



## The Challenges Facing Women Entrepreneurs: A Qualitative Study on the Sultanate of Oman

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### Chapter One: Introduction

The main focus of this introductory chapter is to highlight and explain the general key insights about the various challenges that women entrepreneurs in Oman are facing when it comes to doing business. In particular, this chapter has been divided into four sub-topics: background, problem statement, research objectives and research questions, and significance of the study. The purpose of this chapter is to provide both practical and theoretical foundations that will guide the research towards achieving the desired goals and objectives.

#### Background

**Women involvement in business.** Entrepreneurship has for many years been regarded as a male-dominated field (Chamlou, Klapper, & Muzi, 2008). However, current data from the World Bank has indicated that in recent years, there has been a gradual increase in the number of women entrepreneurs in different parts of the world. Chamlou et al. (2008) observe that in a survey that was carried out by the World Bank, it emerged that out of total 4,832 companies operating the Middle East and North Africa (MENA) region, a woman is a principal owner in nearly thirteen percent of enterprises. The implication of these World Bank data is that the majority of firms in the MENA region are owned by men. Chamlou et al. (2008) acknowledge that women entrepreneurs are often the minority in most countries, but when compared to Europe and Central Asia (ECA), Latin America and the Caribbean (LAC), as well as East Asia and Pacific (EAP) regions, their share in the MENA region is far lower than the latter ones. The available research and empirical evidence show that besides several other factors, the advancement in technology, innovations, development, and globalization have immensely contributed towards the significant growth of women entrepreneurship in many countries, including the Gulf Cooperative Council (GCC) member states (Zeidan & Bahrami, 2011). Zeidan and Bahrami (2011) add that not only do women entrepreneurs play an integral part in the development of their countries' economies, but also have an impact on the global economy. In the GCC states, many women have established new business ventures. From a historical perspective, women in the GCC countries have mostly assumed conventional roles in the society. In particular, women in these countries have majorly been defined in the context of raising children and taking care of their families.

**Entrepreneurship brief.** Entrepreneurship has in the last decade emerged as a transformational megatrend that has successfully reshaped industries and economies throughout the world (Patterson & Mavin, 2009; Allen & Truman, 2016). According to Allen and Truman (2016), entrepreneurship plays a crucial role in the development of a country's economy by contributing to innovativeness as well as service or product improvement. De Vita, Mari, and Poggesi (2014) point out that besides playing an essential role in reduction of unemployment rate in a country, it also is a key driver of the downstream and upstream value chain activities. In some parts of the world, entrepreneurship is driven by necessity (Ennis, 2018). However, the impactful entrepreneurship that was previously confined to markets that were regarded as mature is presently a crucial driver

of the growth and expansion of the emerging markets, for example, in China. Some of the outstanding contemporary impactful ventures include Virgin Airlines, Google, Twitter, and Facebook (Al Masah Capital Research, 2016).

The Al Masah Capital Research (2016) acknowledges that in many of today's growing economies, the number of entrepreneurs has increased spontaneously because of a wide range of factors, such as customized low-cost products, advancement in the digital technologies, openness to innovation, and growing consumer power. In the past few years, the international entrepreneurial landscape has recorded a significant paradigm shift in terms of trends (Al Masah Capital Research, 2016). In particular, small and medium enterprises (SMEs) are playing an essential role in economic and social development. A report by the Organization for Economic Cooperation and Development (OECD) shows that on average, SMEs contribute to about 50% or more to a country's GDP and provide jobs to nearly 60% of the domestic labor force (Al Masah Capital Research, 2016). SMEs also account for nearly 30% of a nation's exports. It is worth noting that the entrepreneurial composition is changing at a fast rate across the world, with a significant share of females joining the league.

**Why entrepreneurship is important to economic activity and growth in any economy.** A 2013 report by the Global Entrepreneurship Monitor (GEM) points out that almost half of the world's entrepreneurs are in the age groups of between twenty-five and forty-four, with people aged between twenty-five and thirty-four exhibiting the highest entrepreneurial activity rates (Al Masah Capital Research, 2016). Empirical evidence has established that technological innovation is a major stimulator of entrepreneurial activity. Increase in internet access has brought new opportunities for young entrepreneurs in developing countries. Businesses are taking advantage of the extensive use of digital technologies to develop innovative products and services and thereby encouraging the emergence of entrepreneurial activity.

Moreover, women-owned SMEs in the GCC countries, including those in Oman, contribute immensely to the socio-economic status of people in the region. However, the long-term growth, expansion, and competitiveness of these SMEs, whether owned by men or women, has been constrained by their inability to access debt finance from financial institutions (FIs), among other institutional and systemic challenges predominant in developing countries (Magd & McCoy, 2014; Bilal & Al Mqbali, 2015). In Oman, SMEs have been acknowledged by the government as the primary medium for alleviation of high unemployment rate. Bilal and Al Mqbali (2015) observe that the failures of the majority of Oman SMEs often occur at their initial phases of development and these difficulties are primarily caused by lack of financing that is crucial for maintaining competitive edge and improving operation. Accordingly, the women-owned and men-owned SMEs existing in Oman experience cash flow problems, which according to Lee, Sameen, and Cowling (2015) can be reduced through access to external finance.

