Exploring Young Female Entrepreneurial Activity in the United Arab Emirates: Issues, Prospects, and Implications for the Region

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This study attempts to sketch a profile of young female entrepreneurs in the Arab region as they start their business organisations and take the first few steps in the development of their business. It attempts to draw a profile of a number of local Emirati women entrepreneurs and their characteristics, what attracts them to their businesses, and the hurdles they face as they enter into their line of business. In addition, it outlines the make-up of their entrepreneurial businesses, and identifies some barriers that women face at the start-up stage, in addition to their entrepreneurial motivations and driving forces, satisfactions, and frustrations. This is preceded by a brief overview of models of female entrepreneurship and an exploration of previous research into female entrepreneurship and women status in the Arab region. To accomplish this, we conducted thirteen interviews with young female entrepreneurs to assess the special challenges facing them as they go about starting and running their business ventures. We tried to gauge the interviewees’ entrepreneurial activities, their satisfaction with their business ventures, and the perceived opportunities and obstacles that they face. While this study explores the specific case of the UAE, the wider implications on young female Arab entrepreneurs are discussed.

In order to understand female entrepreneurial behavior in the Arab region and how women are transformed into entrepreneurs, we draw on earlier research on entrepreneurial intentions and then see how this applies in the Arab region. The intention to start a business is impacted by two broad classes of antecedents: (1) personal variables and (2) environmental factors. Personal variables include such constructs as self-confidence and self-efficacy, having an internal locus of control, willingness to take risks, positive attitudes toward change, creativity and innovativeness, education, and prior training (Hoxha & Krasniqi, 2008; Moy, Luk, & Wright, 2003). Environmental factors include the existence of market opportunities, availability of financing, the regulatory and economic environment, and cultural expectations and constraints. Among the cultural constraints one can cite – among others – the role of gender orientations and socialization (Mueller & Dato-On, 2008). The question that is relevant to us in this investigation is the following: To what extent do such constraints exist in the Arab context?

Youth Entrepreneurship and Gender

The question of female youth entrepreneurship raises the question of whether such initiatives differ by gender. In other words, do young females face different
challenges and contexts in their drive to set up their businesses compared to males? Previous research about the nature and extent of potential barriers that face female entrepreneurs in different parts of the world is mixed in that regard. But, in general, research studies assert the importance of self-efficacy and self-confidence in moving people into an entrepreneurial career (e.g. Mueller & Dato-On, 2008; Scherer, Brodzinski, & Wiebe, 1990). People who feel that they cannot make it on their own or believe that outside forces are overpowering, tend to lose either the motivation needed or the intention required to start and sustain a successful business. Young people, irrespective of gender, tend to lean on the safer side, and because of parental, familial, or cultural forces, they succumb to pressures and seek work as employees rather than seek self-employment. Both male and female entrepreneurs face difficulties in their entrepreneurial activities, but many studies suggest that females face unique challenges and issues that are not necessarily faced by their male counterparts (e.g. Welter, 2004). While young male entrepreneurship is not an easy endeavor by any means, social and cultural obstacles put additional impediments for female participation and involvement in social, political, and commercial activities.

Models of Female Entrepreneurship
For both men and women, entrepreneurial behavior is often driven by diverse reasons including the desire for personal accomplishment. The monetary incentive is not always the prime motivator for entrepreneurs. Other considerations often shape entrepreneurial decision-making, including the desire for independence, self-realization, and creative activity (OECD, 1998).

Talking specifically about women, a woman’s decision to establish her own business does not usually originate from a single motivating cause. Thus, it is important to evaluate the factors that contribute to “pushing” or “pulling” a woman into business ownership (Stevenson, 1986). The pull/push model endeavors to clarify females’ reasons behind opening a business (Brush, 1999; Buttner & Moore, 1997). Push factors include economic and financial reasons, unemployment, glass ceiling, insufficient family income, and frustration with one’s current employment. Push factors are defined as either personal (e.g. divorce) or external forces (e.g. job loss) that direct a woman towards self-employment.

Pull factors are related to a desire for achievement, autonomy, self-fulfillment, and social status (Sarri & Trihopoulou, 2005). Forces that pull a woman towards self-employment also include interest in the area (personal) or the presence of market opportunity (external). Earlier research has found that women turn to business ownership due to a combination of job frustration and market opportunity (Hisrich and Brush, 1986; Scott, 1986), and that female entrepreneurs are, on average, still earning less compared to their male counterparts and are facing more barriers (Davidson & Burke, 2004; Fielden & Davidson, 2005).

