses may not require high levels of technology, and while word of mouth is an effective marketing tool in Saudi Arabia, the lack of utilization of technology and scalable marketing methods could limit the future scope of Saudi businesswomen's outreach and efficiency. This may be why prospective businesswomen interviewed identified the need to increase the use and sophistication of marketing and technology tools used as their businesses evolve.

To increase their access to tools and services for growth, respondents identified informal and formal services that would be useful both to their growth as entrepreneurs and to the development of their businesses. For example, networking opportunities to learn and share experiences with other businesswomen ranked highly in terms of priorities, along with more formal training in finance, marketing, and use of technology. With respect to government services in particular, subsidized day-care and assistance with the loan process are the most important government services they would lobby for.

Results from the survey also highlighted that businesswomen do not always use or know whether a service they have identified as useful exists. These findings indicate that in addition to the creation of some key support services, better outreach of existing services is needed in order to provide Saudi businesswomen with the tools they need to achieve their business goals.

**RECOMMENDATIONS**

A combination of policies and services need to be implemented to address the challenges identified, help Saudi businesswomen achieve their growth aspirations, and encourage a new generation of female entrepreneurs. The following recommendations are aimed at the level of policy makers, financing institutions, and entrepreneurship support organizations.

**Recommendations for Policy Makers**

1. Establish a Ministry of Women's Affairs to monitor the implementation of related royal decrees and to devise a national strategy for women's transition into the economy. Currently, regulations designed to support businesswomen are passed but not always implemented across all levels of bureaucracy due to resistance and limited follow-up. A Ministry of Women's Affairs could ensure their execution and advise on areas for improvement. The Ministry could also be involved in ensuring that laws passed by other ministries take into consideration women's as well as men's needs. Similar Ministries have been established in France and Malaysia.

2. Appoint Female Shoura Members to ensure that the interests of Saudi businesswomen and women in general are represented. Currently, there are no female members of the Shoura Council, although there are now several female advisors. Female members are needed in the Shoura Council to represent the voices of women in business on a range of socio-economic issues. In a positive move, Chambers of Commerce across Saudi Arabia have begun to elect and appoint female board members to ensure businesswomen's interests are represented.

Female members are needed in the Shoura Council to represent the voices of women in business on a range of socio-economic issues.
3. Eliminate the requirement for women to appoint a male manager in businesses that serve both sexes
Currently, a male manager is required for female-owned businesses that serve men and women, restricting businesswomen’s ability to manage their businesses. Male and female entrepreneurs should be able to manage their own businesses or to appoint the male or female manager of their choice.

4. Ease restrictions on mobility for women, in terms of public transportation, driving and international travel
Currently, women are prohibited from driving, do not have access to public transportation and require the permission of a male family member to travel outside the country, all of which can negatively impact the ability of businesswomen to run and grow their businesses.

5. Create registration categories for the types of businesses that are in demand by businesswomen, such as beauty salons and day-care centers, and identify the process for creating new registration categories in the future
Currently, registration categories are not available for many of the commercial activities that female entrepreneurs are interested in, which can discourage them from opening or registering a business. The absence of relevant licenses can also encourage them to operate under a different registration category, such as tailor licenses instead of beauty salons, or lead to business closures due to incorrect registration. Adjusting and adding registration categories will open doors for essential business, such as day-care centers, that are a necessity both as a business opportunity and as a support service for working mothers.

6. Commission further research on how to increase the effectiveness of businesswomen’s access to government services by improving female sections as well as the main centers in government agencies
Currently, female sections in government entities are less efficient in processing women’s requests and may appear to be an added level of bureaucracy for businesswomen, rather than a direct channel for them to receive government services. Further study is needed to identify how to better service female entrepreneurs, and requires evaluating the performance of female sections as well as ensuring that male sections deal more effectively with female requests.

7. Launch a nationwide public campaign to promote women’s economic participation and support the implementation of existing Royal Decrees
Currently, support for women’s economic participation has increased at all levels: government, private sector, society and media. A concentrated nationwide publicity campaign could further promote the image of women participating in the economy, both as workers and entrepreneurs. This also includes ensuring that procedures are updated and disseminated as soon as legislations are reformed and making them available electronically to the public.

8. Ease hiring practices for businesswomen in areas that require international female expertise or that are unable to be met by Saudi female labor. This includes studying the possibility of granting work permits to non-Saudi women residing in Saudi Arabia on non-work visas
Currently, procuring a work permit for non-Saudi women residing in Saudi Arabia, or visas for businesswomen or female professionals to enter the Kingdom, is exceedingly difficult, and results in a lost opportunity to benefit from the knowledge and experience of local and international resources. For example, Saudi businesses cannot take advantage of the skilled labor often found in the wives of expatriates working in Saudi Arabia.

Recommendations for Financing Institutions

1. Commission further research to understand why businesswomen rely on personal savings to finance their businesses
Currently, most businesswomen use personal savings to start their businesses and do not pursue the external financing sought by their peers in other economies. Given businesswomen’s interest in expanding their busi-
nesses and learning more about financing tools, understanding the current financing structure of their businesses and perceptions of non-personal financing options is needed. Research should also assess the ease and clarity for entrepreneurs to obtain loans from available financing sources.

2. Increase awareness of different business financing options and facilitate businesswomen's access to appropriate funding sources

Currently, banks, government funds, corporations and entrepreneurship organizations offer different modes of financing for entrepreneurs that are often under-utilized by women. Increased awareness of these opportunities could open new doors for businesswomen and ensure they pursue the type of financing appropriate for their businesses' needs.

3. Ensure lending institutions are given appropriate incentives and operate in a regulatory environment that encourages lending to businesswomen

Currently, banks in Saudi Arabia assume disproportionate risk for lending to small and medium enterprises, which limits their ability to foster entrepreneurship. Agencies that provide loan guarantees to SMEs, as well as lending agencies, should refresh outreach strategies to potential female entrepreneurs, in addition to setting targets for loans granted to businesswomen. The requirements for lending to entrepreneurs should also be gender-neutral and streamlined.

Recommendations for Entrepreneurship Support Organizations

1. Adopt programs to improve the visibility of female role models for female high school and university students

Currently, young potential businesswomen in Saudi Arabia have few public female role models they can relate to; World Bank research on women's entrepreneurship suggests that the lack of female role models contributes to the discouragement of female
entrepreneurial activity. Promoting initiatives, such as the Top 20 Saudi Businesswomen Award in the Arab News annual supplement on businesswomen, help to increase the visibility of female role models and should be promoted in schools and universities.

2. Provide practical courses and workshops for businesswomen to improve their knowledge in financing, marketing, technology, and how to access new local and international markets. Currently, some businesswomen lack the training and tools needed to increase the scope and depth of their businesses. Courses on basic financial training, latest marketing tools, website construction, and the process and requirements for international trade, among others, could help expand business outreach and facilitate business transactions.

3. Help new businesswomen navigate the regulatory environment by making government rules and regulations more accessible and by supporting their registration process. Currently, regulations regarding starting and managing a business remain unclear to many businesswomen. Greater efforts to communicate rules and regulations simply and clearly (through websites, pamphlets, walk-in centers, etc.) could help support businesswomen through the registration process.

4. Encourage unregistered businesswomen’s entry into the formal economy. Currently, many businesswomen choose not to register their businesses either because they find the process complicated, believe that their businesses are too small, or do not see the benefits of registration. Remaining in the informal economy, however, limits entrepreneurs’ ability to grow and expand their businesses. Mechanisms should be put in place to encourage informal businesswomen to register their businesses.

5. Provide opportunities for businesswomen to build networks with other business owners in their country to share ideas and experiences. Currently, businesswomen have very few forums through which they can communicate and build networks with other business owners. Encouraging and facilitating women’s involvement in established professional and entrepreneurial associations could increase the flow of ideas and experiences.

