



Global
Entrepreneurship
Monitor

Kingdom of Saudi Arabia

Women's Report
2021–2022



كلية الأمير
محمد بن سلمان
للإدارة وريادة الأعمال
Prince Mohammed
Bin Salman College
Business & Entrepreneurship



BABSON
GLOBAL
INC.
CENTER FOR ENTREPRENEURIAL LEADERSHIP







Global
Entrepreneurship
Monitor



Kingdom of Saudi Arabia

Women's Report
2021-2022

Funding and sponsoring institutions



Mohammed Bin Salman College (MBSC)

MBSC is a private higher education institution for both men and women, located in King Abdullah Economic City (KAEC). It was established in 2015 through an international partnership between Emaar The Economic City (EEC), Babson Global (a wholly owned subsidiary of Babson College, United States), Lockheed Martin, and the Prince Mohammed bin Salman bin Abdulaziz Foundation (Misk).

Through an educational program focused on hands-on experiential learning that is practical and pragmatic, MBSC is developing a new generation of transformative leaders who think creatively and act boldly. As the Kingdom experiences a great socioeconomic transformation, it needs leaders who can recognize and shape opportunities. MBSC programs are designed to meet this need by creating managers and Entrepreneurs of All Kinds®.



Babson Global Center for Entrepreneurial Leadership (BGCEL)

BGCEL, located at MBSC, was established with a mission to promote a sustainable entrepreneurial leadership culture and ecosystem in the Kingdom and the surrounding region. To advance its mission, BGCEL facilitates entrepreneurship research, education, and outreach initiatives serving the business, education, and public sectors. In addition, BGCEL supports experiential learning opportunities for MBSC students.



Lockheed Martin

Lockheed Martin Corporation is a United-States-based multinational corporation operating in the aerospace, defense, security, and advanced technologies industries worldwide. As part of its offset program in the Kingdom of Saudi Arabia, Lockheed Martin generously supports BGCEL's activities.



King Abdullah Economic City (KAEC)

KAEC's vision is to become a great enabler of socioeconomic development in the Kingdom of Saudi Arabia. Strategically located for maximum impact on the local economy, KAEC aspires to become one of the most important cities in the Arab world, serving and benefiting from global trade. It is focused on becoming a vibrant, 185-million-square-meter integrated city located on the Red Sea north of Jeddah.

KAEC is one of the largest and most significant privately run economic projects in the world. EEC is the master developer of KAEC. EEC is a Tadawul-listed public joint stock Saudi company established in 2006.



Prince Mohammed bin Salman bin Abdulaziz Foundation (Misk)

Misk is a non-profit philanthropic foundation established in 2011 by HRH Crown Prince Mohammed bin Salman bin Abdulaziz. Its goal is to foster a knowledge-centered society, encouraging and developing young people's talent and potential by creating opportunities for them. The foundation invests in educating young people in three broad fields: education, media, and culture.

Authors



Donna Kelley, Ph.D.

Professor of Entrepreneurship,
Frederic C. Hamilton Chair
of Free Enterprise,
Babson College

*Team Leader, GEM
United States*



**Muhammad Azam
Roomi, Ph.D.**

Professor of Entrepreneurship,
MBSC

*Team Leader, GEM
Saudi Arabia*



Nada Hashmi

Assistant Professor
of Information Systems

*Technology Operations
and Management
Information Department,
Babson College*



DISCLAIMER

Although GEM data were used in the preparation of this report, their interpretation and use are the sole responsibility of the authors. The authors would like to express their gratitude to all participating GEM 2021 national teams for their crucial role in conducting the GEM survey in their respective economies. The authors would like to extend special thanks to Jonathan Carmona, Alicia Coduras, and Forrest Wright for their contribution to data collection procedures and data analysis.

© 2022 The Babson Global Center for
Entrepreneurial Leadership at MBSC



Alicia Coduras, Ph.D.

Professor of Quantitative
Methods and Applied Economy

*GEM Global Data Team,
Institut Opinòmetre,
Spain*



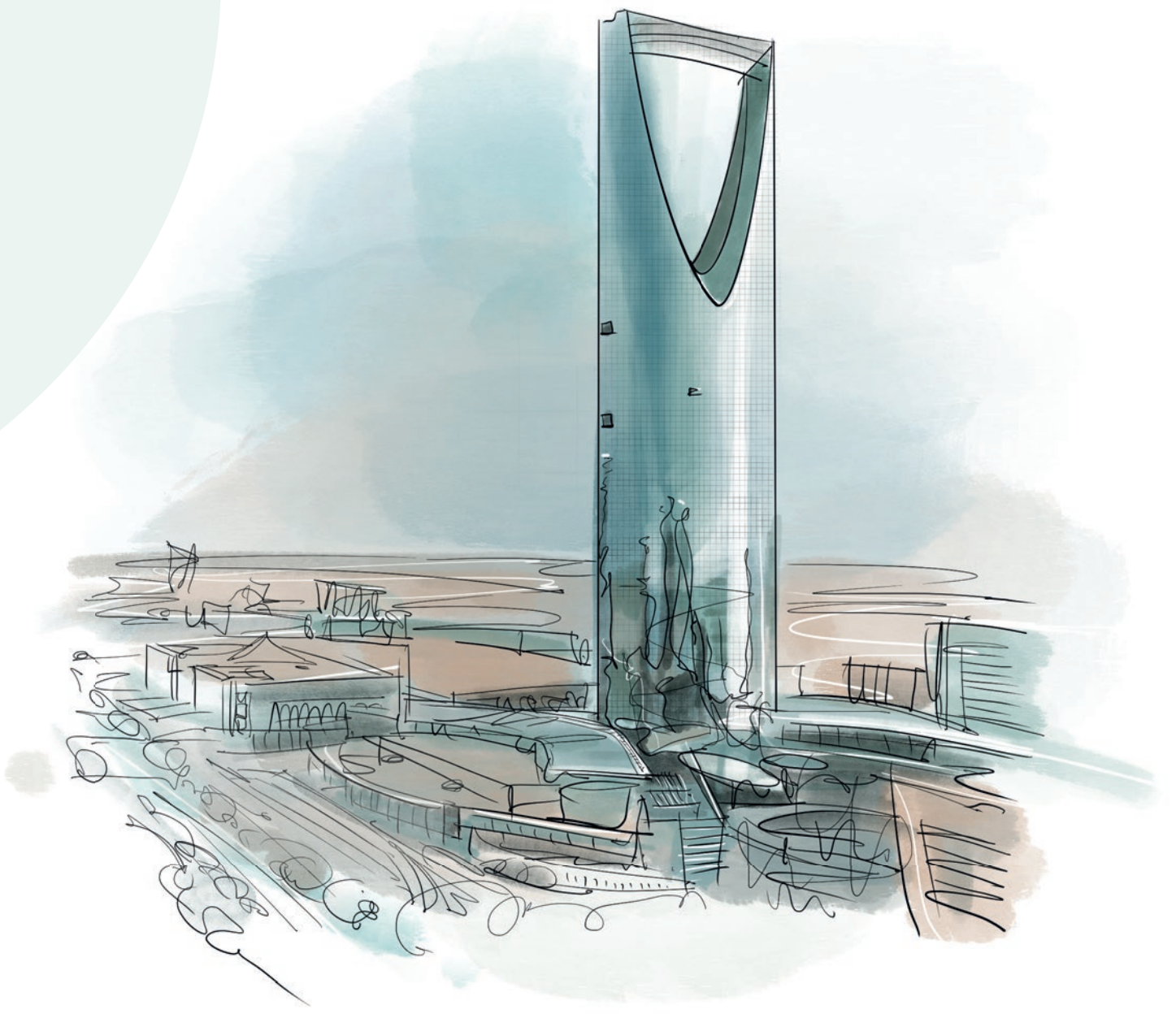


Table of contents



EXECUTIVE SUMMARY	8
INTRODUCTION	12
CHAPTER 1	IMPACT OF COVID-19
1.1	Impact of COVID-19 on starting a business
1.2	Impact of COVID-19 on growth expectations among established business owners
1.3	Adoption of digital technologies due to COVID-19
1.4	Business closures due to COVID-19
CHAPTER 2	SOCIETAL ATTITUDES, AFFILIATIONS, AND SELF-PERCEPTIONS
2.1	Societal attitudes
2.2	Affiliations and self-perceptions
CHAPTER 3	PARTICIPATION ACROSS PHASES OF ENTREPRENEURSHIP
3.1	Entrepreneurial intentions
3.2	Total entrepreneurial activity (TEA)
3.3	Entrepreneurial motivations
3.4	Established business ownership
3.5	Global comparison of entrepreneurship and established business ownership
3.6	Age distribution for entrepreneurship and established business ownership
CHAPTER 4	IMPACT OF ENTREPRENEURSHIP AND ESTABLISHED BUSINESS OWNERSHIP
CHAPTER 5	INFORMAL INVESTORS
CHAPTER 6	EXPERT RATINGS OF NATIONAL CONDITIONS FOR WOMEN ENTREPRENEURS AND BUSINESS OWNERS
CONCLUSIONS AND RECOMMENDATIONS	40
APPENDIX: TECHNICAL DETAILS	43

Executive summary

The Kingdom of Saudi Arabia Women's Report 2021–2022 provides a comprehensive overview of entrepreneurship and gender in Saudi Arabia, based on the 2021 Global Entrepreneurship Monitor (GEM) annual survey. This is the 23rd year of the GEM survey and the sixth consecutive year in which Saudi Arabia has participated.

The report includes results from a survey of over 4,000 adults (18–64 years) in the Kingdom. Because the survey asks respondents to identify their gender, it is possible to examine results both for women specifically and for women in relation to men. These findings relate to: societal attitudes and self-perceptions about entrepreneurship; rates of participation across multiple phases of business startup and ownership; demographics and motivations of entrepreneurs; and

business characteristics, such as industry participation, job creation, and innovation. The report also examines the informal investment community and the impact of the COVID-19 pandemic. Furthermore, with 6 years of data, it is also possible to examine longitudinal trends.

In many respects, Saudi Arabia has achieved notable advancements in women's entrepreneurship, and the survey shows indications of gender equality in this area. As this report reveals, many findings show improvements over the 6-year period, with equal or near-equal results for women and men. Of course, there are areas of concern for both genders as well as differences between genders. The specific results for Saudi Arabia can inform discussions and decisions, making the detail of this report particularly valuable.

Select findings from the report are highlighted here.

Impact of
COVID-19



32%

- In 2021, 32% of women entrepreneurs in Saudi Arabia reported that starting a business was more difficult than the year before, when the pandemic was in its early stages. On the other hand, a similar percentage (31%) thought it was easier in 2021 than in 2020. Among men entrepreneurs, 34% thought starting a business was more difficult in 2021 than the previous year, while fewer (21%) thought it was easier.

43%

- Among women entrepreneurs, 43% (vs 55% for men) stated that COVID-19 provided new opportunities they could pursue with their businesses.

43%

- In 2021, 43% of women established business owners projected higher growth in 2021 than in the previous year, compared with 25% of their male counterparts.

60%

- As a result of the pandemic, men entrepreneurs were more likely than women entrepreneurs to adopt or enhance their plans for using digital technologies (60% vs 49%). Among established business owners, the gender gap was much narrower (47% for women; 44% for men).

5.0%

- In 2021, 5.0% of the women surveyed in Saudi Arabia had closed a business in the previous year; for 13% of these closures, the pandemic was cited as the reason. Men reported a similar closure rate in 2021 (5.5%), with somewhat more citing COVID-19 as the cause (21%).



Societal attitudes, affiliations, and self-perceptions



95%

- Nearly all women were likely to state that entrepreneurship is a good career choice and that entrepreneurs are afforded high status and positive media attention (around 95%). Men reported similar results. However, women were slightly less likely to state that it is easy to start a business (90%, compared to 96% for men).

93%

- The vast majority of both men and women spotted opportunities for starting businesses in 2021 (93% of women; 97% of men). This represents the highest level in the 6 years examined. On the other hand, approximately 53% of both women and men who said they recognize opportunities would nonetheless be dissuaded from starting a business due to fear of failure.

85%

- The majority of women (85%) stated that they have the necessary capabilities for entrepreneurship (compared with 94% for men), the highest level for both genders over the 6-year period.

54%

- More than half of women (54%) said they know an entrepreneur personally, while for men the figure was 61%. This is among the lowest levels for both genders over the 6 years.

30%

- In 2021, entrepreneurial intentions dropped by about 30% from the previous year for both women and men (to 22% and 24% respectively). This represents the lowest level for this indicator over the 6-year period.



- Total entrepreneurial activity increased in both 2020 and 2021 to reach approximately 20% for both genders. For women, this represents the highest rate among 18 high-income countries participating in GEM in 2021.

66%

- More respondents cited family as a motive for starting a business in 2020 and 2021: 66% of entrepreneurs for both genders in 2021.

3.7%

- The results show a clear gender gap in established business ownership, with the female rate (3.7%) a little more than half that of males (6.6%). The female rate falls around the middle of the 18 high-income countries.

19%

- Among women, there is a slightly lower entrepreneurship rate among those aged 25–34 (19%) than those aged 35–44 (22%). Men, however, reported similar rates for both age groups (22% and 21% respectively).

2.1%

- For women, the gap between these two age groups is more distinct among established business owners, with women aged 25–34 (2.1%) exhibiting a rate less than half that of those aged 35–44 (4.8%). Men show a narrower gap (6.9% and 7.5% respectively).

Participation across phases of entrepreneurship



Impact of entrepreneurship and established business ownership



87%

- Among both women and men entrepreneurs, 87% are starting businesses in the consumer-oriented sector. For established business owners, 90% of men and 89% of women operate in this sector.

6.3%

- Among entrepreneurs, 6.3% of women and 6.7% of men operate internationally. There is more of a difference for established business owners, with 5.0% of women and 9.5% of men owning and running international businesses.



- With regard to innovation, all or most entrepreneurs and established business owners of either gender are starting or running businesses that are either not new to customers at all or only new within their community.

26%

- Compared to men entrepreneurs, women entrepreneurs are more likely to have created six or more jobs (26% vs 20% for men). Among established business owners, women are over three quarters more likely than men to have reached this level of job creation (22% vs 13% for men).



- Around a quarter of both women entrepreneurs and established business owners (26%) projected adding six or more jobs in the next 5 years (vs 23% of men entrepreneurs and less than 10% of men established business owners).

37%

- Among entrepreneurs and established business owners, 37% of women (vs 23% of men) stated that they had taken steps to maximize the social impact of their businesses, and 34% of women (vs 18% of men) had taken action to minimize the negative impact of their businesses on the environment.

Informal investors



12%

- Among women in Saudi Arabia, 12% (compared with 13% of men) reported investing in an entrepreneur in the past year.



- The median investment amount for both genders in 2021 was 15,000 SAR.

65%

- Among women investors, 65% invested in a close family member, representing a 50% increase from 2020; 56% of men investors provided funds to a close family member.

*Expert ratings of
national conditions for
women entrepreneurs
and business owners*



- Saudi Arabia's National Expert Survey included questions relating to women's entrepreneurship. The highest rating was recorded for equal access to financing for women and men entrepreneurs (8.4 out of 10).¹



- Also rated highly (around eight points for each) were: improved work-life balance resulting from increased adoption and acceptance of teleworking in response to the pandemic; equal access to markets and government contracts; and a national culture that encourages women and men equally in both self-employment and entrepreneurship.



