SUCCEEDING IN CHALLENGING ENVIRONMENTS - FEMALE TECHNOLOGY START-UPS EVIDENCE FROM SAUDI ARABIA

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ABSTRACT

Kingdom is known for its masculine society with power distance. This case identifies the strategy triggers to succeed by 4 young and dynamic Saudi females. The case sets scene by providing detailed background and then relating it to issues and ultimately grounding the strategy to succeed. It has been found that the females can succeed by adopting the right mix of strategy, that includes, Family Support, Leveraging Social Media, Entrepreneurship Ecosystem - Institutional Level Support, Technical Expertise, Coaches and Mentors, Societal and Family Support, Capitalizing on Market Opportunities.

Keywords: Female Start-ups, Challenging Environments, Success Factors, Entrepreneurship Ecosystem, Saudi Arabia.

BACKGROUND

Macgorine and Rebecca (2012) conducted an analysis of the Saudi Culture through the lens of Hofstede’s cultural dimensions. Power Distance, Individualism, Masculinity, Uncertainty Avoidance and Long Term Orientation were factors studied. Whereas, https://www.hofstede-insights.com, a website that disseminates Hofstede's insights on the cultural dimensions, provides a detailed perspective on the kingdom’s culture. Following are the cultural features of the Saudi Arabia.

On the Power Distance dimension Saudi Arabia’s score of 95 means that people accept a hierarchical order where hierarchy in an organization is seen as reflecting inherent inequalities, centralization is popular, subordinates are expected to be told what to do and the ideal boss is a benevolent autocrat.

On the other hand in Individualism category, the Kingdom scores 25 which are considered a collectivistic society. This manifests a close long-term commitment to the member ‘group’, which could be a family, extended family or relationships. Loyalty is paramount and over-rides many societal rules and regulations. The society will ideally foster strong relationships and everyone takes responsibility for fellow members. In such cultures offence leads to shame and loss of face. Similarly, employer/employee relationships are perceived in moral terms (like a family link) where the hiring and promotion decisions take into consideration the employee’s in-group and the management becomes the management of the groups.

Saudi Arabia score of 60 on this masculinity dimension and is therefore, considered a masculine society. In such cultures people “live in order to work”. The managers are expected to be decisive and assertive.

The kingdom scores 80 on uncertainty avoidance dimension meaning culture has preference for avoiding uncertainty. Hofstede states that the countries with high uncertainty
avoidance dynamic have often rigid codes of belief and behavior. In these cultures there is an emotional need for rules.

A low score of 36 on this long term orientation reveals a normative nature of society. People have a strong concern for establishing absolute truth. They exhibit respect for traditions and a focus on achieving quick results.

THE PROBLEM

The following graphs (Figure 1) briefs that cultural dimensions and identifies that in order to survive for female start-ups in non-traditional business sector could be tough. The culture is masculine and power distance is high. Therefore, it would be tough for the females to lead teams in their start-ups and survive. However, there are a number of females taking it on and carving their way in the business.

![Bar chart showing cultural dimensions](image)

**FIGURE 1**
**SAUDI ARABIAN CULTURAL DIMENSIONS**

CASE STUDY OBJECTIVES

The objectives of case study are to:

1. Identify the challenges the female start-ups face in Saudi Arabian entrepreneurship ecosystem.
2. Identify the strategies of young females adopted to succeed in a challenging entrepreneurial ecosystem.

METHODOLOGY

A case study method has been adopted to investigate the problem and achieve the objectives of the case. It has been decided because there are few technology start-ups and it is difficult to identify the females with business and that too with technology based commercial
activity. Nine such start-ups were identified and approached, however, 4 start-ups agreed for the interview but with condition that we do not divulge their and business identities and the request has been adhered to in the case discussions. The interviews have been conducted by the researcher over January-February 2017 in Riyadh, Jeddah and Dammam (The three cities of Kingdom). A questionnaire with 17 questions was prepared and answers were summarized and then discussed.