“I am trying to start my own clothing line and it can be difficult to know where to go for things – the best fabric, designers, distributors. I know some of this expertise lies abroad but there is also an advantage and convenience to keeping all production within Saudi Arabia. It would be so helpful to talk to other women in this field who have faced these decisions before.

– Prospective Female Entrepreneur
1. Background and Methodology
BACKGROUND

Women in Saudi Arabia have been active business owners for decades. They navigate the usual sets of challenges that face all entrepreneurs and also confront female-specific obstacles. With His Majesty King Abdullah’s ascendance to the throne in 2005 as Custodian of the Two Holy Mosques, businesswomen have received growing support and attention. The Eighth National Development Plan (2005-2009) called for “providing [businesswomen] with loans, facilitating savings and credit procedures, and reducing investment and production risks.” Women are now present to varying degrees in the Chambers of Commerce and have more opportunities than ever before to participate in committees and public initiatives, such as economic forums, official international government delegations, and National Dialogue workshops. Articles highlighting the determination of women to succeed and to overcome social and regulatory challenges appear frequently in local newspapers and magazines.

Yet, the absence of data on female entrepreneurship in Saudi Arabia has contributed to an image of Saudi women as being particularly isolated from the world of business and from economic spheres of influence. It has also led to Saudi women’s under-representation in the growing body of international literature on female entrepreneurship, particularly in the Middle East and North Africa region (MENA). Contemporary research and national policies on women’s economic participation have largely focused on women’s presence in the labor market as employees and thus do not tell the complete story. The National Development Plan suggests that 4.7% (225,000) of total businesses at the Saudi Chambers of Commerce and Industry in 2004 were registered in the names of women. However, as noted in a report published in 2003 by the Saudi Arabian General Investment Authority (SAGIA), commercial registrations are an unreliable method of estimating the number of female business owners in Saudi Arabia. A large number of registered businesses are actually owned and operated by men who use the names of their female relatives, due to restrictions on government employees to pursue private businesses. Some women also register using the names of their male relatives to facilitate the process of obtaining certain licenses to open a business. Furthermore, Commercial Registration licenses do not account for the many women who operate businesses in the informal economy or receive permits from the local municipality for popular female businesses, such as tailor shops and photography studios.

To foster a supportive environment and to propose customized and implementable recommendations that would support women entrepreneurs, it is crucial to understand the specific challenges, the regulatory framework, and the social context within which women entrepreneurs in Saudi Arabia operate. Central to this goal is the collection of reliable, nationwide data.

METHODOLOGY

From October to December 2008, Al-Sayedah Khadijah Bint Khuwailid Businesswomen Center (AKBK) administered a national survey of businesswomen, in order to capture the stories and experiences of a wide range of female business owners in different stages of business development, and across the three major cities where most economic activity takes place in the Kingdom. As the starting point for its exploration into the Saudi context, the survey draws upon a joint report published in 2007 by the International Finance Corporation (IFC) and the Center of Arab Women for Training and Research (CAWTAR) on Women Entrepreneurs in the Middle East and North Africa: Characteristics, Contributions, and Challenges. The use of a set of common questions allowed for a comparison of experiences, characteris-
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tics, and aspirations between Saudi female entrepreneurs and those interviewed in the other countries: Bahrain, Jordan, Lebanon, Tunisia, and the United Arab Emirates (UAE). Country-specific questions were also included in the Saudi survey. This approach provides a useful benchmark and allows for an assessment of how businesswomen in Saudi Arabia fare compared to others in the region. Comparing the experience of businesswomen to businessmen would be an important next step in understanding the business environment in Saudi Arabia.

The Saudi interviews, conducted by Ipsos Marketing Research Company, covered 202 registered businesswomen and 62 unregistered businesswomen with varying levels of experience in Jeddah, Riyadh, and the Eastern Province (Dammam and Al-Khobar). The survey was conducted face-to-face, ensuring that all questions were answered completely. This sample size is a solid starting point to understand the characteristics, challenges, and aspirations of businesswomen in the Kingdom. Including the experiences of rural women would add an important dimension in the future to support women’s economic activity outside the main cities.

The questionnaire focused on three key areas for business formation: starting, managing, and expanding a business. In addition, 50 “prospective” businesswomen who were in the process of starting their businesses were interviewed as a comparative sample. Their experiences are referred to in different sections throughout the report, where relevant. The businesswomen were identified from databases available at the Chambers of Commerce in Jeddah, Riyadh, and the Eastern Province and through references and snowballing techniques. In all three cities, businesswomen gatherings were organized to invite women to participate in the study. Women were also approached for interviews at various bazaars and exhibitions, or recruited via phone calls, emails, faxes, and SMS text messages. Additional supplemental research, interviews and analysis were completed with relevant Saudi and international experts in 2009.

Defining ‘Businesswomen’ and ‘Entrepreneurs’

The terms “businesswoman” and “entrepreneur” have different connotations in different parts of the world. In this report, a businesswoman refers to a woman who has an ownership stake in her business, regardless of whether she started it herself, invested in it at a later stage, or inherited it. This definition is broader than an entrepreneur, who has started her own business, but narrower than the North American and European usage, which includes a woman employed by large corporations or in other salaried positions. The term ‘businesswoman’ is used interchangeably in this report with ‘entrepreneur’ and ‘business owner’ to refer to the interviewed sample.

The findings in this report are based on the experiences and viewpoints of 314 women (see Table 1.A). Among them, 20 women were selected for a longer qualitative interview.
A NOTE ON NATIONALITY

84% of the women interviewed in the Saudi survey are Saudi nationals; the remaining 15% are Arab and 1% are European/North American. Although the majority of the participants are Saudi, the nationality of the businesswomen was not considered to be an important factor in the recruitment process, as the survey aimed to capture the experiences of businesswomen residing in Saudi Arabia, regardless of their citizenship status. That said, the regulatory environment for entrepreneurs in Saudi Arabia differs greatly for Saudis and non-Saudis, especially in terms of requirements to register a business and apply for a bank loan. Such differences between the experiences of Saudi and non-Saudi businesswomen are beyond the scope of the current report; it is important to note nonetheless as a possible area for further study.

The sample of native businesswomen interviewed in Saudi Arabia includes more expatriates than in Bahrain, Lebanon or Tunisia, but fewer than in the UAE, where only 44% of the women interviewed are Emirati. There are more non-Saudis among the unregistered businesswomen (24%) than among the registered businesswomen (11%).

REPORT STRUCTURE

The chapters in this report focus on different areas of fundamental importance to the business activities of female entrepreneurs in Saudi Arabia. Chapter Two presents the regulatory challenges facing businesswomen in the Kingdom, both as a result of female-specific restrictions and in terms of gender biases outside the business environment. Chapter Three addresses access to capital and financing methods, which are critical to the growth and development of any business. Chapter Four explores businesswomen’s use of technology and marketing tools for business growth. Chapter Five concludes the report by charting the way forward for businesswomen, emphasizing businesswomen’s determination and optimism to expand their businesses and the need for appropriate support to help them achieve their aspirations.