- Rated lower (around six points for each) were regulations that can encourage women to become entrepreneurs and the availability of family-related services for women business owners who are balancing work and family responsibilities.



¹ The National Expert Survey looks at nine different entrepreneurship-related conditions in the economies participating in GEM. It works with a purposive sample of at least four experts per condition, who score blocks of items representing the conditions using a Likert scale of 0-10 points (completely false to completely true).

Introduction

In recent years, the Kingdom of Saudi Arabia has actively embarked on several ambitious initiatives to provide women with more opportunities in the workplace and increase their participation in the labor market. As such, Saudi Arabia is well on its way to increasing female labor force participation, which has already risen from the 22% reported in 2019 to 31% in 2021.²



Saudi Arabia has implemented new policies for women, including granting them the right to have 100% ownership of their businesses. The Kingdom has also provided more funding avenues for women entrepreneurs and coordinated more networking events for women. Additionally, the government has initiated awareness-raising programs targeting female students to spread the culture of entrepreneurship among women and increase the rate of university startups owned by female students. Networking events such as the Biban Forum have been organized around the Kingdom to encourage entrepreneurship among women and support women entrepreneurs through exhibitions and performance-based awards.

The Global Entrepreneurship Monitor (GEM) presents evidence of positive outcomes from these initiatives, promoting a greater understanding of the characteristics of women entrepreneurship in the Kingdom and providing relevant information for the continued design of effective programs and policies.

² "Labor force participation rate, female (% of female population ages 15+) (modeled ILO estimate) - Saudi Arabia," The World Bank, accessed June 30, 2022, <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?locations=SA>.

Background on GEM

GEM is a consortium of national academic research teams from around the world who carry out survey-based research on entrepreneurship in their economies. GEM is the only global research source that collects data on entrepreneurship directly from individual entrepreneurs.

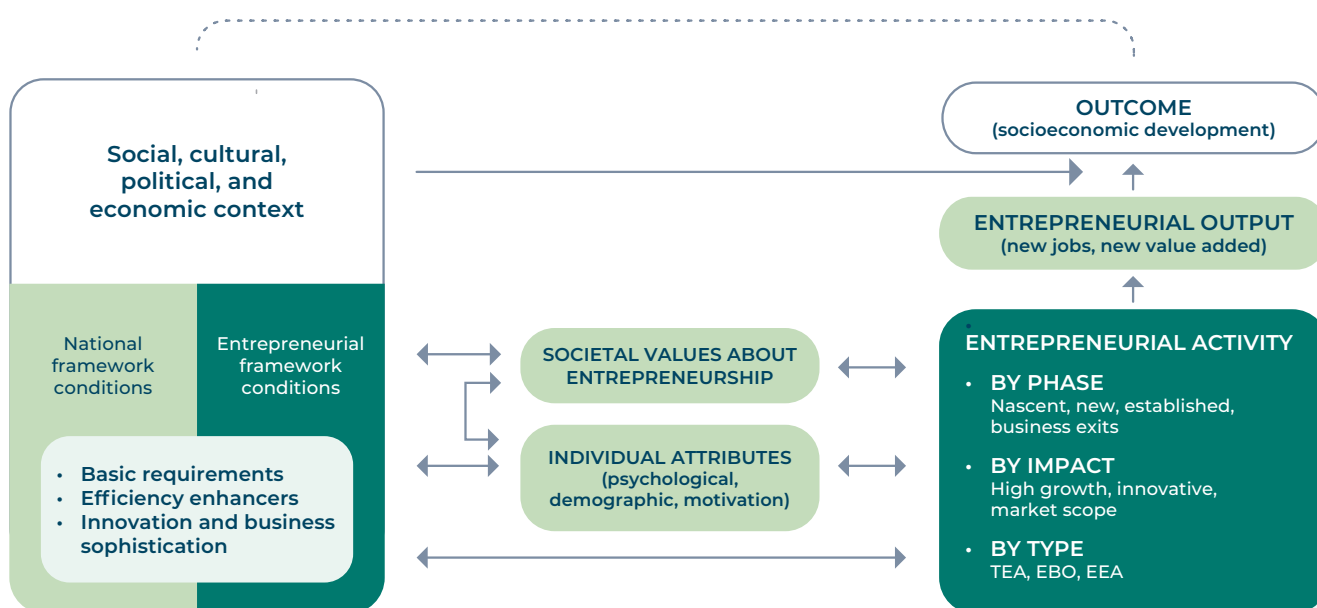
GEM's conceptual framework, shown in Figure 1, illustrates the relationship between entrepreneurship and its environment. The framework shows how the social, cultural, political, and economic context influences entrepreneurship both directly and indirectly through its impact—whether positive or negative—on societal values and individual attributes. Entrepreneurship, in turn, adds value and creates jobs, which then contribute to socioeconomic development.

Entrepreneurship framework conditions include: entrepreneurial finance; government policies, taxes, and bureaucracy; government programs for entrepreneurs; entrepreneurship education

and training at school and post-school stages; research and development transfer; commercial and professional infrastructure; internal market dynamics and entry regulation; physical infrastructure and services; and cultural and social norms. These conditions are assessed by GEM through its National Expert Survey (NES).

Societal values relating to entrepreneurship include the extent to which entrepreneurship is considered a good career choice and whether entrepreneurs have high social status and receive positive media attention. Individual attributes include: demographic characteristics (gender, age, etc.); self-perceptions (perceived capabilities, perceived opportunities, fear of failure); and involvement in entrepreneurship as an informal investor. Entrepreneurial activity includes participation rates across business phases, impact characteristics, and types of entrepreneurship. These indicators—societal values, individual attributes, and entrepreneurial activity—are measured through GEM's Adult Population Survey (APS).

Figure 1. The GEM framework

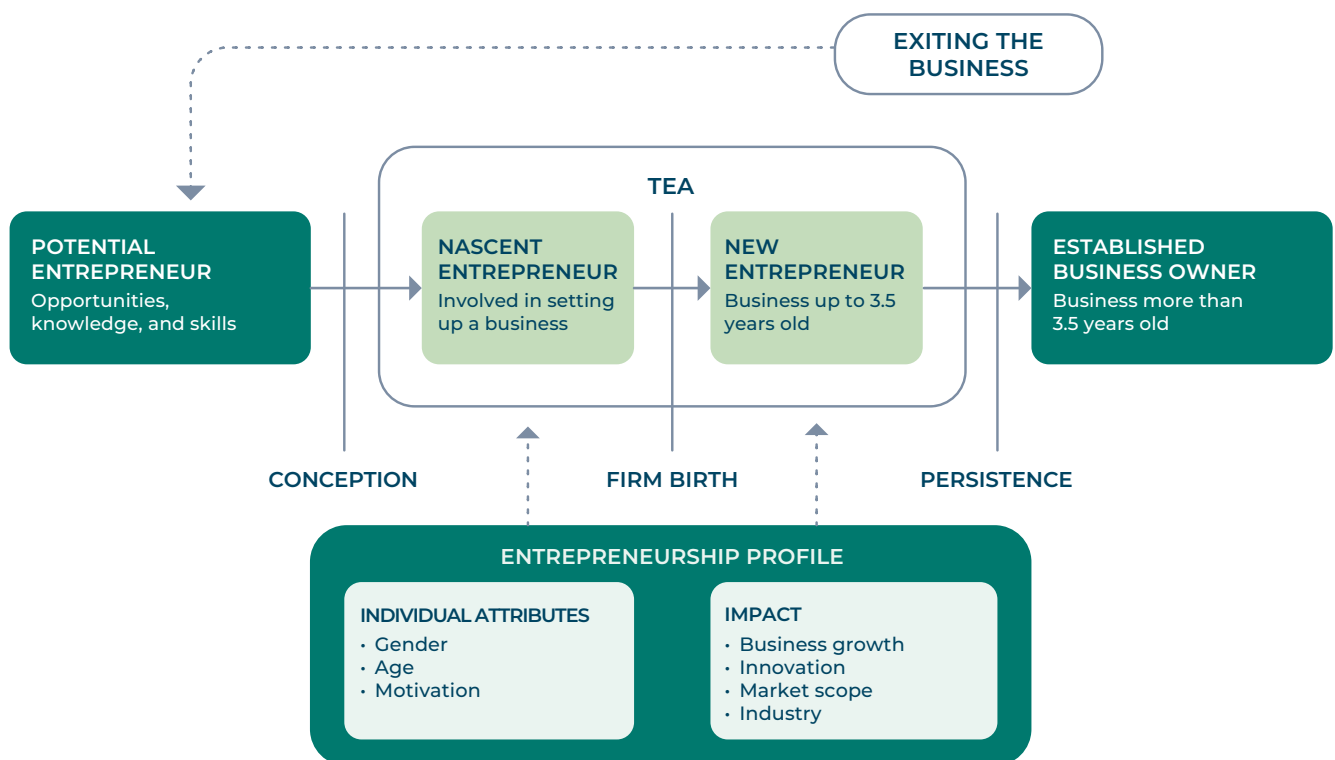


Note: TEA refers to total entrepreneurial activity, EBO refers to established business ownership, and EEA refers to employee entrepreneurial activity.
Source: GEM 2018/2019 Global Report

Figure 2 shows GEM's key entrepreneurship indicators, as measured by the APS. These include participation in various phases of business development: conception, the starting and running of a new business, and the mature phase of established business ownership. Figure 2 also shows business exits and closures, after which an entrepreneur might start another business or continue to be involved in entrepreneurial activity in other ways. For the individuals involved, exiting or closing a business can provide valuable experience and lessons that can be applied to future efforts and shared with other potential and actual entrepreneurs.

Total entrepreneurial activity (TEA) is a key GEM indicator. It represents the proportion of the working-age adult population actively engaged in starting or running a new business. Specifically, TEA is the sum of those actively starting a new business (the "nascent entrepreneurs," who have not yet paid salaries for 3 months) and those who are already running a new business (new business owners who have paid wages for more than 3 months but fewer than 3.5 years) minus any double-counting (that is, excluding entrepreneurs who are doing both). Individuals who are running a business and have paid wages for 3.5 years or more are categorized as established business owners.

Figure 2. GEM entrepreneurship indicators



Source: GEM 2018/2019 Global Report

The GEM Kingdom of Saudi Arabia Women's Report 2021–2022 highlights results from the 2021 GEM survey in the Kingdom, offering a detailed picture of the country's entrepreneurship profile based on gender. Comparisons are made with results from the previous 5 years and, for some indicators, with other high-income countries.

The report begins with results related to the impact of COVID-19 in Saudi Arabia in Chapter 1. Chapter 2 highlights societal attitudes, affiliations, and self-perceptions among

women and men. Chapter 3 covers rates of TEA and other phases of business activity. Chapter 4 delves into greater detail about which industries entrepreneurs and established business owners compete in, as well as levels of employment, market scope, and innovation. Chapter 5 assesses the investor side, presenting results on informal investment in entrepreneurs. Finally, Chapter 6 provides results from GEM's NES on specific conditions influencing women's entrepreneurship and business ownership.

Chapter 1

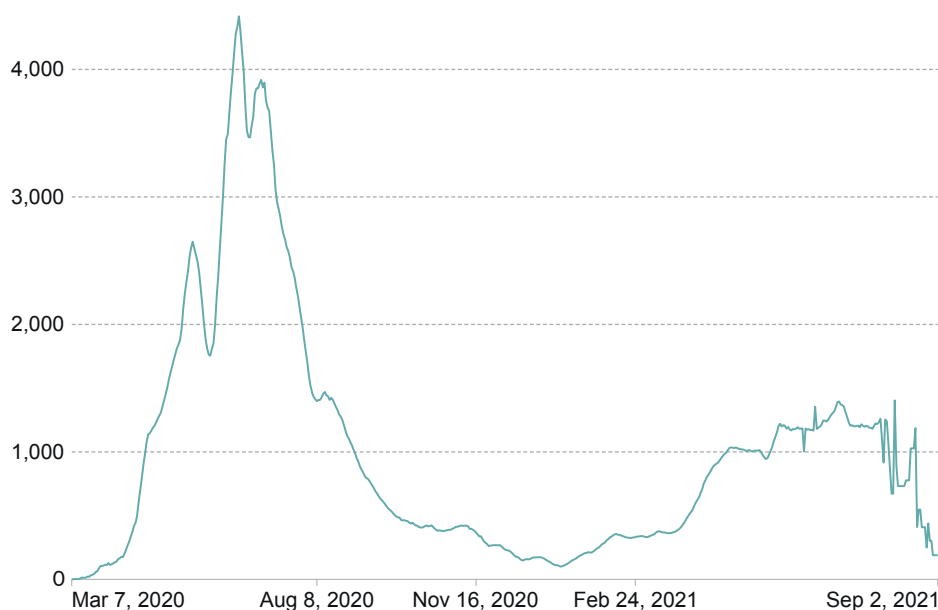
Impact of COVID-19



1.1 Impact of COVID-19 on starting a business

In both 2020 and 2021, GEM asked entrepreneurs how difficult they perceived it to be to start a business compared to 1 year before. During the summer of 2020, COVID-19 cases were very high, as Figure 3 shows. The same was true of death rates during that period. Among women entrepreneurs in Saudi Arabia, 32% felt that starting a business was more difficult in 2020 than it would have been the previous year, when the pandemic was unknown to the world. This compares with 39% of men entrepreneurs.