**INTRODUCTION OF THE START-UPS**

There is no doubt that the women entrepreneurship is flourishing in Saudi Arabia and following story of 4 successful young female technology start-ups is just a beginning. It explores the challenges and then identifies the factors and their impact on success of these start-ups. The study shows that a number of factors played role in assisting the female entrepreneurs succeed in a comparatively harsh ecosystem dominated by a masculine society. Family Support, Leveraging Social Media, Entrepreneurship Ecosystem - Institutional Level Support, Technical Expertise, Coaches and Mentors, Societal and Family Support, Capitalizing on Market Opportunities played vital role in overcoming challenges.

The young female start-ups are based in Riyadh and Jeddah; the two most active economic cities of Saudi Arabia. In-depth interviews were conducted from these females from September 15, 2015 to January 29, 2016. The table 1 develops the business profile. Keeping in view the local culture and the permissions from the entrepreneurs the names of business and start-ups have been altered.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Sleek House</th>
<th>Innovation@Work</th>
<th>Smart Solutions</th>
<th>I-10 Nine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of entrepreneur</td>
<td>Sara Al Zahrani</td>
<td>Amani Felimban</td>
<td>Salwa Al Mutairi</td>
<td>Nihad-Al Qurashi</td>
</tr>
<tr>
<td>Established</td>
<td>2014</td>
<td>2014</td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>Area of work</td>
<td>Hardware Maintenance &amp; Networking</td>
<td>Software development</td>
<td>Software solutions and training</td>
<td>Software solutions including testing</td>
</tr>
<tr>
<td>Number of employees</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Growth in profits over last year</td>
<td>22%</td>
<td>17%</td>
<td>27%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Sara is a graduate of a leading private university and has obtained professional certification in hardware maintenance and networking. She identified the business idea in 2012 and developed her passion in 2012 after graduation and certification. She is married and has one child. The hardware maintenance and networking is generally considered to be a male dominated but it is being infiltrated by the females in Saudi Arabia. She is the first entrepreneur in her family of government officials and technocrats. Amani on the other hand is a member of
business family and a specialist software designer and developer herself. She also holds a bachelors’ degree and plans to take a number of specialized courses in 2016-17 but business commitments do not permit her. Salwa and Nihad are also software and application developers and graduates from private universities in Jeddah. They both belong to non-business families. However, Nihad’s husband is an entrepreneur as well. Salwa identified the opportunity in 2008 and followed her passion by taking a bachelors’ degree in computer science. Nihad, however, accidentally became an entrepreneur after completing a few assignments for her husbands’ business in 2011-2012.

All these businesses charge premium prices as they provide services in areas considered to be the domain of foreign companies. They have a very business-like contention that little competition is motivating and therefore, can skim the market and by the time competitors come they would have acquired significant market share and have positioned themselves as leaders in the market.

Start-ups also opine that they are working hard and provide excellent customer service though all these start-ups are in early introduction stage, but they have achieved high growth and profits evidencing that the market is ready to absorb innovative projects and entrepreneurs. The businesses are expanding by word of mouth till now and the entrepreneurs desire to have strategy for expansion and further business development and sustenance of their market share. Some of these factors are discussed in more detail below.

Interestingly, none of the start-ups are in mobile application and web development.

**START-UP MOTIVES AND EXPERIENCE**

The start-ups have entered the business for typical entrepreneurial reasons discussed in literature several times. All the start-ups interviewed have legitimate business start-up motivations. Sara and Amani started the business because they do not want to work for anyone. They want to retain control on their lives and doing so earn money. Salwa has strong conviction for creating value for her customers and develop unique products and services for her customers and society at large. She is working for numerous neglected groups in the society and building applications and skill development courses for house wives, jailed inmates and other economically under privileged sections of the society. Nihad has pure business motivations to make money and not report to anyone. She wants to build her own software empire where she is recognized as the boss.

**The Status quo Assessment of Female Technology Entrepreneurs**

The table 2 below shows that the start-ups have business strengths and opportunities that will make them successful and expand their market share if they strike the right strategy mix. However, they face a number of challenges and threats at several levels. These need to be assessed more and a future plan of action is required. These are discussed in factors of success as well, where their strategy is divulged showing how these young people are countering the challenges and issues. This table 2 is the summary developed from the interviews conducted.
Business Strengths

It is interesting to note that these start-ups ride on their strengths, i.e., technical expertise and knowledge. They are now established business and are achieving high growth rate. They inherit a developed market to exploit and achieve further growth. The market already existed and is developed by foreign companies and online businesses.

