Global Entrepreneurship Monitor
Women’s Report for the Kingdom of Saudi Arabia

(2019/2020)
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Diversity in the economy has a significant impact in shaping a country’s economic outlook, which is why efforts geared toward better understanding and improving women’s economic participation are important. In recent years, the Kingdom of Saudi Arabia has implemented a wide range of interventions, programs, and policies to support women to fulfill their potential and economic participation.

At Monshaat, we believe we need more entrepreneurs starting high-quality new businesses, developing innovative products, conquering new markets, and creating more jobs to achieve our Saudi Vision 2030 target of increasing the contribution of Small and Medium Enterprises (SMEs) to gross domestic product (GDP) from 20% to 35% and raising women’s participation in the workforce up to 30%. We place a strong emphasis on entrepreneurship within our SME national strategy, with equal opportunity for all. To this end, Monshaat has a dedicated Women’s Entrepreneurship unit that promotes the outreach of women entrepreneurs in all Monshaat activities and initiatives, ensures gender-inclusive programming, and implements targeted initiatives, such as the wide-reaching Women in Business networking events.

As reflected in the report, there is strong demand and interest from Saudi women in entrepreneurship, and Monshaat programs are aiming to help them reach their entrepreneurship goals. For example, of those that are using our newly opened SME support center, over 42% are women; and in our accelerator programs, women account for over 50% of participants. Moreover, the interest and innovative capabilities of women reach across the Kingdom. For example, about 70% of participants in a start-up competition in Medina were women.

The growth of women entrepreneurs is therefore quite strong; GEM shows a 63% increase in 2019 from the previous year. And while we have made notable progress in a short period of time, more can be done to realize this potential economic boom. Against this backdrop, we are honored to collaborate with the Babson Global Center for Entrepreneurial Leadership and other stakeholders to produce the Global Entrepreneurship Monitor (GEM) Women’s Report for the Kingdom of Saudi Arabia (2019-2020). As the first report of its kind, the report provides valuable insights into the state of women’s entrepreneurship in the Kingdom and sets the stage from which we can measure our future progress.

The value of this report goes beyond an annual profile of women’s entrepreneurship in the Kingdom. It also helps to identify conditions in the enabling environment that can influence the rate and nature of entrepreneurial activity. We hope to use these findings to inform our interventions and public policies that in turn will improve the momentum in building the growth and success of Saudi women entrepreneurs for the overall benefit of the Kingdom.

We would like to thank the Babson Global Center for Entrepreneurial Leadership and all the people and organizations that took part in this report.
PRINCE MOHAMMAD BIN SALMAN COLLEGE OF BUSINESS AND ENTREPRENEURSHIP

Prince Mohammad Bin Salman College of Business and Entrepreneurship is a new, private higher education institution for both men and women, located in King Abdullah Economic City (KAEC). It has been established through an international partnership between Emaar, The Economic City, Babson Global (a wholly owned subsidiary of Babson College, USA), Lockheed Martin, and the Misk Foundation.

BABSON GLOBAL CENTER FOR ENTREPRENEURIAL LEADERSHIP

The Babson Global Center for Entrepreneurial Leadership (BGCEL), located at the Prince Mohammad Bin Salman College (MBSC), was established with a mission to promote a sustainable entrepreneurial leadership culture and ecosystem in the Kingdom of Saudi Arabia 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.

MISK FOUNDATION

The Misk Foundation is a non-profit philanthropic foundation established in 2011 by H.R.H. Crown Prince Mohammad bin Salman bin Abdulaziz with the goal to foster a knowledge-centered society, encouraging talent development and youth potential by creating opportunities for young people. The Foundation is invested in educating the youth in three wide fields: Education, Media & Culture.

KING ABDULLAH ECONOMIC CITY

King Abdullah Economic City (KAEC) is the largest privately-funded new city in the world. Situated on 181 square kilometers on the Red Sea. KAEC comprises King Abdullah Port, the Coastal Communities residential districts, the Industrial Valley and the Hejaz district, which includes the Haramain high speed rail station. KAEC is under development by Emaar Economic City, a publicly listed Saudi joint-stock company.

LOCKHEED MARTIN

Lockheed Martin Corporation, as part of its offset program in the Kingdom, generously supports the activities of BGCEL at MBSC.

MONSHA’AT

Established in 2016, Monsha’at is the General Authority for Small and Medium Enterprises in Saudi Arabia. Its mission is to develop the SME sector as an engine of growth. Monsha’at implements and supports programs and projects to promote the culture and spirit of entrepreneurship and innovation, diversifying sources of financial support for SMEs, and setting policies and standards to enable this sector. Monsha’at is also tasked with developing and promoting women’s entrepreneurship throughout the Kingdom.

WORLD BANK

The World Bank is an international financial organization working toward reducing poverty, increasing shared prosperity, and promoting sustainable development in developing countries. The World Bank works in every major area of development and provides a wide array of financial products and technical assistance to governments, helping them share and apply innovative knowledge and solutions to the challenges they face.
...is Professor of Entrepreneurship at Babson College, and holds the Frederic C. Hamilton Chair of Free Enterprise. A frequent presenter on the topic of global entrepreneurship, Prof. Kelley has spoken at the United Nations, the U.S. State Department, the World Bank, the U.S. Census Bureau, and for many other executive, policy, and academic audiences around the world. Since 2007, she has served as a board member for the Global Entrepreneurship Monitor (GEM), and she is a current member of the GEM United States team. She has co-authored 23 GEM reports on global entrepreneurship, women’s entrepreneurship, entrepreneurship education and training, high-impact entrepreneurship, and entrepreneurship in the United States, Korea, Saudi Arabia, and Africa. Prof. Kelley developed the entrepreneurship curriculum and initial course outlines for Mohammad Bin Salman College of Business and Entrepreneurship (MBSC) in King Abdullah Economic City (KAEC), and continues to assist with MBSC’s collaboration with Babson Global.
ALICIA CODURAS, Ph.D.

... is a senior statistician with more than 20 years’ experience in social research. She has managed projects in the fields of entrepreneurship, health, population mobility, public policy and services, and the living conditions of the general population and different groups (immigrants, women, young people). Prof. Coduras has wide expertise in entrepreneurship as a member of the technical staff of the GEM since 2007, and as consultant for the Saudi Arabia and the UAE GEM projects since 2016. Specializing in the design and development of social science research projects, she wrote reports for GEM Spain from 2000 to 2012, for the World Bank, GEM Global, and other organizations. She lectured on statistics and econometrics from 1987 to 2015 at Barcelona University, Universitat Pompeu Fabra, IE Business School, Nebrija University, and EDEM University.
EXECUTIVE SUMMARY

The 2019/2020 Global Entrepreneurship Monitor (GEM) Saudi Arabia women’s report provides a comprehensive profile of women’s entrepreneurship in the Kingdom. This includes comparisons by gender of: societal attitudes, self-perceptions, and affiliations relative to entrepreneurship; rates of entrepreneurship across multiple phases of the process; profiles of entrepreneurs, including demographic information, motivations, and ambitions; and characteristics of their businesses, such as level of innovativeness and industry participation. The report also reviews conditions in the environment that can influence the rate and nature of entrepreneurial activity, and results on startup financing and informal investing. The data for this report were drawn from four annual GEM Saudi Arabia data collection cycles, covering 2016 through 2019.

Summarized below are select key findings of the report.

01 SOCIETAL ATTITUDES

Women in Saudi Arabia have positive perceptions of the status and media attention conferred on entrepreneurs: 71% of women (65% of men) believe that entrepreneurs have high status in Saudi Arabia, and 64% of women (56% of men) believe entrepreneurs receive frequent and positive media attention.

Less than half of women, 42% (37% of men), state that it is easy to start a business. Additionally, 63% of women (58% of men) believe entrepreneurship represents a good career choice.

02 SELF-PERCEPTIONS:

In Saudi Arabia, 70% of women (64% of men) are highly likely to perceive entrepreneurial opportunities around them. However, among those women who perceive opportunities, 46% would be deterred from starting a business due to fear of failure; a similar proportion of men express the same concern (45%).

Among women in Saudi Arabia, 63% (66% of men) indicated that they had the knowledge, skills, and experience to start a business.

Most women in Saudi Arabia, 81% (84% of men), know someone personally who has started a business in the previous two years.
In Saudi Arabia, 15% of working-age adult women (13% of adult men) are starting or running a business that is less than three and a half years old. Women generally had multiple motives for starting their businesses: 69% started because jobs were scarce, while 56% said they were motivated to earn a high income. At the same time, 44% of women started their businesses to make a difference in the world. Somewhat fewer (35%) were continuing a family tradition.

Entrepreneurial intentions are higher than Total Entrepreneurial Activity (TEA) rates: 33% of women (36% of men) expressed intentions to start a business in the next three years. This could signal high interest in entering entrepreneurship in the future. However, given that intentions have been high from 2016 to 2019 and TEA rates are consistently lower, this suggests that many people who intend to start businesses are not actually taking the steps to do so.