While women’s presence in entrepreneurial activities is increasing, several impediments are still reported (Davidson & Burke, 2004) both in the start-up and in the operating phases. For example, studies in China, Greece, Malaysia, Portugal, Turkey, and the United Kingdom have reported obstacles ranging from sexual stereotyping and lesser access to capital, to lack of entrepreneurial education and social/cultural impediments
(Petraki & Ventoura, 2004; Cooke, 2004; Omar & Davidson, 2004; Kabasakal, Aycin, & Karakas, 2004; Wilson, 2004; Cabral-Cardoso, 2004). Although many barriers were both common to males and females, the latter suffered a lack of initial funding for their businesses in addition to work-family conflict issues.

Welter (2004) for instance asserted that access to entrepreneurship support in Germany seemed to be gender-biased. Woldie & Adersua (2004) asserted that the greatest challenge for female entrepreneurs in Nigeria pertained to not being taken seriously by male counterparts. Sandberg (2003), in Sweden, concluded that females expressed needs similar to their male counterparts. Orhan (2001) indicated that French female entrepreneurs had entrepreneurial motivations similar to men pertaining to love of independence and self-accomplishment but attached less value to prestige attributes of social status and power. Machado et al. (2002), studying entrepreneurial managerial behavior of Brazilian entrepreneurs, found similarities in male and female entrepreneurial behavior with some significant differences in managerial style, relationship with the market, and entrepreneurial strategies.

Izyumov & Razumnova (2000), addressing the topic of women entrepreneurs in Russia, indicated that those women faced several difficulties that were also shared by men due to common economic disturbances in the Russian economy. In Singapore, women entrepreneurs were found to share many traits with women entrepreneurs in other parts of the world (Maysami & Goby, 1999). Most women in Singapore were found to be operating in the service and retail businesses and some faced problems relating to work-family conflicts, access to financing, and entrepreneurial education. Sigh, Reynolds, & Muhammad (2001) reported that businesses operated by female entrepreneurs in Indonesia were more concentrated in less dynamic markets – i.e. in low income informal sectors such as farming – compared to those operated by men. Watson (2003) affirmed that female-owned businesses in Australia had higher failure rates compared to male-owned businesses, but these rates seem to be more related to the facts that females are over-represented in industries that have higher failure rates.

The above research examples highlight the growing cross-cultural research interest in female entrepreneurship. The fact remains, however, that such research in many regions of the world – including the Arab world – is still open for further exploration.

Young Female Entrepreneurship in the UAE
Female entrepreneurship participation studies in the Arab region suffer from the lack of reliable statistics, the absence of a clear definition of “entrepreneur”, and the lack of knowledge of what types of businesses classify as relevant enterprises to include. The absence of reliable governmental statistics, in addition to the issue of dormant partners in some Arab countries, only complicate the process. In a study about women-owned businesses in the Arab world, Chamlou (2007) made some interesting remarks. It seems that there are marked differences in female entrepreneurial behaviors in different Arab countries. Any attempt to explain such behaviors across the whole region requires access to large datasets, a thing that is not readily available. Accordingly, this paper is based on a study in one Arab country, namely the United Arab Emirates. It is argued that some of the findings in UAE may apply – in varying degrees – to other countries that share similar features, but the existence of differences between Arab countries is
expected to exist given the variety in the economic contexts and regimes in which they operate.

The increased wealth that has improved the standard of living of most citizens led to a decrease in the economic participation of women in UAE economy. The last decade of the twentieth century witnessed, however, a gradual return of women to the workplace. Although UAE women have a higher literacy rate (80.7 percent in 2003) compared to UAE men (75.6 percent) (EIU, 2007), this has not been reflected in more opportunities for women in the workplace. The new female employment outside the home is a modern concept in the UAE society. An attitude and opinion survey conducted by Sayed (2001) showed that 74 percent of males and 65 percent of females believed that when a woman is not at home, her family suffers. In addition, many women give up their careers after marriage or after giving birth and it is usually rare for them to re-enter the labor market.

In an effort to reduce the dependency on the expatriate workforce, the Emiratization policy was introduced (MOP, 1997), requiring a gradual increase of the proportion of UAE nationals in the total workforce. UAE nationals are trained and coached in order to assume jobs previously performed by expatriates. This policy has led to increased female participation in the workforce. Raja ElGurg, President of the Dubai Business Women Council (DBWC), asserted that the contribution of women in the UAE’s business increased in 2006 to 14.7 percent compared to 5.2 percent in 2002 (Glass, 2007).