Business Opportunities

Salwa and Sara quickly identified premium pricing as market conditions are favorable. Whereas, Salwa pointed out to the larger government and business contracts in construction, governance, traffic and portal developments. Amani underscored that the market is growing and so is the entrepreneurship ecosystem of Saudi Arabia, energizing the sector. In current situation the large scale contracts are in abundance at the governmental level as the Kingdom is taking strides in e-governance. Similarly, large businesses especially in construction and retail sector are also vying for the software development and training.

<table>
<thead>
<tr>
<th>Business Strengths</th>
<th>Business Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• All the start-ups are technically qualified</td>
<td>• Premium pricing</td>
</tr>
<tr>
<td>• A ready market with capacity to absorb new innovative ideas is readily available</td>
<td>• Governmental/large scale contracts</td>
</tr>
<tr>
<td>• Established</td>
<td>• International expansion/Internet presence</td>
</tr>
<tr>
<td>• Growth rate is high</td>
<td>• Growth market</td>
</tr>
<tr>
<td>• Growth rate is high</td>
<td>• Entrepreneurship Ecosystem assistance</td>
</tr>
</tbody>
</table>

Table 2

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Competition expected at larger scale business</td>
<td>• Maintaining high growth rate</td>
</tr>
<tr>
<td>• Family Commitments</td>
<td>• Dominance of large companies in large scale contract business</td>
</tr>
<tr>
<td>• Business laws for women</td>
<td>• International Competition</td>
</tr>
<tr>
<td>• Women travel and business performance</td>
<td>• Long term sustenance of premium pricing</td>
</tr>
<tr>
<td>• Not enough support at Strategic and Institutional level of entrepreneurship ecosystem</td>
<td>• Knowledge of Saudi labour and business laws, including licensing and patenting and copy rights</td>
</tr>
<tr>
<td>• Physical set up of the business</td>
<td>• Selling skills</td>
</tr>
<tr>
<td>• Managing Employees</td>
<td>• Meeting government and other large business officials who are men</td>
</tr>
<tr>
<td>• Marketing and Business Strategy</td>
<td>• Threat of new entrants</td>
</tr>
<tr>
<td>• Business Skills of start-ups</td>
<td>• Customer Bargaining Power</td>
</tr>
<tr>
<td>• Planning</td>
<td></td>
</tr>
</tbody>
</table>
Threats

Sara and Salwa were quite straightforward in identifying that maintaining the high growth rate achieved is a big challenge and a threat at the same time suggesting that this can endanger the very existence of their business. Whereas, Amani was more concerned at the existence of the large scale companies in aviation industry and at the governmental levels where she wants to penetrate identifying the international competition. She also identified that sustaining premium prices would be threatened if she cannot maintain the growth rate and market permeation. All the start-ups were unanimous that the ignorance and changes in the laws makes it difficult for them to cope and they need time for the business and less pain from the law side. However, only Salwa and Amani identified the issues related to the copy rights and patenting as she has some software being developed which will require the copyright. Majority of government and large companies’ offices are dominated by male employees and Amani, Sara and Salwa also share their concern on meeting the men in governmental offices as a daunting task and threat their business deals. Interestingly, Nihad do not share most of these threats and main reason could be that she belongs to a business family. Nihad and Sara also identified that the threats from new entrants also exist and the customers have a lot of leverage over them as they are women and new entrants always face the difficulty.

Challenges

This is a little different than the push/pull or necessity/opportunity models envisaged by different researchers. Here it seems a mix of the push/pull or the necessity/opportunity basis. The start-ups seem to have been largely drawn into business to bring work-life balance, independence and flexibility, i.e., through mix of the circumstances.