Finally, the Appendix provides rich data about the personal and business characteristics of Saudi Arabia’s female entrepreneurs, which may be of interest to policymakers and researchers alike. The personal profile of female entrepreneurs covers age, marital status, education, and level of involvement in the business field (years of experience, hours spent in daily management per week, and how much of their businesses they personally own). The business profile highlights the main characteristics of Saudi women’s businesses: how long they’ve been in operation, their areas of activity, location, number of employees, and involvement in international trade. Both the personal and business profile distinguish between the characteristics of registered and unregistered businesswomen in Saudi Arabia, before putting the results in a regional context through a comparison of female entrepreneurs in Saudi Arabia, Bahrain, Jordan, Lebanon, Tunisia, and the UAE (MENA countries).
2. Gender and the Regulatory Environment
Supportive business laws and regulations are instrumental in the start-up and operation of any successful entrepreneurial activity. Economies that enact clear and efficient rules that are simple to implement provide a more supportive environment for business formation. This chapter explores the experiences of businesswomen in Saudi Arabia in dealing with the rules and regulations related to starting and managing a business. It distinguishes between challenges that are common to all business owners and challenges specific to businesswomen’s experiences as women. Some of the challenges that are due to gender are a result of social issues outside the business environment; others are directly related to rules and regulations that are different for women and men in the business field.

In order to give a fully comprehensive picture about the regulatory environment for businesswomen in Saudi Arabia, the findings presented in this chapter include data from the businesswomen survey and also draw on the rich material found in conference proceedings, workshop materials, and official regulations pertaining to business in Saudi Arabia. Together, these findings indicate that Saudi businesswomen:

- Consider “unclear regulations and policies” to be an important issue affecting their businesses
- Believe that many social and regulatory interactions are more challenging for them because of their gender
- Rely heavily on their male relatives to complete the business registration process
- Face female-specific challenges that are a result of extra restrictions and requirements for businesswomen that are not required of men

Female-specific obstacles in the regulatory environment must, therefore, be addressed to provide a level playing field for businesswomen and support female entrepreneurs to reach their business aspirations and ultimately contribute to economic growth in Saudi Arabia.

2.1. DOES GENDER MATTER?

Businesswomen in Saudi Arabia often face similar challenges to businessmen in dealing with slow bureaucracy and unclear regulations in government procedures, but also confront challenges specific to their experiences as women. 73% of businesswomen find that “unclear regulations and policies” have a very important or extremely important effect on their businesses. Moreover, both registered and unregistered Saudi businesswomen believe that gender impacts their ability to deal with most of the scenarios identified in the survey (Figure 2.1.A). These scenarios include social and regulatory obstacles such as:

- Balancing work and family life
- Joining formal networks, such as business associations
- Networking and building informal relationships
- Dealing with bureaucracy and paperwork in government entities
- Interference in their work and surveillance by government entities
- Personal safety issues, such as annoyances from customers and government employees

Only in two areas do Saudi businesswomen find no difference related to their gender: working with clients and customers, and managing female employees.
City differences

Saudi businesswomen’s perceptions vary from city to city. In Riyadh, businesswomen find it more difficult than their counterparts in Jeddah and the Eastern Province to manage male employees. 58.8% of registered Riyadh businesswomen believe it is more challenging to manage male employees as a woman, compared to the average of 42.1%. In contrast, only 25.3% of businesswomen in Jeddah and 41.9% of businesswomen in the Eastern Province believe this to be the case. However, businesswomen in Riyadh believe that there are fewer challenges managing female employees: only 12.5% of Riyadh businesswomen compared to 21.3% of registered businesswomen across the Kingdom think it is more challenging as a woman to work with female employees. Similarly, only 28.8% of registered businesswomen in Riyadh think it is more challenging in general to work with clients and customers due to their gender, compared to 30.7% of all registered businesswomen.

Figure 2.1.A: Saudi Businesswomen’s Perception of the Impact of Gender in Dealing with Different Scenarios

In sharp contrast, and when comparing only registered businesswomen, the female entrepreneurs in the other MENA countries do not identify these scenarios as being particularly harder for them as women (Figure 2.1.B). Only in the area of balancing work and family life do a majority of women in all the countries – including a similar number of registered businesswomen in Saudi Arabia – say that this is more challenging for them as women.
2.2. REGULATORY CHALLENGES FOR SAUDI BUSINESSWOMEN

The female-specific challenges reported by Saudi businesswomen confirm the findings of international research, documented in a World Bank report on the *Environment for Women’s Entrepreneurship*, that even “gender-neutral or gender blind” business laws may have “gender-differentiated effects.” Put differently, even when business laws do not explicitly discriminate against women, they may experience greater challenges in starting, managing and expanding their businesses. This is partly a result of women’s more limited mobility, access to relevant networks, and support systems such as day-care and training.

As explained further below, regulatory challenges for businesswomen in Saudi Arabia persist for a number of reasons. Obstacles include restrictions on accessing government entities without a male intermediary and challenges investing in certain fields that are traditionally the domain of men. Although the government is keen on encouraging businesswomen to register their businesses, licenses are not available for many of the activities that women are interested in pursuing, such as establishing beauty salons, day-care centers, and fitness centers. Where regulatory changes have been made to support businesswomen, these have not been implemented across all levels of bureaucracy. Supportive government rules are not always circulated or implemented by ministries. Furthermore, businesswomen face obstacles outside the business field that affect their business activities, including restrictions on their mobility.

2.2.1. Indirect Access to Government Services

Saudi businesswomen often have indirect access to the government services critical to starting and managing their businesses. This access is indirect because many businesswomen rely on male relatives to complete
the registration process and perceive the female sections of government entities to have comparatively low levels of efficiency and authority.

For example, on average, only 38% of businesswomen reported that they registered their businesses themselves. While it is common for business owners in Saudi Arabia to rely on a third party (also known as a “government relations officer” or “muaqqib”) to handle government procedures on their behalf, this does not appear to be the reason for the low involvement of businesswomen in this process. Rather, many businesswomen rely on their male relatives to complete the registration process for them. There is also a variation between cities in terms of who completes the registration process, as illustrated in Figure 2.2.A. More than half of the businesswomen in Jeddah reported registering the businesses themselves, compared to less than a third in Riyadh and one fifth in the Eastern Province. Of those who did not register their businesses themselves, the majority relied on their male relatives in all three cities. The variation in the number of women registering their businesses themselves may reflect a variation in ease of access to government services. For example, in locations where access to government services is made easy for women, women are more likely to act independently rather than having to rely on others to act on their behalf.

The perceived low efficiency and authority of female sections in government entities may contribute to the preference and need for a male relative or muaqqib to complete the registration process. The Saudi Council of Ministers sought to create access to government services for businesswomen in Royal Decree 120, issued in early 2003, by requiring all relevant government entities to open female sections, including the Ministry of Commerce and Industry, the Ministry of Labor, the Municipality, and the Saudi Arabian General Investment Authority (SAGIA). Facilitating access to government entities is in keeping with the Kingdom’s goal to improve the ease of doing business in Saudi Arabia. However, it is not clear whether these female sections have fully addressed businesswomen’s needs. Although they provide a new window to government services, many businesswomen consider the female sections to be an added layer of bureaucracy instead of a “one-stop shop” that facilitates their requests. This additional bureaucracy for businesswomen must be addressed, in order to boost Saudi Arabia’s economic competitiveness for all business owners, women and men. Some suggest that the employees in female sections have little to no authority to process women’s applications and that they must be empowered to make decisions. Further study is needed to assess the effectiveness of these female sections and what needs to be done to improve the services provided for businesswomen.

“
My husband had to go to the municipality and finalize everything with the governmental department. That was really hard for him as he had to excuse himself from his work.

- Registered businesswoman

Figure 2.2.A: Person Completing the Registration Process for Female-Owned Businesses in Saudi Arabia
2.2.2. Requirement to Appoint a Male Manager

Another significant obstacle restricting businesswomen's access is the requirement to appoint a male manager (mudeer), if a woman's business employs and serves men. The regulations stipulate that the manager must be an unemployed Saudi man who does not own or run any business. This is not only an added expense for businesswomen, but also leaves them susceptible to the manager taking advantage of his position and pursuing personal interests. It also undermines businesswomen's ability to manage their businesses on their own or appoint a female manager of their choice.

