

PalArch's Journal of Archaeology of Egypt / Egyptology

FACTORS CONSTRAINING SMES GROWTH: CASE OF SAUDI WOMEN ENTREPRENEURS

Hala Muwaffag Jaad¹, Yosra M. Hamas¹, Muhammad Khan¹

¹ Effat College of Business, EFFAT UNIVERSITY Qasr Khuzam St., Kilo. 2, Old Mecca Road.

P.O.BOX 34689

Email: hmjaad@effatuniversity.edu.sa

Hala Muwaffag Jaad, Yosra M. Hamas, Muhammad Khan- Factors Constraining SMEs Growth: Case of Saudi Women Entrepreneurs-- Palarch's Journal of Archaeology of Egypt/Egyptology 18(16), 65-72. ISSN 1567-214x

Keywords: Factors Constraining, SMEs Growth, Women Entrepreneurs

ABSTRACT

Small and medium-sized enterprises are considered to be the most important element in achieving economic and social development in all countries of the world, as they occupy the highest percentage of all types of economic projects. The aim of this study is to investigate the importance of small and medium enterprises, and factors constraining SMEs growth for Saudi women entrepreneurs that hinders its growth and development and the role of financial institutions, government support, market needs and the difficulties it faces the growth and the women in the SME sector. This study adopted the qualitative method where semi-structure interviews were conducted with 4 Saudi women entrepreneurs regarding their business experiences, their challenges and the factors constraining their growth. The finding of this study has outlines the factors constraining the SMEs growth in the aspects of women entrepreneurs' personality, understand the market /customers' needs, marketing strategy and also support from government.

1. INTRODUCTION

The SME sector is the engine of economic growth in Saudi Arabia, accounting for 95 per cent of the total number of commercial enterprises in the country [1, 2]. Many economists believe that the development of microenterprises and the promotion of their establishment, as well as medium enterprises, are among the main sources of economic and social development in countries in general, and developing countries in particular, as a basic platform for increasing production capacity on the one hand and contributing to addressing the problems of poverty and unemployment on the other. The numerous States have therefore paid increasing attention to

these projects, and have provided them with assistance and assistance in various ways and in accordance with the possibilities available [3].

Mustapha and Subramaniam [4] indicated that entrepreneurship is cited as an important element in stimulating growth and development in most countries. It is also assumed that entrepreneurs have participated in this activity and have played a vital role in economic development and have helped stabilize the economy, especially during periods of economic recession. This paper attempted to explore the success factors of businesswomen in Malaysia, a developing country in Asia. In addition to examines the challenges, these women face in managing their businesses. Interviews were conducted with ten successful female entrepreneurs. The results of the interview seem to indicate that supporting family members is important and contributes to the sustainability of their work. In addition, their motivation and inner creativity help them attract customers and compete in the marketplace. This study provided information to regulators and government agencies on the training, support and financial resources needed by this group of entrepreneurs.

A recent international study found that women from low or low-income countries (such as Russia and the Philippines) are more likely to enter an early stage of entrepreneurship than in high-income countries (e.g. Belgium, Sweden and Australia). An important factor that can play a role in this disparity can be attributed to the fact that women from low-income countries often seek additional means of income to support themselves and their families [5]. Overall, between 40 and 50 per cent of all small businesses are owned by women in developing countries. Rather, it may also be due to the fact that, in Western business practices, it is not seen as useful for displaying perceived feminine qualities [6]. While Oriental companies tend to pursue methods based on mutual respect and understanding, Western business expectations are for business rather than women because men are more cruel, aggressive, and less sensitive.

Most of the literature on entrepreneurship has traditionally focused on studying these factors, regardless of the differences that promoters or critics may have on the grounds of gender. The persistence of leadership rates between males and females in recent years has led to a gender analysis of the limitations of this behavior, but always from an individual perspective. There is a difference between entrepreneurship between males and females from a cultural perspective, given that cultural factors are of great importance among the constraints of entrepreneurship, especially entrepreneurship for females [7, 8]. The role of stereotypes and gender roles keeps women away from attitudes or attitudes of achievement in the conduct of enterprises and places them in roles close to home and childcare and the elderly. Gender roles determine the state's leading behavior and in particular, the differences between entrepreneurship between males and females [6].

There are many challenges facing women and they have to overcome them. The demands of living today are different. They are increasing day after day. Women must become partners in their lives and the cost of living in the world as a whole and the high prices and requirements of the home and the children and the necessary necessities. The fixed income of one individual is sufficient to meet the requirements of the family. This is the source of responsibility and the awareness of women about the importance of work and that it is sufficient without the need of others [9].