Sara and Nihad identify a number of challenges faced by the women start-ups in Saudi Arabia. They mention difficulties related to setting, running and managing their business. Some of this challenges mentioned above were also identified by Simpson and However, some are different, including, Skills, Knowledge of planning regarding business, strategic, operations, financial etc. As Saudi Arabian entrepreneurship ecosystem is evolving and there is a dearth of institutions (like incubators and accelerators and companies that can support launching and operations related activities these start-ups face such difficulties. However, efforts are afoot to provide assistance to start-ups. Similarly, as reported in ecosystem studies the dearth of information on Saudi labour and business laws also hinder the smooth start-up and launching. All the four start-ups face this problem of understanding of the laws, rules and regulations. Skills like selling and human relations also are identified as major delaying and deterring factor in the business success’ On the other hand, in a pleasant surprise the start-ups astonishingly do not mention the issues related to conservatism and closed society which are tabooed on Saudi society and culture. The challenges and issues are purely business and ecosystem related. However, some restrictions from family and husbands regarding travel and education are identified (Identities of the start-ups with such issues are kept confidential). Ecosystem issues have been recognized and employee management, planning and strategy issues are also brought to fore. The family commitments are also relevant say Amani and Salwa. Hence the main challenges can be categorized into start-up, operational, skills and knowledge related. These issues have slowed down them establishing physical offices and they still operate virtually and through personal contacts and customer recommendations.
Start-ups successfully overcame these challenges as shown below.

Surviving in Harsh Entrepreneurial Ecosystems

There are a number of factors for the success of the female technology start-ups in Saudi Arabia. The literature asserts the education and its kind and level as a determining factor of success of the female start-ups. Contrary to that some researchers suggest occupational experience and sectoral expertise as an integral element of success. On the other hand, prior business experience as a key to success has also been identified. Whereas, there is also an opinion that the managerial expertise of the start-up as important and underlying factor of success.

The success of this technology start-up is realized through eight factors that helped them overcome the challenges and threats mentioned above. These factors have been identified in numerous studies as well. These factors have helped them gain on business strengths and they are now determined to convert the threats and challenges into business opportunities and the business opportunities into their strengths. Whether it was deliberate strategy by these young start-ups or it happened accidently it has helped them to succeed.

**Family Support**

Nihad and Amani are jubilant at the support they receive from their husbands and family. Whereas, Sara and Amani are also very satisfied in this regard. Their families have supported them financially, morally and in business. Families have also been instrumental in getting contracts said Nihad and Amani. The support from parents, in-laws and other members of family is number one factor of success contended Amani, Salwa and Nihad. Sara identified the family ability to support her in acquiring education and skills required to launch her business. The start-ups also underline and cherish the great respect their families have extended to them in realizing their goals and plans.

**Leveraging Social Media**

The start-ups have been instrumental in exploiting the social media. They capitalized on the facts that 58.84% of Saudi Arabian population is internet user and 29.58% population utilize social media. An astounding 173% of population has mobile phone accounts meaning that huge majority have more than one phone. Similarly, a considerable population of 25.72% has active social accounts on their mobile devices. Saudi Arabia ranks 6th on g+, 23rd on Facebook, 13th on YouTube and 3rd on Twitter. Annual growth in the uses of these social media is above 20% and she is confident of the success in future as well.

The start-ups strategy of creating social media accounts and reaching out to clientele has worked for them. They have presence on major social media platforms like face book, twitter, Google, YouTube and others. However, for their kind of business social media has not generated big business but traffic for their products and services. However, social media has given their businesses enough recognition.
Entrepreneurship Ecosystem - Institutional Level Support

Salwa, Nihad and Amani identified assistance from the institutional level entrepreneurship ecosystem stakeholders as important foundation of the success of their start-up. They received services from the chambers of commerce, banks and utilized initiatives of the Saudi Arabian government providing huge motivational assistance to start-ups including Human Resource Development Fund (HRDF), etc. Whereas, Sara identified the services of a number of privately held institutions to provide skill training. Though she mentioned the issues of the gender segregation and language. However, all agreed that since the ecosystem is evolving they understand that with the passage of time they shall receive more services.

Training

All the start-ups acquired some kind of entrepreneurial and business skills from their universities. Even though they graduated in computer science but the universities they went to offered holistic education and helped them in polishing their entrepreneurial skills. However, these skills alone were not enough and they attended extra courses. Rinad, Amani and Sara attended short courses on the leadership, team building and time management; whereas, Salwa also attended planning and project management courses. Acquiring these skills helped the start-ups to set up the business. Now they plan to take business launching training either at the incubators, accelerator or an education establishment to understand dynamics of physical business launch and expand the business from virtually to brick and clicks.