Businesswomen must take precautions when appointing a manager for their businesses. Many women give their managers full responsibility and control and this relinquishment of control has serious consequences for them. They give this authority out of negligence or ignorance, or, if it is a relative, a businesswoman might feel embarrassed asking to limit his authority. But at the end of the day, when there is money to be claimed, they don't look for the manager, they go after the owner.

- Lawyer

2.2.3. Absence of Licensing for Popular Business Activities

In recognition of the fact that women often need extra support to start and manage their businesses, the Saudi Council of Ministers issued Royal Decree 120 in early 2003 to promote “the expansion of job opportunities and fields of work for Saudi women.” For a number of businesswomen, the biggest challenge was not the inability to access government services but the absence of licenses for the businesses they wanted to establish. The first point of Royal Decree 120 mentions business licenses directly:

“All government entities that issue business licenses—each entity according to its field of specialization—must accept all applications by women seeking licenses and must issue them in accordance with Islamic laws and regulations.”

Despite governmental support to help businesswomen receive business licenses, they face particular challenges in this area. Most activities that are popular among female entrepreneurs—particularly those catering to women and children, such as beauty salons, day-cares, and after-school activities—are not recognized by the government entities that issue business licenses. For example, women's fitness centers are only permitted if affiliated with a medical establishment. The lack of flexibility in creating new license categories limits the creativity of female entrepreneurs. This challenge has resulted in three unfavorable outcomes for businesswomen.

1. Missed Business Opportunities

The absence of licensing for popular business activities prevents female entrepreneurs from pursuing their desired fields, resulting in a missed opportunity that could, if remedied, provide benefits to the Saudi economy and society. For example, many businesswomen have sought to open day-care centers with extended hours of operation to help working mothers balance between their work and family responsibilities. However, there are no clear regulations and standards for day-care centers and it is not apparent whether this would fall under the jurisdiction of the Ministry of Social Affairs or the Ministry of Education. Other neighboring countries such as the UAE have already put together regulations for such day-care centers. Consulting with best practices in the region would be an important step forward.
2. Informal Arrangements

Many female entrepreneurs who are determined to pursue their business interests do so informally, thus avoiding official channels that are perceived as problematic. Consequently, their businesses remain unregulated and unlicensed, with limited potential for growth. These businesses are not subject to inspection, which has consequences for the health, safety, and quality of their products and services. Unregistered businesses have fewer chances of gaining access to capital and are prevented from officially hiring employees on their payrolls or registering them for medical and social benefits.

3. Registration under a Different Category

Over time, Saudi businesswomen have found ways to circumvent the absence of their desired business license by registering under a different category. One example is beauty salons, which constitute 20% of the businesses owned by female entrepreneurs in this study. Although beauty salons are not a recognized registration category, beauty salon owners have been registering their business activities as “tailoring” for decades. With the increase in inspections of female-only businesses and with continuing demand for work visas, this false registration category has led to conflicts with the local municipality and labor office. Making these registration categories available would enable businesswomen to comply with the relevant international health and safety standards and apply for the correct work visa in the respective professional category, such as requesting hair stylists instead of seamstresses.

2.2.4. Lack of Enforcement of Supportive Business Laws

Businesswomen in Saudi Arabia face disproportionate challenges dealing with outdated laws that are still in effect. Despite being updated, many supportive government policies are not enforced.

Until 2004, the Ministry of Commerce had required every businesswoman to appoint a legal intermediary (wakeel) to act publicly on her behalf, regardless of the type of business she owned. This wakeel, who could be a relative or a stranger, had full power of attorney and complete access to the business’s assets. In April 2004, the Ministry of Commerce eliminated the wakeel requirement, but kept the manager (mudeer) for public businesses as outlined in section 2.2.2 above. Still, businesswomen reported that government officials continued to request the presence of their wakeel for a number of different procedures, even after the elimination of this requirement. Businesswomen in female-only businesses, who by law are not required to appoint a male manager, were also frequently asked to send a male manager on their behalf. This demonstrates that supportive policies are not always implemented and that women must constantly negotiate with government officials over benefits that have already been granted to them. The Ministry and Chambers of Commerce and Industry need to ensure that government officials are following government regulations, rather than acting on outdated regulations or individuals’ beliefs.

“I went to the Ministry of Labor and requested work visas for my business, which is in general contracting. They told me that contracting is prohibited for women. I tried to explain to them it is now permissible and that the commercial license I have is from an official entity, the Ministry of Commerce. But they weren’t responsive, so now I’m stuck between the two ministries trying to resolve this issue.”

- Registered businesswoman
Another case in point is the easing of restrictions to invest in certain fields. At the end of 2008, the Ministry of Commerce and Industry lifted the ban on women investing in business activities that were previously prohibited, including real estate, contracting and public services. Businesswomen centers in the three cities have registered complaints by businesswomen that officials at the Ministry of Labor and the local municipalities continue to delay the procedures for businesswomen investing in these fields because they have not yet received the documentation indicating that women are now allowed to invest in these fields.

Businesswomen’s access to government services and banking facilities is, therefore, often highly dependent on the helpfulness and flexibility of the official with whom she is dealing. This makes businesswomen more susceptible to bribes and corruption, a situation that is both discouraging and potentially dangerous.

2.2.5. Restrictions on Women’s Mobility

Restrictions on women’s mobility lead to another set of challenges that businesswomen and their female employees must navigate. The ban on women driving and the absence of safe and reliable public transportation generates extra costs and delays for both businesswomen and their female employees. The need to have a guardian’s permission to travel abroad also limits the ability of businesswomen to attend conferences, seek training, foster business relations abroad, and hinders their ability to train their female employees.

Restrictions on bringing in female specialists and consultants from abroad also reduce the provision of world-class training for local employees. According to the Ministry of Labor, it is prohibited to recruit laborers from abroad for female retail stores or female physical therapy centers. Nor are businesses allowed to employ female workers from abroad in any administrative activities or administrative jobs, such as IT or support services for private schools. Being able to tap into and fully utilize female talent, locally and internationally, is important for the growth of businesses and for the economy as a whole.
27. Businesswomen in Saudi Arabia

3. Access to Capital
Access to capital is fundamental to the growth and productivity of small and medium enterprises (SME’s). It enables entrepreneurs to start new businesses, invest in them, enter new markets, upgrade their operations and expand their products and services. It is a tool that enables the formation of a start-up as well as its transition from a small to a medium-sized business. In turn, these investments can create jobs, increase business sophistication and competitiveness and drive economic growth within a country.

Despite commitments to economic diversification and the promotion of entrepreneurship, access to capital — a key component to both of these efforts — remains a challenge for male and female Saudi entrepreneurs alike. An analysis undertaken by the Saudi National Competitiveness Center (NCC) highlights the fact that access to bank loans and credit is particularly limited for Saudi SME’s compared to more competitive economies. As the NCC suggests, providing carefully structured loan guarantees to start-ups to reduce the lending risk to banks would play a vital role in reducing barriers to access to capital. These reform initiatives would improve access to capital for all Saudi entrepreneurs.

Further efforts could also target the specific needs and interests of Saudi businesswomen. Findings from the survey indicate that Saudi businesswomen:

- Rarely seek external financing and instead rely on personal savings and loans or contributions from family and friends
- Perceive accessing capital as being more challenging as a female
- Would value support in facilitating the loan process and training or services that would help them identify ways to expand their businesses into new markets

Further research is needed to understand the drivers of Saudi businesswomen’s financing choices and identify the interventions that could help facilitate access to capital options for businesswomen. For example, it would be more challenging for Saudi businesswomen to realize their aspirations to expand their businesses domestically or internationally without seeking some sort of external financing. The survey results indicate there could be several reasons why businesswomen in Saudi Arabia do not seek external financing, such as a preference for family loans or lack of familiarity with business and financing tools, in addition to the perception that accessing capital is more challenging for a woman. It is also possible that the surveyed businesswomen did not need a loan, suggesting that only women who can afford to start a business do so.