Established business rates are low, accounting for 4% of women (7% of men) in Saudi Arabia. In addition, 5% of both women and men closed businesses in the prior year. An additional 4% of both genders exited businesses that continued operations without them.

Women are also entrepreneurial in organizations where they work: 7% of the female adult population were active in starting businesses for their employer during the prior three years (men exhibited a similar percentage).

In Saudi Arabia, around 5.5% of the adult population are involved in a family business at all phases (nascent, new, and established), with the same level of participation by both women and men.

Saudi women are more likely to participate in some paid digital business activity (8.4% vs 6.5% of men). The majority of women and men involved allocate between 10 and 40 hours per month to these activities.
**04 IMPACT CHARACTERISTICS**

The consumer sector accounts for 76% of women’s startups. Although this represents a majority of women entrepreneurs, the results show a decline from 2018, when 83% started in this sector. The remainder of women entrepreneurs started businesses in the transforming (16%), business services (7%), or extractive (1%) sectors.

Most businesses started by women were not considered innovative (88%), and most of the rest were considered innovative only at the local level. Men showed very similar levels on this indicator.

Most women entrepreneurs (87%) did not use new technologies in starting their businesses, with men also showing similar results.

While all women entrepreneurs responding to the GEM survey sold locally, 36% also sold elsewhere in Saudi Arabia, and 26% did business internationally.

Women entrepreneurs are significant contributors to employment in Saudi Arabia: 79% reported having six or more employees at the time of the survey (compared to 73% of men entrepreneurs).

**05 FINANCE**

Women raise a median level of 70,000 SAR to start their businesses (compared to a median of 200,000 SAR for men).

Women entrepreneurs are highly dependent on informal funds from family members (67% vs 28.3% of men), with comparatively little access to banks, private investors, government, and other sources. In contrast, men access all sources relatively evenly.

On the investor side, 14% of women (15% of men) have provided financing for a new business in the prior three years. Three quarters of female investors provided these funds to a close family member or other relative.

**06 NATIONAL ENTREPRENEURSHIP CONDITIONS**

The strongest conditions for entrepreneurs in Saudi Arabia, according to experts, include physical infrastructure, government policies and support, internal market dynamics, and cultural and social norms. However, all conditions showed increased scores from 2018.

The lowest-scoring conditions include entrepreneurship education and training, and research and development (R&D) transfer.
Positive societal values and individual perceptions about entrepreneurship among women in Saudi Arabia suggest high awareness and interest among women for entrepreneurship. Policymakers, nongovernmental organizations (NGOs), and the private sector can continue to work toward ensuring these positive attitudes result in actual startup activity and impact on Saudi Arabia's economy.

Attention needs to be directed toward understanding what leads to a moderately high fear of failure rate, and whether there are social, policy, or other constraints. A dynamic entrepreneurial environment should enable entrepreneurs to take reasonable risks, acknowledging that some efforts will fail and produce lessons that can apply to later success, but also realizing that success only results from those who feel empowered to take a chance and pursue their dreams.

Regional results show that perceptions about entrepreneurship differ across regions, and this could have a strong influence on the rate and nature of this activity in different parts of the country. Regional-level interventions could aim at evaluating and addressing societal attitudes, which in many cases are precursors to entrepreneurship activity and support. For example, women in Jeddah have positive self-perceptions about opportunities and their capabilities for entrepreneurship, yet they also have a high fear of failure. This could indicate a need to understand and address the source of fear of failure among women, in order to enable them to use their entrepreneurship skills and act on the opportunities they recognize.

It is important not only to ensure that the increase in entrepreneurship among women seen in 2019 continues, but that it also leads to higher levels of mature business activity in the coming years. Established business rates have been persistently low in Saudi Arabia, indicating a need for practices and support that enable women entrepreneurs to sustain their businesses into maturity.

The results indicate that there is high impact among women entrepreneurs in terms of job creation and a move away from the low barrier-to-entry consumer sector. This demonstrates that investing in women who are starting and running businesses is worthwhile. However, more can be done in areas such as introducing technological advances and facilitating innovation.

High interest in the gig economy and high rates of entrepreneurial employee activities reveal opportunities for focused support and capacity building in certain contexts for women entrepreneurs.

Financing is a key area to target in building support for women entrepreneurs, both in terms of addressing the lower levels of startup funding accessed by women and in relation to their relatively high reliance on family and corresponding low diversity of funding sources. Remedies might include targeted funding programs and training in finance for both women entrepreneurs and capital providers.

Further development of conditions supporting entrepreneurship could be directed toward entrepreneurship education and training and R&D transfer. Continued efforts can be directed toward improving the availability of funding for entrepreneurs, and the commercial and legal infrastructure, while reducing bureaucracy, taxes, and internal market burdens. National conditions for entrepreneurship should be further examined, in order to determine whether they serve both genders equally, and to address how women can benefit from strong conditions while overcoming those that constrain their efforts.

The report concludes with the following recommendations:
Introduction
In recent years, the Kingdom of Saudi Arabia has actively sought to diversify and expand its economy as it moves away from a dependence on oil. Vision 2030, a transformational plan for economic diversification and globalization of Saudi society, positions the small and medium enterprise (SME) sector as one of the most important engines of economic growth for Saudi Arabia. Monsha‘at was established in 2016 as Saudi Arabia’s Small and Medium Enterprise Authority. Its mandate is to organize, support, develop, and sponsor the SME sector in accordance with best global practices, and to increase the productivity of these enterprises with a targeted contribution to the nation’s GDP from a current 20% to 35% by 2030.

Among the high-level goals of Saudi Arabia’s Vision 2030 are increasing female labor force participation from 22% to 30% and increasing the contribution of SMEs from 20% to 35% of gross domestic product (GDP). In order to achieve these targets, the government is implementing initiatives to encourage the growth of entrepreneurship, focusing especially on women entrepreneurs. Through the research of the Global Entrepreneurship Monitor (GEM), a greater understanding of the characteristics of female entrepreneurship in the Kingdom can provide relevant information for the design of effective programs and policies. GEM collects and analyzes data on key indicators of entrepreneurial activity and values, as well as conditions influencing entrepreneurship. This report presents a rigorous analysis of the main indicators of entrepreneurship with a special focus on women, based on data collected by GEM Saudi Arabia from 2016 through 2019.
Micro, small, and medium enterprises in most countries contribute between 50% and 60% to GDP and to over 60% of employment.¹

Entrepreneurship in all forms is a vehicle for creating new jobs, advancing innovation, improving business models and processes, enhancing productivity, and growing an economy. But it also empowers people to pursue their dreams and take responsibility for their economic and personal future. Entrepreneurs have never been more vital to the global economy than they are today.

Encouraging and supporting people to start businesses is increasingly a major focus of government, non-governmental organizations (NGOs), the private sector, and individuals. The goal may be simple: to equip people to create their own sources of income. On the other hand, initiatives may have a specific purpose—for example, to foster innovation, create jobs, or target particular groups in society who may be under-participating in the economy. Through reliable data collection and analysis, these efforts can be informed by evidence and expertise, leading to positive outcomes.

At its inception in 1999, GEM recognized that entrepreneurs were making significant contributions to the GDP of economies around the world, but there was a lack of reliable, globally comparable data on entrepreneurship. In many corners of the world, the modern concept of the ‘entrepreneur’ was relatively unknown. There was little knowledge about the extent to which entrepreneurship was impacting different countries around the world, the characteristics, motives, and aspirations of these entrepreneurs, how society views their efforts, and the conditions in the environment that influence this activity.

GEM has since addressed this need for data on entrepreneurship with research that is rigorously designed and continually refined through the collaboration of a network of academic researchers from institutions across the globe. The project is optimized locally using national teams, and oversight is provided by centralized technical and administrative staff. Data are harmonized across multiple diverse economies.

GEM is unique because it focuses on the people who start and run businesses, providing a comprehensive array of information on their profiles, attitudes, and aspirations. By nature of its central design and support, GEM overcomes limitations associated with business registration data, which do not allow for

The goal may be simple: to equip people to create their own sources of income.

¹ According to data provided by the International Council for Small Business, 2018
GEM collects data through two main survey instruments.

**The Adult Population Survey (APS).**
Each participating team conducts a minimum of 2,000 interviews among 18–64-year-olds in an economy to generate a random, representative sample of the working-age population. In Saudi Arabia, around 4,000 adults are surveyed each year.

**The National Experts Survey (NES).**
Each participating team completes interviews with at least 36 experts; these cover nine framework conditions (financing, government policies, government programs, entrepreneurial education and training, R&D transfer, commercial and professional infrastructure, internal market dynamics, physical infrastructure, and social and cultural norms). This convenience sample enables an assessment of the context in which entrepreneurs operate.

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**Figure 1.**
GEM's theoretical framework

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*EBO refers to established business ownership and EEA refers to entrepreneurial employee activity.*
Source: GEM Global Report 2019
Demographics and economic indicators for Saudi Arabia
Saudi Arabia had a population of 34 million people in 2019. Women represented 42% of the total population (14.5 million), revealing a gap of around 16 percentage points between the genders. According to the latest immigration data published by the United Nations (for 2018), over 37% of Saudi Arabia’s population are immigrants, with male immigrants accounting for about 70% of these (General Authority for Statistics, n.d.). About three quarters of the country’s population is between 15 and 64 years of age.