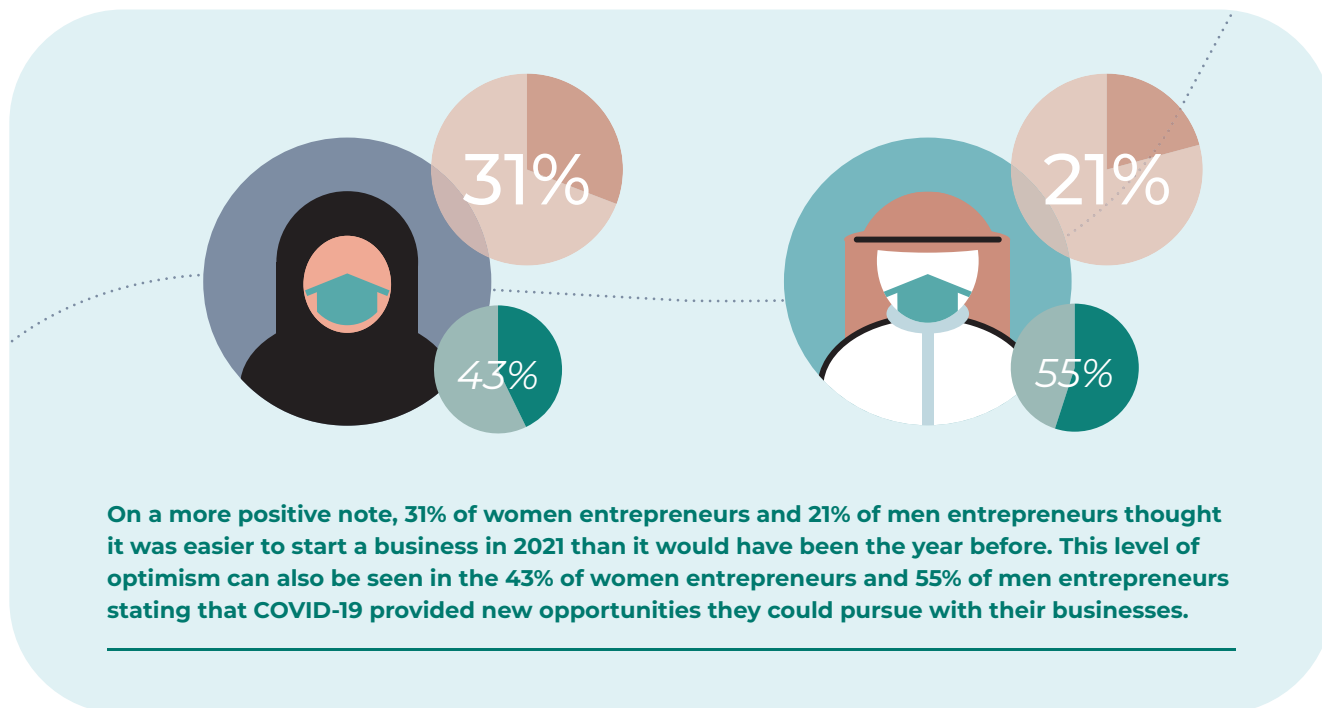
Figure 3. Daily new confirmed COVID-19 cases in Saudi Arabia, March 7, 2020–September 2, 2021



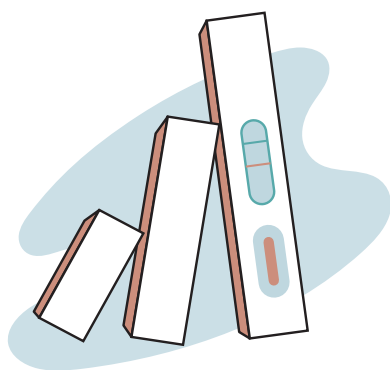
Source: "Saudi Arabia: Coronavirus Pandemic Country Profile," Our World in Data, accessed August 1, 2022, <https://ourworldindata.org/coronavirus/country/saudi-arabia>

In the summer of 2021, the number of COVID-19 cases (and deaths) again increased, although they did not reach the high levels of the previous summer. GEM again asked how difficult respondents perceived starting a business to be compared to the previous year. This time, the basis of comparison was 2020, when COVID-19 was first affecting the population. Among women entrepreneurs, 32% thought

starting a business was more difficult in 2021 than the previous year, the same figure as reported in 2020 (when respondents were comparing with 2019). Men entrepreneurs exhibited a similar level, with 34% perceiving greater difficulties in 2021, yet this is somewhat lower than the 2020 figure of 39%. Still, these results suggest that the impact of COVID-19 persisted in 2021.



1.2 Impact of COVID-19 on growth expectations among established business owners



The pandemic negatively impacted growth expectations among business owners in 2021, more so than in 2020 and to a greater degree for men. During 2020, COVID-19's first summer, 19% of women business owners projected lower growth than they would have projected the year before, prior to the pandemic. In 2021, this increased to 22%. Among men business owners, a similar proportion (16%) projected lower growth in 2020 relative to a year prior. However, this indicator more than doubled in 2021 to 34%. This suggests that COVID-19 had a negative impact on some growth projections both in 2020 and further in 2021, again illustrating the persistent effect of COVID-19 on business activity.

There are a number of reasons why COVID-19 could affect business owners' growth prospects, for example the effect of lockdowns or restrictions, changes in consumer behavior, and other challenges faced when adapting businesses to the effects of COVID-19. The pandemic also affected the availability of finance and labor, which would have a greater impact on those needing capital and employees to expand.

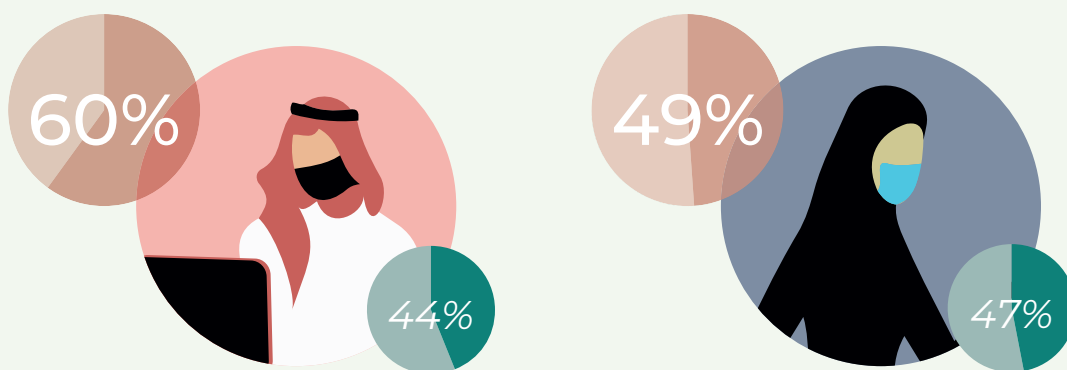
However, it is encouraging to note that 43% of women business owners and 25% of men business owners projected higher growth expectations in 2021 than they would have a year prior. When comparing based on gender, women business owners appear to perceive fewer constraints on their growth plans, and they are more likely to believe that the pandemic provided new opportunities for them to pursue. This may have been facilitated by the opening of online or digital avenues for reaching existing and/or new markets, in addition to the fact that women are now allowed to drive, which has reduced if not eliminated limits on women's mobility.



1.3 Adoption of digital technologies due to COVID-19

Environmental shocks in an economy can often lead to new behaviors and new ways of doing business. The pandemic accelerated the use of digital technologies in households that started to use or increased their use of the internet for tasks such as ordering food from restaurants, shopping, attending educational classes, and connecting with friends and family members. This enabled people to continue their activities while limiting physical interactions that could expose them to COVID-19.

Businesses also relied on digital technologies both to sell their products or services and to continue their work activities, such as conducting meetings and working remotely. **The GEM data showed that entrepreneurs adopted or enhanced their plans for using digital technologies as a result of the pandemic, with a higher likelihood among men (60%) than women (49%). Among established business owners, the gender gap was much narrower (44% for men; 47% for women).**



Overall, these results illustrate the adaptability of entrepreneurs and business owners and the importance of technology in enabling them to continue their activities. Especially for women, these findings reflect the value of not just lifting restrictions on their mobility but also the availability of digital technologies, which provide women with flexibility as to where they conduct business.

This trend can be expected to continue among entrepreneurs, especially among women, more than half of whom stated that they will use more digital technologies in the next 6 months (52% vs 44% of men entrepreneurs). In contrast, among established business owners, this was the case for just over one fifth of both genders.

1.4 Business closures due to COVID-19



While COVID-19 presented both challenges and opportunities for those starting and running businesses, it also impacted business closures. In 2021, 5.0% of the women surveyed in Saudi Arabia had closed a business in the prior year; for 13% of these closures, the pandemic was cited as the reason. In 2020, the business closure rate was 4.0%, with just over three quarters (77%) of those identifying COVID-19 as the reason.

Men reported a similar closure rate in 2021 (5.5%), with 21% citing COVID-19 as the cause. While this closure rate was essentially the same as in 2020 (5.7%), the pandemic was cited overwhelmingly as the cause (70%) in 2020, similar to the rate among women. It thus appears that, for both women and men, the pandemic affected business closures more severely in its early phase.



Chapter 2

Societal attitudes, affiliations, and self-perceptions



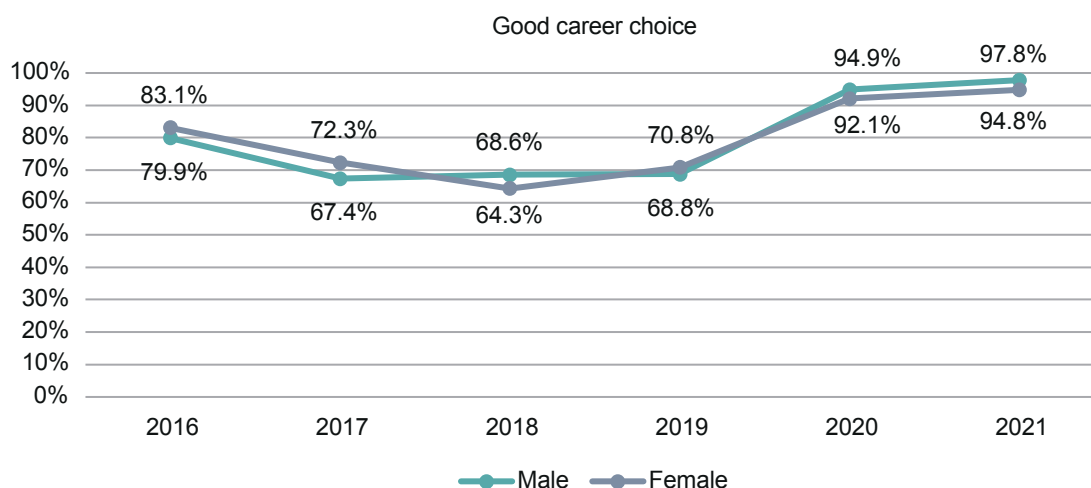
2.1 Societal attitudes

GEM asks all respondents about their attitudes toward, affiliations with, and self-perceptions about entrepreneurship.

The questions relating to attitudes assess people's thoughts about entrepreneurship in four areas: whether it would represent a good career choice, the degree to which entrepreneurs are conferred a high status in society, the extent to which they receive positive media attention, and whether they think it is easy to start a business.

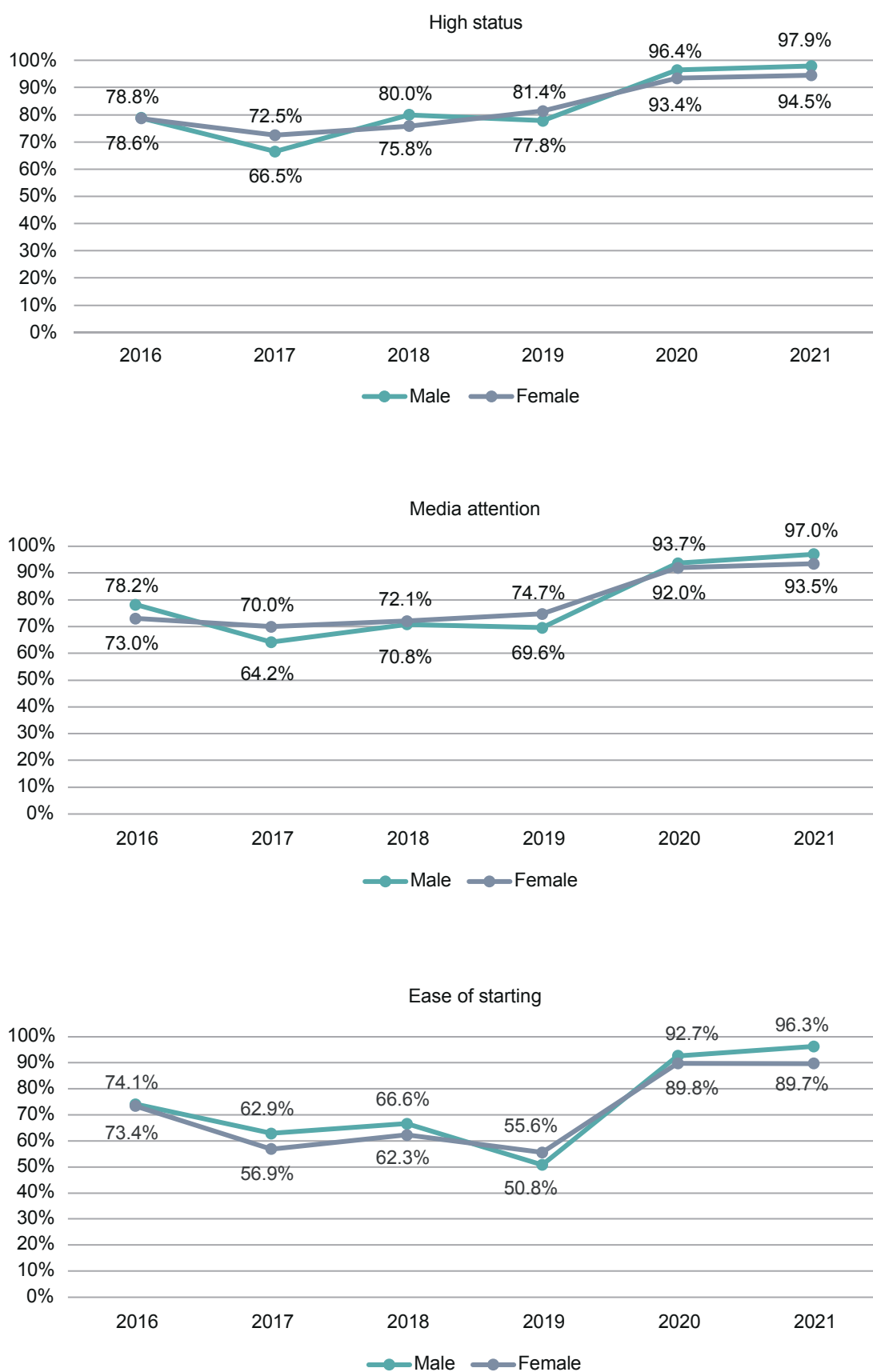
The results for Saudi Arabia are remarkable in two respects. First, for all four measures, nearly all of those surveyed responded positively, as Figure 4 demonstrates. This is further notable in that the results were highest during the pandemic, in both 2020 and 2021. These findings suggest that people hold entrepreneurs in high regard in difficult times, perhaps looking to them to respond to the COVID-19 crisis. Entrepreneurship may also have elevated visibility and esteem thanks to attention from the government and society more generally.

Figure 4. Societal attitudes toward entrepreneurship in the adult population (18–64 years) of Saudi Arabia, 2016–2021



Source: GEM Kingdom of Saudi Arabia, 2016–2021

Figure 4. Societal attitudes toward entrepreneurship in the adult population (18–64 years) of Saudi Arabia, 2016–2021 (continued)



Source: GEM Kingdom of Saudi Arabia, 2016–2021

The second remarkable observation on societal attitudes is the near absence of a gender gap. Women are as likely as men to state that entrepreneurship is a good career choice and that entrepreneurs are afforded high status and positive media attention. This demonstrates the positive change in Saudi societal attitudes toward women due to favorable policies that afford women greater freedom in school and university education, as well as in the labor force.

However, women are slightly less likely than men to state that it is easy to start a business. This small gender gap in the general population stands in contrast to the perspective of entrepreneurs, however. As mentioned in Chapter 1, women entrepreneurs were more likely than their male counterparts to state that it was easier to start a business in 2021 compared to the year before.



2.2 Affiliations and self-perceptions



Most adults of both genders in the general population of Saudi Arabia know at least one other entrepreneur personally. These kinds of affiliations benefit entrepreneurs and prospective entrepreneurs alike: Such connections can serve as role models or advisers as well as partners or investors. However, the results for this measure for both 2020 and 2021 were the lowest reported in the 6-year period. This could reflect the limited personal interactions during the pandemic, resulting from lockdowns and social distancing measures.

As Figure 5 reveals, the vast majority of both men and women spotted opportunities for starting businesses around them, and 2021 represents the highest level in the 6 years examined. On the other hand, over half of those spotting opportunities would be dissuaded from starting a business due to fear of failure. One way to counter fear of failure is self-assurance and confidence in one's abilities. Entrepreneurship may pose a level of risk, but this may be less daunting for those who are confident in their entrepreneurial capabilities.

