
Preliminary investigation of Yemeni women entrepreneurs: some challenges for development and barriers to success

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Abstract: This study aims to examine the role of women business owners in Yemen. It establishes the factors that motivate Yemeni women to establish their business venture, opportunities for growth, and discusses challenges and barriers to becoming successful entrepreneurs. Qualitative research approach is adopted via personal in-depth interviews with Yemeni women entrepreneurs in various businesses. Findings from the study reveal that there are several reasons driving Yemeni women to become entrepreneurs, including the desire to be independent, improve the standard of living, source of income to support family, and gaining control over personal life. The study also highlights several problems and barriers to success for these women entrepreneurs. The overall findings from the study suggest that Yemeni women entrepreneurs have strong entrepreneurial competence but lack the ability, and receive no continuous training and support service to develop their entrepreneurial skills to their full potential. Suggestions concerning how women entrepreneurs in Yemen might be encouraged and questions for future research are presented.

Keywords: women entrepreneurs; Arab; Yemen; Middle East and North Africa (MENA) region.

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1 Introduction

This paper explores some of the motivation factors of why Yemeni women choose to become actively involved in entrepreneurial activities, and examines what barriers and challenges may be preventing them from becoming successful entrepreneurs in Yemen. Compared to research on women entrepreneurs in developed and developing countries, research on women entrepreneurs within the Middle East and North Africa (MENA) region is still rather limited and almost non-existent. For instance, there is virtually no academic literature that addresses women entrepreneurial behaviour and their business activity in Yemen. A number of plausible explanations may exist.

Most of the studies on women-owned and operated businesses are rooted in the experiences of women in the developed industrialised nations of the West. While some studies have been conducted on women's business activities in developing and transition economies in other part of the world, scant attention has been paid to the Arab world (Dechant and Al-Lamky, 2005; El-Ghannam, 2002; Maysami and Goby, 1999; Abdalla, 1996). Therefore, not much is known about the role and behaviour of women entrepreneurs in Arab society, in general, and Yemen, in particular, although participation of women entrepreneurs exists, and has been claimed to be as an important contributor to the economic growth of the nation (International Finance Corporation and Centre for Arab Women for Training and Research, 2007). In addition to contributing to economic growth, women entrepreneurs in the Middle East have also added diversity and choice in the Arab business environment, and have been seen to improve opportunities for gender equality. According to Hisrich and Lerner (1997), women business owners have been shown to be instrumental in modernising developing economies and in facilitating the evolution of free enterprise in transition economies. Because of these contributions, and given the important gap in the current literature, it is hoped that this paper will serve as a starting point for describing entrepreneurship activity as experienced by Arab women, and enable a better understanding of a range of important issues pertinent to Yemeni women entrepreneurs. The aims of this study are to provide a foundation from which appropriate measures can be taken to increase and improve the development of women entrepreneurial activity in Islamic culture. Infused with

Arab and Islamic values, the unique cultural milieu plays a major role in shaping the entrepreneurial experiences of the Yemeni women business owners studied.

Table 1 Social development funds and supported microfinance institutions and programmes, 2007

<i>Programme</i>	<i>Number of clients</i>		<i>Areas of operation</i>
	<i>Total</i>	<i>Women (%)</i>	
National Microfinance Foundation (NMF)	8,522	98	Capital City, Yarim (Dhamar), Qa'edah (Ibb), Taiz
Sana'a microfinance programme (Azal)	2,520	88	Capital City
Wadi Hadhramaut savings and credit programme	1,172	28	Sayoun, Tareem, Al-Kuten and Al-Soum (Hadhramaut)
Aden Microfinance Foundation	1,968	85	Dar Sa'ad, Al-Buraikah, Al-Mu'alla, Al-Tawwahi, Crater and Sheikh Othman (in Aden) and Lahj
Abyan savings and credit programme	2,121	100	Abyan
Nama'a microfinance programme	3,435	30	Aden, Sana'a, Taiz
Hais credit and saving Programme	796	91	Hais, Jabal Ras, Khoukha, Zabid (Al-Hudaidah)
Al-Hudaidah microfinance programme	3,804	79	Bajil and Al-Hudaidah City
Al-Awael Microfinance Company	3,147	100	Taiz City
Sana'a microstart programme	519	67	Capital City
Small enterprise development fund	1,957	6	Aden, Capital City, Al-Mukalla, Taiz