Geographically, Saudi Arabia is large (2.15 million km²), but it has a low population density (15 inhabitants per km²) (Worldometers, 2020). However, the population is highly concentrated in particular regions. The nation’s capital, Riyadh, is the most densely populated, followed by Jeddah, Dammam, Mecca, and Medina. Saudi Arabia’s GDP per capita was 20,796 USD in 2017, ranking 41 out of 196 countries (Trading Economics, n.d.). Additionally, the United Nation’s Human Development Index ranks Saudi Arabia at 40 out of 189 countries for 2017 (United Nations Development Programme, n.d.).

A key indicator relevant to this report’s focus is the Gender Gap Index, provided by the World Economic Forum. This index analyzes the division of resources and opportunities between men and women in 144 countries. It measures the size of gender inequality with respect to participation in the economy and in politics, access to education, and life expectancy. The value of this index for Saudi Arabia in 2018 (0.5829) represents a ranking of 141 out of the 144 countries (World Economic Forum, 2018). Entrepreneurship may play a key role in reducing this gender gap, complementing other efforts that are being directed toward empowering women in Saudi society.
03 Workforce Characteristics
Entrepreneurs rely on conditions in their environment in order to effectively execute their ventures.

While women make up only 42% of the population in Saudi Arabia, and while they are more likely to be out of the workforce during childbearing years, it is nonetheless notable that they compose only 16% of the workforce in this country.\(^2\)

Entrepreneurship can provide a viable career alternative for women who may need more flexibility in their work, where there is a lack of attractive employment options, or when they have a promising opportunity to pursue. However, it is important to note that entrepreneurs rely on conditions in their environment in order to effectively execute their ventures, and many of these conditions will differ by gender. Some of these key factors are reviewed later in this report.

\(^2\) World Bank Group, 2020
According to data from Monsha’at, women are the primary owners of 31.6% of the businesses registered in Saudi Arabia (Monsha’at, n.d.). Business registration data reflect the formal sector and, therefore, do not account for unregistered or informal business activity, while GEM captures both in its survey of individuals. Another key difference is that GEM assesses individual participation in entrepreneurship, focusing on the people who start businesses, while business registration data provide data at the level of the firm. According to GEM, women made up about 45% of the total entrepreneur population in Saudi Arabia in 2019.

**Figure 2**

shows a breakdown by industry of Monsha’at’s data on registered businesses. As this figure illustrates, the most popular industries for women include wholesale/retail, administrative and support services, construction, and human health and social work activities. Women make unique contributions in education, and human health and social work, as illustrated by the higher amount of businesses owned by women relative to men in these critical sectors.
Figure 2.
Industry breakdown of business registrations by gender in Saudi Arabia, 2020


Source: Data provided by Monsha’at, n.d.
Societal Attitudes
Societal attitudes indicate how entrepreneurship is regarded in an economy. A society’s culture, history, policy, and business environment, along with many other factors, can influence its view of entrepreneurship, and this, in turn, can affect entrepreneurial ambitions and the extent to which this activity will be supported.

GEM assesses whether people consider entrepreneurship to be a good career choice, whether they feel that entrepreneurs are accorded high status, and the extent to which there are positive representations of entrepreneurs in the media. Other indicators include whether people think everyone should have a similar standard of living in their society, how easy it is to start a business in their country, and see businesses whose primary objective involves solving social problems.

Overall, the results on societal attitudes show that Saudi women have a high regard for entrepreneurship. Most women believe that entrepreneurs have a high level of status and respect (71%), and that the media highlight successful entrepreneurs (64%). A majority of women also state that starting a business is a desirable career choice (63%). On the other hand, fewer women state that it is easy to start a business (42%). It may be the case that entrepreneurs are admired, but women also recognize that a new enterprise is not an easy endeavor.

For both genders, 68% believe that people in Saudi Arabia would prefer everyone to have a similar standard of living.
Socioeconomic indicators reveal that most women in Saudi Arabia would prefer that everyone had a similar standard of living (65%), and fewer than half regard the businesses around them as having a primary aim of solving social problems (48%). The latter result is consistent with startup motives that frequently include seeking to earn a living amidst a scarcity of jobs, or building great wealth, with less emphasis on social goals (reviewed later in this report).

The pursuit of economic objectives, particularly in a freely competitive society, tends to result in economic differences among people. However, the results suggest a general societal preference for economic equality in Saudi Arabia. Table 1 shows that the above described indicators fell somewhat in 2019. One caveat to consider is that the assessment method changed from yes/no responses to a 5-point Likert scale in that year. The values for 2019 include those who both indicated ‘agree’ and ‘somewhat agree’ with the statements. So this decrease should be regarded with caution, because the 2019 results may not be completely comparable to prior years. Another interesting observation in Table 1 is the higher levels among women compared to men on each indicator for 2019.

Table 1. Longitudinal analysis of societal perceptions related to entrepreneurship in Saudi Arabia by gender, 2016–2019

<table>
<thead>
<tr>
<th>Societal values related to entrepreneurship by gender in Saudi Arabia</th>
<th>Gender</th>
<th>2016 %</th>
<th>2017 %</th>
<th>2018 %</th>
<th>2019 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most people would prefer that everyone had a similar standard of living.</td>
<td>Women</td>
<td>78.0*</td>
<td>59.3</td>
<td>68.5</td>
<td>64.9</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>81.4</td>
<td>61.7</td>
<td>67.8</td>
<td>62.4</td>
</tr>
<tr>
<td>Most people consider starting a new business as a desirable career choice.</td>
<td>Women</td>
<td>83.1*</td>
<td>72.3*</td>
<td>64.3</td>
<td>63.0*</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>79.9</td>
<td>67.4</td>
<td>68.6*</td>
<td>58.3</td>
</tr>
<tr>
<td>Those successful at starting a new business have a high level of status and respect.</td>
<td>Women</td>
<td>78.6</td>
<td>72.5*</td>
<td>75.8</td>
<td>71.0</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>78.8</td>
<td>66.5</td>
<td>80.0*</td>
<td>65.4</td>
</tr>
<tr>
<td>You will often see stories in the public media and/or internet about successful new businesses.</td>
<td>Women</td>
<td>73.0</td>
<td>70.0*</td>
<td>72.1</td>
<td>63.6*</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>78.2*</td>
<td>64.2</td>
<td>70.8</td>
<td>55.8</td>
</tr>
<tr>
<td>It is easy to start a business.</td>
<td>Women</td>
<td>73.4</td>
<td>56.9</td>
<td>62.3</td>
<td>41.9*</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>74.1</td>
<td>62.9*</td>
<td>66.6*</td>
<td>36.9</td>
</tr>
<tr>
<td>You will often see businesses that primarily aim to solve social problems.</td>
<td>Women</td>
<td>67.4*</td>
<td>50.5</td>
<td>59.8*</td>
<td>47.7</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>55.9</td>
<td>49.7</td>
<td>53.9</td>
<td>46.4</td>
</tr>
</tbody>
</table>

*Differences statistically significant at 95% of confidence, evaluated using chi-squared tests

Source: Global Entrepreneurship Monitor 2016–2019
A regional analysis on the ease of starting businesses shows that women in the relatively less populous regions of Dammam, Mecca, and Medina believe it is easier to start a business than those in Jeddah and the capital region of Riyadh (see Figure 3). However, in all regions, these perceptions are higher for women than for men.

**Figure 3.** Perceptions about the ease of starting businesses by gender and region in Saudi Arabia, 2019

<table>
<thead>
<tr>
<th>Region</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>41.9%</td>
<td>36.9%</td>
</tr>
<tr>
<td>Riyadh</td>
<td>42.2%</td>
<td>38.2%</td>
</tr>
<tr>
<td>Jeddah</td>
<td>39.8%</td>
<td>32.3%</td>
</tr>
<tr>
<td>Dammam, Mecca, Medina</td>
<td>46.9%</td>
<td>40.7%</td>
</tr>
</tbody>
</table>

Source: Global Entrepreneurship Monitor 2019
05 Self-perceptions and affiliations
Analysis of entrepreneurial self-perceptions covers perceptions about business opportunities, the belief one has the knowledge and skills to start a business, and fear of failure as a deterrent to pursuing an opportunity. The same caveat revealed in the previous section applies here: the assessment method changed from yes/no responses to a 5-point Likert scale in 2019. The values for 2019 therefore include those who both indicated ‘agree’ and ‘somewhat agree’ with the statements. So the 2019 results may not be completely comparable to prior years. The results, illustrated in Figure 4, show that the majority of women in Saudi Arabia perceived opportunities around them for starting a business (70%) in 2019. This indicator has tracked closely between the genders in the past few years, with women reporting a slightly higher level than men in 2019. Most women in Saudi Arabia indicated that they have the capabilities to start a business (63%).