Men were highly likely to state that they had the capabilities for entrepreneurship in 2021, exhibiting a 7% increase from 2020. Women, on the other hand, were 10% less likely than men to express this level of confidence in 2021, showing little change from the previous year. Still, a clear majority of women interviewed stated that they had the capabilities for entrepreneurship, with 2021 marking the highest level reported in the 6-year period.

Women were 12% less likely than men to know an entrepreneur personally. The survey does not specify the gender of the entrepreneur the respondent is affiliated with. However, it is worth noting that affiliations with women entrepreneurs could add particular value as they can provide role models that women can relate to, give advice that is more specific to women, and enable peer support.

In sum, women are equally attracted to entrepreneurship, and almost as likely to spot opportunities, as men. Fear of failure is equally high between the genders, but women might perceive starting a business to be more difficult. This perception could be explained in part by fewer affiliations with entrepreneurs and somewhat lower evaluations of their capabilities. Another possible explanation is that, as many of these women are joining the work force or considering taking the entrepreneurial plunge for the first time, they feel pressure to prove themselves in these first attempts.

Figure 5. Self-perceptions about entrepreneurship in the adult population (18–64 years) of Saudi Arabia, 2016–2021

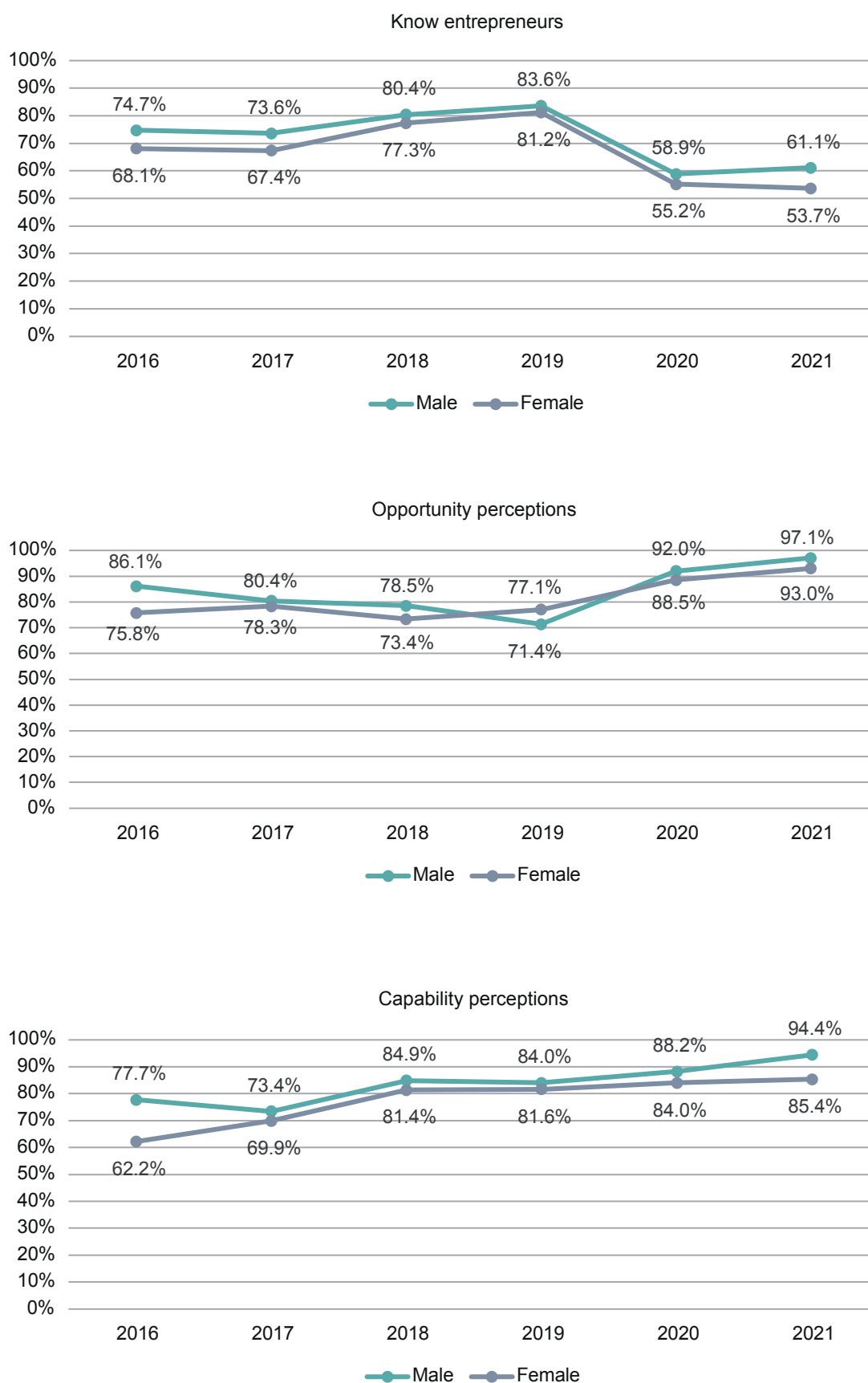
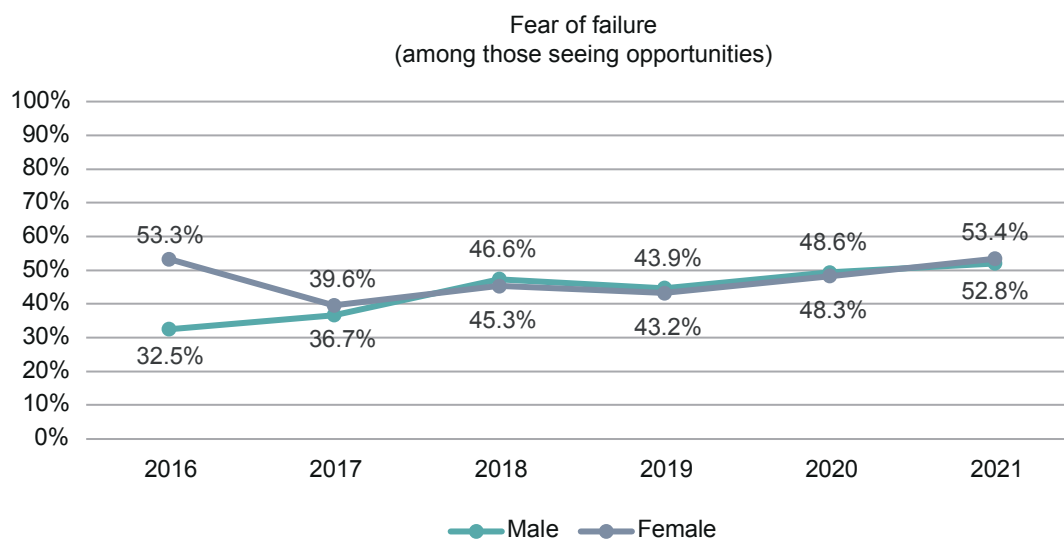
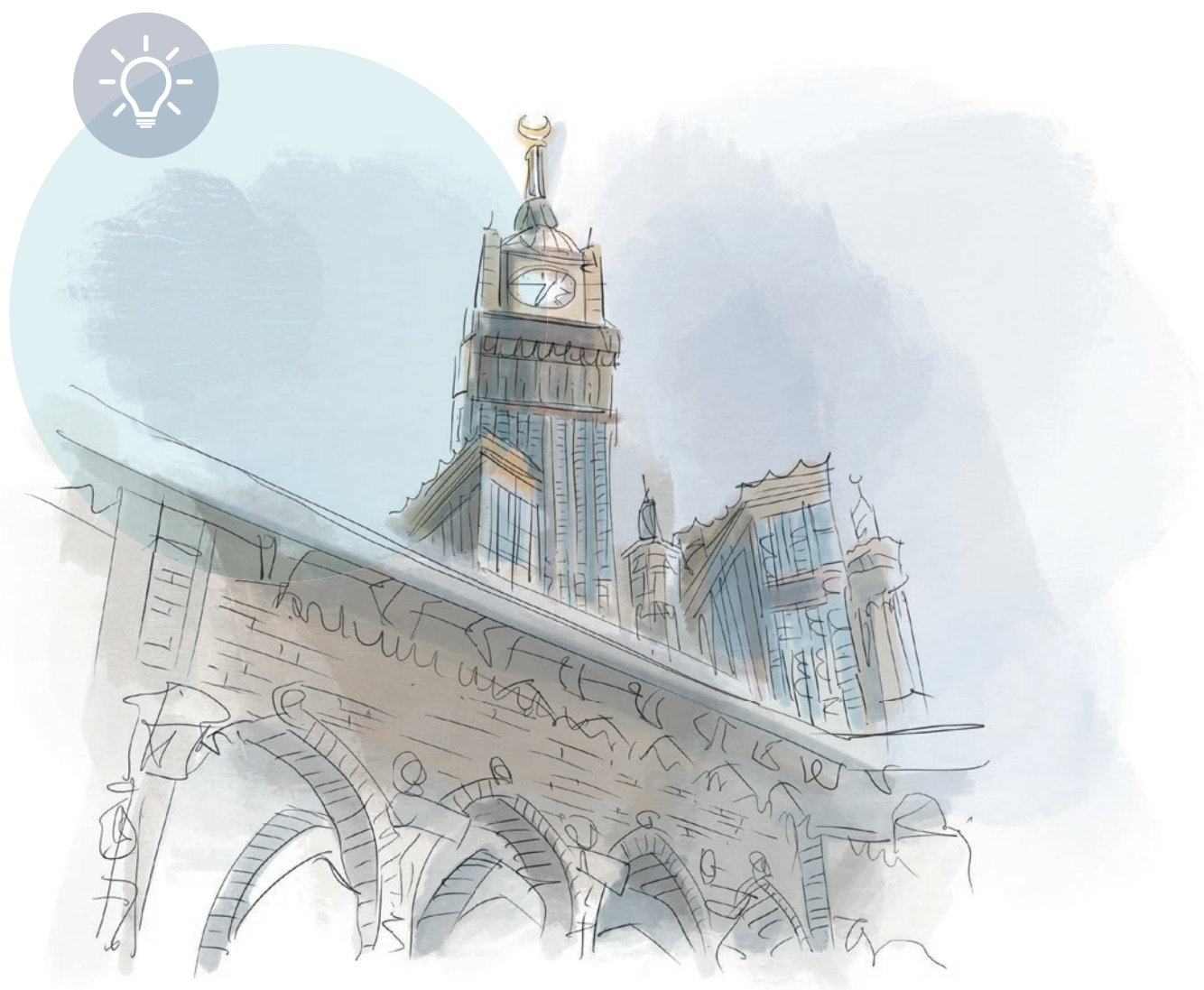


Figure 5. Self-perceptions about entrepreneurship in the adult population (18–64 years) of Saudi Arabia, 2016–2021 (continued)



Source: GEM Kingdom of Saudi Arabia, 2016–2021



Chapter 3

Participation across phases of entrepreneurship



Measures of entrepreneurship often focus on the number of businesses started in an economy. However, it is important to recognize the value of participation at each stage of the process. For example, while not all people with entrepreneurial intentions will eventually start a business, it is likely that most of those who do start one spend some time in the early planning stages.

Beyond the entrepreneurial stage is established business ownership, a phase that includes those running businesses over 3.5 years old. These business owners are critical in providing stable jobs to employees and ongoing value to customers, suppliers, investors, and other stakeholders.

Finally, while entrepreneurs start businesses that they intend to be successful, they are nonetheless undertaking a risky endeavor. As mentioned in Chapter 1, 5.0% of

women and 5.5% of men in Saudi Arabia closed a business in the year prior to the survey. Business closures can be a sign of the challenges encountered in sustaining a business. However, to have a viable entrepreneurship sector, an economy needs people who are willing to take risks—and the nature of risk-taking is such that not all will succeed.

It follows, therefore, that an economy like Saudi Arabia's, with high TEA rates, may have more closures than one in which fewer people start businesses. Furthermore, those who do close businesses can still benefit their economies by going on to start another business or engaging in entrepreneurship in a different way: as investors, advisers, employees, or in other roles. So while it is important to be conscious of the negative impact of business closures, their broader causes and consequences should be considered too.



3.1 Entrepreneurial intentions

In 2021, less than a quarter of women and men stated that they intended to start a business in the next 3 years. This represents a drop of approximately 30% for both genders compared with the previous year, resulting in the lowest level for this indicator over the 6-year period for women and close to the level reported in 2016 for men, as shown in Figure 6. This could be cause for some concern because it suggests that the base of prospective entrepreneurs might be shrinking.

However, in many highly developed economies, intentions track closer to entrepreneurship rates. In other words, those who intend to start a business often do. This demonstrates a level of readiness for entrepreneurship and could be the result of favorable conditions that enable prospective entrepreneurs to act on their intentions. In Saudi Arabia, entrepreneurial intentions in 2021 were close to the 20% TEA rates for both genders. It could be the case that the attractiveness of entrepreneurship and favorable conditions for starting a business enabled more people to act on their intentions, rather than remain in the planning stages.

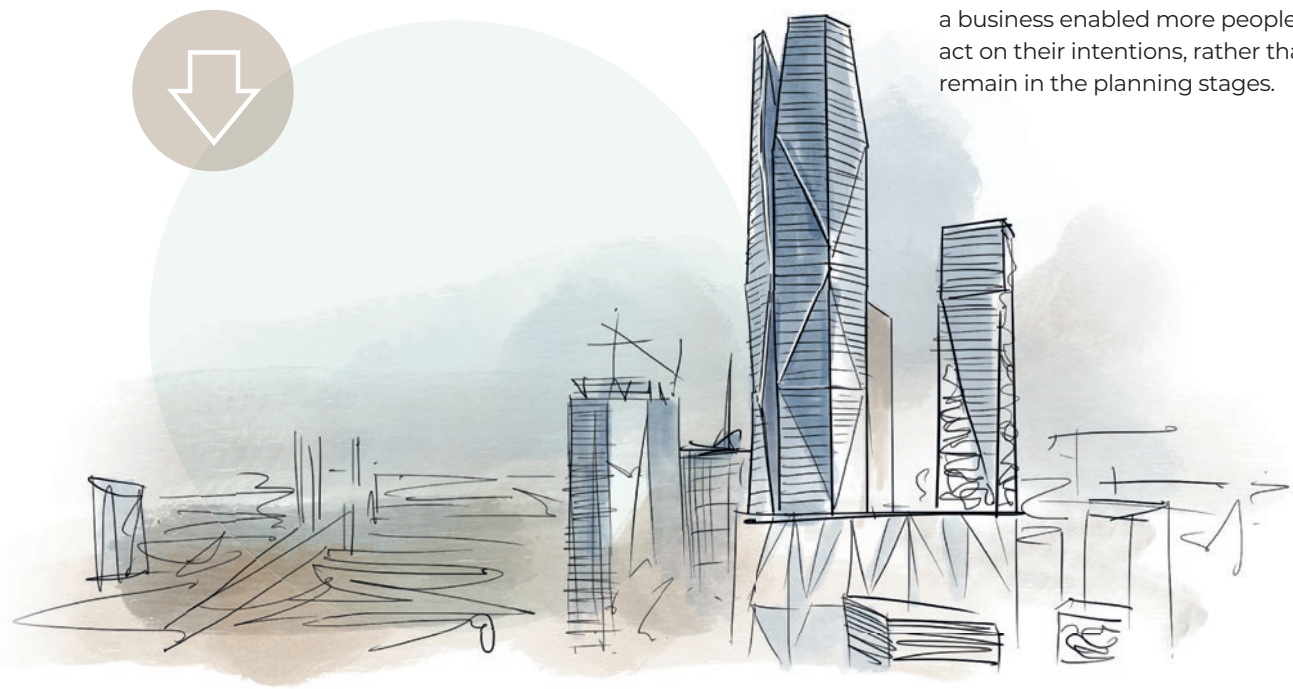
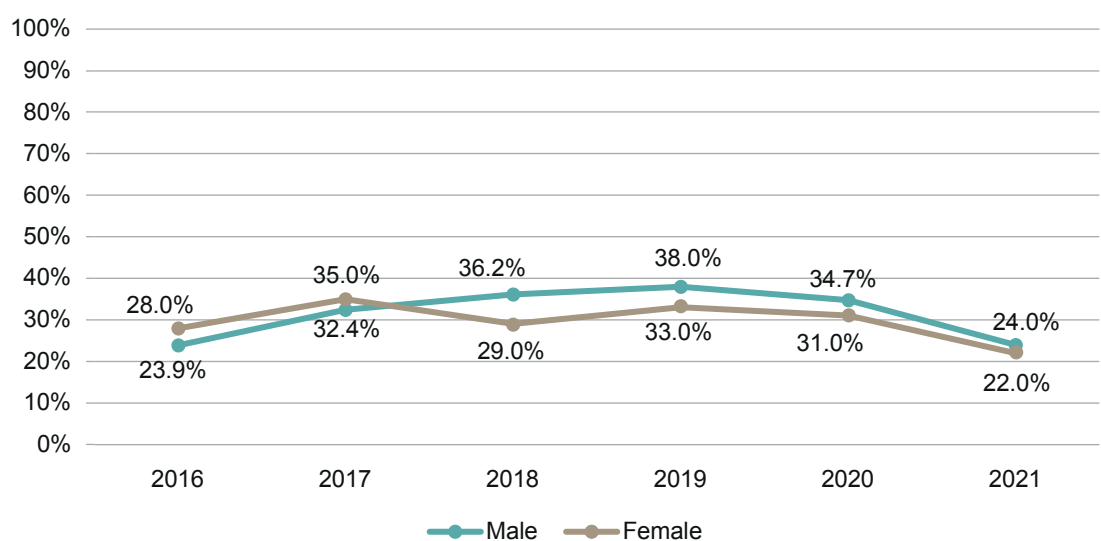