Source: SFD, Annual Report 2007

It is generally known that women form the largest potential untapped human resource reserve, particularly in an Arab society. While the participation of men in all arenas –economic, political and social – is unquestioned and undeniable, the participation of women in the labour force is greatly complicated by the fact that, women are subject to a number of ethical, coded and unwritten social mores in a patriarchal, male dominant society. This, therefore, has traditionally restricted entrepreneurial endeavour (Roomi and Parrott, 2008). Women in Yemen face a number of unique and complex social norms, which can make it difficult for them to become actively involved in entrepreneurial activity. The Yemeni society is strongly influenced by religion, culture and custom, especially concerning the role of women in society, which, undoubtedly, hampers their entrepreneurial talents. Yemeni women are likely to place greater importance and focus on feminine values and those best suited to being a homemaker. Despite the strong influence of religion, culture and norms, the emergence of nascent women entrepreneurs in the MENA region is undergoing significant changes with an increasing number of Yemeni women venturing into business activities (GEM, 2007). A baseline survey conducted by the social fund for development (SFD) and the World Bank in 2004 (Van Elk and Wijmenga, 2000) estimated that the number of Micro, Small and Medium Enterprises (MSMEs) in Yemen was around 310,000 enterprises with more than 224,000

micro enterprises, 76,000 small enterprises (2–4 workers), and 10,800 medium-sized enterprises (5–50 workers). From these statistical figures, 3% of MSMEs were owned by women. Most women (77%) are in traditional female activities in the services sector such as in beauty care, education, tailoring, health services, trade, retail services, while 73% of men are involved in manufacturing/processing. The World Bank Enterprise survey data 2003–2006, reported that the number of female-owned firms is often as large as male-owned firms in small and micro size enterprises in Yemen. Most women own their firms individually, at the rate of 78% which is comparable with male individual ownership (80%). As shown in Table 1, the percentage of women participating in business activities that have received financial support from the SFD and microfinance institutions (MFIs) for various entrepreneurship activities and programmes in various locations is relatively high compared to men.

In relation to the comparison of the distribution of male- and female-owned firms, it shows that the total percentage of female-owned enterprises in MSMEs is 80% in Yemen (for a comparison with other Arab countries see Table 2).

Table 2 Distribution of male- and female-owned firms, by size and average years of experience

Country	Size of enterprise (percentage of all enterprises of relevant gender ownership)								Years in business (average age across all sizes)	
	Micro (1–9 employees)		Small (10–49 employees)		Medium (50–99 employees)		Large (100+ employees)		M	F
	M	F	M	F	M	F	M	F		
Egypt	4.9	4.4	52.1	45.0	8.2	8.8	34.8	41.9	21.3	21.9
Jordan	17.1	5.4	44.5	52.7	14.5	12.2	23.9	29.7	14.5	15.1
Lebanon	9.2	9.8	64.1	60.9	13.5	9.8	13.1	19.6	28.4	30.7
Morocco	0.0	0.0	47.7	36.4	17.8	22.7	34.5	40.9	17.7	17.0
Saudi Arabia	0.6	0.0	41.6	27.4	28.1	32.3	29.8	40.3	18.7	23.4
Syria	29.3	29.6	50.8	55.6	11.8	7.4	8.1	7.4	15.6	18.7
Yemen	44.6	52.4	32.6	23.8	10.9	4.8	12.0	19.1	13.6	18.8

Source: World Bank Enterprise Survey Data (2003–2006)

Given this phenomenon, there is a clear call for a study to be developed to better understand the factors that motivate or inhibit Yemeni women developing their entrepreneurial capacity and help address the existing gaps in the current literature. Thus, the next section briefly explains an overview of the entrepreneurial context in Yemen.