The difficulty of raising capital, where women need to support the beginning of capital supported by guidance, and the opinion of experienced and advisers, paving the way and success in the establishment of small projects, which are the basis for the success and start of projects and the country's leadership and continuity and sustainability [10].

The experiences of many developing countries have demonstrated the importance of SMEs in job creation, increased savings and redistribution of income, training for entrepreneurs, provision of various commodities and integration within the economy[11]. All these privileges are important to accelerating economic development and its direct socio-economic implications. Many countries seek to address the causes of poverty and unemployment and achieving the greatest geographical balance and the SMEs are the party which found it an opportunity to achieve this purpose. Although of these privileges, there are some factors that constraining SME's growth and the of women entrepreneurs can play a negative role in the development of the business, in addition, that women will be in low growth more than the high growth. The businesses possessed by women tend to focus on sectors with low growth rates (retail, service, etc.).

The aim of the study is to identify the factors constraining SME's growth and to shed light on the impact of women entrepreneurs. This study demonstrates several challenges that are encountered by women entrepreneurs such as lack of access to financial resources, difficulty in finding qualified labors, work-home conflict and low profit.

2. METHODOLOGY

It is the process of combining parts of pure methodology strategies and thus creating mixed methodological strategies. Several studies have emerged, combining qualitative and quantitative approaches in different ways, using and integrating multiple methods in scientific studies in the humanities and social sciences.

This study adopts the qualitative in order to show the contribution of entrepreneurship literature by identifying factors influencing women entrepreneurs' performance (EP) and the corresponding challenges in small and medium enterprises (SMEs).

2.1 Research Tools

This study utilized interview to gather the research information. The interview is the tool of research that has been used to identifying and recording the impressions of the respondents with the answers to the questions, in order to ascertain their veracity. The interview is characterized by providing deep and accurate information not provided by other study tools. The type of interview is structure-directed. In this type of interview, the researcher directs a number of questions through which the sample of the study is directed to specific answers. This type of interview is characterized by the ability of the researcher to attend the study sample within one frame.

2.2 Research Design

The study depended on the qualitative method where the interview has been adopted as the instrument of the study. This study had conducted the interview with (4) of women entrepreneurs who have the SEMs in the Saudi Market. They were requested to answer the questions on the factors that constraining SME's growth in Saudi Arabia.

2.3 Interview Guide

The interview type in this study is semi-structured, thus the interview question is open end type. The question was given to the four interviewees to identify their opinions on the factors constraining SME's Growth for Saudi women entrepreneurs. The questions focus on the characteristics of an entrepreneurial person, business success and the goals that you want to reach in the future. It also discusses the strategies to grow their business and the external/internal environment factors that may affect the growth of their business. The roles of the social network effect the growth of the SME and the technology in general. The type of capital that the interpreter has obtained and the gender affects the success and growth of the business or SMEs.

3. RESULT AND DISCUSSION

All the four interviewees are Saudis, and they working and doing their business in the Saudi market. Table 1 demonstrates the business background of the interviewees. The first interviewee working in Sedafco the IT department and in the same time start-up business that related to organizing weddings and other events, the second interviewee also has its own business under the name of Sadaf for perfect bracelet/necklace/ anklet. The third one has its own business with her sister in baking and enjoyed trying new recipes and the fourth is doing special gifts for Ramadan and Eid.

Table 1. Interviewee's profile

Women entrepreneurs	Business field
Interviewee 1 (JOOD)	organizing weddings
Interviewee 2 (SADAF)	Sales of bracelet / necklace / anklet
Interviewee 3 (SARA)	baking
Interviewee 4 (DINA DAHLAWI)	flowers Bouquet and occasion gifts

The questions of the interview have focused on the how they started their business, the reasons of choosing this kind of business, characteristics of the entrepreneurial person, goals that you want to reach in the future and technology affect the growth and development of the business.

When asked them about their reasons to choose their business, they claim that **hobbies and creativity** are the significant causes for pushing them to constitute their businesses.

For the sources of funding to start their business, they mentioned that family support and some institutions such as **Effat University** had supported them when they started their business either financially or emotionally.

The question regarding the essential characteristics of entrepreneurial, their answers focused on finding the solutions for the problems as that help to make a change, having a place in the market and make a good impression for the customer. The women entrepreneurs must be inherently creative, goal-oriented, committed to their business, continuously look for **opportunities to improve**, willing to take risks, naturally creative and passionate and always full of positivity. The women entrepreneurs must have the ability to understand the market's needs, and have the **characteristic of leadership**, besides, to know what customers want and need to be creative all the time. They must also be dedicated, patience and of course having the support and encouragement. They must able to select the proper products that are required by the customers, and not ignore the quality ingredients. Marketing is also a vital tool to ensure success.