The 2019/2020 GEM Women’s Report revealed that in developed economies, women’s perceptions of their capabilities for entrepreneurship were only two thirds of the level expressed by men.³

In comparison, in Saudi Arabia, this indicator exhibited near gender parity in 2019 and in the two previous years. This is a positive sign that women have confidence in their abilities to start businesses. It can be regarded as a promising foundation for promoting women’s entrepreneurship in the Kingdom, and reflects the government’s efforts and reforms for women.

³ https://gemconsortium.org/file/open?fileId=49860
Fear of failure is assessed among those seeing opportunities, and although most women see opportunities around them, a moderate level would be prevented from starting a business due to fear of failure (46%). Overall, though, the results suggest that, given the presence of opportunities in the environment for women to start businesses, if they were to be encouraged to pursue such a career choice and their efforts were facilitated, Saudi Arabia would benefit from the ambitions of these confident, capable, and willing women. Entrepreneurial affiliations are measured as the number of entrepreneurs one knows personally. This measure also changed in 2019 from a yes/no question in prior years. Personal affiliations with existing entrepreneurs can provide role models that inspire prospective entrepreneurs as well as access to relevant networks. These entrepreneurs may even serve as advisers, investors, or co-founders. This personal contact can be a critical factor in encouraging and supporting women entrepreneurs.

In Saudi Arabia, it is highly—and increasingly—likely that one will know an entrepreneur, as the last chart in Figure 4 shows. Additionally, the gender gap narrowed even further in 2019.⁴

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⁴ The GEM Global Women’s Report can be downloaded at: https://gemconsortium.org
5.1 Regional differences in self-perceptions and affiliations

A regional breakdown of self-perceptions and affiliations, illustrated in Figure 5, reveals that women are more likely to perceive opportunities around them in Dammam, Mecca, and Medina than they are in Riyadh or Jeddah. Additionally, capability perceptions are slightly lower in Riyadh than the other regions. It is notable that in all three regional groups, perceptions about opportunities are higher for women than for men, but the reverse is true for capability perceptions. Fear of failure among women is also relatively low in Dammam and Mecca, Medina. Additionally, women have a lower fear of failure than men in these three areas. In Riyadh, and especially Jeddah, though, fear of failure is higher among women, and greater than the levels for men. Along with the results on the ease of starting businesses reported previously, this suggests a more constraining environment in these two larger cities, or perhaps the presence of opportunity costs associated with a greater availability of jobs, which may compete with the option to start a business.

The greater likelihood of entrepreneurial affiliations in Jeddah and Riyadh, as seen in Figure 5, may reflect the evolution of entrepreneurship in these regions, with Riyadh reporting high results in 2016 and 2017, while Jeddah’s rates were lower in these two years, followed by a marked rise in 2018. This suggests that both Riyadh and Jeddah are more established regions in terms of entrepreneurship—and, therefore, it is more likely that people will have become acquainted with an entrepreneur. The three smaller cities, on the other hand, may signal a recent emerging interest in this activity, particularly among women.
In the next six months will there be good opportunities for starting a business in the area where you live?

Do you have the knowledge, skill, and experience required to start a new business?

Would fear of failure prevent you from starting a business?

Do you know someone personally who started a business in the past two years?

Source: Global Entrepreneurship Monitor 2019
Entrepreneurship Activity
6.1 Entrepreneurship across phases

GEM conceptualizes entrepreneurship as a process that begins with potential entrepreneurs, and continues with successive phases that include nascent and new activity (together making up GEM’s Total Entrepreneurial Activity (TEA) measure), established business activity (owning/managing businesses that are over three and a half years old), and business exit (see Figure 6).

**Figure 6.** Business phases assessed by GEM

Entrepreneurial intentions in Saudi Arabia are relatively high, involving nearly one third of women aged 18–64 years. This high level of intention signals that there is a stock of individuals wanting to start a business. They will feed into the next phase, although not all will actually realize their intention. However, in 2019, the increase in intention among women paralleled the rise in TEA rates.

Source: GEM Global Report 2019
At the same time, it is important to recognize that these intentions are nearly three times the level of TEA. As Figure 7 shows, this is a persistent gap, indicating that many more women intend to start businesses than actually take the steps to do so. Whether these expressions of intention are not serious in some women, or whether they are up against particular constraints limiting the transition from would-be to actual entrepreneurs, this is a result that warrants further investigation. However, it is also notable that there is an even larger gap among men between these two phases. Additionally, while male intentions have continued on an upward path since 2016, TEA has essentially stayed flat since then. This gap between entrepreneurial intentions and TEA rates is also reflected in some other Middle East and North African (MENA) countries. In Qatar, overall intentions are more than three times the level of TEA, and in the United Arab Emirates, intentions are more than twice the TEA rate. These high levels of intention may be indicative of the positive attitudes around entrepreneurship in the region. This relationship can also be seen in developed countries in other regions: the Republic of Korea, Taiwan, and France have twice the level of intentions compared to TEA. However, most developed economies show less of a gap between these two indicators, perhaps suggesting that intentions are only expressed when one is ready to start a business and facing few barriers to getting started.

Established business activity involves people owning and managing businesses in operation for more than three and a half years in the market. Female rates on this measure are much lower than TEA rates, as has been the case over the entire four-year period. In addition, business closures are moderately high. This raises questions about whether women entrepreneurs are oriented toward, or equipped for, sustaining their businesses into maturity, or whether the environment hinders their efforts over time.

**Figure 7.** Involvement in phases of business activity by gender in Saudi Arabia, 2016–2019
With regard to exits, it is important to note that not all involve closing a business. Detailed information on the status of business exits can be seen in Figure 8. As this figure shows, a majority of exits among women resulted in closed businesses. Still, a substantial number left businesses that continued operating, likely for a range of reasons that could be worthwhile researching in more depth.

**Figure 8.** Status of business exits in Saudi Arabia by gender, 2018–2019

- **Women 2018:** The business continued but changed its activity (5.3%), the business continued its activity in other hands (4.1%)
- **Women 2019:** The business continued but changed its activity (0.5%), the business continued its activity in other hands (3.6%)
- **Men 2018:** The business continued but changed its activity (2.5%), the business continued its activity in other hands (4.7%)
- **Men 2019:** The business continued but changed its activity (0.1%), the business continued its activity in other hands (3.9%)

Source: Global Entrepreneurship Monitor 2019
6.2 International comparison of TEA rates in 2019

As Figure 9 shows, female entrepreneurship rates in Saudi Arabia are well above the average for high-income economies. In the MENA region, only Qatar has female entrepreneurship rates equivalent to those in Saudi Arabia. Additionally, only Qatar and Saudi Arabia exhibit gender parity, where Saudi Arabia has higher female than male rates, and Qatar reports equal rates between the genders. The countries with the largest gender gaps include Morocco and Egypt, where men participate in entrepreneurship at nearly twice, or more than twice, the rate of women.

Figure 9. Male and female TEA rates for MENA countries, the United States, the average for 32 high-income economies, and the GEM average for all 50 economies, 2019 (ordered by female TEA rates)

<table>
<thead>
<tr>
<th>Country</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>16.6%</td>
<td>18.3%</td>
</tr>
<tr>
<td>Qatar</td>
<td>14.7%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>13.4%</td>
<td>14.7%</td>
</tr>
<tr>
<td>UAE</td>
<td>12.6%</td>
<td>18.0%</td>
</tr>
<tr>
<td>GEM</td>
<td>10.7%</td>
<td>14.7%</td>
</tr>
<tr>
<td>High-income economies</td>
<td>10.2%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Iran</td>
<td>8.2%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Morocco</td>
<td>7.8%</td>
<td>15.1%</td>
</tr>
<tr>
<td>Jordan</td>
<td>6.8%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Oman</td>
<td>5.8%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Egypt</td>
<td>4.1%</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

Source: Global Entrepreneurship Monitor 2019
Figure 10 shows established business rates for the same group of economies. As this figure illustrates, women in Saudi Arabia are comparatively less likely to be running mature businesses. Moreover, Saudi Arabia reveals a gender gap with respect to this indicator in 2019. However, this seems to be the case for every country featured in this figure. Even Qatar, where TEA exhibited gender equality, shows a marked gender divide. Of course, further investigation into the longitudinal results for these countries will reveal whether this is a persistent trend, or a shift in TEA that has not yet been reflected in mature business activity.

**Figure 10.** Male and female established business rates for MENA countries, the United States, the average for 32 high-income economies, and the GEM average for all 50 economies, 2019 (ordered by female established business rates)

Source: Global Entrepreneurship Monitor 2019
Motivation for early-stage entrepreneurial activity
GEM adjusted its measures of entrepreneurial motivations in the 2019 survey, recognizing that entrepreneurs often have multiple motives for starting a business, which may extend beyond a necessity–opportunity dichotomy. The prior measure of necessity is primarily captured in the motivation to earn a living because jobs are scarce. While one may think that this motive corresponds to less impactful businesses, necessity-based entrepreneurship can in fact lead to the creation of businesses that turn out to make substantial contributions to their economies. At the very least, it represents a viable way to fill employment gaps. This driver can therefore be critically important to an economy.