2 Yemeni context: a brief review of women entrepreneurial activity

Yemen, with 21.6 million people, US\$650 and US\$500 GDP and GNI per capita respectively, and a growth rate of 2.5 to 3%, is one of the least developed countries in the Middle East, with nearly 40% of the population below the poverty line [International Finance Corporation (IFC) Final Report, 2007]. Population growth is very high (3.02%

annually) and is doubling every 19 years. It is expected to reach 38 million by 2026. The under-15 age group represents 46.3% of the population creating a huge demand for education and health services, access to clean drinking water and job opportunities. The economy suffers from severe unemployment, with only 5.8 out of 21.6 million people formally employed. In terms of educational attainment, few girls reach secondary or tertiary levels. Among the country's principal industries are small-scale production of cotton textiles and leather goods, food processing, handicrafts, small aluminium products, cement production, and commercial ship repair. The journey of business enterprises in Yemen has not been an easy ride. A large part of economic activity in the country is unregistered, operates on a small or micro scale, and employs only family members. Poor road conditions and the lack of adequate infrastructure make it expensive to serve potential clients. The low level of professional education and training, and the absence of larger enterprises forces most young people to look for employment opportunities within their own family. Successful entrepreneurs are expected to provide job opportunities with less successful relatives.

Though small-scale industries have been the bastion of the economy, their advancement in recent decades has been insignificant (Yemen Country Report Analysis, 2009). Their transformation into medium scale industries has been minimal and almost negligible into large-scale industries. The government of Yemen has recognised that there are constraints faced by small and medium size enterprises¹ (SMEs), and is committed to assisting in the development of a thriving small business sector. To demonstrate this commitment, the government has created and tasked institutions like the SFD, which was established in 1997 to work with and develop SMEs. The SDF works to provide financial and non-financial support services to MFIs and partners working in the SMEs sector, assisting their growth and development. The SFD has established a number of MFIs, most of which were started as NGO projects and now strive to become sustainable MFIs with the objective of providing sustainable services that target different segments of entrepreneurs in the country. MFIs offer loans to their target clients ranging from YR 5,000 to YR 250,000 (US\$25 to US\$1,250). According to the SFD 2008 report, the number of active borrowers associated with the MFIs has reached more than 33,000 of which 80% are women. Table 3 identifies the list of MFIs providing financial services and support to targeted Yemeni entrepreneurs.

To understand the development of entrepreneurial activity in Yemen, it is also important to recognise the country's culture. In the context of the cultural perspective, similar to many Arab Gulf states in the Middle East, Yemen shares many societal ethical norms that stem from common religious, social, political and economic practices which, when merged together, result in a culture that differentiates it from societies in other developed and developing nations. Yemen is a highly patriarchal society, with women tending to move from their family home to their husband's home upon marriage. Women do not enjoy the same equal opportunities as men because of a number of deep-rooted discriminatory, socio-cultural values, and traditions. Discriminatory social attitudes and expectations that women should remain at home have a strong impact on girls' educational attainment and, later, business and employment opportunities. Women in Yemen face large gender disparities, with significant gaps in access to economic, social and political opportunities: the country ranks 155 out of 156 according to the UNDP gender development index 2009.

Table 3 List of MFIs in Yemen and their target clients

<i>Name of MFIs</i>	<i>Target group</i>	<i>Year of establishment</i>	<i>Range loan amount</i>
Al-Amal Microfinance Bank	Low and limited income households, who have no access to the current banking services.	2002	N/A
The National Microfinance Foundation (NMF)	The economically active poor, especially women.	October 2003	US\$25 – US\$1,250
Aden Microfinance Foundation (AMF)	Poor and low-income families living in the targeted areas with low income, especially those having activities and expertise in managing small economic activities.	June 2005	US\$50–US\$1,000
Hodeida microfinance programme (HMFP)	Poor entrepreneurs who own very small businesses in the city of Hodeida and the nearby areas.	June 1997	US\$50–US\$1,250
Sana'a microfinance programme (Azal)	Owners of small and micro enterprises.	October 2001	
Nama' MF programme	Owners of small and micro businesses.	April 2000	US\$100–US\$250
Al-Awael MF Company	The segment of women entrepreneurs working in the small and micro enterprises sector who are in need of financing their working capital to continue developing and investing in their activity.	May 2000	US\$30–US\$1,000
Savings and credit programme – Abyan	Women from poor families inhabiting the targeted areas who have a low income, especially those with expertise in the management of income generating activities.	October 2003	Max–US\$2,500
Wadi Hadhramout credit and savings programme	Small and micro entrepreneurs (men and women).	May 2000	US\$100–US\$750
The small loans programme (SOFD) – Sana'a	Women who own small enterprises, and work in handicrafts.	May 2000	Max – US\$400

Source: International Finance Corporation and Centre for Arab Women for Training and Research (2007); SFD (2008)