When asked them about the factors of success for the business, they stated that a plan, getting the feedback of customers, reinvent the business, besides, to add and **create new products** from time to another to support the business with a variety of pre-cuts. There is the availability of raw materials, workforce, prices that needed to be supplied sometime from outside of Kingdom, and the use of **social media application** in the process of marketing and advertising for the products. Therefore, all they confirmed that technology has a significant role in leading business to success and enhance the method of **communication with customers**. For them, entrepreneurship involves the creation and use of innovative ideas, maximum production of designated resources, the development of management skills, etc., all of which are essential to the economic development of the country.

Entrepreneurial businesses can only develop from listening to customers' opinions. If a customer does not favour the product, this may not mean much but if there are more than one and they demand other wishes, listen to them and be ready to take their requests. Listen to customer feedback and adjust accordingly. Also, understanding the importance of responding to change Business people can develop their business only when they **listen to customer feedback**. This may not mean much if one customer does not like the product, but if that is true for many of them, they ask for another advantage or change what, they have to listen to them and be prepared to adapt to avoid going to the competition company. To ensure that entrepreneurs succeed in their business, they define the goals of the business they manage, especially before starting the activity itself. These goals strongly contribute to the growth of successful businesses in several ways, and the process of setting goals forces people to think through what they want their work and how their business can grow.

In regarding of challenges they faced when they started their business, they indicated that **lack of knowledge** on the details of the market and its needs. For the question on the effect of gender, age, education on the growth of the SMEs, all of them are agree with this point, education, age, and gender of entrepreneurial playing an important role in growing or reducing the business. They added that **experience** is the most important because they can find the reason to grow up their business by adding new technology.

For the role of government to support the entrepreneurial person, all of them agree that government has provided all the **needed support for the entrepreneurship**, being an engine of economic growth, job creation, and easing reliance on government jobs that are putting pressure on state budgets. The importance of entrepreneurship has grown as it is part of the economic plans of government, especially in the presence of a young population structure that supports this trend.

In general, the presence of entrepreneurship in the various economic sectors is of great importance, as it contributes to the impact on the economy and strategic management thought. Therefore, entrepreneurship is characterized by a set of advantages, and it is a pioneer of strategic development mechanisms. Entrepreneurship is part of the decision-making inputs associated with better use of resources to reach a new service or product. Entrepreneurship is based on the use of management fundamentals when choosing a leadership style.

Entrepreneurship stimulates the role of innovation in enterprises by looking for new opportunities and ensuring that they are implemented through the use of resources. Entrepreneurship is based on a range of measures to enhance its risk tolerance. Entrepreneurship helps to make a profit and to participate in society through its essential role for enterprises. Entrepreneurship has management skills based on individual initiatives to utilize available resources better. Entrepreneurship is concerned with enhancing coordination between the production process and the work effort. All in all, Table 2 tabulates the summary of the interview result regarding the growth factors in female business start-ups.

Table 2. Growth factors in female startups

Themes	Summary from interviews
1. Women entrepreneurs personality	The women entrepreneurs must be inherently creative, goal-oriented, committed to their business, continuously look for opportunities to improve, willing to take risks, naturally creative and passionate and always full of positivity and having the characteristic of leadership, also the experience they have added value to grow up their business by adding new technology.
2. Understand the market /customers' needs	A plan, getting the feedback of customers, reinvent the business, besides, to add and create new products from time to another to support the business with a variety of precuts. They need to know what customers want and need to be creative all the time. The knowledge such as details of the market, availability of raw materials, workforce and product market prices are required.
3. Marketing	The technology such as social media application for marketing and advertising has a significant role in leading business to success as well as develop better path for communication with customers.
4. Government support	The government has provided all the needed support for the entrepreneurship, being an engine of economic growth, job creation, and easing reliance on government jobs that are putting pressure on state budgets.

4. OVERALL DISCUSSION

Based on the interview results, this study concludes that many small projects face many obstacles that stand in front of them in achieving their economic and social goals. The nature of these obstacles varies according to the nature of the project, the activity it exercises and the country in which it operates. This study found that all businesses of ladies that had interviewed are a low growth sector, and if they have to take the risk in their plans to convey their businesses to move to high growth sector it will increase their business growth.