The desire to pursue an opportunity may have social or economic motives: to make a difference in the world or to build great wealth. Additionally, an entrepreneur may be following a family tradition. Often, however, people start businesses for multiple reasons, and this is reflected in the results shown in Figure 11.

The majority of women entrepreneurs, over two thirds, start their businesses to earn a living because jobs are scarce. A majority, just over half, seek great wealth or a very high income. Both economic motives are even higher among men. Less common among women, but still substantial, are motives to make a difference in the world or to continue a family tradition, with little difference observed between the genders.

**Figure 11.** Startup motivation for TEA by gender in Saudi Arabia, 2019.
Entrepreneurial Employee Activity
Recognizing that entrepreneurship can arise within established organizations, GEM examines entrepreneurship efforts among those who work as employees. In Saudi Arabia, 7% of the female adult population (or 12% of the female employee population) have been involved in developing new activities for their main employer in the prior three years. In over half of these cases (54%), women took on a leadership role with respect to this new activity. Men showed a similar level in terms of participating in these activities, although only 40% reported having been in the leadership role.

In Saudi Arabia, 7% of the female adult population (or 12% of the female employee population) have been involved in developing new activities for their main employer in the prior three years.
09 Business Sector
While women have lower rates of entrepreneurship, their activities are more often geared toward the consumer-oriented and business services sectors.

In 2019, over three quarters of women entrepreneurs started consumer-oriented businesses (see Figure 12). These results represent a decline in consumer activity among women entrepreneurs (from 83% in 2018 to 76% in 2019). This is a positive sign, given that the consumer sector typically comprises low barrier-to-entry businesses, operating in crowded competitive markets and leading to low profitability and challenges in sustaining the business. The capital-intensive transforming sector accounts for only 16% of women entrepreneurs, but this increased from 9.4% in 2019. This is also an encouraging result; as economies develop, there is generally a shift from consumer-oriented toward transforming businesses.

Business services activity remains low among women entrepreneurs, though; this sector tends to be highest in developed economies. However, it is promising that twice as many female established business owners are involved in this sector. This result, along with the lower level of consumer activity among female business owners, supports the notion that serving business customers is more viable over the longer term.

Figure 12. Sectoral distribution of female and male TEA and established business activities in Saudi Arabia, 2019

Source: Global Entrepreneurship Monitor 2019
10 Technology Sector
Participation in medium- or high-technology sectors in Saudi Arabia accounts for less than 1% of women entrepreneurs and less than 2% of female established business owners.

For men, the level is just 2% for both entrepreneurs and mature business owners. Overall, few entrepreneurs and business owners of either gender start and run technology businesses in this country.
Innovation
In Saudi Arabia, 88% of women entrepreneurs are not introducing innovations, 10% are innovative only within their local area, with the remainder split between newness nationally and globally.

In 2019, GEM changed its measure of innovation to recognize that innovations may be new only in the area in which one lives, new within one's country, or new to the world. In any country, the majority of entrepreneurs and business owners are not introducing innovations. However, at a societal level, these rare cases contribute substantially to national competitiveness and bring new value to people. In Saudi Arabia, 88% of women entrepreneurs are not introducing innovations, 10% are innovative only within their local area, with the remainder split between newness nationally and globally. Among female established business owners, only 6% are innovative, and at a national level. These results are nearly identical for male entrepreneurs and business owners.
INTRODUCTION

Age of technologies used by entrepreneurs and established business owners
GEM assesses the extent to which entrepreneurs and business owners incorporate the latest technologies into the operations of their businesses; in 2019, this indicator was measured relative to the local, national, or global level. Among women entrepreneurs, 87% did not use any new technologies in operating their business, 8% used technologies that were new on a local level, and 5% stated that they used technologies that were new nationally. Only 8% of female established business owners were incorporating new technologies into their business operations, and these technologies were new from a national perspective. Again, male entrepreneurs and business owners showed nearly identical results.

Among women entrepreneurs, 87% did not use any new technologies in operating their business, 8% used technologies that were new on a local level, and 5% stated that they used technologies that were new nationally.
Level of Internationalization
GEM asks entrepreneurs and established business owners about the proportion of their sales going to international customers.

While we generally think that entrepreneurs sell locally at first, in order to get a foothold, then expand internationally, the results show that women entrepreneurs are more likely to have international customers than established business owners.

More than one quarter of women entrepreneurs in Saudi Arabia state that at least 25% of their sales are to customers outside the country, while less than 2% of female established business owners are selling internationally.

The results are very similar for male entrepreneurs and established business owners.

This could be for several reasons. There could be a recent movement toward starting international business—in other words, selling to other countries—from the outset. This trend would not yet be reflected in the established business phase. On the other hand, it may be the case that entrepreneurs reaching out to international customers are extending themselves too much, taking on additional complexity and uncertainty, with a higher risk they won’t survive into maturity. A third explanation is that entrepreneurs may be more ambitious at the outset, but engage in less international business as they mature. Finally, there may be non-Saudi entrepreneurs with connections to markets outside the country.
Number of owners, current employees, and expected number of employees in five years
Founding partners and teams can broaden the skills and perspectives applied to a business. In addition, a business can benefit from the broader range of connections and resources provided by different team members. Women (and men) entrepreneurs start with a median of two owners.

With regard to the number of employees, a majority of women entrepreneurs (63%) have between 6 and 19 employees, and 15% have hired 20 or more people. This shows the extent to which entrepreneurs are actually contributing to job creation at the start of their businesses. As Figure 13 shows, men entrepreneurs are less likely to have this mid-range level of employees (6–19), although they still account for more than half of entrepreneurs. Instead, they are more likely to have either small operations, with 5 or fewer employees, or larger businesses with 20 or more. The established business phase shows a different pattern. Over half of women business owners have 1–5 employees, with another 40% employing 6–19 people. Men business owners tend toward higher levels of employment, as Figure 13 illustrates. This interesting contrast between the entrepreneurial and established business phases might suggest that women entrepreneurs are increasingly starting job-creating businesses and/or have the ambition to grow from the outset.
Figure 13. Number of employees for TEA and established business activities by gender of business owner in Saudi Arabia, 2019

GEM’s measure of future job expectations may indicate the level of hiring entrepreneurs and business owners anticipate or will pursue. The results in Figure 14 indicate that women entrepreneurs have high growth expectations: 85% expect to hire more than five employees over the next five years. At the same time, just under 70% of female established business owners plan to only hire five or fewer employees. Entrepreneurs are known to be more optimistic and ambitious about their potential. But they also have less of a track record on which to base their predictions, and they have the growth phase of their business still ahead of them. Established business owners, on the other hand, have likely reached a steady state in the growth of their businesses and can provide more accurate predictions based on their past results and future plans.

Interestingly, men entrepreneurs show even more optimism, especially with regard to predicting growth of 20 or more employees in the next five years. However, female established business owners are two and a half times as likely to anticipate this level of growth compared to men.
Figure 14. Number of new jobs expected in five years’ TEA and established business activities by gender of business owner in Saudi Arabia, 2019

Source: Global Entrepreneurship Monitor 2019
Financing needs and channels used by nascent entrepreneurs
In 2018, female entrepreneurs in the earliest—nascent—startup phase stated that they need a median amount of 70,000 SAR (18,700 USD) to fund their ventures. The amount indicated by male entrepreneurs is nearly three times that amount—200,000 SAR (53,300 USD). Interestingly, these men expect to personally fund nearly all of this amount, while women only expect to provide a median of 30,000 SAR themselves.

Overall, this could indicate that women are starting with low or insufficient funding and/or have fewer personal resources to commit to their businesses. It is therefore critical that they have the ability to obtain financing from nonpersonal sources. Funding constraints could limit their ability to conduct sufficient hiring or pursue high-potential opportunities.

Even if formal funding is equally available to both genders, prior research has found that women entrepreneurs acquire lower amounts of this funding source than men due to a lack of personal resources or assets that could be used for collateral (Coleman, 2000; Marlow & Patton, 2005; Watson, 2002), insufficient credit history (Marlow & Patton, 2005), or less diverse or less effectively utilized social networks (Manolova et al., 2006). Additionally, women may not seek loans because they are risk-averse (Constantinidis et al., 2006; Watson, 2002) or they assume they will be rejected (Kon & Storey, 2003).

The financing channels used by nascent entrepreneurs, as shown in Figure 15, reveal that women are highly dependent on informal funds from family members, with comparatively little access to banks, private investors, government, and other sources. In contrast, men access all sources relatively evenly.⁶ To close the gender gap, it will be important to guide and even require financiers to fund women’s businesses, perhaps with some dedicated financing sources for women. Female entrepreneurs could also benefit from training in raising capital and managing funds.