Yemen society has traditionally placed very little value on women's participation in activities outside the home environment. Traditionally, women in Yemen are expected to function mainly within the domestic household unit, housekeeping, mothering and nursing children, homemakers, cooking and managing available resources to sustain family members. Charumathi (1998) suggests that one of the main weaknesses of women entrepreneurs in India is that women's enterprises take second place to the home. Traditional Yemen culture dictates that women should not work in an environment where they mix in close proximity to men who are not members of their families. Freedom for

women to deal with men in business operations is rather limited and thereby affects interaction with others. However, despite the dominant cultural beliefs, the government believes that both men and women need to play their part in contributing to the economy and society. The government of Yemen is now undergoing a transition process and is more committed to promoting the pivotal role of women in the social, economic and political development of Yemen society. This has led to a strong increase in the participation rate of women in micro, small and medium size businesses. Throughout Yemeni society, there has been an increase in the number of indigenous Yemeni women entering into business, and, unquestionably these women are contributing economically to the wellbeing of their families and the development of Yemen.

3 Research into women entrepreneurs

3.1 Motivation for women entrepreneurs

Most surveys have been carried out to examine and investigate factors influencing women to become entrepreneurs. In contrast to men, the circumstances under which a woman becomes an entrepreneur are unique and varies for each person (Amit, 1994; Hisrich et al., 1996). According to Robinson (2001), they are motivated by a combination of both *push*, and *pull* factors, which are now a common way of explaining the different motivations for women to start a business (Brush, 1990; Buttner and Moore, 1997). The *push* factors are elements of necessity and may result from poverty, low family income, unemployment, low job satisfaction or lack of job opportunities, and strict working hours. The *pull* factor, however, is related to self-fulfilment, desire for wealth, the need of fulfilling the desire to help others to attain self-accomplishment (Robinson, 2001; Thompson and Hood, 1993; Hisrich and Brush, 1986) and the need to be independent (Jamali, 2009). Dhaliwal (1998) and Seet and Ahmad (2008) found the push factors to be evident in the study of women-owned businesses in developing countries. Empirical evidence on the 'push and pull' factors revealed that women entrepreneurs in developed countries are influenced by the need for achievement, while women entrepreneurs in developing countries are influenced by a combination of push and pull factors (Orhan and Scott, 2001). Dechant and Al-Lamky (2005) studied twelve (12) women entrepreneurs in Bahrain and Oman and found that their major motivations for starting a business were: business opportunity, the need for achievement, self-fulfilment, and the desire to help others. In the study of entrepreneurship in China, Pistrui et al. (2001) found that personal and family income were cited as major reasons for setting-up businesses. Factors related to the desire to achieve flexibility between work and family lives are also important in motivating women to join the business world (Cinamon and Rich, 2002; Moore, 2002). In another study, Hisrich and Brush (1986) found that achievement and job satisfaction were the motivating factors most often cited by women entrepreneurs, while power and status were ranked and rated as the least motivating factor. A 'pull/push' model reflects most entrepreneurial motivations, and one female-specific feature is the push factor of a flexible work schedule to accommodate a growing family. In recent years, considerable attention has been devoted to the 'glass ceiling' – the seemingly impenetrable barrier that prevents female mid-managers from moving up to the executive level and becoming entrepreneurs (Crichton, 1996; Griffin, 1995). Consistent with the research of Hisrich et al. (1996), these experienced women who leave large organisations to become

entrepreneurs may be leaving their corporate positions because of the glass ceiling, in effect an organisational push motivator. For this reason, women may be pushed into an entrepreneurial venture by the need for a solution to an existing problem. In sum, current literature offers various reasons, inconsistent predictions, and empirical evidence is far from being conclusive in explaining the reasons why women venture into business. Therefore, in short, there seems to be a general viewpoint among studies regarding what motivates women to venture into entrepreneurial activities.