Figure 6. Entrepreneurial intentions in the adult population (18–64 years) of Saudi Arabia, 2016–2021



Source: GEM Kingdom of Saudi Arabia, 2016–2021

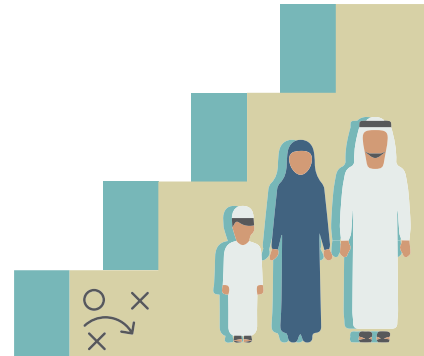
3.2 TEA

TEA comprises two phases: nascent and new entrepreneurs. Nascent entrepreneurs are those who have taken material steps to start their business but have been up and running for less than 3 months. When they have been up and running for more than 3 months but less than 3.5 years, they are classified as new entrepreneurs.

The TEA rate for men and women in Saudi Arabia is shown in Figure 7. This indicator shows 4 years of relatively steady activity with some small increases, followed by a bigger rise in 2020 and again in 2021, for both men and women. The TEA rate in 2021 was 41% higher for women than in 2019 and 50% higher for men.

As Figure 7 illustrates, a rise in nascent activity underlies the increase in TEA in 2020. This corresponds to the early stages of the pandemic. At this time, people might have been motivated to start a business due to layoffs, a decline in available jobs, alternative work options that suited restrictions or behavior during the pandemic, or government support and general encouragement for entrepreneurship.

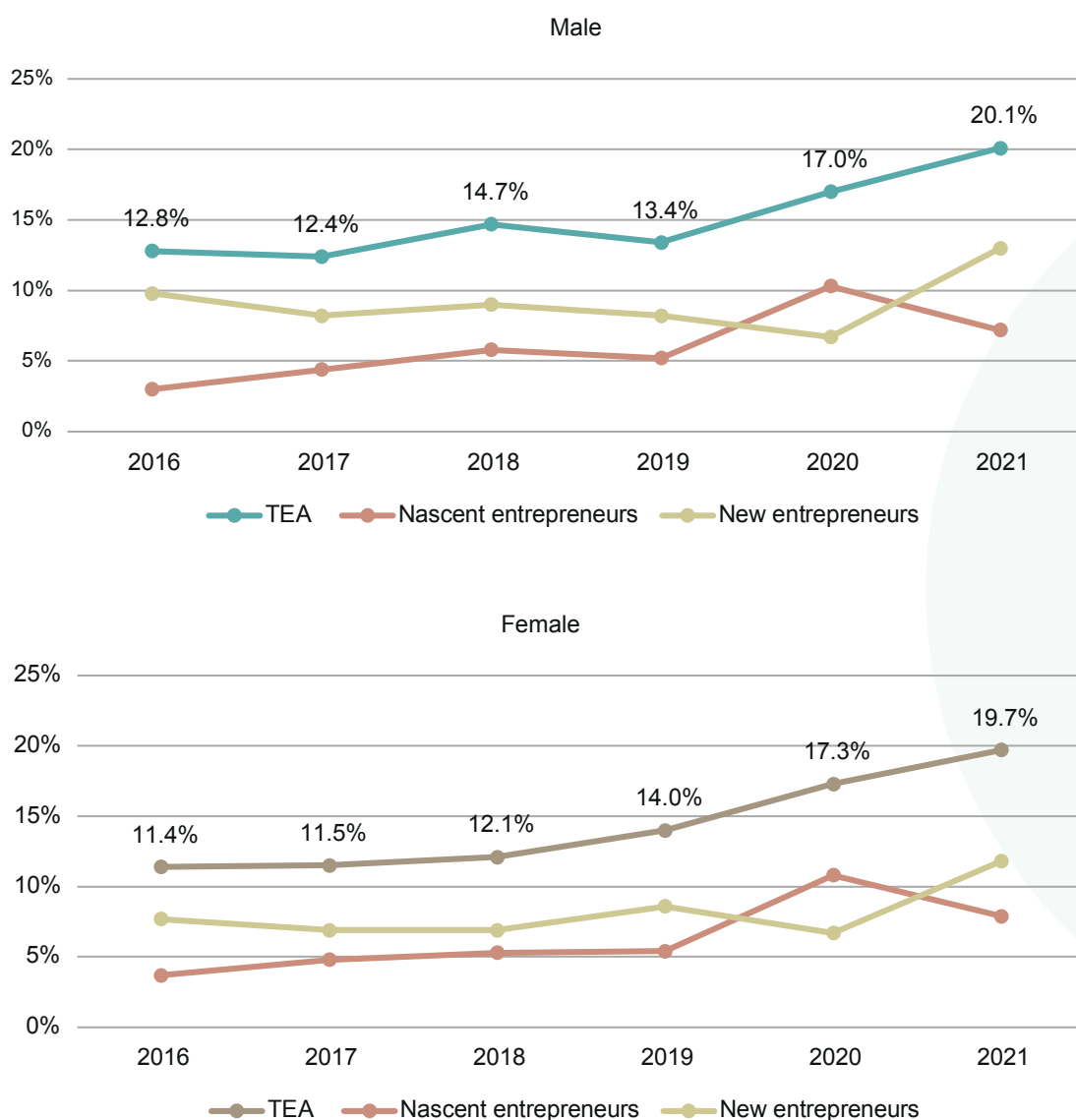
In 2021, we see the effects of the time lag: The boom in nascent activity in 2020 is followed by an increase in new entrepreneurship a year later, indicating that many of those starting out in 2020 solidified their efforts and became new entrepreneurs.



However, 2021 also shows a decline in nascent activity. While this coincides with the decline in intentions to some degree, the drop in the nascent rate could represent an adjustment back to prior levels. The nascent rate in 2020 could thus be considered anomalous; discounting 2020, 2021's nascent activity shows a slight increase.



Figure 7. Nascent, new, and TEA in the adult population (18–64 years) of Saudi Arabia, 2016–2021



Source: GEM Kingdom of Saudi Arabia, 2016–2021

3.3 Entrepreneurial motivations

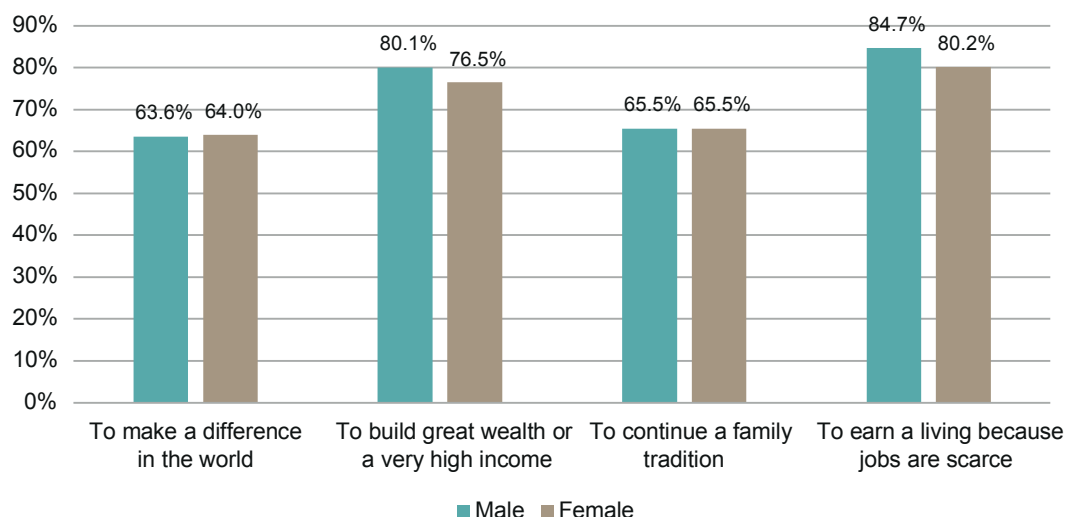


Men and women have very similar motivations for starting a business (Figure 8). Though women are slightly less likely to have financial motives (building wealth or job scarcity), these are still the most frequently cited reasons for both genders.

Having an impact—whether through adding social value or “doing something big”—is

almost equally popular among both men and women. The same holds for family motives. Interestingly, the latter result has increased markedly since before the pandemic: In 2019, only 35% of women entrepreneurs and 38% of men entrepreneurs cited family motives. More time with family during the pandemic and fewer job prospects may have contributed to this rise.

Figure 8. Motivations for starting a business among entrepreneurs in Saudi Arabia, 2021



Source: GEM Kingdom of Saudi Arabia, 2021

3.4 Established business ownership

The most recent 4-year period, 2018–2021, shows a relatively stable established business ownership rate for women, at 3.7% of the female population in Saudi Arabia. This is roughly double the rate from the prior 2 years (2016: 1.6% and 2017: 1.9%), as Figure 9 reveals. At the same time, TEA rates among women have increased markedly, reaching just under 20% in 2021: an increase of nearly 75% compared with the rates reported in 2016 (11.4%) and 2017 (11.5%).

Because established business owners are running businesses that are more than 3.5 years old, there may be a time lag effect, where the recent increases in TEA are not likely to be reflected in mature activity yet. Indeed, established business ownership among men is showing a similar pattern: stable for 2019 to 2021, with increases in TEA for the most recent 2 years.

A slight gender gap can be detected in TEA rates during 2016, 2017, and 2018, but this gap essentially closed during the most recent 3 years (2019–2021). Established business ownership, on the other hand, shows a persistent and measurable gap across the 6-year period, with the exception of 2018: For the most part, female rates are little more than half the male rates. This indicates that women are starting businesses at the same rate as men, but comparatively fewer are running mature businesses.

This pattern could suggest a need to address business sustainability among women. Rather than focusing solely on encouraging women to start businesses, women could benefit from support to maintain and grow their businesses over time. At the same time, regulations allowing women to establish their own ventures independently have only been in place since 2018. It could therefore be the case that more women will own mature businesses over time. Future analysis should examine whether the recent increase in TEA is reflected in increased established business ownership rates in the following years, and whether the gender gap in the latter narrows or closes.

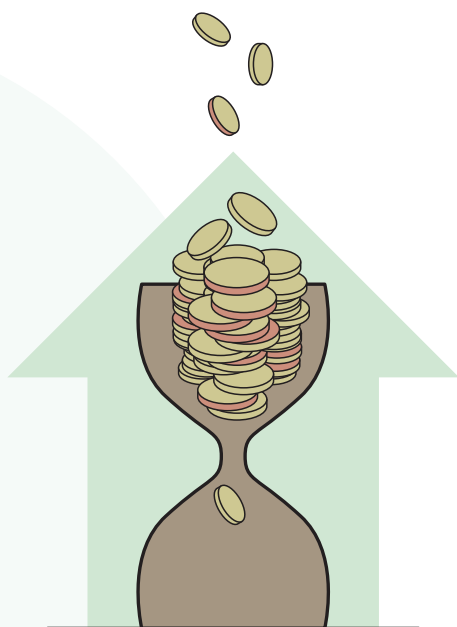
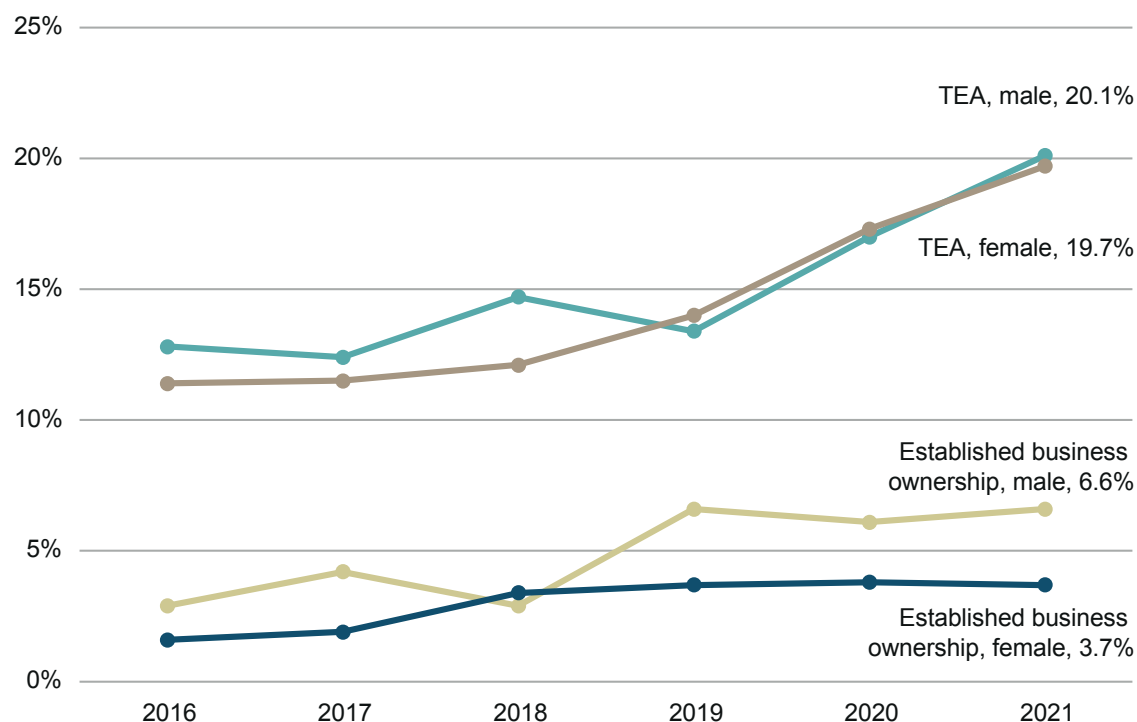


Figure 9. TEA and established business ownership in the adult population (18–64 years) of Saudi Arabia, 2016–2021



Source: GEM Kingdom of Saudi Arabia, 2016–2021

3.5 Global comparison of entrepreneurship and established business ownership

Figure 10 shows entrepreneurship and established business ownership rates by gender for 18 high-income economies (economies with gross domestic product of more than \$40,000 per capita). The top chart shows that Saudi Arabia has the highest women's entrepreneurship rate and the greatest gender parity.