What is clear from the survey results is that businesswomen have identified access to capital as an important part of starting and managing a business and have prioritized training in this area. Increasing access to these learning tools and raising awareness of different financing options could further help Saudi businesswomen achieve their business goals.

3.1. CURRENT BUSINESS FINANCING TRENDS

In general, Saudi businesswomen rely on personal savings to fund their businesses and do not seek external financing. In the case where additional capital is sought, family or friends most often provide the financial support (Figure 3.1.A).

The reliance on self- and family-financing is particularly prevalent in Saudi Arabia. Access to capital is important to expand businesses beyond the start-up stage although most start-ups and small businesses around the world are financed by family and friends. In contrast to the surveyed Saudi businesswomen, the majority of businesswomen in the rest of MENA have sought external financing to start and manage their businesses (Figure 3.1.B).

Saudi businesswomen’s lack of external financing and effort to secure capital could be attributed, in part, to their lack of familiarity and contact with common financial and business tools. For example, 54% of
women surveyed did not complete a feasibility study before starting their businesses, stating either that they are confident in their own experience and knowledge of the field they were entering (37%), or that conducting a feasibility study is only required for businesses with large amounts of start-up capital and is therefore a "luxury" and not a necessity (23%), or finally they are unfamiliar with the concept of a feasibility study (21%).

Even when traditional steps in business and financial planning are taken, friends and family are the main source of advice and consultation. For example, if a feasibility study was completed, it was usually carried out by a husband or friend. Furthermore, when asked who Saudi businesswomen consult in making business decisions, family members were most frequently cited whereas bank loan officers, financial advisors or lawyers were never or rarely used (Figure 3.1.C).
The frequent utilization of family and social networks for business financing and advice potentially comes at the expense of Saudi businesswomen’s exposure to other capital systems, such as bank loans and lines of credit. These systems could help them grow their businesses at a faster pace and on a larger scale. Regardless of the reason for women’s reliance on family and friends, there is a clear need to ensure that women are receiving the formal support of key institutions in the financial and legal systems.

### 3.2. CHALLENGES AND SUCCESSES

As highlighted above, Saudi female entrepreneurs identify gaining access to capital as an activity that is more difficult as a woman. They are also more likely to identify this as a challenge than their regional peers (Figure 3.2.A).

This perception may be due to the belief that they will be unsuccessful in getting a loan. For example, it has been historically difficult for women in Saudi Arabia to gain access to capital, which may be a legacy that is difficult to overcome. Until recently, a male guarantor used to be required to facilitate banking for Saudi females and there have

"If you think about it, who were these women supposed to interact with? In the past, there were no female accountants or financial advisors. These were not accessible professions for women for a number of reasons. There are more females working in these professions now, there are female sections in banks, but it is not surprising that women have relied on family — male relatives in particular who could make transactions — for financial advice and support.

- Registered Businesswoman"
been and remain few Saudi female business lawyers and accountants with whom Saudi businesswomen can interact.

The lack of business registration and not being a Saudi national are two areas where businesswomen articulate challenges. An unregistered businesswoman with nine years of work experience was unsuccessful in her attempt to open a pre-school because she could not get funding without a license for her business, “I applied for a business loan from a private fund, but my request was refused because I didn’t have the appropriate licenses.” In another case, an owner of a beauty salon stated that she could not get financing because she was a non-Saudi, despite living and owning a business in Saudi Arabia for 19 years: “I tried to apply for financial assistance or a loan in my name but I faced some difficulties because I am not Saudi.” These types of challenges most likely apply to men as well, which further reinforces the need to adjust the regulatory environment and make registering a business an easier and more inclusive process.

However, there are some positive signals that indicate that accessing capital is not an insurmountable obstacle. The few Saudi businesswomen surveyed that did seek external financing appear to enjoy higher rates of success than their regional counterparts, despite the perception of its difficulty among the majority of Saudi businesswomen surveyed.

For example, Saudi businesswomen do not face as high interest rates, a large barrier for many entrepreneurs, as their regional counterparts. Furthermore, when they did seek financing, they were denied less frequently (Figure 3.2.B).
3.3. INCREASING UNDERSTANDING AND OUTREACH

While the causes of the challenges for women to acquire credit and their preference for family financing require further research, it is clear that access to capital is an issue of significant importance to businesswomen: 73% of survey respondents identify this as one of the most important issues affecting their business, and identify assistance and training in this area as a needed form of support. In particular, 21% of respondents identify assistance with the loan process as the most important form of support they require.

Training in financial management is also a service desired by the survey respondents: 80% identify this as a service they most need and it is a subject in which Saudi businesswomen would like to increase their knowledge, skill and familiarity. Furthermore, businesswomen’s determination to grow and expand their businesses means that they will need this capital to achieve their growth-oriented goals. One example is businesswomen’s desire to engage in international trade. Since trade finance does not pose the same risk to banks as providing growth capital or working capital, international trade is an area that Saudi businesswomen could potentially tap into. Gaining this expertise and receiving assistance in the loan process could provide Saudi businesswomen with the tools needed to reach their business growth goals.

I try to do extensive outreach to let women know that there is funding available to them to start a business. They either don’t know about our organization and the support it can provide or fear that the loan will come with too many strings attached. I have to be proactive to get more female applicants for loans. We maintain our outreach in Saudi’s major cities but have also reached out to rural communities simply to advertise this opportunity. When women do apply, their applications are just as strong if not stronger than the other applications we receive. The lower number of loans given to female entrepreneurs has nothing to do with a lower acceptance rate, we just don’t receive as many.

- Female Director, Entrepreneurship Support Organization
3. Businesswomen in Saudi Arabia

4. Tools and Services for Growth
There are a range of tools and services that are instrumental to business development. For example, technology and marketing tools help businesses grow at faster rates and enter new markets. A website allows business owners to promote and sell their products globally, lends greater credibility to firms, and can help provide better customer service (through feedback on products and services, streamlined and faster service, etc.). Technology and marketing also increase the efficiency of business operations through the streamlining and automation of procedures and more focused and targeted outreach. Furthermore, having access to training (in finance, marketing, and management), transportation, day-care centers, and other support services, fundamentally shape and facilitate the management of a business.

Identifying channels for Saudi businesswomen to utilize or gain access to these tools and services could provide them with the leverage they need to increase the efficiency and outreach of their businesses.

4.1. TECHNOLOGY AND MARKETING TOOLS

The majority of Saudi businesswomen have limited use of some common technology and marketing tools in their businesses (Figure 4.1.A). For example, 56% of registered businesswomen do not have a website, with the incidence rising even higher for unregistered businesswomen at 63%. Instead, Saudi businesswomen tend to rely mostly on mobile phones and personal computers to conduct business (Figure 4.1.B).

Figure 4.1.A: Percentage of Saudi Businesswomen Who Have a Website

For Saudi businesswomen, gaining access to the tools and services needed to support their businesses is a clear priority that they are willing to advocate for. Survey findings demonstrate that Saudi businesswomen:

- Believe technology and marketing have a very high impact on their business operations and plan further integration of these tools in their businesses
- Would value learning how to use finance, technology and marketing tools more effectively
- Believe networking and other learning opportunities to exchange new business ideas are important services to have
- Would advocate for subsidized day care and the activation of women’s services in all government entities

"I can now send the pictures of new dishes that I've created via Bluetooth or MMS, in addition to making phone calls, sending emails, and participating in the internet forums."