3.2 Development constraints facing women entrepreneurs

Although the reasons for starting a business may be a driving force in motivating women to become entrepreneurs, they certainly face various constraints and problems, either at the start-up stage or during the later phases of business operation. Research has suggested a wide range of possible explanations concerning the challenges faced by women in becoming successful entrepreneurs. According to McKay (2001), among the obstacles faced by women entrepreneurs are: obtaining capital; acquiring appropriate training; resistance from relatives, family and friends; overcoming cultural conditioning and discrimination. Access to capital is probably the mostly commonly cited hurdle experienced by women entrepreneurs (Mitra, 2002; Verheul and Thurik, 2001; Izyumov and Razumnova, 2000). Women entrepreneurs seem to face discrimination when it comes to financing, as reported in several studies (Coleman, 2000; Carter and Rosa, 1998). This is supported by the study of Carter et al. (2001), where the findings revealed that women entrepreneurs at the initial start of doing business find it difficult to raise the start-up capital as they do not have the required wealth; they cannot secure the required collateral to obtain a bank loan, and they cannot establish a good relationship with banks as they encounter gender discrimination and stereotyping. Within developing economies, many women micro-entrepreneurs rely upon micro-finance programmes extended by local banks or offered by government/international agencies such as the World Bank as sources of start-up capital (Bliss and Garratt, 2001; Esim, 2000). In the later phase of the business operation, other common obstacles to women entrepreneurs are weak economy, the inability to hire reliable employees, and stiff competition (Chu et al., 2007; Benzing et al., 2005). According to Hisrich and Brush (1986), the lack of experience in financial planning, difficulty in attracting customers, an absence of professional networking, and the demands of the business appear to be other barriers encountered by women entrepreneurs. Considering these factors it suggests that the problems faced by women entrepreneurs in the start-up stage differ from those of the later phase of business operations.

4 Research methodology

4.1 Sample and questionnaire

To date, there are few studies of Yemeni women entrepreneurs. Very limited information can be found as it is difficult to conduct studies in an Arabic society, and supporting statistical data from the government is either lacking or conflicting. While some studies on small and micro business have been completed in Yemen, no official studies have focused on how women entrepreneurs behave as they operate their businesses. As a

result, there is no information on the actual problems faced by Yemeni women entrepreneurs, how they operate their businesses, or the challenges faced by them. This may be because; gathering information to conduct research on women throughout the MENA region is particularly difficult due to cultural constraints (Atkinson, 2007). Also, many women do not register their businesses because they cannot do so officially, and many operate their business outside the public eye (Abdullah, 2007).

Therefore, in accordance with the exploratory nature of the present research, a qualitative research approach – using personal interviews – was considered more suitable (Eisenhardt, 1989). Qualitative researchers stress the socially constructed nature of reality, the intimate relationship between the researcher and the researched, and the situational constraints that shape reality (Denzin and Lincoln, 2000). While interviews enable the researcher to obtain the respondent's own views, they provide the respondent and researcher equal status in the dialogue. This is especially useful in qualitative research when ethnography is not possible (Burns, 2000). The use of in-depth interviews enables a researcher to gain insights and understanding of complex, sensitive issues or very personal topics. It was, therefore, considered to be the most suitable method to uncover the hidden issues that go beyond the usual clichés about women entrepreneurs.

For this study a data collection instrument in the form of an 'interview guide' was used to collect data. The 'interview guide' was simply a guide and allowed for flexibility in the sense that no data was excluded on the basis of falling outside the existing measurement frame. The research utilised (10) ten in-depth interviews with Yemeni women entrepreneurs who were identified through referrals from the SFD and MFIs in Yemen. Although the sample size was relatively small, it is considered acceptable for an exploratory study (Burns, 2000; Dechant and Al-Lamky, 2005; Jamali, 2009). The interviews were semi-structured, that is, a range of topics and specific questions served as a base, but the interviewer mostly followed the women entrepreneur's articulation of their thoughts. The interviews were conducted Arabic and English. If any of the respondents experienced language barriers, difficulties, assistance was provided by the local contact person in Arabic (an Arab women translator).

4.2 Interview process

To obtain a better overall understanding of women entrepreneurs, an interview was conducted with a woman business owner. Each interview took place at the respective respondent's business premises. A wide range of issues were addressed, covering the reasons for becoming an entrepreneur as well challenges in running a business, and any particular issues that confronted them in operating a business in an Arab/Islamic society. Each interview lasted between one and two hours, and was tape-recorded with the approval of the interviewees and then transcribed.

This research is directed towards learning from entrepreneur's own experience, and expectations. The purpose of the study is to try and understand the experience of Yemeni women entrepreneurs and the meaning they make of that experience. In-depth, face-to-face meetings were used to enable participations to discuss issues of importance. An interview schedule was used to ensure that important matters were not missed, but every effort was made to ensure that the interviewees responded as freely as possible. The names of the respondents/businesses have been altered for the purpose of confidentiality.