Women established business ownership rates, on the other hand, fall around the middle of the high-income countries. Furthermore, nearly half of the countries show equal or greater gender parity compared to Saudi Arabia; this includes Canada, France, Luxembourg, the Republic of Korea, Sweden, Switzerland, and the United States.

Overall, this analysis shows that, in comparison to other high-income countries, women's entrepreneurship rates are high and on a par with men's in Saudi Arabia. Established business rates among women and gender parity, however, remain around the middle of this group of countries.

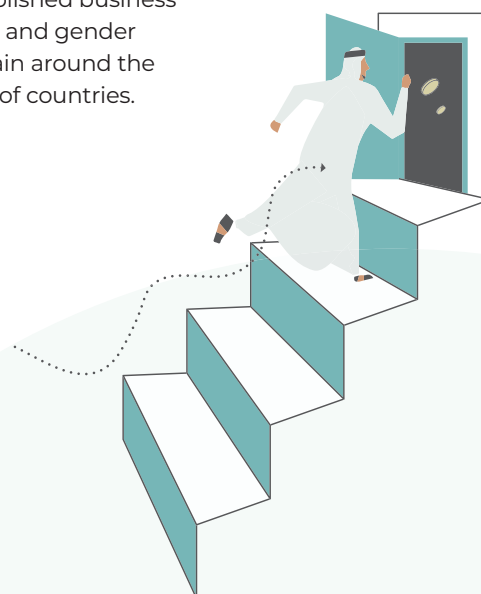
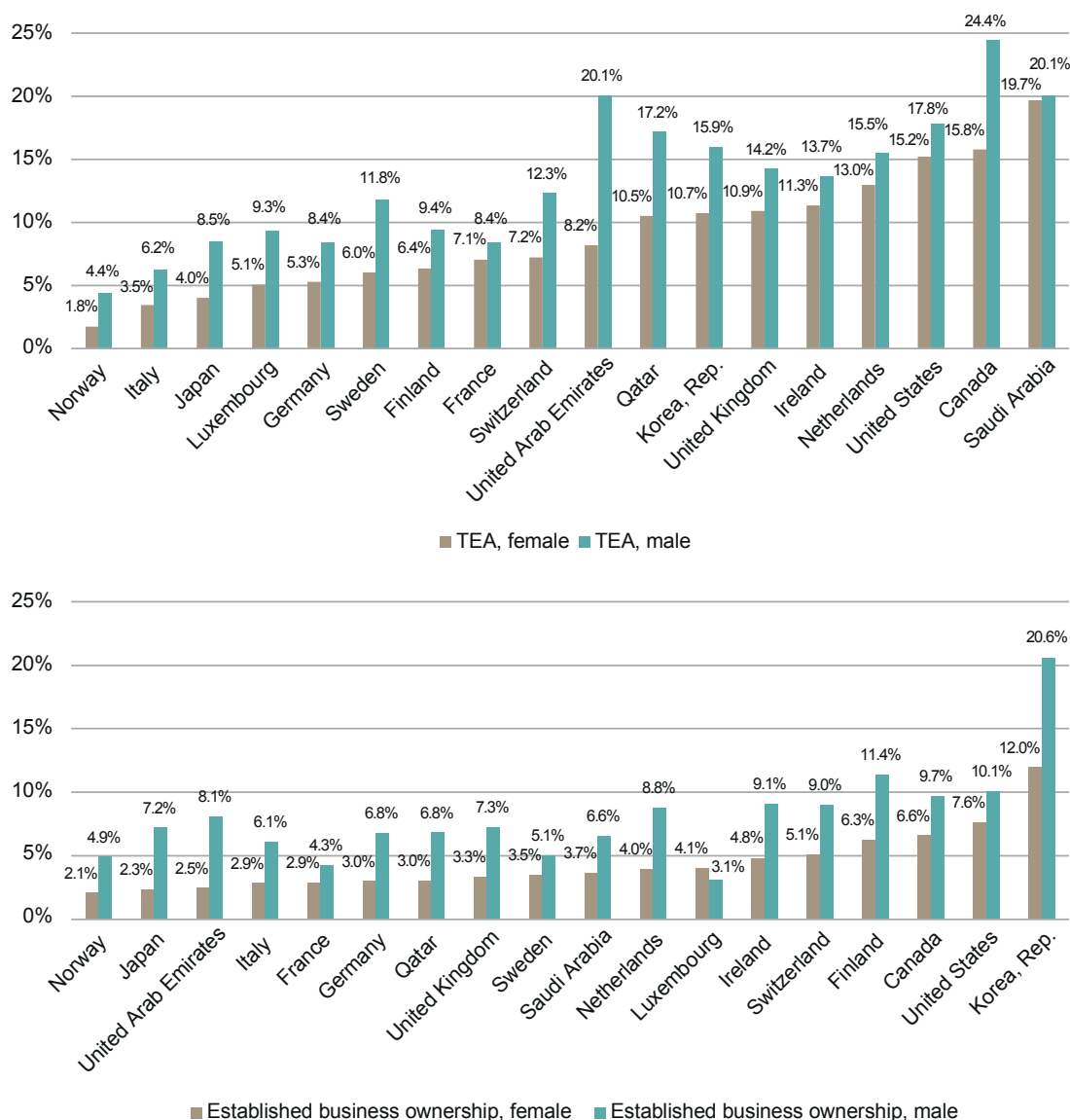


Figure 10. TEA and established business ownership in the adult population (18–64 years) of 18 high-income countries, 2021



Source: GEM, 2021

3.6 Age distribution for entrepreneurship and established business ownership

In most economies, the highest rates of entrepreneurship are among the 25–34 and 35–44 age categories. In general, it is assumed that those aged 25–34 are in the early phase of their careers. They may have completed college and have a few years of work experience. However, their careers may not yet have advanced to the point where they would have to forgo a high-paying job to start a business. What is more, they may not have major financial commitments, such as funding children through college combined with mortgages and other obligations; and, if their ventures do not work out, they have the rest of their careers to earn income. Their opportunity costs and risk profiles are therefore typically lower than those of older adults. However, some people in this age group may have young children and therefore childcare responsibilities, which may conflict with the demands of starting and running a business, particularly for women.

Those approaching mid-career (35–44 years of age) may have better-paying jobs and more financial obligations that could deter them from taking risks. However, they also have experience, credibility, and networks they can leverage. Women who have been out of the workforce while caring for young children may now want or need to work as their children grow older. If job options are limited or not worthwhile for them, entrepreneurship may seem a more attractive pursuit.

In Saudi Arabia, TEA among women reveals the highest rates among 35–44-year-olds, as shown in Figure 11. The numbers starting businesses in the younger age groups are slightly below this level, but nonetheless show high rates. With two thirds of the Kingdom's population under the age of 35,³ these high percentages translate into a lot of entrepreneurs. At the other end of the age distribution, the oldest age group shows little drop-off among women. In fact, 55–64-year-olds are starting businesses at nearly the same rate as 45–54-year-olds. In many economies, this age group is typically at the end of their career, with few starting new businesses.

Overall, slightly fewer women in Saudi Arabia are starting businesses in their younger adult years, a time when they may be occupied with

childcare. However, they are pursuing entrepreneurship in the older age groups, when it may serve as a viable career option for women as they enter or re-enter the workforce, or if working for others is less attractive or viable. Women may start their own business to pursue opportunities they recognize and are passionate about, to have more control over their work, and perhaps to achieve better financial prospects and more fulfilling work.

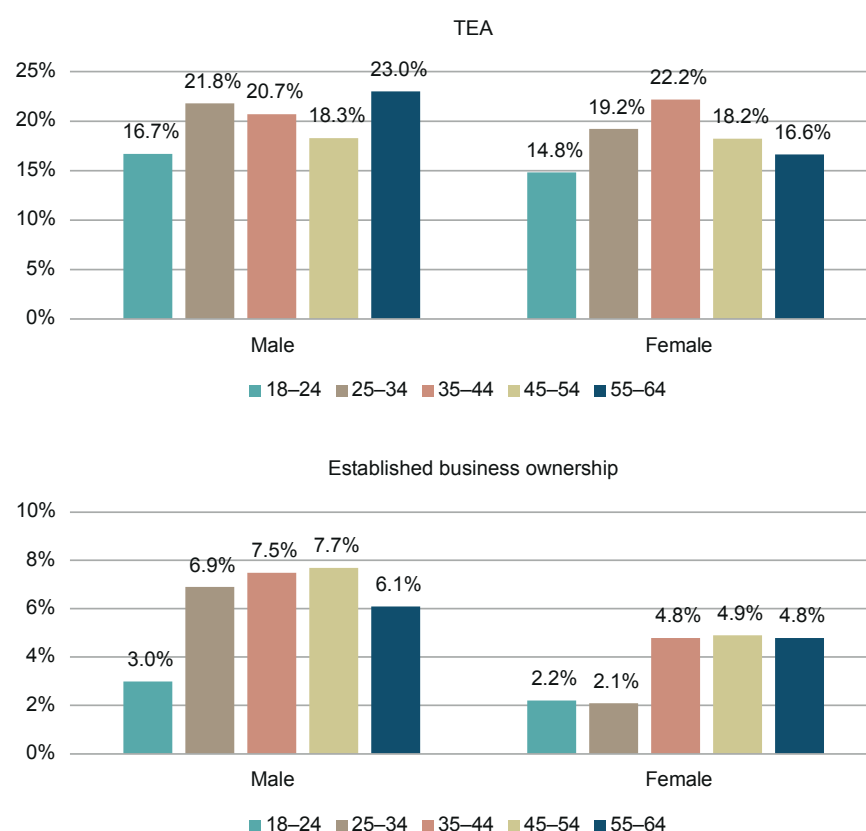
For TEA, the pattern for men shows high rates among all age groups with two peaks: among those aged 25–34 and 35–44, which typically exhibit high rates in most economies, and among those aged 55–64, which is rarely seen in other GEM economies.

In any economy, established business ownership generally

shows higher rates among the older categories, simply because these age groups are running businesses they started in their younger years. Mature businesses are defined as having operated for 3.5 years or more, so younger entrepreneurs may not yet have reached the established business ownership phase. Additionally, older business owners may have experimented with different career options in their younger years, eventually settling into a business they could sustain over the longer term.

Likewise, in Saudi Arabia, few women under 35 are running established businesses, but nearly two and a half times more can be seen across all three of the older age categories. A similar pattern can be seen among men, although only the youngest age group shows comparatively low rates.

Figure 11. TEA and established business ownership in the adult population (18–64 years) of Saudi Arabia, 2021



Source: GEM Kingdom of Saudi Arabia, 2021

³ "Two-thirds of Saudi Arabia's population is under the age of 35," Gulf Business, August 10, 2020, <https://gulfbusiness.com/two-thirds-of-saudi-arabias-population-is-under-the-age-of-35/>.

Chapter 4

Impact of entrepreneurship and established business ownership



A simple count of entrepreneurs or established business owners does not tell the whole story in terms of their impact on their society and economy, not to mention on their families and business stakeholders. Entrepreneurs differ with regard to the industries they participate in and the extent to which they create jobs, innovate, and sell beyond their local communities. In this respect, entrepreneurs impact their economies in many ways and to varying degrees.

In Saudi Arabia, the vast majority of entrepreneurs and established business owners operate in the consumer sector, with little difference between genders. Among both women and men entrepreneurs, 87% are starting consumer businesses. For established business owners, 89% of women and 90% of men operate in this sector.

In addition, among entrepreneurs, 6.3% of women and 6.7% of men operate internationally. For established business owners, however, there is a gender difference: 5.0% of women and 9.5% of men own and run international businesses.

With respect to innovation, all or most entrepreneurs and established business owners of both genders are starting or running businesses that are either not new to customers or only new within their community.

This indicates that, first, despite such high entrepreneurship rates, Saudi Arabia is lacking to some extent in sector diversity, international reach, and innovativeness among its entrepreneurs. Second, this is not a gender-specific issue: Both genders experience similar effects.



On the other hand, gender differences can be discerned in job creation, as shown in Figure 12. Compared to men entrepreneurs, women entrepreneurs are over a quarter more likely to have created six or more jobs. What is more, among established business owners, women are over three quarters more likely than men to have reached this level of job creation.

Figure 12 also shows job creation expectations for the next 5 years. Generally, entrepreneurs are highly optimistic, relying on their ambitions as much as predictions about an uncertain future. Established business owners, on the other hand, have some historical performance on which to base their projections, as well as estimates connected with future plans. However, Figure 12 shows that women established business owners in Saudi Arabia are as optimistic as women entrepreneurs. About a quarter of both women entrepreneurs and established business owners

project adding six or more new jobs in the next 5 years. Among established business owners, women are more than two and a half times likelier than men to have these job expectations.

Even though most women (and men) start and run consumer-oriented businesses, a sector that is commonly assumed to be crowded with competition and to have low profitability potential, and to be serving mostly local customers with typically non-novel businesses, the results show that it is possible to contribute to job creation and have growth ambitions in the consumer sector in Saudi Arabia.