- Unregistered Businesswoman

""
The most common method for Saudi businesswomen to promote and share their products and grow their businesses is through word of mouth, followed by brochures and leaflets, and then bazaars (Figure 4.1.C).
Compared regionally, Saudi businesswomen use internet less than their peers, particularly those in the UAE, who use the internet and email much more frequently to communicate and research business opportunities than businesswomen in any other country surveyed (Figure 4.1.D).

However, despite overall lower internet use than their peers, Saudi businesswomen are about as likely to have a company website as women in other countries surveyed, with the exception of the UAE (Figure 4.1.E).

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**Figure 4.1.D: MENA Businesswomen’s Use of the Internet**

<table>
<thead>
<tr>
<th>Country</th>
<th>Use internet for email</th>
<th>Use internet to research business opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>41%</td>
<td>28%</td>
</tr>
<tr>
<td>Jordan</td>
<td>31%</td>
<td>25%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Bahrain</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>UAE</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Figure 4.1.E: Percentage of MENA Businesswomen Who have a Website**

- **UAE**: 64% have website, 34% do not have website.
- **Bahrain**: 67% have website, 32% do not have website.
- **Saudi Arabia**: 68% have website, 32% do not have website.
- **Jordan**: 63% have website, 27% do not have website.
- **Lebanon**: 72% have website, 19% do not have website.
- **Tunisia**: 81% have website, 17% do not have website.

*For Saudi Arabia, surveyed businesswomen who were in the process of creating a website were counted here in the "No" category. Where country totals do not equal 100%, not all surveyed businesswomen answered the question.
While many female-owned businesses may not require high levels of technology, and while word of mouth is an effective marketing tool in Saudi Arabia, the lack of utilization of technology and scalable marketing methods could limit the future scope of Saudi businesswomen’s outreach and efficiency. This may explain why prospective businesswomen identified the need to increase the use and sophistication of marketing and technology tools as their businesses evolved. For example, prospective businesswomen said they would rely heavily on word of mouth (76%) and less on a website (12%) at the early stages of their business. Over time, however, these women plan to use more forms of marketing as they grow their businesses, placing greater emphasis on electronic marketing in particular. 28% of prospective businesswomen surveyed stated they would use a website to market their businesses at future stages (Figure 4.1.F).

"I think the print version of our product will become more and more just a symbol of our organization. What we really hope for is to use the brand of our publication to drive users to our website. Our scope of outreach becomes so much larger through our website and so much easier to manage as a start-up with few employees. We’re on Facebook and all sorts of networking sites as well."

- Female magazine owner
A similar trend can be observed in the prospective businesswoman’s plan for technology tools. At the early stages of the business, prospective businesswomen plan on using fewer tools, such as mobile phones and personal computers, and transitioning over time to use a higher number of tools and more technologically complex services, such as a network of computers and video conferencing (Figure 4.1.G).

Many businesswomen have already integrated marketing and technology tools into their operations; however, increased use would allow businesswomen to communicate more regularly and creatively with their clients. Further training in and use of these tools could accelerate their integration into business.
4.2. USEFUL SERVICES

Whether the challenge is developing a financial plan or learning about a new marketing tool, it is clear that Saudi businesswomen are eager to take advantage of networking, training and other support services that will enable them to improve or facilitate their businesses. When asked about services they believed are or would be most useful, businesswomen emphasized both formal (training) and informal (networking) learning opportunities. However, for the majority of services businesswomen identified as useful, many respondents are unaware if the services are available and even fewer have used them when they knew they existed (Figure 4.2.A).

Comparatively, Saudi businesswomen are more inclined than their peers to find training, interaction with other businesswomen and learning about policy issues to be very or extremely useful (Figure 4.2.B).

"I’ve always liked to cook but I found my passion in preparing foods so that they can be photographed professionally for print ads, etc. I couldn’t study this in any local institutes so I started reading books. I signed up for courses on the internet, I looked at the work of international photographers, and I watched TV shows so that I can build up my talent to reach an international standard. I’m proud to say I work with some of the most important companies that produce and market food products in Saudi Arabia.

- Freelance entrepreneur"
When asked about government support in particular, respondents were requested to identify the most important service or change in current government regulations and policies that they would elect to lobby for. The provision of subsidized day-care services received the most responses for being the most important means of potential government support, followed by assistance with loans and market and technical studies (Figure 4.2.C).

These findings suggest that a better understanding of existing services is required and that further resources should be devoted to services that are currently unavailable, such as day-care or training. For those services that already exist, additional outreach and communication regarding their availability is needed. It is through creating an enabling and supportive environment that these businesswomen will have the tools and skills that are vital for them to realize their business aspirations.
Conclusion: The Way Forward
The results of this study paint a picture of businesswomen in Saudi Arabia, similar to their counterparts in the Middle East and North Africa, as capable entrepreneurs who have successfully started and managed businesses in a wide variety of fields. Thanks to the support of the Custodian of the Two Holy Mosques King Abdullah, businesswomen’s education, resolve, and the encouragement of their families, businesswomen in Saudi Arabia have displayed their determination to grow their businesses and to successfully balance between work and family responsibilities. Survey results show businesswomen’s outlook for the growth of their businesses to be overwhelmingly positive and their future goals to be geared towards expansion.

5.1. OUTLOOK FOR GROWTH

Almost all (94.7%) of the surveyed businesswomen are “very” or “somewhat” optimistic about the future of their businesses in the next two years. In fact, Saudi businesswomen are among the most optimistic about their business prospects in the MENA region (Figure 5.1.A).

Optimism is high even among prospective businesswomen, 74% of whom reported that they are totally confident about their success in executing their business plans, while 24% reported they are “somewhat confident.” The remaining 2% indicated that they do not have feelings either way.

5.2. FUTURE GOALS

Reporting on their future goals, businesswomen in Saudi Arabia are overwhelmingly united in their plans to grow their businesses rather than maintain present levels (Figure 5.2.A). Additionally, 30.6% of unregistered businesswomen plan to register their businesses and obtain the relevant permits.
In contrast, women in other MENA countries do not unanimously have growth-oriented goals (Figure 5.2.B). Between 49% and 81% of MENA businesswomen plan to expand their businesses, while 10% to 45% prefer to maintain current levels, and few (3 to 7%) plan on selling or closing their businesses.

My father encouraged me to get involved in his travel agency because he believed I could do well in tourism. That’s how I entered this business, but after moving with my family to another city, I started to organize group trips and travel packages from home by coordinating with international travel agencies. I eventually succeeded in starting up a travel agency with two other businesswomen from the Gulf. We are now opening new branches and serving corporate clients.

- Registered Businesswoman
It is perhaps this optimism and determination that has driven businesswomen in Saudi Arabia to pursue business activities despite the challenges they encounter. Several of the surveyed businesswomen are the pioneers of female entrepreneurship in Saudi Arabia, paving a path for the others that have followed in their footsteps. Yet businesswomen face real challenges to the growth of their businesses and these stem from the business environment, from businesswomen’s current financing trends, and limited use of marketing and technology in their day-to-day activities. Policy makers, financing institutions, and entrepreneurship support organizations can play a significant role in providing needed support for Saudi businesswomen. Given further encouragement and attention, businesswomen have the potential to become a significant engine for economic growth in the Kingdom of Saudi Arabia: as employers, as role models for future generations, and as effective contributors to national economic development.
Appendix: Personal and Business Profiles
6.1. PERSONAL PROFILE: SAUDI BUSINESSWOMEN

While there is no one mold for businesswomen in Saudi Arabia, most registered businesswomen are between the ages of 25 and 44, married, and over half have three children or more. Registered businesswomen are educated and have on average 11 years of business experience. They have most likely started their businesses themselves, which they own entirely. They spend on average 40 hours per week managing their businesses.

Unregistered businesswomen are slightly younger, just as likely to be married, but have more children on average than registered businesswomen. They have a similar level of education but are less experienced in the business field, with an average of 8.7 years of business experience. Finally, most unregistered businesswomen own 100% of their businesses and spend on average 42 hours per week managing them.