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**Figure 15.** Nascent entrepreneurs’ financing channels by gender in Saudi Arabia, 2018

<table>
<thead>
<tr>
<th>Financing Channel</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family members</td>
<td>28.3%</td>
<td>67.0%</td>
</tr>
<tr>
<td>Banks or other financial institutions</td>
<td>13.1%</td>
<td>26.5%</td>
</tr>
<tr>
<td>Private investors or venture capital</td>
<td>8.3%</td>
<td>22.3%</td>
</tr>
<tr>
<td>Government programs, donations, or grants</td>
<td>7.2%</td>
<td>16.9%</td>
</tr>
<tr>
<td>Friends or neighbors</td>
<td>6.0%</td>
<td>22.6%</td>
</tr>
<tr>
<td>Employers or work colleagues</td>
<td>5.9%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Online crowdfunding</td>
<td>4.8%</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

Source: Global Entrepreneurship Monitor 2018

⁶ Results on funds raised by entrepreneurs are reported from the GEM 2018 survey. These questions were not asked in 2019.
Participation in informal investment
Informal finance provides a critical source of funding for entrepreneurs at the startup stage. GEM assesses informal investment activity by estimating the proportion of the adult population acting as informal investors, the average amount they invest, the relationship between these investors and their beneficiaries, and other details.

In Saudi Arabia, 14% of adult women have provided funds to entrepreneurs, similar to the 2018 level (see Figure 16). Participation in informal investment increased among men in 2019 to a level close to that of women. Where the genders differed is who they invest in: women are more likely than men to invest in close family members. Men show more diverse relationships with the entrepreneurs they invest in; compared to women, they more often invest in work colleagues, friends or neighbors, and strangers (see Figure 17).

**Figure 16.** Informal investment levels by gender in Saudi Arabia, 2016–2019 (percentage of the adult population that has provided funds for a business started by someone else)

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>7.5%</td>
<td>11.8%</td>
</tr>
<tr>
<td>2017</td>
<td>8.7%</td>
<td>9.2%</td>
</tr>
<tr>
<td>2018</td>
<td>10.1%</td>
<td>13.8%</td>
</tr>
<tr>
<td>2019</td>
<td>14.4%</td>
<td>15.4%</td>
</tr>
</tbody>
</table>

Source: Global Entrepreneurship Monitor 2016–2019

**Figure 17.** Beneficiaries of informal investors by gender in Saudi Arabia, 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Close family member</td>
<td>11.3%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Some other relative</td>
<td>28.1%</td>
<td>29.1%</td>
</tr>
<tr>
<td>Work colleague</td>
<td>19.4%</td>
<td>14.6%</td>
</tr>
<tr>
<td>Friend or neighbor</td>
<td>8.8%</td>
<td>14.6%</td>
</tr>
<tr>
<td>Stranger with a good business idea</td>
<td>43.7%</td>
<td>30.8%</td>
</tr>
</tbody>
</table>

Source: Global Entrepreneurship Monitor 2019
Family Business
In 2018, GEM added questions to the APS about family business activities. In Saudi Arabia, around 5.5% of the adult population were involved in a family business at all phases (nascent, new, and established), with the same level of participation by women and men.

Given that TEA and established business rates for women and men were 11.9% and 17.6%, respectively, in 2018, this indicates that nearly half of women entrepreneurs involve family in their businesses. In light of the fact that two thirds of female entrepreneurs receive funding from family members, a family business model might be preferred by women. Perhaps this model provides an easier entry point into entrepreneurship if it means that these businesses can be started informally, working with family members rather than hired employees, and/or with more flexibility relative to time commitments and other factors.

As Figure 18 demonstrates, the majority of female-owned family businesses are in the nascent stage, while most male-owned family businesses are concentrated in the new phase of the process (three months to three and a half years). It may be the case that family business activity is experiencing a recent surge among women that has not yet translated into later business stages. On the other hand, this could indicate that for many women, family involvement in their businesses, or the businesses themselves, later drop out of the market.

Figure 18. Percentage of TEA involving family members by stage of business activity and gender in Saudi Arabia, 2018

Source: Global Entrepreneurship Monitor 2018
The Gig Economy
Gig work provides people with more flexibility, in terms of when and where work is performed, as well as opportunities to generate income, in order to supplement employment or fill work gaps. In this way, the gig economy can improve work–life balance in a way that is not possible with other job alternatives. People can work independently, selecting jobs they’re interested in, and creating a source of income they may not otherwise generate through the traditional job market.

Businesses in the gig economy are typically launched and managed from an online platform. For Saudi women, digital businesses can provide a viable opportunity for engaging in entrepreneurship: they are generally not location specific, they do not require high levels of financial investment, and depending on the product or service, they can be flexible with regard to the time when the work is performed.

In 2018, 8.4% of Saudi women participated in some paid digital activity, while this involved 6.5% of the male population. The majority of these women and men allocate between 10 and 40 hours per month to these activities.

Figure 19 shows that, for half of the women running digital businesses, these businesses account for 10–25% of their household income. For nearly half of the men, digital businesses contribute less than 10% to their households. Yet men were also more likely to have digital businesses accounting for more than 25% of their household income. This suggests that these businesses are either minor or major activities for men, while for women they are more moderate contributors to their households.

Figure 19. Average percentage of household income provided from participation in the gig economy by gender in Saudi Arabia, 2018

Source: Global Entrepreneurship Monitor 2018
The entrepreneurship context in Saudi Arabia

This is based on ratings and importance values provided by 39 experts, who include entrepreneurs and those knowledgeable about relevant key areas such as finance, government, and education. Reviewed here are some main findings from this analysis, with implications for women entrepreneurs. The environments in which women start businesses offer both enablers that these entrepreneurs can capitalize on, and obstacles that they must overcome, in order to start their businesses. Some conditions may have similar impacts on both genders, while others may affect female and male entrepreneurs differently. It is therefore critical to view the context for entrepreneurship from a gender perspective.
GEM assesses the following conditions for entrepreneurship:

**Entrepreneurial finance**

This describes the extent to which experts perceive there are enough funds for current and potential entrepreneurs. These experts evaluate the accessibility and efficient functioning of equity markets and the availability of the typical financing channels for entrepreneurs. This includes informal investment, professional business angels, venture capitalists, banks, government loans, grants and subsidies, and crowdfunding.

**Government policies: support and relevance**

This assesses whether experts believe their national governments demonstrate support for entrepreneurs—for example, mentioning entrepreneurship in public discourse and pressing for specific regulations to improve the development of the self-employed workforce and SMEs.

**Government policies: taxes and bureaucracy**

This reflects the degree to which experts think current taxes are affordable and balanced for entrepreneurs or, conversely, a burden to starting and growing businesses. This factor also evaluates bureaucracy in business processes and facilities for funding entrepreneurial activities.

**Government entrepreneurship programs**

This evaluates the extent to which public agencies provide specific programs for entrepreneurs. It also includes subsidies, incubators, and agencies that assess and advise entrepreneurs.

**Entrepreneurship education at school stage**

This includes expert evaluation of the degree to which entrepreneurship subjects are included in school programs and how far schools are instilling students with entrepreneurial values.

**Entrepreneurial education at post-school stage**

This measures the inclusion of entrepreneurship subjects in post-school programs, such as in colleges, business schools, and vocational centers. It also includes the effectiveness of post-school educational systems in building students’ entrepreneurship skills and values.
**R&D transfer**

This synthetizes the experts’ evaluation of R&D transfer from universities and research centers to the business sector, and to what degree engineers and scientists can commercialize research findings and bring them to market.

**Commercial and professional infrastructure**

This represents the supply and affordability of professionals and firms providing services to entrepreneurs, including accountants, lawyers, and consultants, in order to help them start new businesses and manage them.

**Physical Infrastructure**

This facilitates communication, transportation, and business operations nationally and internationally through such features as high-speed internet and cell phone service, real estate (land, buildings), reliable utilities, and advanced highways, railways, ports, and airports.

**Internal market dynamics**

This analyzes the extent to which there is a free and open market where no entity has the power to influence or set prices, and where changes in demand are met with changes in supply, and vice versa.

**Internal market burdens or entry regulation**

This summarizes the overall state of the market in terms of the absence of burdens entrepreneurs encounter in entering markets and the regulations that can facilitate, rather than undermine, these efforts.

**Cultural and social norms**

This shows the extent to which society exhibits an entrepreneurship culture through people’s behavior, beliefs, language, and customs. This can encourage entrepreneurs by demonstrating acceptance, support, and high regard for this activity.
Based on ratings for these 12 framework conditions, GEM has created the National Entrepreneurship Context Index (NECI). This includes both a composite score and 12 pillar scores. The NECI is expressed on a 10-point Likert scale. In 2019, Saudi Arabia received an overall score of 5.04 points, positioning it at around the upper-middle of the scores for GEM countries in the Middle East and Africa region (see Table 2).