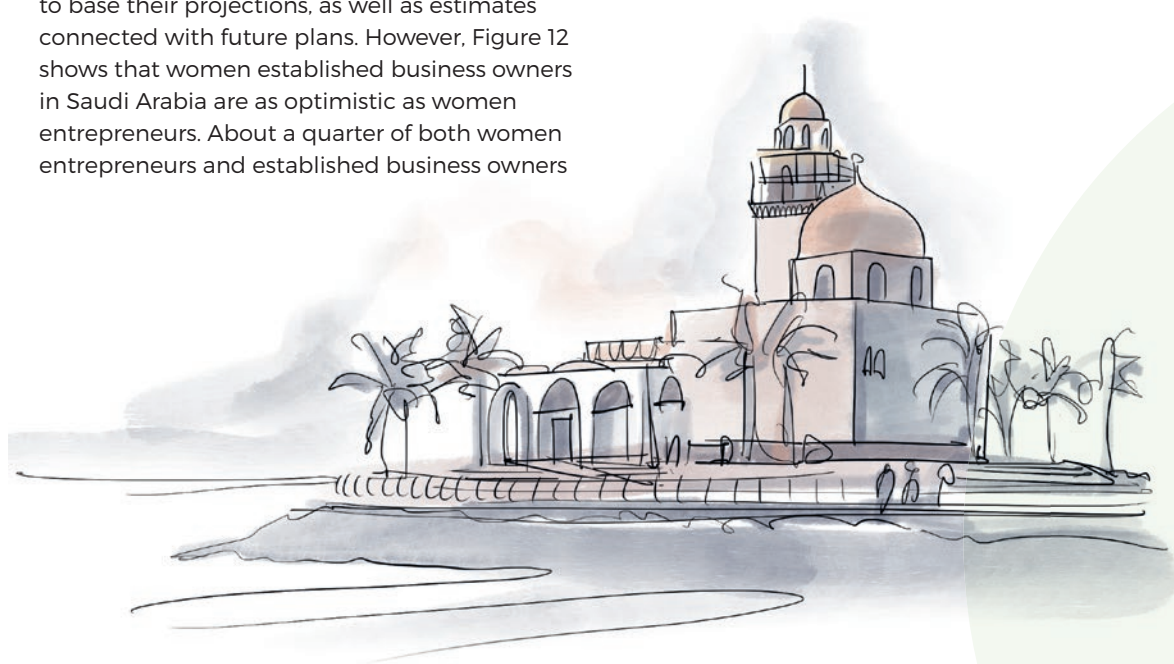


Figure 12. Percentage of entrepreneurs and established business owners currently employing, or expecting to employ, six or more people in Saudi Arabia, 2021



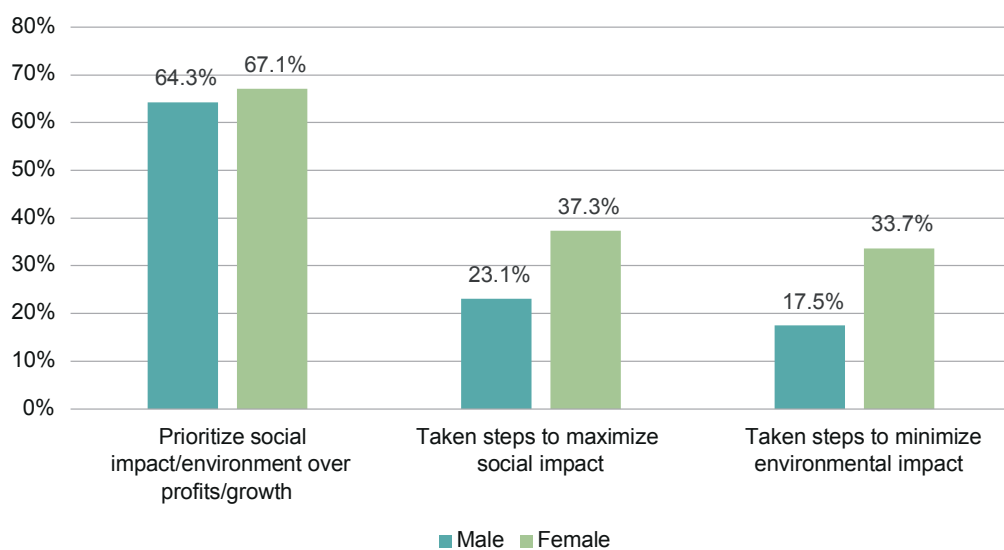
Source: GEM Kingdom of Saudi Arabia, 2021

Entrepreneurs and established business owners can also impact their societies through actions that create social value or protect the environment. In 2021, the majority of both women (67%) and men (64%) entrepreneurs and established business owners stated that they prioritize the social and environmental impact of their businesses above profitability and growth. However, only a minority indicated that they had taken steps toward their social and environmental objectives in the past year.

It is perhaps more notable that, as Figure 13 shows, women were over 60% more likely than men to state that they had taken steps to maximize the social impact of their businesses. Furthermore, they were nearly twice as likely to say that they had taken action to minimize the negative impact of their businesses on the environment.



Figure 13. Social and environmental impact of TEA and established business ownership in Saudi Arabia, 2021



Source: Kingdom of Saudi Arabia, 2021

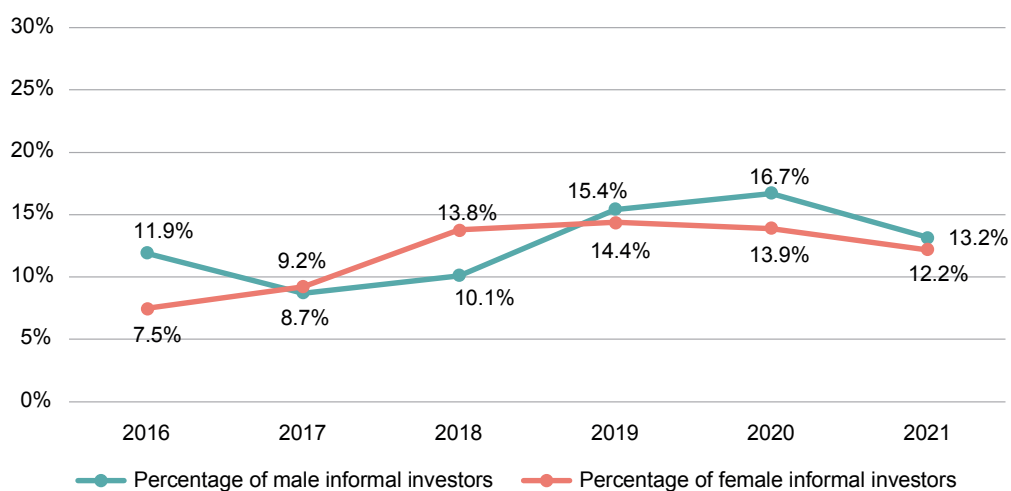
Chapter 5

Informal investors



In 2018, 50% more women invested informally in entrepreneurs than the year before, and the rate held relatively steady through 2019 and 2020 before dropping slightly in 2021, as shown in Figure 14. In 2021, men reported a level similar to the previous 3 years.

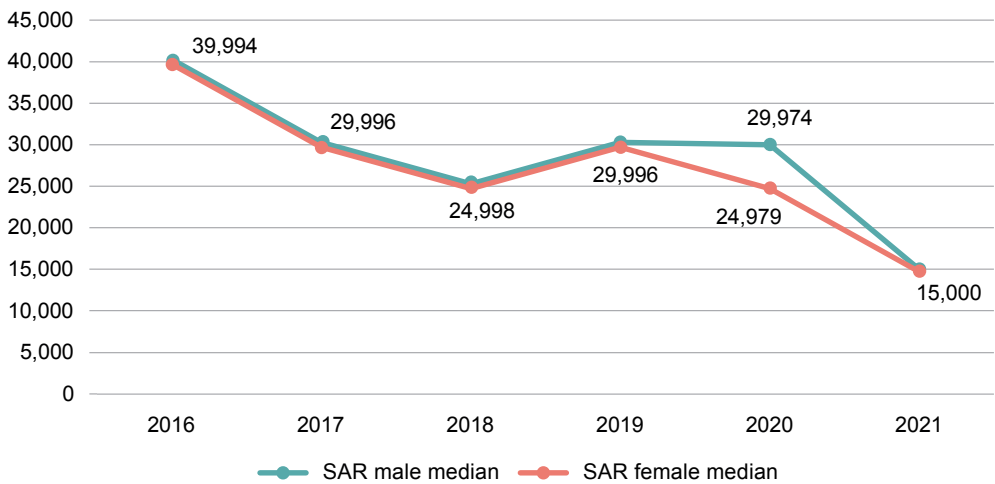
Figure 14. Percentage of informal investors in entrepreneurs in the adult population (18–64 years) of Saudi Arabia, 2016–2021



Source: GEM Kingdom of Saudi Arabia, 2016–2021

For both genders, the median investment amount is 15,000 SAR, which represents the lowest level in the 6 years assessed, down from a high of just under 40,000 SAR in 2016, as shown in Figure 15 (note that male and female values were equal from 2016 to 2019). The trend of increased informal investment levels combined with decreasing median investment amounts shows that more people are investing in entrepreneurs but in smaller amounts. This could reflect the high levels of entrepreneurship in Saudi Arabia and entrepreneurs' heavy reliance on informal investors, particularly in the early stages. In addition, this increase in investments could indicate an expansion of the informal investment community beyond the wealthiest; now anyone can invest even small amounts in entrepreneurs and opportunities they wish to support.

Figure 15. Median informal investment amounts in entrepreneurs among the adult population (18–64 years) of Saudi Arabia, 2016–2021



Source: GEM Kingdom of Saudi Arabia, 2016–2021

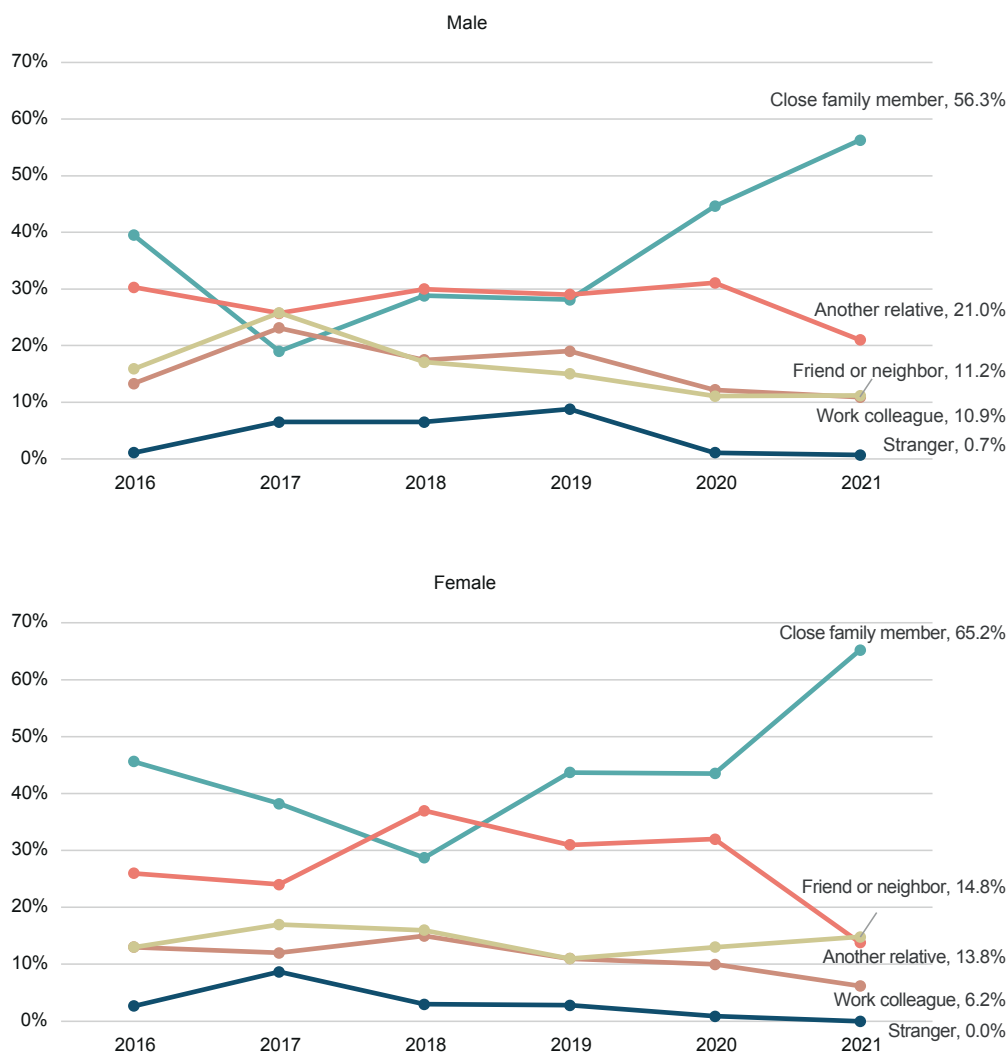




Women investors mostly invest in close family members, as Figure 16 illustrates. In 2021, investment in close family members increased by 50%, while investment in other relatives decreased. Men also showed an increase in investments in close family, both in 2020 and in 2021, although they did not reach the level reported by women in 2021. However, men were more likely than women to invest in other relatives.

Traditionally, in Saudi Arabia, a large proportion of the properties women own are acquired through inheritance, and women have access to cash through income such as that generated from rental properties. They have been helping entrepreneurs through their investments, although playing a somewhat silent role in entrepreneurial finance. Overall, this analysis demonstrates how women contribute toward entrepreneurship not only by starting businesses but also by investing in entrepreneurs.

Figure 16. Relationship of informal investors to entrepreneurs in Saudi Arabia, 2016–2021



Source: GEM Kingdom of Saudi Arabia, 2016–2021

Chapter 6

Expert ratings of national conditions for women entrepreneurs and business owners



GEM's National Expert Survey (NES) provides results from a survey of over 36 experts on nine conditions influencing entrepreneurship in a country. The Kingdom of Saudi Arabia's 2021–2022 National Report provides a detailed discussion on the results of this survey.⁴

Saudi Arabia's NES included questions relating to women's entrepreneurship. They reveal information specific to the context for both women entrepreneurs and women established business owners in the Kingdom. The ratings are calculated on a 10-point scale. Overall, the questions were aggregated into a summary variable representing support for women entrepreneurs, with a high score of 7.6.

On the individual items, the highest rating was recorded for equal access to financing. As shown in Figure 17, also rated highly were: improved work–life balance, resulting from an increased adoption and acceptance of teleworking in response to the pandemic;

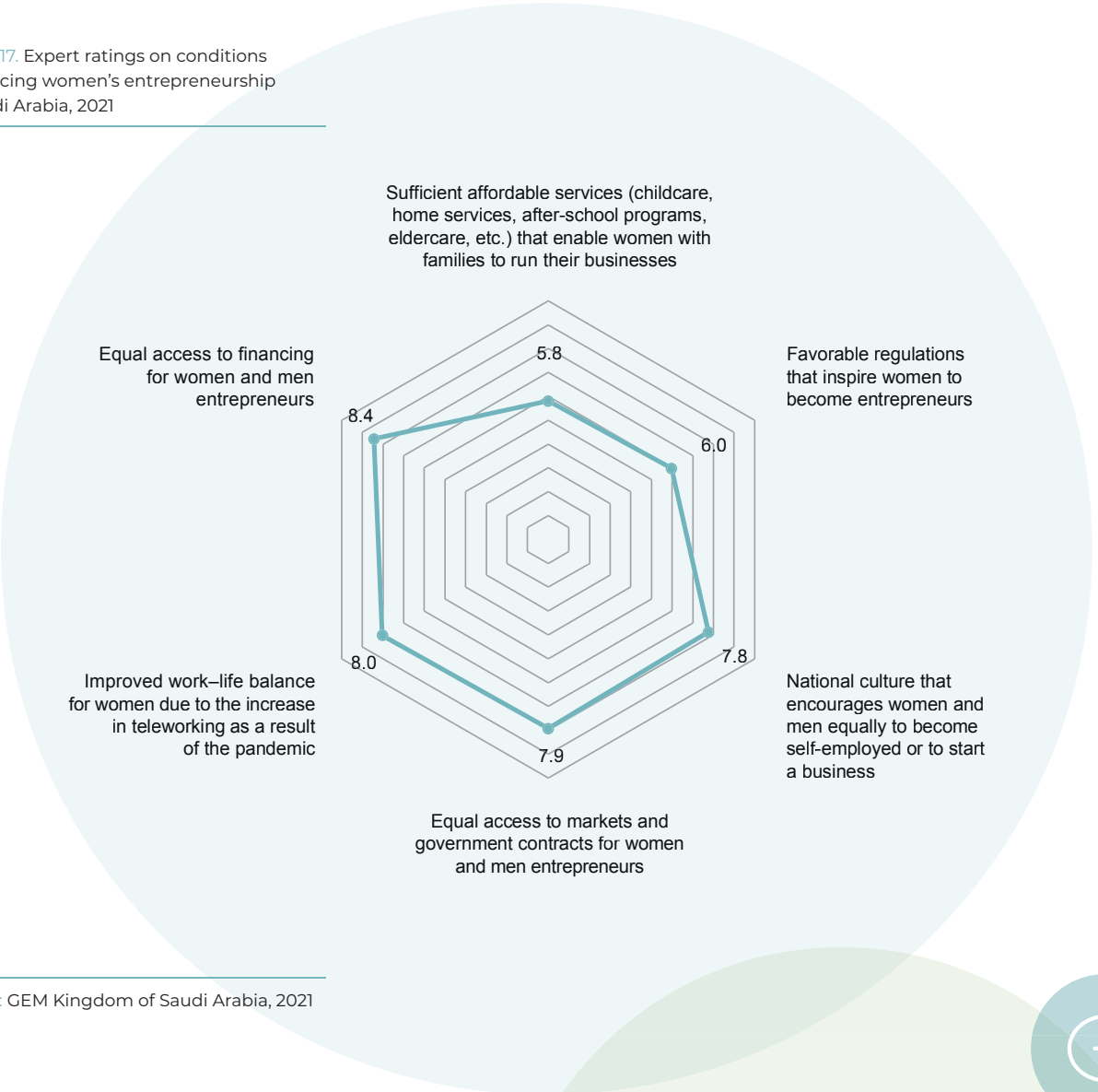
equal access to markets and government contracts; and a national culture that encourages self-employment and entrepreneurship among women and men equally.