Unregistered businesswomen are relatively younger than registered businesswomen, but most are between 25 and 44 years old (Figure 6.1.A). On average, registered Saudi businesswomen are about the same age as businesswomen in the other surveyed countries (Figure 6.1.B). They are older than the businesswomen in Jordan, the UAE, and Tunisia, but younger than businesswomen in Bahrain and Lebanon.

Figure 6.1.A: Ages of Saudi Businesswomen

Figure 6.1.B: Ages of MENA Businesswomen
Marital Status

More than three quarters of Saudi businesswomen are married but unregistered businesswomen are more likely than registered businesswomen to be single (17.7% compared to 9.4%), in line with their younger profile (Figure 6.1.C). Businesswomen are slightly more likely to be married than women in the national workforce; according to the Eighth National Development Plan, 69% of working women in 2004 were married, which, as the plan states, “demonstrates clearly that it is possible to strike a balance between economic activity and family-related duties.” Additionally, 39.3% of registered businesswomen and 47.1% of unregistered businesswomen have 4 children or more (Figure 6.1.D).

Figure 6.1.C: Saudi Businesswomen’s Marital Status

Figure 6.1.D: Number of Children Saudi Businesswomen Have
Saudi businesswomen are much more likely to be married than their counterparts in other MENA countries (Figure 6.1.E): between 56% and 72% of the businesswomen in other countries are single compared to only 9.4% of Saudi businesswomen. They are also more likely to have children (Figure 6.1.F).

**Education**

The majority of Saudi businesswomen have completed a high school degree or some form of postsecondary education (Figure 6.1.G).
Figure 6.1.F: Percentage of MENA Businesswomen Who Have Children

- Jordan: 59%
- UAE: 60%
- Lebanon: 67%
- Tunisia: 69%
- Bahrain: 77%
- Saudi Arabia: 79.2%

Figure 6.1.G: Saudi Businesswomen’s Education Level

- Finished postgraduate degree: 10.9%
- Finished bachelor’s degree: 38.1% (registered), 38.7% (unregistered)
- Finished diploma: 16.1%
- Finished high school: 32.3%
- Finished middle school: 8.1%
- Finished primary school: 3.2%
- No formal education: 1%

Appendix: Personal Profile
Although education levels are similar among registered and unregistered businesswomen, registered businesswomen are significantly more likely to have pursued a postgraduate degree (10.9% compared to 1.6%). Moreover, while the majority of university-educated businesswomen attended local public universities, three out of ten completed their studies abroad. This incidence is higher among registered businesswomen than unregistered ones: whereas 32.3% of registered businesswomen studied abroad, this corresponds to only 8% of unregistered businesswomen. 92% of unregistered businesswomen studied in local public universities, compared to 62.6% of registered businesswomen. The remaining 5% of registered businesswomen studied in local public universities, whereas no unregistered businesswomen reported graduating from local private universities.

The most preferred field of study among university-educated businesswomen, both registered and unregistered, does not correspond with the most popular concentrations among university graduates. According to the Ministry of Higher Education statistics from 2006, the majority of female Saudi university students graduate in Humanities (29.6%), followed by Social Sciences (14.6%), and Islamic Studies (14.1%). Only 2.9% of female university graduates concentrate in Business. In contrast, 28.2% of Saudi businesswomen graduates concentrated in Business, followed by Teaching (14.5%) and Sociology (10.5%).

In addition, according to statistics issued by the Ministry of Economy and Planning in 2004, Saudi businesswomen are a much more educated group than the Saudi workforce; whereas 14.5% of the Saudi workforce has no formal education, this applies to less than 1% of Saudi businesswomen (Figure 6.1.H). Saudi businesswomen, both registered and unregistered, are much more likely to have completed some form of postsecondary education.

However, the level of formal postsecondary education among Saudi businesswomen (58%) is lower than in most of the MENA countries, where it ranges from 76% to 91% and higher only than Lebanon, which stands at 40% (Figure 6.1.I).

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**Figure 6.1.H: Saudi Businesswomen's Education Level Compared to the National Workforce**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Postsecondary education</td>
<td>58</td>
<td>21.3</td>
</tr>
<tr>
<td>High school</td>
<td>33</td>
<td>27.5</td>
</tr>
<tr>
<td>Middle school</td>
<td>8.8</td>
<td>18.4</td>
</tr>
<tr>
<td>Primary school</td>
<td>1.5</td>
<td>18.3</td>
</tr>
<tr>
<td>No formal education</td>
<td>0.7</td>
<td>14.5</td>
</tr>
</tbody>
</table>

Percent of Results
Businesswomen in Saudi Arabia

The interviewed businesswomen have varying levels of experience in the field of business, but registered businesswomen have been in business for a longer period of time than unregistered businesswomen (Figure 6.1.J).

On average, registered businesswomen have been in business for 11 years compared to 8.7 years for unregistered businesswomen.

Most businesswomen began their entrepreneurial activity without previous employment experience, but registered businesswomen have more work experience than unregistered ones (Figure 6.1.K).

For those who were employed, and in keeping with national statistics, education was the most popular field of employment (51%). Other fields of employment include sales and marketing (18.4%), followed by

Years of Experience

Figure 6.1.J: Saudi Businesswomen’s Experience in Running a Business
administrative work in a government entity (8.2%), translation (6.1%), banking (5.1%), the health sector (5.1%), work at a charity organization (4.1%), and consulting (2%). The average length of businesswomen’s work experience was 6.6 years.

On average, female entrepreneurs in Saudi Arabia, who have been in business for 11 years, have more years of experience than women in Jordan (6.5 years), the UAE (6.7 years), Bahrain (9 years), and Tunisia (9.3 years), but not as many years as women in Lebanon, who have been in business for an average of 12.3 years (Figure 6.1.L).

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Figure 6.1.K: Saudi Businesswomen’s Previous Employment Experience (Years)

Figure 6.1.L: MENA Businesswomen’s Previous Employment Experience (Years)

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1 According to the Eighth National Development Plan, Saudi women’s employment is largely concentrated in the education sector (85.8%), followed by health and social work (6.1%), and finally public administration (4.4%). The corresponding figures for men’s workforce participation are 46.8% in public administration, followed by 14.3% in education. The lack of diversity in employment is therefore much more pronounced for women than men.
Ownership

Nine out of ten businesswomen (87%) started their businesses themselves and more than three fourths (78%) have one business, which they own completely. Registered businesswomen are slightly more likely (78.2%) to own 100% of their businesses compared to 75.8% of unregistered businesswomen (Figure 6.1.M).

However, complete ownership of a business may be a changing reality: among the prospective businesswomen interviewed, only 52% are sole owners, with most having one additional owner who is most commonly a male relative (42%) or a female relative (33%).

Saudi businesswomen are significantly more likely than other women in the MENA region to be the sole owners of their businesses: 78.2% of Saudi businesswomen own 100% of their businesses compared to between 41% and 59% in the other countries (Figure 6.1.N).

*Where country totals do not equal 100%, not all surveyed businesswomen answered the question.
Level of Involvement in Business

Unregistered businesswomen spend more time than registered businesswomen in the daily management of their businesses (Figure 6.1.O).

Although Saudi businesswomen are significantly more likely to be the sole owners of their businesses, they do not personally spend as much time as other MENA businesswomen in daily management. While over half (49.5%) spend 40 or more hours per week in their businesses, this compares to shares of 51% to 73% in the other countries (Figure 6.1.P).
6.2. BUSINESS PROFILE: FEMALE-OWNED BUSINESSES

On average, unregistered female-owned businesses have been in operation for 6.9 years, making them younger than registered businesses, which are on average 9.6 years old. Unregistered businesses are also much smaller in scope: 72.6% of them are home-based, compared to only 29.2% of registered businesses. Furthermore, 30.6% of unregistered businesses do not have paid employees, whereas 92% of registered businesses do. They are also less involved in international trade than registered businesses (83.9% of unregistered businesses are not involved, compared to 72.8% of registered businesses).