Technical Expertise

It has surfaced that the technical expertise these young start-ups acquired was the basis of their success. This has enabled them all to perform better and assure quality. All of them are computer science graduates and their studies provided them ample expertise in their fields of work.

Coaches and Mentors

Sara and Amani identified the role of coaches and mentors as special for their success. They have hired mentors who advise them on range of issues. Whereas, Salwa is working with a coach and Nihad’s husband acts as mentor and coach for her. Their coaches and mentors are seasoned entrepreneurs who went through the similar challenges and problems. They received assistance in business planning, operations and presenting price and work quotations (budgets and work) for the particular jobs.

Societal and Family Support

Amani asserted that contrary to taboos regarding Saudi Arabia, the society has never been sarcastic or behaved in any kind of restrictive fashion. She mentioned that the people had been very receptive, open and agreeable to her business. This could be because she does not have an office at the moment and operates from home. She keeps liaison with her team through internet and telephony. Similarly, Sara, Salwa and Nihad also vocally mentioned that society or any member of the society has never objected to their work and members of their enlarged families
also praised and supported them. This is in contradiction to work of different scholars who had pinpointed society support as a challenge. However, the literature is true for the time these particular researches were carried out but the turn of the century and especially past 7-8 years have seen great transformation in the society. This was not possible a few years back but now the society has transmuted and new ideas and the latest trends and changes are taken in with wide arms. This in itself is huge achievement for the Saudi society.

The role of husband and family has been undeniable fact in success of these start-ups. Families and husbands of these start-ups helped them maintain a balance between family life and the business. Their support for the business with money and encouragement, motivation, guidance and provided moral assistance has done great deal of good to these start-ups.

**Capitalizing on Market Opportunities**

The entrepreneurs consider the right market conditions including demand of their services and affordability of the customers served as important elements to succeed. The per capita income in Saudi Arabia is $52,800 according to the CIA fact book and it provides a lot of flexibility to businesses acquiring IT services. The businesses understand the importance of IT services and hence even micro scale businesses require the services these start-ups provide.

Sara, Amani, Salwa and Nihad, all are confident for years 2016 and 2017 and beyond that time to come would be even more fruitful.

Strategically the start-ups are in embryonic stage of their lifecycle where they have favorable competitive position. Keeping in view the success factors it can be assessed that they can have selective or all out push strategy utilizing their core competencies for increased market share and profit growth and can carefully and judiciously improve their market position. However, they require constant advising and physical business launch assistance and a coach, mentor and an incubator or accelerator would definitely help in this regard.

**SUMMARY OF FINDINGS**

The discussions above show that the dearth of information on Saudi labour and business laws hinders the smooth start-up and launching for the technology start-ups in the Kingdom. The lack of skills like selling and human relations also is identified as major delaying and deterring factor in the business success. This is in line with literature such as Coleman (2002). However, it is a surprise that the much talked and tabooed factors like close culture, masculine society, lack of encouragement from family and society etc. have been unfounded. The challenges and issues are purely business and ecosystem related, employee management, planning and strategy.

The success factors included occupational experience and sectoral expertise as an integral element of success. On the other hand, prior business experience as envisaged by Naguib & Jamali (2015) and Rahatullah (2014) as a key to success has also been identified. Harding et al. (2006) had opined that the managerial expertise of the start-up is important and underlying factor of success and the study amply provided the support for its existence.

The strategy of creating social media accounts and reaching out to clientele through it has helped them create reputation and brand recognition. They have presence on major social media platforms like Facebook, twitter, Google, YouTube and others. However, this media has not generated big business but traffic for their products and services. The role of coaches and mentors, technical expertise, capitalizing on the market opportunities has been well recognized by the start-ups and contributed to their success.
LIMITATIONS TO RESEARCH

The identification of female start-ups, reaching out, communicating and building a trust relationship to conduct an anonymous study is a huge challenge. It cannot be ascertained with this study that this was unique to this investigation or prevails more widely.

FUTURE RESEARCH

It is recommended that the future research is carried out on a wider sample with the help from small and medium enterprise authority and strategic and institutional level of the entrepreneurship ecosystem. This study should aim to explore, verify and expand upon the challenges and success factors itemized in this research. That investigation could be kingdom wide or even international.

REFERENCES