An earlier study that we conducted in the UAE context (Sidani, Itani, & Baalbaki, 2007) attempted to answer several questions about female entrepreneurs, some of them related to: (1) the main barriers that UAE women entrepreneurs encounter at start-up and (2) the recommendations needed in order to improve the situation and career opportunities of UAE women entrepreneurs. Through the help of the Emirates Business Women Council, the second author conducted thirteen interviews with female entrepreneurs who were all under the age of forty. Seven of them were married, one divorced, and five were single. Five of the married interviewees had children; ten had a university degree. Eight of the interviewees were in the services business (trading, educational, etc.); one entrepreneur ran a real estate office and another ran a restaurant.

The interviews were structured with specific questions which all interviewees had to answer. The questions dealt with the respondents’ entrepreneurial activities, satisfaction with their enterprises, perceived opportunities and obstacles, and level of family-work conflicts. While female entrepreneurs in the UAE were found to have low levels of conflicts between their social and entrepreneurial lives, many reported several barriers, specifically at the start-up stage of their business ventures.

As explained earlier, many studies on female entrepreneurship indicate that female entrepreneurs start their business with strong economic motivations such as generating extra income (Brush, 1999; OECD, 1998). However, the results of this study show that economic motivations were not the primary reason for UAE women entrepreneurs. On the contrary, when asked to choose up to two reasons for starting their own business, about eleven cited self-fulfillment and/or an opportunity presenting itself to them.
Despite the advancements made over the past two decades, the interviewees indicated that they faced several barriers that hindered the establishment of their start-ups and the development of their businesses. The perceived barriers can be classified into three major categories: (1) cultural concerns, (2) deficiencies in administrative and financial training, and (3) personal reasons relating to the entrepreneur herself. Below we briefly describe those barriers:

1. Cultural Concerns: Despite the extensive modernization of the country in many aspects over the past two decades, the UAE remains a traditional Arab society. As prevalent in many other parts of the world, gender role expectations are firmly rooted. There are specific expectations of women – whether as daughters, wives, or mothers – and their societal functions are all culturally bound. While many deviations from such expectations exist, those are considered to be the exception rather than the rule. Several of the interviewees indicated that the deeply-rooted cultural customs – not related to religion – have been hindering their entrepreneurial activities. For many UAE women entrepreneurs in our study, social attitudes and traditions represented one major obstacle for advancement. One interviewee had this to say about this issue: “Society and its mores constitute the main barrier that hamper the advancement of UAE women entrepreneurs... The prevalent values repudiate woman’s independence”.

It can be argued that this applies to many parts of the Arab world where females, especially young ones, are not expected to share in the family’s income and accordingly such lack of expectation eventually leads to a lack of guidance and support. From an early age, girls are treated very differently in the family and in the school. In many regions of the Arab world, girls are not prepared to lead progressive social or business roles in the future. The girl is defined in relation to a male family member. Such attitudes impact the woman’s role once she grows up. It is true that the past few decades have witnessed remarkable developments in women’s education and the right to work. Yet women in many parts of the Arab world suffer stricter restrictions on their work participation and entrepreneurial projects (Sidani, 2005; Sidani & Thornberry, 2009).

In the United Arab Emirates, while equality of status for women has been propagated and is desired, some female UAE nationals are still affected and bound by tradition and culture with regards to marriage, family life, education, and work. These factors inevitably have a bearing on their entrepreneurial activities. More than half of the business owners who participated in our study believed that their family hinders them from advancing professionally. One interviewee indicated that: “If [a young female entrepreneur] needs the assistance of her family members in gathering information about a specific business she wants to start, she finds none ... Our parents refuse the concept of their daughter working on her own”.

Male family members in particular seem to be the most resistant to the idea that their daughters or sisters are starting their own business. This stems not only from deeply-rooted conservatism, but also from a lack of confidence in women’s ability to excel at work.

Some researchers contend that the nature of the Arab family curbs entrepreneurial activities (Haddad, 1993 as cited in Hadidian, 2004). The existing patriarchal structure
limits the development of creativity, risk-taking, and critical thinking. This is compounded by the collective nature of the culture (Hofstede, 1984, 1997) which often gives little room to individual endeavors and inventiveness. Again differences among Arab countries in that regard should not be ignored.