Female-owned businesses in Saudi Arabia are among the largest in the surveyed MENA countries, both in terms of where they are based and whether they employ full-time and part-time workers. However, they are less likely than their GCC neighbors (Bahrain and the UAE) to be involved in international trade, whether for import, export, or both.

**Years of Operation**

In line with the younger ages and business experiences of unregistered businesswomen outlined in the personal profile, unregistered female-owned businesses are slightly younger than registered businesses (Figure 6.2.A).

In addition, and as shown in Figure 6.2.B, Saudi women’s businesses are on average younger (9.6 years old) than women’s businesses in Bahrain (10.2) and Lebanon (10.6), but older than those in the UAE (5.9), Jordan (6.1), and Tunisia (8.6).

![Figure 6.2.A: Years since Starting Business for Saudi Businesswomen](image-url)
Type of Business

Female-owned businesses in Saudi Arabia, both registered and unregistered, operate in a wide variety of fields (Figure 6.2.C).

Art-based businesses such as fashion, jewelry, interior design and photography are the most common type for registered and unregistered female-owned businesses. Other areas with a large presence of registered and unregistered businesses include beauty salons, retail/wholesale, professional services such as consulting, marketing, public relations, event management, and education. Only registered businesswomen have reported owning tailor shops/ateliers, tourism activities including restaurants, and medical clinics. In contrast, and not surprisingly, unregistered businesses are more likely than registered businesses to specialize in homemade food products and handicrafts.

Figure 6.2.C: Types of Businesses Owned by Saudi Businesswomen

- Art/Design: Registered 34, Unregistered 19
- Beauty Salon: Registered 18, Unregistered 10
- Retail/Wholesale: Registered 14, Unregistered 12
- Professional Services: Registered 19, Unregistered 12
- Tailor Shop/Atelier: Registered 9, Unregistered 7
- Education: Registered 6, Unregistered 7
- Tourism/Entertainment: Registered 4, Unregistered 6
- Medical (Clinic, etc.): Registered 2, Unregistered 3
- Non-Durable Manufacturing: Registered 2, Unregistered 3
- Cosmetic Production: Registered 2, Unregistered 3
- Wedding Services/Gifts: Registered 1, Unregistered 1
- Homemade Food Products: Registered 1, Unregistered 7
- Handicrafts: Registered 1, Unregistered 5
- Information Technology: Registered 2, Unregistered 2
Location

The majority (72.6%) of unregistered businesses are home-based while the majority (70.8%) of registered businesses operate in another location outside the home (Figure 6.2.D).

With the exception of Tunisia, the registered businesses in the Saudi sample are the least likely of all surveyed MENA countries to be home-based businesses, with only 29% operating from the home (Figure 6.2.E). Furthermore, only 22% of prospective businesswomen are planning to operate their businesses from their homes.

In terms of geographic location, almost all (99%) of registered businesswomen in Riyadh operate their businesses in Riyadh only, while registered businesswomen from Jeddah and the Eastern Province also operate in other cities (Table 6.2.F).
Employment

With three times more employees, registered female-owned businesses in Saudi Arabia are much bigger employers than unregistered businesses: only 8% of registered businesses do not have paid employees, compared to 30.6% of unregistered businesses (Figure 6.2.G). Registered businesses have an average of 19 employees, compared to 6 employees in unregistered businesses. This includes full-time and part-time employees, as well as male and female workers, both Saudis and non-Saudis.

<table>
<thead>
<tr>
<th>City</th>
<th>Riyadh Businesswomen</th>
<th>Jeddah Businesswomen</th>
<th>Eastern Province Businesswomen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riyadh</td>
<td>99%</td>
<td>18%</td>
<td>21%</td>
</tr>
<tr>
<td>Jeddah</td>
<td>1%</td>
<td>99%</td>
<td>16%</td>
</tr>
<tr>
<td>Al Khobar</td>
<td>-</td>
<td>4%</td>
<td>86%</td>
</tr>
<tr>
<td>Dammam</td>
<td>-</td>
<td>8%</td>
<td>42%</td>
</tr>
<tr>
<td>Makkah</td>
<td>-</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td>Taif</td>
<td>-</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Madinah</td>
<td>-</td>
<td>4%</td>
<td>2%</td>
</tr>
</tbody>
</table>
Employment Preferences

When examining it further, it is clear that registered and unregistered businesses have similar employment preferences, in terms of the nationality and gender of their employees (Figure 6.2.H).

While both hire female employees most of all, registered businesswomen are more flexible because of their preference of full-time over part-time employment. Overall, full-time non-Saudi females are the most employed workers in both registered and unregistered female-owned businesses, while part-time Saudi male workers are the least employed. In general, Saudi female workers are preferred to both Saudi and non-Saudi male workers. One exception is registered businesswomen’s employment of full-time non-Saudi men over part-time women.

Figure 6.2.H: Saudi Businesswomen’s Employment Preferences

We have started a sports club where children and teenagers can come and play in leagues with each other. It has been such a successful and rewarding experience that we are opening another branch. We hope to have branches in Riyadh, Jeddah and Dammam in the next 5 years, if we can get the permits.

- Registered Businesswoman
When it comes to employment, female-owned businesses in Saudi Arabia are among the largest employers in the surveyed MENA countries. 92% of female-owned businesses in Saudi Arabia have employees, compared to between 56% and 85% in the other surveyed countries (Figure 6.2.I).

**Volunteers**

Female-owned businesses in Saudi Arabia are similar to the businesses in other surveyed countries in that they are unlikely to have unpaid workers or volunteers in their employ. 85% of Saudi female-owned businesses do not have unpaid workers, similar to businesses in Tunisia (85%) and Lebanon (86%), but lower than businesses in Bahrain (96%) and higher than businesses in the UAE (70%) and Jordan (73%).

**Involvement in International Trade**

The majority of Saudi businesswomen are not actively involved in international trade, but the percentage is slightly higher for registered businesswomen (Figure 6.2.J).

Notwithstanding, 21.3% of registered businesswomen and 12.9% of unregistered businesswomen import goods and services, while a small share (4.5% registered; 1.6% unregistered) are involved in both import and export, and 1.5% export goods and services. Although registered Saudi businesswomen’s participation in trade (27.2%) is higher than that of businesswomen in Jordan (22%) and Lebanon (25%), Saudi businesswomen’s share is much lower than Tunisia (36%) and their GCC neighbors, with Bahrain at approximately 38% and the UAE at 46% (Figure 6.2.K).
Figure 6.2.J: Saudi Businesswomen’s Involvement in International Trade

Figure 6.2.K: MENA Businesswomen’s Involvement in International Trade
That said, Saudi businesswomen involved in international trade are similar to their MENA counterparts in that they are more likely to be importing goods or services than exporting them—except for the female business owners in the UAE, who are doing both (Figure 6.2.L).

Saudi businesswomen involved in trade are also similar to their Arab neighbors in that they are most likely to be importing from Europe, from Asia, or from other GCC countries. As illustrated in Figure 6.2.M, the majority of Saudi women’s exports are to other GCC countries, followed by Africa.
whereas the imports are distributed among many regions, including at the top of the list Europe (40.4%), East Asia (38.5%), and the GCC countries (34.6%).

Figure 6.2.M: Countries Saudi Businesswomen Engage with for Import/Export
References


5. The Ministry of Economy and Planning, Kingdom of Saudi Arabia. The Long Term Strategy of The Saudi Economy to 2025


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