Two items were rated above average but lower than those listed above: regulations that encourage women to become entrepreneurs and the availability of family-related services that could be helpful for women business owners who are balancing family responsibilities. Attention could therefore be directed toward improving these areas.

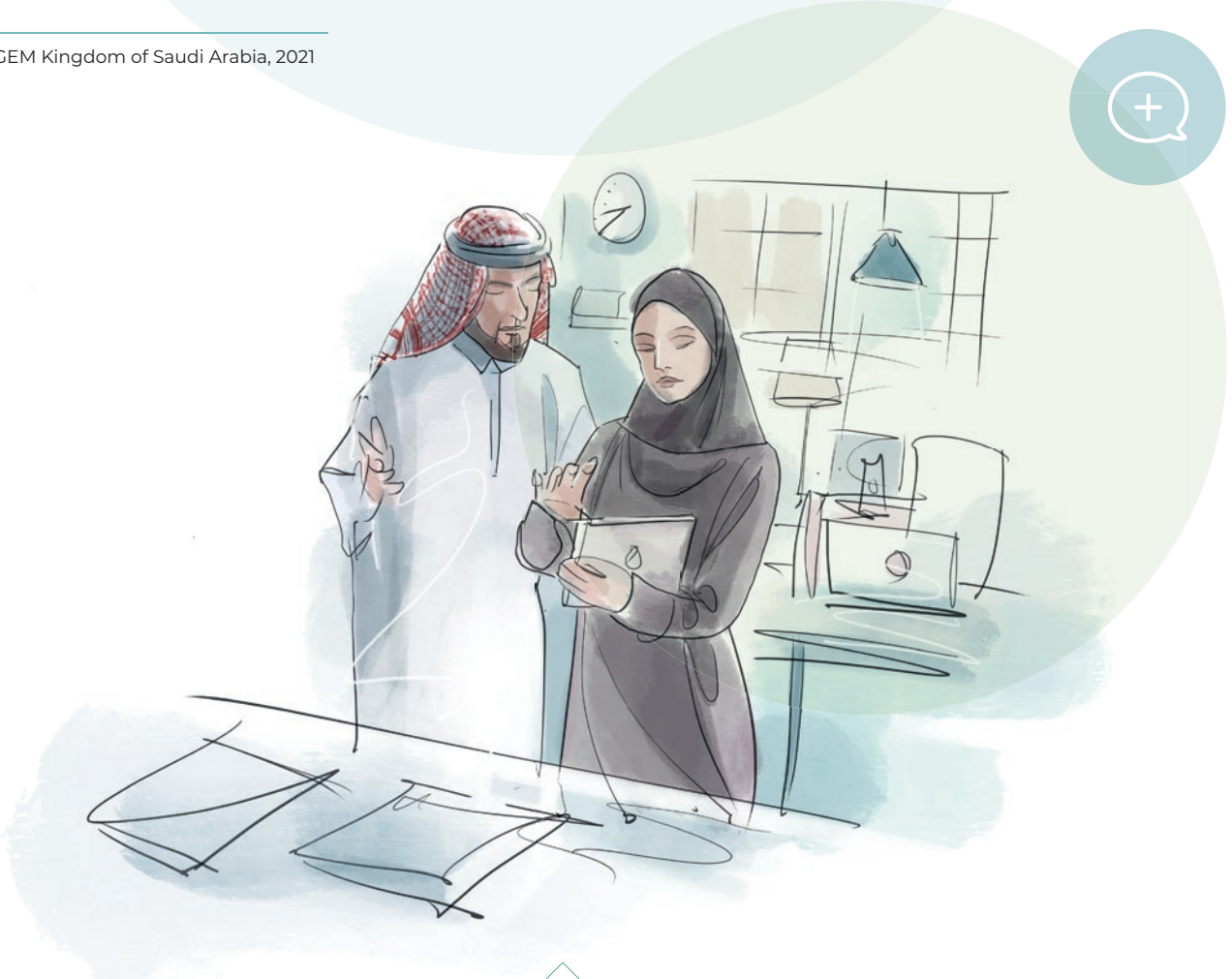


⁴ Muhammad Azam Roomi, Donna Kelley, and Alicia Coduras, GEM Kingdom of Saudi Arabia National Report 2021–2022 (King Abdullah Economic City: Babson Global Center for Entrepreneurial Leadership, 2022).

Figure 17. Expert ratings on conditions influencing women's entrepreneurship in Saudi Arabia, 2021



Source: GEM Kingdom of Saudi Arabia, 2021



Conclusions and recommendations

In 2021, a substantial number of women entrepreneurs reported that starting a business was easier than the year before, despite the ongoing pandemic, and that COVID-19 provided new opportunities to pursue. Men entrepreneurs reported much the same. These perceptions demonstrate the importance of recognizing (and making visible) the enterprising and creative ambitions of the Saudi Arabian people, including women's participation in entrepreneurship, given that women make up 42% of the population⁵ and are starting businesses in high numbers. These figures may also reflect the government's response to the pandemic, illustrating the importance of ensuring that both women and men are supported during times of social and economic crisis.

Women are highly likely to state that they have the capabilities for entrepreneurship and that it is easy to start a business. However, there is a slight gender gap in these indicators, with men slightly more likely to do so. Additionally, personal affiliations with entrepreneurs continued to exhibit the low level reported in 2020 for men, while declining to its lowest level for women. Female role models, advisers, and peers are important in inspiring women to start and run businesses—examples of how affiliations can be valuable to entrepreneurship. Additionally, there is a need for continued training offered by the public and private sectors, as well as by universities, not only to ensure equal access for women but also to target their specific needs. Any training or educational programs should have a practical component, where women have opportunities to apply what they are learning and build not only skills and experience but also confidence in their abilities.

Despite equal or near-equal TEA rates between genders, especially in the most recent 3 years, there remains a gender gap in established business ownership. This gap could be addressed through programs that match entrepreneurs with mentors who can advise and support a particular phase or type of business—for example, established businesses vs nascent startups, younger vs older entrepreneurs, or in specific industries, particularly those the country wants to encourage and develop.

The needs—and challenges—of established business owners are very different from those in the startup phase. Established business owners need to develop their organization and strategy in a way that ensures they will continue to thrive and grow. Nascent business owners, on the other hand, need to deal with uncertainty and identify a value proposition that fills a compelling need in a targeted market and differentiates the business from competing options.

Examining different age groups among women naturally leads us to considerations of intersectionality, that is, how different characteristics—such as gender or age—“intersect” in different contexts. For example, women are slightly less likely to start businesses and run established ones during their primary childbearing years (25–34) compared with the next age group (35–44), while men exhibit nearly equal rates in these two age groups. This finding reflects the Kingdom's social values and traditions, whereby women tend to bear children and opt for employment in the early stage of their careers as they look for work–life balance.

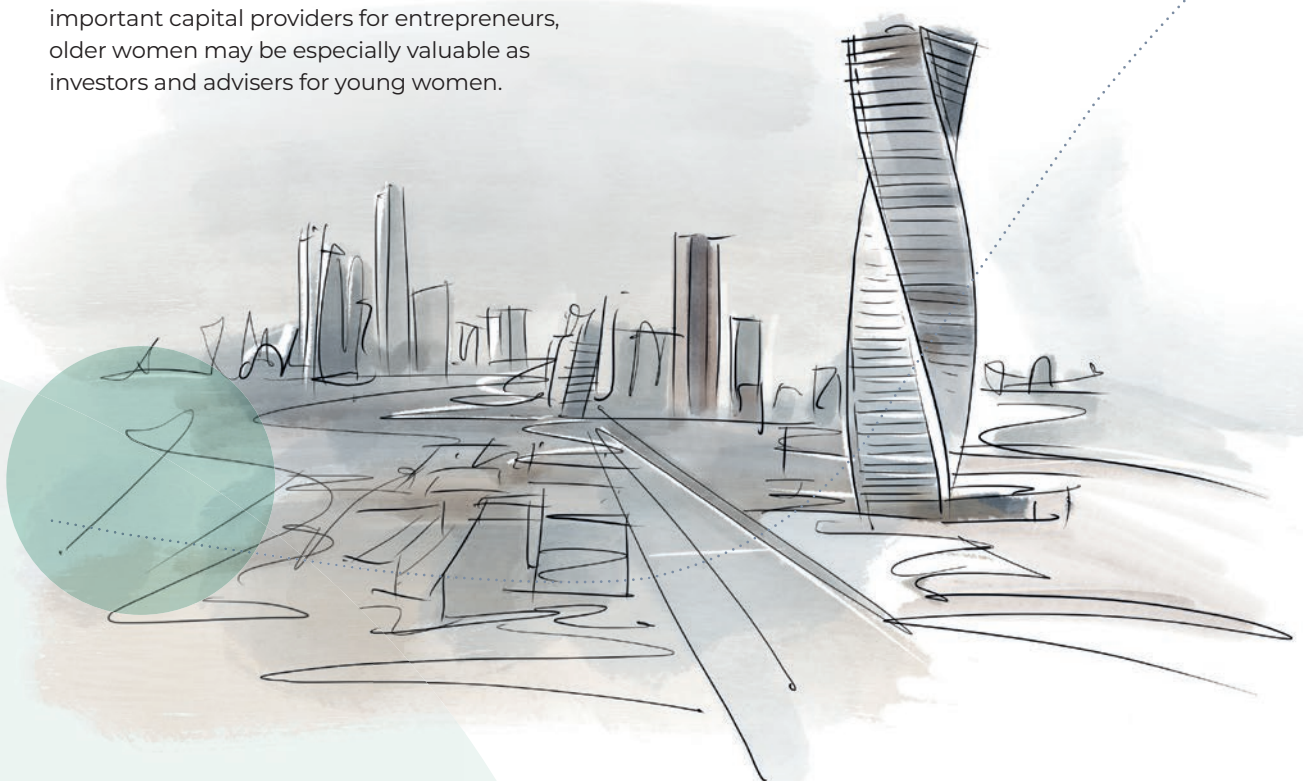


⁵ “Population, female (% of total population) – Saudi Arabia,” The World Bank, last accessed June 30, 2022, <https://data.worldbank.org/indicator/SP.POP.TOTL.FE.ZS?locations=SA>.



Intersections of gender and age, such as young women entrepreneurs, can be supported with specific initiatives, for example: events that link them with government services to help build connections and inform them about the assistance available in the entrepreneurial ecosystem, while also instilling entrepreneurship education as early as high school to develop an entrepreneurial mindset among young women. In addition, matching older women with younger women could help each leverage their unique abilities: pairing, for example, new ideas that fit the needs of the young Saudi market with the resources and experience of older women. Furthermore, given that women are important capital providers for entrepreneurs, older women may be especially valuable as investors and advisers for young women.

Most women (and men) entrepreneurs and established business owners start and run consumer-oriented businesses, a sector that is commonly assumed to be crowded with competition and have low profitability potential. They also serve mostly local customers with typically non-novel businesses. However, the results show that women entrepreneurs and established business owners contribute to job creation and have growth ambitions.



Indeed, while high growth is often considered the purview of technology-based businesses, even sectors that are not typically thought to house high-potential businesses offer many opportunities for business growth. For example, women in any sector can benefit from applying digital skills, involving—but not limited to—e-commerce and optimizing their online presence. Nontraditional digital technology skills also include: becoming an influencer on social media; assessing the value of good data; and data analytics skills.

It is also important to recognize the impact of women entrepreneurs and established business owners beyond job creation and profitability. This report reveals that women are more likely than men to take steps to create social value through their business and minimize its impact on the environment. Supporting these efforts will surely benefit both Saudi Arabia and the world during these challenging times for people and our planet.

The NES reported high ratings for: equal access to financing for women and men entrepreneurs alike; work-life balance resulting from teleworking; equal access to markets and public procurement; and a national culture that encourages self-employment and entrepreneurship among women and men equally. However, more attention could be directed toward improving regulations that encourage women to become entrepreneurs and the availability of family-related services that could be particularly helpful for women business owners who are also balancing family responsibilities.



Appendix

Technical details

Sampling features	Information
Adult Population Survey	
Target population	Adults (18–64 years of age) resident in Saudi Arabia
Target population size	31,273,932 people
Sample size	4,032 people
Sample design	Multiple strata, each sampled at identical rate
Type of sample	Random
Confidence level	95%
Sampling error	±1.54%
Maximum variance	$p = q = 0.5$
Sampling period	May–July 2021
Interview method	Computer-assisted telephone interviews via mobile and fixed-line telephones
Sampling methodology	Random dial from list
Fieldwork carried out by	Field Interactive MR https://fieldinteractive-mr.com/
Data recording and SPSS database creation	Field Interactive MR https://fieldinteractive-mr.com/
Monitoring, quality control, and final verification	Institut Opinòmetre https://www.opinometre.com/en/
National Expert Survey	
Target population	Experts in nine entrepreneurship conditions
Sample	38 experts
Type of sample	Purposive sample
Sampling period	April–July 2021
Interview method	Online
Fieldwork carried out by	GEM Saudi Arabia national team
Data recording and SPSS database creation	GEM Saudi Arabia national team



Global
Entrepreneurship
Monitor



© 2022 by The Babson Global Center for
Entrepreneurial Leadership at MBSC

www.gemconsortium.org



كلية الأمير
محمد بن سلمان
للإدارة وريادة الأعمال
Prince Mohammed
Bin Salman College
Business & Entrepreneurship



BABSON
GLOBAL

CENTER FOR ENTREPRENEURIAL LEADERSHIP