**What the governments do to support female entrepreneurs.** The Omani government has formulated and implemented strategies that are aimed at diversifying the nation's industrial activities. The primary goal of the Omani government, according to Al-Sadi et al. (2011), is to encourage the private sector so that it can stimulate economic growth. In order to boost entrepreneurship in Oman, the government has adopted several Programs like Knowledge Oasis Muscat (KON) and SANAD Program (Al-Sadi et al., 2011). Subsequently, research and empirical evidence suggest that whereas entrepreneurship benefits teams at the micro levels, it also is a catalyst for job opportunities creation as well as economic growth and development at the macro level (Henderson & Weiler, 2010; Naudé, 2010). In many developing countries, SMEs are essential for supporting economic growth. The rationale for this being that entrepreneurship promotes development and innovation, creates jobs, and reduces unemployment rates in the rural areas (Acs, Desai, & Hessels, 2008; Baptista, Escária, & Madruga, 2008; Kalantaridis, 2010).

**Female / women entrepreneurs.** The small and medium sized businesses, like the ones involved in design, sewing, as well as beauty products and cosmetics distribution, that require little investments are owned by a significant number of Oman women. Nevertheless, Omani women entrepreneurs still face several challenges in the business environment. Notably, multiple studies have been carried out to investigate different aspects of women entrepreneurship, but the additional empirical investigation is required to examine the key challenges that women encounter in their quest to succeed in the business world. There is little effort, if any, on the part of scholars to carry out studies on women entrepreneurship in the GCC countries, presumably because a significant portion of this region's economy depends on the oil sector (Dechant & Lambert, 2005). The primary objective of this empirical investigation is to identify and determine the key challenges Omani women encounter in the course of establishing and managing their businesses and providing appropriate recommendations.

The increasing number of women entrepreneurs has become a global trend and an indication of their empowerment in society. Walker and Webster (2007) observe that in recent years, many women prefer to be self-employed, and this is the major driver of women entrepreneurship in many countries. It is interesting to note that many women entrepreneurs prefer to start businesses that are home-based (Walker & Webster, 2007). The primary driver for this preference is because starting a business gives women a flexible schedule that allows them to balance family and work.

Several studies have confirmed that if well supported by the relevant key stakeholders, for instance, the government, women entrepreneurs can significantly contribute towards poverty reduction in the society (Mathew, 2010; Sadi & Al-Ghassbi, 2010; Iakovleva, Solesvik, & Trifilova, 2013). Furthermore, empowered women can also play an important role in the mobilization of entrepreneurial programs, increase autonomy, and accelerate the attainment of improved social welfare. In turn, the performance of women entrepreneurs is influenced by the underlying barriers and facilitators. Although the success factors for both the men-owned and women-owned business ventures in the same industry and market are almost similar, women tend to encounter additional challenges like limited access to credit, finance and work-family interference (Chamlou et al., 2008).

## **Problem Statement**

The primary focus of this research was to examine the key challenges that the women entrepreneurs in Oman face in so far when starting and managing a business venture. The research critically analyzes the existing pieces of empirical evidence to isolate the recurrent obstacles that women entrepreneurs face. Subsequently, random sampling is carried out to select the participants. The selected Omani women entrepreneurs are interviewed to collect the relevant primary data.

The Sultanate of Oman is a country that is located in the Middle East and is the fourth largest oil producer in the world (Chavali, 2016). According to Chavali (2016), oil production contributed 45% of its national GDP in 2012. Notably, the recent global crisis in oil prices has had a significant negative impact on the economy of the GCC countries, including Oman. Consequently, the Omani government has initiated several interventions that are aimed at diversifying the economy to avoid the pitfalls that are associated with overreliance on oil production. The strategies that the Omani government has developed and implemented aim at reducing the country's dependence on the oil resources to about 5% of the nation's GDP by 2020 (Chavali, 2016). The programs that the government has started are giving the local women a lot of motivation, by offering them a favorable environment to establish their businesses. The Sultanate of Oman recognizes the importance of female entrepreneurship in growing the economy of the country. In this regard, the government has started several incentives that are aimed at encouraging them to start their business ventures. For example, the Omani government provides women with free career education, training, and interest-

free capital to encourage them to establish small business enterprises. However, Oman, as one of the countries in the Arab world, is majorly a patriarchal society. Thus, this means that there are several unwritten rules that restrict and limit the social and economic participation of women in entrepreneurial activities.