5 Findings: qualitative evidence from the case study

The profiles of the respondents are summarised in Table 4. The majority of the Yemeni women surveyed are the sole owner of their business. In terms of personal characteristics, nine of them are married, and one divorced. All of them have between two to seven children. Their businesses are either sole proprietorships or employed one to five employees. The oldest business was six years old and the newest was two years old. They engage in very small-scale, home-based enterprises, and people from their neighbouring community are their main customers. All the respondents claim that the starting capital for the business was from their own personal savings, or from borrowing from friends and relatives. The businesses include beauty salon, hairdressing, textile, buying/selling clothes, manufacturing process, selling spices, selling food baskets, sewing, and to a lesser extent handicrafts. During the interviews, some respondents asserted that woman in small businesses in Yemen are increasing.

Table 4 Brief profile of respondents (Yemeni women entrepreneurs)

<i>Respondent</i>	<i>Age (years)</i>	<i>Marital status</i>	<i>Nature of business in general</i>	<i>Duration (no. of years)</i>
Case 1	25	Married	Beauty salon/hairdressing	2 years
Case 2	33	Married	Textile/tailoring shop	5 years
Case 3	30	Married	Manufacturing process	2 years
Case 4	31	Married	Spices store	4 years
Case 5	29	Married	Beauty shop – wedding dress	3 years
Case 6	31	Married	Handicrafts	3 years
Case 7	36	Married	Tailoring – making cloth for women	6 years
Case 8	41	Divorced	Hairdressing salons	6 years
Case 9	35	Married	Buying and selling clothes	3 years
Case 10	42	Married	Selling food baskets, sewing	5 years

5.1 Motivational factors for Yemeni women entrepreneurs

This research concurs with existing literature that there are a range of reasons why Yemeni women become entrepreneurs. The findings presented in Table 5 show that the main motivating factors driving Yemeni women to become entrepreneurs are varied and dependent upon their circumstances – most notably, a desire to be independent (22%), to improve the household's standard of living (19%), bring in supplemental income to family (14%), and contribute to society (11%). This appears logical especially as the unemployment rate in Yemen is very high and, consequently venturing into business enables them to generate an additional source of income. According to the GEM (2007) study, educated young women in Yemen face significantly higher rates of unemployment than young men with one out of three university-educated women who are available to work unable to find employment. Therefore, self-employment offers a viable, alternative employment option for young women in Yemen. Other reasons cited by women to start a business are freedom and flexibility, family loyalty, limited job opportunities, inability to find a suitable job, business opportunity, and do something they love.

Table 5 Motivation for starting a business by Yemeni women entrepreneurs

<i>Motivation</i>	<i>Percentage of respondents</i>
Desire to be independent	22
To improve household standard of living	19
Supplement income for family	14
Contribute to society	11
Freedom and flexibility	8
Family loyalty	7
Presence of business opportunities	6
Lack of job opportunity	5
Inability to find suitable job	4
Other	4
Total	100%

Table 6 Major constraints faced by Yemeni women entrepreneurs

<i>Constraints</i>	<i>Percentage of respondents</i>
Poor access to capital	21
Limited financial management and marketing skills	20
Limited possibilities for continuous training/support services	17
Lack of business networking	15
Limited access to new potential market	11
Lack of business experience	10
Other	6
Total	100%

5.2 Constraints to business development and growth

Women business owners in Yemen cited similar challenges in doing business, but with different rankings that vary depending on their specific business environment. Among the top challenges faced by the majority of women surveyed are: poor access to capital, lack of collateral, limited financial management/marketing skills, and limited possibilities for continuous training/support services. Other highly ranked key challenges are the lack of business networking and the importance of gaining access to new potential markets for their products or services, and a lack of business experience. Table 6 offers a summary of the problems faced by Yemeni women entrepreneurs. This seems consistent with some findings of McKay (2001) on the problems faced by women entrepreneurs, and several findings of Dechant and Al-Lamky (2005) concerning Arab women-owned businesses. Details of the explanations are as follows:

- *Poor access to capital* – accessing credit, particularly for starting an enterprise, is one of the major constraints faced by women entrepreneurs in Yemen. Under Yemeni law and the regulatory framework, once a woman is of legal age, she is permitted to obtain loans and make financial transactions. However, as often cited by the respondents, traditions and customs pose significant barriers for women in

approaching, negotiating with, and physically going to banks, which are considered the realm of men. Yemeni women seem to face discrimination when it comes to financing. One of the women surveyed previously sought external financing for her businesses during the preceding 12 months. However, the result was rather disappointing. When asked how she felt about the result, she replied, “I feel frustrated with the outcome. The bank has turned me down. I’ve prepared to expand my business operation but now it has hampered me”. Most respondents claimed they have not received any financing from a formal financial institution. One of the respondents stated that it is hard to apply for loans as she does not have any personal contacts in the banks or government agencies. Furthermore, these financial institutions required a good credit history and collateral to be in place (i.e., land, pay roll deduction, gold, secure income, etc.), and preparation of extensive paperwork before the loans can be approved. As one of the interviewees claimed, “how can I have a good income track record as I am only running a small scale business? Furthermore, it is hard for me to prepare bank documents as I’m unable to write and never go to school”. Sometimes, credit may be available through several schemes but there are bottlenecks and gaps, and the multiplicity of schemes is often not adequately listed nor is there networking among agencies. Additionally, some respondents also cited that even when they meet the eligibility criteria, the financial institutions still perceived them as too great a credit risk, and asked to identify male guarantors from a private company or governmental entity. Understandably, this makes the process more complex and complicated. The amount of loans is relatively small and interest rates were considered too high. For example, Tadhamon Islamic Bank, which is the largest Yemeni Bank according to the total assets, offered loans to MSEs ranging from US\$200 to US\$1,000 for group lending, and US\$250 to US\$2,500 for individual lending. Loan duration varies between one to 24 months with interest varying between 15% flat for individual loans, and 18%–24% for group loans. In sum, with limited access to formal finance, women are financing their businesses mostly through personal sources such as personal savings, friends and family resources, and by reinvesting business earnings.

- *Limited financial management and marketing skills* – women in Yemen are unlikely to have received formal education, or have experience in starting and managing a business, and, consequently, have a lower potential for growth and success. Most women in the study have not attained formal education. Only two respondents graduated from the local university. Although they are willing to go for financial and business training sessions offered by various institutions/government agencies, the main constraint is their time schedule arising from family responsibilities and business commitments. As a result, these women are less equipped to manage certain kinds of business, and lack management, and financial knowledge. During the interviews some of the respondents claimed that their loan request are hampered because they lack competence skills and have limited financial management and marketing knowledge, also they experience difficulty in preparing business plans, have no systematic bookkeeping and find it hard to organise a financial budget for the loan application process. One of the interviewees mentioned that she faces a challenge in promoting and marketing her products in a professional way. She does not have a proper packaging system for her product, and consequently, her products do not look attractive to customers. This means that women’s businesses, even those

with significant growth potential, tend not to expand beyond a certain size due to the lack of specific business knowledge and skills. Support organisation such as the World Bank cite a lack of sales and marketing skills as the most commonly reported problem faced by women entrepreneurs, after finance., which is similar to the case of Yemen.

- *Limited possibilities for continuous training and support service* – means that women may start their business without adequate skills. Training and support encompasses the following interventions: encouraging and assisting relevant business support initiatives; appropriate financial assistance; educational and mentoring programmes: establishing a networking structure; development of partnership and many more. Based on the interviews in this study, the respondents reported that most of the business ventures were very small and had hardly grown since inception. However, they are largely optimistic and poised for growth but in need of some direction, guidance, and assistance from experts of related agencies to achieve their goals. Most of the participants from the interviews are very optimistic regarding their own enterprises. However, very few of the women entrepreneurs are interested in receiving and joining proper training and support services, even though they believe it will benefit the growth of their business, especially when applying for loans from financial institutions. Even when training is available, it becomes problematic as many women may be unable to attend because of family commitments and responsibilities, or are concerned that the content and method of delivery may not be appropriate. Furthermore, some respondents claim that to attend week-long training programmes is difficult as they are dependent on the business income for their livelihood. As pointed out by Cromie and Hayes (1988), socio-cultural constraints have limited women's access to a meaningful business experience, and have led to careers that are constantly interrupted by family obligations (Kaplan, 1988).
- *Lack of business networking* – six of ten respondents claimed that they have fewer business contacts, limited knowledge of dealing with governmental bureaucracy, and less bargaining power, all of which further limit their business growth. However, two of the respondents did not perceive the lack of business networks as a major problem. According to Still and Timms (2000), gender stereotypes, along with limited access to networks and mentoring, may create barriers to effectively running a business. There are no networking opportunities or regular meetings for women entrepreneurs in Yemen, despite interest in the concept from women. Some community organisations were closed to women. Given that the nature of business is small, and most are not members of professional organisations, they often find it difficult to access latest business information, which leads to a feeling of isolation.
- *Limited access to new potential market* – while many respondents expressed keen interest in gaining access to larger markets they lacked the support and resources to do so. Furthermore, unfamiliar with the market and the inability to move around freely also hampers Yemeni women entrepreneurs. Market saturation is another major problem where many of them are located in low value markets and lack innovation. The remaining marketplace options are scarce, overcrowded and the inadequate infrastructure constrains business growth. This leads to saturated markets and little room for growth.