Table 2. NECI ratings for Middle Eastern and African countries, 2019

<table>
<thead>
<tr>
<th>Country</th>
<th>NECI average</th>
<th>Standard deviation</th>
<th>Income stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar</td>
<td>5.91</td>
<td>1.39</td>
<td>High</td>
</tr>
<tr>
<td>UAE</td>
<td>5.84</td>
<td>1.28</td>
<td>High</td>
</tr>
<tr>
<td>Jordan</td>
<td>5.24</td>
<td>1.15</td>
<td>Upper-middle</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>5.04</td>
<td>1.46</td>
<td>High</td>
</tr>
<tr>
<td>Oman</td>
<td>4.61</td>
<td>1.58</td>
<td>High</td>
</tr>
<tr>
<td>Egypt</td>
<td>4.33</td>
<td>1.24</td>
<td>Lower-middle</td>
</tr>
<tr>
<td>Morocco</td>
<td>3.95</td>
<td>0.97</td>
<td>Lower-middle</td>
</tr>
<tr>
<td>Madagascar</td>
<td>3.69</td>
<td>0.86</td>
<td>Lower</td>
</tr>
<tr>
<td>South Africa</td>
<td>3.63</td>
<td>0.83</td>
<td>Upper-middle</td>
</tr>
<tr>
<td>Iran</td>
<td>3.15</td>
<td>0.89</td>
<td>Upper-middle</td>
</tr>
</tbody>
</table>

Table 3 shows the ratings on the NECI pillars that make up the overall results presented in Table 2. Entrepreneurship education is among the lowest-rated pillars, a measure that consistently receives low ratings in most economies assessed by GEM. While entrepreneurship-specific education is increasingly popular at the university and vocational levels, it is not common at the school stage (primary and secondary education). Given that more than two-thirds of entrepreneurs in Saudi Arabia have a post-secondary (college) degree or higher level of education, it is likely that the higher ratings on post-school entrepreneurship education play a critical role in equipping people with the skills and confidence to start businesses.
Both indicators declined somewhat in 2018 from the two previous years, but increased in 2019, demonstrating the start of what may be a positive trend. For women, universities might include entrepreneurship curriculum and campus activities specifically targeted toward their needs. This might include a women's entrepreneurship and leadership center that provides programs, events, and mentoring.

Education and training might focus on such aspects as how to start a venture, grow and sustain a business, develop innovations, use technology for business activities, and operate a business internationally. These are areas that can improve the viability and impact of women's businesses. On the other hand, women also start businesses for their employers; the educational curriculum might support this positive result through courses, guest speakers, and events centered on corporate entrepreneurship. Assessment of participation in both classroom and campus activities can help to monitor progress.

At a more basic level, school-age education might focus on developing creativity, leadership, and self-initiative skills, as well as introduce basic economic principles. These are areas that experts rated relatively low in the school-age education pillar. An emphasis on these basic skills can provide girls with a foundation for recognizing and pursuing opportunities throughout their lives. Practices could include, for example, individual and team projects where children develop and present their own ideas and work on solutions to social problems.

R&D transfer is also rated low in Saudi Arabia compared to the other pillars. This factor generates low ratings across the GEM sample as well. For example, it is among the lowest-rated pillars in the United States. In Saudi Arabia, few entrepreneurs of either gender are competing in technology-based industries. This may reveal both a need to develop national R&D capacity in Arabia and also to ensure that this technology gets out into the business sector.

Given that women show some capacity for initiating business activity for their employers, there could be some opportunity to commercialize technology discoveries in established organizations. Relative to startups, accelerators can be helpful in commercializing technology, particularly when associated with universities. However, explicit attention needs to be directed toward key aspects that can make these successful and the different services that are critical for women entrepreneurs. Incubators have existed around the world for many years; there is much to be learned from experience and from continual assessment of what works well and what needs to be changed.
The experts interviewed for the NECI indicate that sufficient finance was available from informal sources and private investors, but crowdfunding and initial public offerings were less common. However, even in the most sophisticated financial markets, it is critical to recognize that the capital needs of entrepreneurs differ from traditional forms of financing. But even more important to consider is the finding that women entrepreneurs raise less money (a median of 70,000 SAR vs 200,000 SAR for men) and are highly dependent on family members, while men draw from a wide range of available sources. It may be the case that the types of businesses women start up require less funding, or that they find a way to start with less funding. However, it will be important to identify constraints faced by women in accessing institutional funding, such as from banks, government, and private equity. Interventions can both address these constraints from the funder side and equip women with the capacity to seek and attract the funding they need from the most appropriate sources.

**Government policies, support, and programs** received high ratings on the NECI pillars for Saudi Arabia. Additionally, these pillars received higher ratings in 2019 than in the previous three years, showing a positive longitudinal trend. Experts identified support for new and growing firms as a high priority for both national and local governments, and cite the presence of government programs for these businesses. For example, Monsha’at started entrepreneurship support centers in Riyadh, Medina, Jeddah, and Khobar, and over 120 incubator and co-working spaces are operating around the Kingdom. However, the experts also indicated a need for policies that favor new firms and facilitate compliance with regulations, including obtaining licenses and permits. Additionally, their responses on market dynamics call for more effective and well-enforced antitrust legislation.

Government efforts to promote entrepreneurship are garnering influence across Saudi Arabian society. Messages extolling the benefits of entrepreneurship have been highly visible and prevalent since 2015. Saudi Arabia’s national strategic plan, Vision 2030, clearly encourages and supports entrepreneurship. This vision is spreading broadly across the national consciousness, with more people regarding innovation and entrepreneurial activity as a viable pursuit. Understanding and addressing gender differences in policies and programs will be critical to addressing the conditions covered in the government policies and support pillar.

Entrepreneurial opportunities can surface in markets that are frequently changing. This appears to be the case in Saudi Arabia, where experts point to a high level of change in the markets for goods and services. Women can be trained, encouraged, and supported to capitalize on opportunities surfacing in the environment. The data indicate that they have a strong physical infrastructure in which to conduct their business activities, including advanced and low-cost communications and utilities. However, the experts cite a need for subcontractors, suppliers, and consultants, and these will need to be available to female as well as male entrepreneurs. Experts also revealed an increasingly positive national culture for entrepreneurship, pointing out support for individual success through personal effort and an emphasis on self-sufficiency, autonomy, and initiative. This is consistent with results on societal attitudes for women, many of whom believe that entrepreneurship is a good career choice and that entrepreneurs receive high status and media attention.
The experts indicated some concern about whether the national culture encourages risk-taking, and this report previously indicated a moderate level of fear of failure in the APS, with about equal perceptions between the genders. However, the experts seemed more inclined to say that the national culture encourages creativity and innovativeness. Often, the prospects of an innovation and the manifestation of one’s creativity can draw someone into entrepreneurship even amid some hesitancy about the risks involved. Reducing actual or perceived risk, however, could provide advantages in stimulating entrepreneurial activity.

Table 3. NECI ratings for Saudi Arabia, 2019

<table>
<thead>
<tr>
<th>National entrepreneurial framework conditions</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical infrastructure and services</td>
<td>6.8</td>
<td>5.7</td>
<td>6.2</td>
<td>6.5</td>
</tr>
<tr>
<td>Government policies and support</td>
<td>3.9</td>
<td>3.9</td>
<td>4.4</td>
<td>6.0</td>
</tr>
<tr>
<td>Internal market dynamics</td>
<td>4.8</td>
<td>5.5</td>
<td>5.0</td>
<td>5.9</td>
</tr>
<tr>
<td>Cultural and social norms</td>
<td>4.6</td>
<td>5.0</td>
<td>5.4</td>
<td>5.9</td>
</tr>
<tr>
<td>Government programs</td>
<td>3.4</td>
<td>3.8</td>
<td>4.0</td>
<td>5.3</td>
</tr>
<tr>
<td>Bureaucracy and taxes</td>
<td>4.0</td>
<td>3.6</td>
<td>3.6</td>
<td>5.1</td>
</tr>
<tr>
<td>Entrepreneurial finance</td>
<td>3.9</td>
<td>3.9</td>
<td>3.2</td>
<td>5.0</td>
</tr>
<tr>
<td>Commercial and legal infrastructure</td>
<td>3.9</td>
<td>3.2</td>
<td>3.8</td>
<td>4.8</td>
</tr>
<tr>
<td>Internal market burdens</td>
<td>4.0</td>
<td>3.8</td>
<td>3.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Post-school: entrepreneurial education and training</td>
<td>3.7</td>
<td>3.5</td>
<td>3.1</td>
<td>4.2</td>
</tr>
<tr>
<td>R&amp;D transfer</td>
<td>3.0</td>
<td>2.9</td>
<td>2.8</td>
<td>4.1</td>
</tr>
<tr>
<td>School: entrepreneurial education and training</td>
<td>2.1</td>
<td>2.1</td>
<td>1.8</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: Global Entrepreneurship Monitor 2016–2019
The implementation of Saudi Arabia’s ambitious Vision 2030 plan has immersed the Kingdom in a rapid and intensive transformation.

After just a few years, major changes are being experienced not only economically but also at a social level. The main goals of the plan are to reduce Saudi Arabia’s dependence on oil, diversify its economy, and develop the public sector. Achieving these objectives implies, among other things, opening several doors for Saudi women, as increasing their presence and key roles in the business sector will be critical in diversifying and modernizing the Kingdom.