The Oman government has launched the “Omani Vision 2020” as its blueprint for accelerating social and economic progress in the country (Strolla & Peri, 2016). Basically, this blueprint highlights Oman’s social and economic goals over the coming two and a half decades. First, the government of Oman seeks to put in place adequate measures that will help the nation to achieve financial and economic stability. Second, the Vision focuses on reshaping the role that government plays in the growth of country’s economy and broadening the base for private sector participation in economic development (Al-Hamadi et al., 2007). Third, the Omani Vision 2020 provides a roadmap that guides the state towards globalization of Oman’s economy. Finally, this blueprint focuses on implementing policies that will upgrade the skills of Oman workforce and more importantly, develop the country’s human resource (Al-Hamadi et al., 2007).

It is worth mentioning that whereas the participation of men in social, economic, and political spheres is rarely questioned, the involvement of women in business spheres is complicated by the fact that in a patriarchal society raising children and taking care of the family is considered a responsibility of women (Al-Riyami, Warren, & McElwee, 2004). Consequently, the view of the Arab society on these functions being performed by women has significantly impacted the ability of women in Arab countries to own and effectively manage businesses that help them to generate revenue. The interest of the Omani government in diversifying the national economy has led to a focus on human resources. Since women make up nearly a half of the country’s total population, they play a crucial role in supporting the government’s program of shifting its focus to the available labor force. It is worth pointing out that a critical review of the available body of knowledge indicates that there is little information about the problems that the Omani women entrepreneurs encounter on a regular basis. The key challenges include lack of social support, lack of access to financial resources, lack of adequate training and education, and work-family interference. Basically, culture is a composition of behavioral patterns, beliefs, norms, and values of a society or group of people (Adesua-Lincoln, 2011). The culture of the Omani society regards a man as a sole breadwinner in a family and thus, when a woman starts a business for purposes of generating income, members of the society do not perceive this in a positive way. Consequently, the majority of the Omani women entrepreneurs do not receive the necessary social support that can help them establish and run a successful business enterprise.

Moreover, when it comes to access to financial resources, multiple studies have reported that this is a significant obstacle for women entrepreneurs across the world (Adesua-Lincoln, 2011; Halkias, Nwajibu, Harkiyakis, & Caracatsanis, 2011; Kwong, Jones-Evans, & Thompson, 2012). Women in Oman also face this global challenge when it comes to starting a business venture. It is important to point out that the lack of access to financial resources is not exclusive to women entrepreneurs. However, women appear to be the most affected by the lack of access to initial financing. Women entrepreneurs in Oman, when compared to the men entrepreneurs, often start their business with a lesser total capitalization. Hence, they cannot compete favorably with their male competitors.

Empirical evidence has also revealed that women entrepreneurs in many parts of the world lack sufficient education and training on how to manage a business. The entrepreneurial activities of women in Oman have been limited by this lack of adequate training and knowledge base on business management. However, the Omani government has taken significant strides towards developing programs that focus on empowering women entrepreneurship through the provision of education to girls and women. The work-family interference is another key challenge that a

significant number of women entrepreneurs encounter in the course of starting and managing a business venture.

## **Research Questions**

RQ1: What are the policies of Omani government for support of women entrepreneurs that enhance their involvement in business activities?

RQ2: What are the main challenges faced by Omani women entrepreneurs that limit their involvement in business activities?

RQ3: What are the strategies offered by Omani women entrepreneurs that help them overcome the challenges?

## **Significance of the Study**

The present empirical investigation is meaningful in two main ways. First, the insights and findings of this study have contributed to the existing theoretical understanding of the status of women entrepreneurship in Oman and the unique challenges that this category of the general population experiences in the business environment. Second, the results of this study have practical implications in regard to the involvement of government and non-governmental organizations in promoting the participation of women entrepreneurs in Oman's economic growth and development. Notably, the theoretical and practical implications of the findings of this research may contribute to the formulation and implementation of relevant policies by the Omani government in respect to supporting women entrepreneurship.

**Practical contributions.** The practical implication of this research is that the findings drawn from the analysis of the collected data can be utilized by both government and non-governmental agencies in Oman to improve programs for supporting women entrepreneurs in the country. For example, this research has established that the Fund for Development of Youth Projects launched in 1999 by the Omani government is attracting fewer women entrepreneurs compared to the SANAD Program. In particular, a critical review of research evidence shows that the main reason why entrepreneurs in Oman, especially women entrepreneurs, prefer the SANAD program instead of Fund for Development of Youth Projects is that the former utilizes a model that is aimed at supporting smaller business projects whereas the latter has primarily focused on providing assistance to bigger business ventures. Thus, this research makes appropriate recommendations to the Omani government regarding the needed policy change so as to attract more female entrepreneurs to the Fund for Development of Youth Projects. The other practical implication of this research is that it identifies the key challenges that female entrepreneurs in Oman experience and rationalizes the importance of the government's involvement in addressing each of the obstacles.