2. Deficiencies in Administrative and Financial Training: Several interviewees indicated that they lacked some basic, but critical, skills in management and administration. Research in entrepreneurship indicates that entrepreneurial self-efficacy is important to success (McGee et al., 2009; Baum & Bird, 2010). When women feel that they lack such skills, this will have a significant impact on their ability to thrive. As put by one interviewee: “Even if women entrepreneurs have the necessary capital to start a business, they still suffer from severe deficiencies in their administrative and organizational abilities”.

Such lack of managerial training reduces young women’s self-efficacy and confidence in the success of their endeavors and accordingly many would rather choose not to risk starting a business venture when they do not feel secure or properly equipped to handle it due to the lack of necessary skills and expertise.

3. Personal Reasons: An interesting theme that emerged from the interviews was that female entrepreneurs blamed themselves for not making use of the opportunities available to them or for not willing to take the risk of running a new business. For example, fear was cited by one interviewee as being a major block against pursuing entrepreneurial ambitions: “One chief barrier that female entrepreneurs face is fear, fear of disappointment, of frustration, and fear of not pursuing her dream [of establishing a business]”.

The three above barriers correspond only to a certain extent with the findings of other studies in the MENA region which indicate that the major challenges that face women entrepreneurs include learning management skills, finding and retaining top talent, and access to capital (WEMENA, 2007). It should be noted that the situation of female entrepreneurs is not uniform in the Arab region. In some Arab contexts, the role of cultural constraints may be the most salient force against more visibility of women entrepreneurs. In other environments the most important factor could be the lack of proper managerial training and skills acquisition.

Conclusions and Future Suggestions
This study tackled the status of young female entrepreneurs in one Arab country, but the implications could be extended to the whole region. Notwithstanding the specific cultural and economic context within which these women operate, one can make some broad conclusions regarding the situation and outlook for female entrepreneurship in this part of the world. Many women in this region strive to establish their own business, out of necessity or for self-fulfillment. Yet being young and female places a double burden on these women. Their potential is often questioned, and their ambitions are customarily curbed. Young people, especially females in the Arab world, need to be supported in their endeavors to find their own voice in business. Societal members should realize that starting a business is a vehicle for personal growth and fulfillment that will pay huge returns on overall economic development.

Female entrepreneurship faces a myriad of obstacles that have no single remedy
In tackling those challenges, several routes should be pursued. First, it is acknowledged that young people have deficiencies in their managerial and leadership skills. Specifically, they lack financial skills, soft managerial skills, business awareness, job-specific vocational skills, and information and communications technology skills (Dunlop, 2006). The business venture passes through several stages from the concept stage to the point where a person is able to generate funds for her project and starts operations. Young females need support in every stage of this process, a thing that is not readily available.

Many young females do not realize the potential that self-employment carries for their livelihood and personal and economic development. This is not unusual given the scarcity of good role models. There are extremely few females who are known to have established their own successful businesses from scratch. Publicly celebrating the (unfortunately still few) female success entrepreneurship cases is very important. This will increase the entrepreneurial self-efficacy among young women and help them overcome hidden fears.

A role to be played by governments and parliaments in the region relates to the importance of developing and properly implementing entrepreneurship-friendly laws for women. But laws alone cannot change whole societies. What is also required is a shift in cultural norms and expectations, a reaffirmation of the positive role of religion regarding women’s work. There is a growing, though not decisive, trend in the religious discourse that affirms that women’s work is not against Islamic ideals (For more on this refer to Sidani, 2005). If this trend is strengthened and encouraged, then a positive movement towards a better understanding of women’s role can be realized. Such a movement will not be anti-religious; it actually will make positive use of religious concepts to assert that women’s work is beneficial to society and economic development. There is a major responsibility on the shoulder of religious and civil society organizations to demonstrate that female entrepreneurial activities in no way runs in conflict with cherished cultural norms and religious values.

It should finally be noted that entrepreneurship education should be advanced at the high school level and not be postponed till university years. Much of the entrepreneurial personality is formed at an early age and the earlier the entrepreneurial spirit is instilled in youth, the more effective and lasting such an education will be. Support should be given to teacher training and curriculum development (Bell-Rose & Payzant, 2008), especially taking into consideration the cultural milieu in the Arab region.

Arab female entrepreneurs have come a long way in the past few years. Yet there is a need to continuously support, help, and empower those women in their efforts to overcome environmental, societal, and personal hurdles. The contribution of young populations, both male and female, in the development of new enterprises is key to overall economic development and prosperity of societies in the Arab region.

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