- *Lack of business experience* – because of socialisation and the relative lack of skills and experience, Yemeni women entrepreneurs may be unsure about their leadership ability and business experience. Most respondents claim that they have not been in business before and many have little management experience. As claimed by one of the women-owned businesses during the interview, “when it comes to the development and progression of the business, I will always relied upon my family members and close friends for advise about managing the store. They would guide me with some basic rules to run the business”.
- *Other related factors* – other constraints faced by Yemeni women entrepreneurs are limited access to policymakers due to gender-related discriminations, lack of confidence, lack of female role-models, balancing the responsibility for managing home and family, negative self-perceptions, and the legal status of women.

6 Conclusions, policy implications and limitations

The entrepreneurship issue in Yemen is virtually important for the survival of its population. Yemen, being one of the poorest countries in the world cannot survive independently without development in the true sense. Entrepreneurism does exist among women in Yemen. The contribution of women entrepreneurs is equally important in this drive for development and their marginalisation could close the doors to development. However, they experience similar problems to those faced by other women entrepreneurs around the world. The women entrepreneurs interviewed in this present study indicate that they face many problems in establishing and sustaining their new ventures. Some of these are common to most entrepreneurs and some specifically to women in Yemen. Although Yemeni women are responsible for both the internal and external affairs of their families, they have not been accorded equal rights with men and have considerably fewer opportunities to receive education.

The findings provide fresh insight into the various issues affecting women entrepreneurs. Overall, Yemeni women entrepreneurs activity was based on the desire for independence, to improve household standard of living, supplement family income, contribute to society, presence of business opportunity, greater freedom and a personal sense of accomplishment. They are not merely driven by the desire to earn money. However, despite the motivational factors, there are various barriers hindering them in becoming successful entrepreneurs. Among these are: poor access to capital, limited financial management/marketing skills, limited possibilities for continuous training and support services, lack of business networking, limited access to new potential market and the lack of business experience.

This study also has implications for the government of Yemen, financial institutions, and related agencies. By understanding the problems faced by Yemeni women entrepreneurs, the government and its related agencies can create policies to encourage women to engage in business. The related institutions can also be more serious in promoting women entrepreneurs and assist them in unlocking their potential as entrepreneurs. In addition, these agencies can also play an important role in assisting the development and progression of women entrepreneurs by providing information pertaining to their needs. Specific training programmes may be developed to suit the need of these women entrepreneurs. Yemeni women entrepreneurs on the other hand should

equip themselves through various programmes such as training, business education, and information searching. Women entrepreneurs should also improve their business and managerial skills and aggressively forge networks and alliances.

Given the exploratory nature of this study, it is recommended and hoped that future research will feature a more extensive quantitative and qualitative survey of women entrepreneurs in different locations throughout Yemen, and then expand the study to additional countries before any definite conclusions can be drawn. Research focusing on Yemeni women entrepreneurs in every part of Yemen is recommended. Research could also be more diverse – including selecting more industries. Furthermore, more studies need to be conducted in the MENA region.

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Notes

- 1 Under the national strategy for the development of small business firms, SMEs are defined as "any revenue-generating activity in the area of industry or commerce or services consisting of 50 workers or less, and promotes 50% of its products or services". Accordingly, the definition for SMEs is those enterprises consisting of one to four employees, including the owner.