In 2017, Saudi women received formal permission to drive cars. They can now start new businesses or open a bank account without needing the permission of a male sponsor, and they can use governmental electronic facilities to register their businesses. These are big steps that open the door to a new era for women’s entrepreneurship.
This report on women’s entrepreneurship in Saudi Arabia provides key findings that can inform policies, in order to meet the goals of Vision 2030 and guide the actions of both the public and private sector in promoting women’s entrepreneurship. Some key conclusions follow.

01

Saudi women stand out for their positive societal values and their individual perceptions about entrepreneurship. Additionally, the high rate of female entrepreneurial intentions shows the extent to which women can contribute to job creation in the coming years if they can channel these aspirations. This shows that there exists high awareness and interest among women for entrepreneurship, and policymakers, enablers, and the private sector should work toward enabling these women to start their businesses.

02

Attention needs to be directed toward understanding what leads to a moderately high fear of failure rate, and whether there are social, policy, or other constraints. A dynamic entrepreneurial environment should enable entrepreneurs to take reasonable risks, acknowledging that some efforts will fail and produce lessons that can apply to later success, but also realizing that success only results from those who feel empowered to take a chance and pursue their dreams.
Regional results show that perceptions about entrepreneurship differ across regions, and this could have a strong influence on the rate and nature of this activity in different parts of the country. Regional-level interventions could aim to evaluate and address societal attitudes, which in many cases are precursors to entrepreneurship activity and support. For example, women in Jeddah show positive self-perceptions about opportunities and capabilities for entrepreneurship, yet also a high fear of failure. This could indicate a need to understand and address the source of fear of failure among women, to better enable them to apply their entrepreneurship skills and pursue the opportunities they recognize.

Established business rates are low for women, and this result has persisted over the four-year period covered in this report. Efforts to assess and address the underlying causes that appear to make entrepreneurship a short-term pursuit will be important in ensuring that the increase in entrepreneurship seen among women in 2019 not only continues, but also leads to higher levels of mature business activity in the coming years.
With regard to the quality and the potential or real impact of entrepreneurship, female entrepreneurs are moving away from low barrier-to-entry consumer businesses and toward the more capital-intensive transforming sector. They are creating and anticipating high employment levels, and selling internationally. However, most are not introducing innovations or incorporating the latest technology in their business operations. This demonstrates that investing in women starting businesses is worthwhile, but continuing to build on the strengths revealed in this report—while addressing areas such as introducing technological advances and facilitating innovation—will enhance the overall impact of entrepreneurship in Saudi Arabia.

Saudi female entrepreneurs stand out with respect to their involvement in the gig economy. This type of business may offer flexibility, low startup costs, and other advantages attractive to women. It may thus serve as an area for specific focus in supporting women entrepreneurs.

Women report a high rate of entrepreneurial activities as employees, including those in which they take leadership positions. It may be the case that an organizational environment provides an amenable context for the entrepreneurial initiative of women. This presents a promising area for further attention.
Financing is a key area to target in building support for women entrepreneurs. In Saudi Arabia, the average amount of seed capital raised by women is much lower than for men. Additionally, women entrepreneurs look to family members as their main financing channel, while men use a greater range of sources. This situation may limit the scale and sustainability of women’s businesses. Remedies may include targeted funding programs and training in finance for both women entrepreneurs and capital providers.

Taking all of this into consideration, Saudi Arabia can further consider how to energize and support the entrepreneurial initiatives of women. This may involve an ambitious plan to develop strong entrepreneurship ecosystems in critical zones of the country for both new and experienced generations to contribute through innovative and technology-based new business ideas. The impact of entrepreneurship on Saudi Arabia’s economy will surely benefit from focused, and perhaps unique, forms of attention directed toward achieving gender equity.

Further development of the entrepreneurship ecosystem could be directed toward entrepreneurship education and training, R&D transfer, financing for entrepreneurs, the commercial and legal infrastructure, and reducing bureaucracy, taxes, and internal market burdens. As these efforts take form, particular considerations for women will be necessary—for example, addressing particular constraints for women regarding startup procedures, education practices, and targeted finance programs.
APPENDIX
The same sampling methodology and interview methods were employed over the four years, and the survey was conducted by the same vendor. The GEM Saudi Arabia APS in 2019 included 4,003 interviews with adults aged 18–64 years. The sample was stratified by geographic region, gender and age, and distributed proportionally to the target population via a weighting system. Half of the interviews were conducted by cell and fixed-line telephone, and the other half involved face-to-face interviews.

Sampling and survey methodology: APS and NES. The data for this special report on women’s entrepreneurship in Saudi Arabia were provided by GEM Saudi Arabia for the years 2016 through 2019.
The NES is based on a convenience sample of 39 individuals with specific expertise and/or knowledge of components of the entrepreneurial framework conditions, which include: financing for entrepreneurs, government policies, government programs, entrepreneurship education and training, R&D transfer, commercial and professional infrastructure, internal market dynamics, physical infrastructure, and social and cultural norms. The methodology requires that 25% of these experts are entrepreneurs or individuals linked to the business sector. The experts came from different sectors and included bankers, business angels, venture capitalists, policymakers, CEOs, directors of government agencies, entrepreneurship advisers, university professors, researchers, journalists, lawyers, market analysts, recent and established entrepreneurs, real estate agents, and communications agencies. The NES survey is administered through an online platform managed by GEM personnel.

Table 4 shows the APS and NES fieldwork sheet, including the technical details regarding the sampling and methodology applied in these surveys for 2019.
### Table 4. GEM Saudi Arabia 2019: APS and NES fieldwork sheet

<table>
<thead>
<tr>
<th><strong>Sampling features for the year 2019</strong></th>
<th><strong>Information</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>APS = GEM Adult Population Survey</strong></td>
<td></td>
</tr>
<tr>
<td>Target population</td>
<td>Adult (18–64 years of age) residents in the Kingdom</td>
</tr>
<tr>
<td>Target population size</td>
<td>31,273,932 persons</td>
</tr>
<tr>
<td>Sample size</td>
<td>4,003 persons</td>
</tr>
<tr>
<td>Sample design</td>
<td>Multiple strata, each sampled at identical rate</td>
</tr>
<tr>
<td>Type of sample</td>
<td>Random</td>
</tr>
<tr>
<td>Confidence level</td>
<td>95%</td>
</tr>
<tr>
<td>Sampling error</td>
<td>±1.54%</td>
</tr>
<tr>
<td>Maximum variance</td>
<td>p = q = 0.5</td>
</tr>
<tr>
<td>Sampling period</td>
<td>May–July 2019</td>
</tr>
<tr>
<td>Interview method</td>
<td>Face-to-face, assisted by tablet and mobile telephone (computer-aided web interview and computer-assisted personal interview)</td>
</tr>
<tr>
<td>Sampling methodology</td>
<td>Random routes and random selection of houses from list and random dial from list</td>
</tr>
<tr>
<td>Fieldwork carried out by</td>
<td>Field Interactive MR <a href="https://fieldinteractive-mr.com">https://fieldinteractive-mr.com</a></td>
</tr>
<tr>
<td>Data recording and SPSS database creation</td>
<td>Field Interactive MR <a href="https://fieldinteractive-mr.com">https://fieldinteractive-mr.com</a></td>
</tr>
<tr>
<td>Monitoring, quality control, final verification</td>
<td>Opinometre Institute, LLS</td>
</tr>
<tr>
<td><strong>NES = National Expert Survey</strong></td>
<td></td>
</tr>
<tr>
<td>Target population</td>
<td>Experts in nine entrepreneurial conditions</td>
</tr>
<tr>
<td>Sample</td>
<td>39 experts</td>
</tr>
<tr>
<td>Type of sample</td>
<td>Convenience sample</td>
</tr>
<tr>
<td>Sampling period</td>
<td>March–July 2019</td>
</tr>
<tr>
<td>Interview method</td>
<td>Online</td>
</tr>
<tr>
<td>Fieldwork carried out by</td>
<td>GEM KSA National Team</td>
</tr>
<tr>
<td>Data recording and SPSS database creation</td>
<td>GEM KSA National Team</td>
</tr>
</tbody>
</table>

**APS vendor information**
Field Interactive MR  https://fieldinteractive-mr.com

**Monitored by OPINOMETRE INSTITUTE, LLS**
Av. de Josep Tarradellas, 8, 08029 Barcelona, Spain
http://es.opinometre.com
Bibliography


Monsha’at, March 31, 2020


The 2019/2020 Global Entrepreneurship Monitor (GEM) Saudi Arabia Women’s Report provides a comprehensive profile of women’s entrepreneurship in the Kingdom. This includes comparisons by gender of: societal attitudes, self-perceptions, and affiliations relative to entrepreneurship; rates of entrepreneurship across multiple phases of the process; profiles of entrepreneurs, including demographic information, motivations, and ambitions; and characteristics of their businesses, such as level of innovativeness and industry participation.

DISCLAIMER
Although Global Entrepreneurship Monitor (GEM) data were used in the preparation of this report, interpretation of the data is the sole responsibility of the authors. The authors would like to express their gratitude to all participating GEM national teams for their crucial role in conducting the GEM survey in their respective economies.