The results showed that the administrative and financial difficulties differed according to the practical experience, the location of the activity, age, degree, nature of the investment activity and the age of the project, while differences were found in both marketing and governmental difficulties. The difficulty of raising capital, where women need to support the beginning of capital supported by guidance, and the opinion of experienced and advisers, paving the way and success in the establishment of small projects, which are the basis for the success and start of projects and the country's leadership and continuity and sustainability.

There are many attempts to change the traditional role of women is to be a mother and a wife. This qualitative shift in the involvement of women in the labor market has been met with suspicion, hostility, criticism and fear. Therefore, the application of women's rights to participation in the labor force has been delayed in full. In other words, women's rights are proven in writing, but they have not been implemented effectively. For example, women need

the agent to follow up on their work, and it is also difficult to drive a woman, which makes it difficult for them to move between their work and their homes.

4.1 Implications

It is important to know that the presence of entrepreneurship in the various economic sectors is of great importance, as it contributes to the impact on the economy and strategic management thought. Entrepreneurship stimulates the role of innovation in enterprises by looking for new opportunities and ensuring that they are implemented through the use of resources. It is based on a range of measures to enhance its risk tolerance and helps to make a profit and to participate in society through its essential role for enterprises if there are no serious solutions, and then there will be an increase in the unemployment rate, thus leading to major economic problems.

5. CONCLUSION

Small and medium enterprises are of paramount importance in supporting the national economy, advancing development, positive economic and social impact, increasing exports, creating new employment opportunities for young people, opening up new labor markets, diversifying sources of income and expanding the productive base. Although of these advantages, there are some factors that constraining such the cost of capital, as this problem is reflected directly on the profitability of these projects through the demand of small and medium enterprises and inflation in terms of its impact on the rise in prices of raw materials and labor cost and financing where small and medium enterprises face funding difficulties because of size and government procedures, which is a growing problem in developing countries, regulations and instructions, in addition to taxes, competition and lack of raw materials. Therefore, this study tried to shed light on these factors and their reflection on the market.

6. ACKNOWLEDGMENTS

The authors would like to express their deepest gratitude to the contribution of the participants and the unconditional support from College of Business, Effat University

7. REFERENCES

- [1] Tripathi, A. 2019. SMEs in Saudi Arabia-An Innovative Tool For Country's Economic Growth. *Sci.Int. (Lahore)*. 31, 2, 261-267.
- [2] Hussein, E. 2012. The developmental role of SMEs in the Arab countries. *Munich Personal RePEc Archive*. 1-16.
- [3] Chowdhury, M., Alam, Z. and Arif, I. 2013. Success factors of entrepreneurs of small and medium-sized enterprises: evidence from Bangladesh. *Macro Think Institute*. 3, 2, 38-53.
- [4] Mustapha, M. and Subramaniam, P. 2016. Mustapha and Subramaniam: Challenges and Success Factors of Female Entrepreneurs: Evidence from a Developing Country. *International Review of Management and Marketing*. 6, S4.
- [5] Wesley, E. and Peterson, F. 2017. Is Economic Inequality Really a Problem? A Review of the Arguments. *Social Science, MPDI*. 1-25.
- [6] Pandey, T. 2016. Women Entrepreneurship In Business Trends; Challenging Issue For Growth. *IJRDO-Journal of Applied Management Science*. 1, 18–20.
- [7] Hapsari, N. and Soeditianingrum, N. 2018. Cultural Factors on Female Entrepreneurship: A Literature Review. *E3S Web of Conferences*. 73, 11018.
- [8] Rubio-Bañón, A. and Esteban-Lloret, N. 2016. Cultural factors and gender role in female entrepreneurship. *Suma de Negocios*. 7, 15, 9-17.

- [9] Poblete, L. and Grimsholm, E. 2010. Internal and external factors hampering SME growth. Master in International Management. Gotland University.
- [10] Laura Ann, M. 2015. A Grounded Theory of Women's Leadership Experiences in Higher Education: Navigating from the Director Level. All Theses, Dissertations, and Other Capstone Projects. Paper 397.
- [11] Basheer, M. F., Raof, R., Jabeen, S., & Hassan, S. G. (2021). Exploring the Nexus Among the Business Coping Strategy: Entrepreneurial Orientation and Crisis Readiness—A Post-COVID-19 Analysis of Pakistani SMEs. In *Handbook of Research on Entrepreneurship, Innovation, Sustainability, and ICTs in the Post-COVID-19 Era* (pp. 317-340). IGI Global.