



Global
Entrepreneurship
Monitor

KINGDOM OF SAUDI ARABIA



WOMEN'S REPORT 2023-2024



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BGCEL, located at MBSC, was established with a mission to promote a sustainable entrepreneurial leadership culture and ecosystem in the Kingdom and the surrounding region. To advance its mission, BGCEL facilitates entrepreneurship research, education, and outreach initiatives serving the business, education, and public sectors. In addition, BGCEL supports experiential learning opportunities for MBSC students.

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Lockheed Martin Corporation is a United States-based multinational corporation operating in the aerospace, defense, security, and advanced technologies industries worldwide. As part of its offset program in the Kingdom of Saudi Arabia, Lockheed Martin generously supports BGCEL's activities.

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Authors



DONNA KELLEY, PH.D.

Professor of Entrepreneurship,
Frederic C. Hamilton Chair of
Free Enterprise, Babson College

**Team Leader,
GEM United States**



MUHAMMAD AZAM ROOMI, PH.D.

Professor of Entrepreneurship, MBSC

**Team Leader,
GEM Saudi Arabia**



ALICIA CODURAS, PH.D.

Professor of Quantitative
Methods and Applied Economy

**GEM Global Data Team,
Institut Opinòmetre, Spain**



DALAL AL-RUBAISHI, PH.D.

Affiliate Partner

The Business Family House



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DISCLAIMER

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KINGDOM OF SAUDI ARABIA

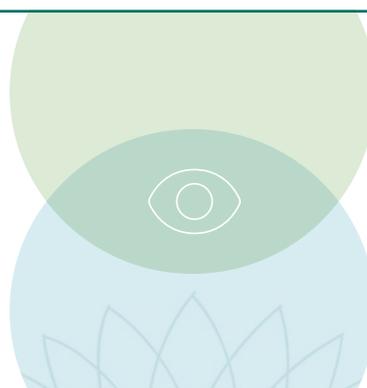
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Executive summary



This report covers 8 years of Global Entrepreneurship Monitor (GEM) data collection in the Kingdom of Saudi Arabia. It is the third GEM report focusing on women's entrepreneurship in the country. The results show continued strengthening of entrepreneurship among women, with women entrepreneurs participating in all business phases, engaging in entrepreneurship at all ages and levels of education and income, and impacting their communities and wider society in a variety of aspects.

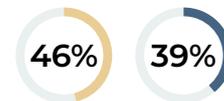
The results illustrate the extent to which women in Saudi society adopt positive attitudes and self-perceptions about entrepreneurship and cultivate personal connections with entrepreneurs. Women investors play a critically important role, especially for women family members and acquaintances who are launching new ventures. Women entrepreneurs rely on other women to create positive conditions in the environment in which they launch and operate their businesses.

The following is a selection of key results, representing the main themes of women's entrepreneurship in the Kingdom.

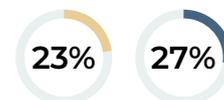


Women participate in all business phases

- In 2023, 46% of women in Saudi Arabia stated that they intended to start a business in the next 3 years—a 30% increase from the previous year. The percentage for men (39%) was also higher than the previous year.



- Among the high-income economies participating in GEM in 2023 (which have a gross domestic product per capita greater than \$50,000), Saudi Arabia reported the highest total entrepreneurial activity rate for women (23% vs 27% for men).



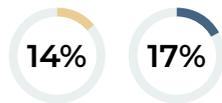
- Women entrepreneurs were highly motivated by considerations of income—93% cited building wealth and/or necessity. A similar share of men entrepreneurs reported these motivations.



- After exhibiting rates below 4% from 2016 through 2021, the established business ownership (EBO) rate among women in Saudi Arabia increased to 14% in 2023; the rate for men was the same. Among the high-income economies participating in the GEM survey in 2023, only the Republic of Korea reported a higher EBO rate for women.

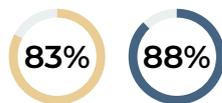


- In 2023, 6% of both women and men reported that in the previous year they had exited a business that continued operating, and 3% of both genders had closed a business.
- A lack of profitability was cited by over one quarter of both men and women who exited or closed a business in the previous year. Women were a little less likely than men to state that they exited or closed a business due to problems accessing funding (14% vs 17%).
- Among women in Saudi Arabia who exited or closed a business because it was unprofitable, 29% stated that they had started another business (vs 16% for men). Conversely, among women who exited or closed a business in the previous year because they could not obtain funding, 16% had started another business (vs 29% for men).



Women entrepreneurs make an impact

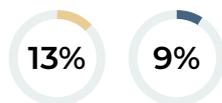
- In 2023, 83% of women entrepreneurs and 88% of men entrepreneurs were starting or running new businesses in the consumer sector.



- In 2023, no women entrepreneurs and only 0.5% of men entrepreneurs indicated that they were starting medium- or high-tech businesses.



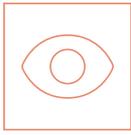
- Well over half of women and men entrepreneurs (56% vs 57%) were starting or running businesses without co-founders. Among established business owners, 76% of women and 75% of men were operating as sole owners.
- In 2023, 13% of women entrepreneurs (vs 9% of men entrepreneurs) expected to have 20 or more employees in 5 years.



- Over half of entrepreneurs of both genders sold their products or services nationally in 2023 (54% for women vs 51% for men). Very few sold

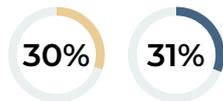
internationally (6% for women vs 8% for men). Among established business owners, women were less likely than men to sell nationally (52% vs 59%) or internationally (3% vs 14%).

- Very few entrepreneurs and established business owners—less than 1% for both genders in 2023—indicated that their products or services were new offerings at both the national and international levels, but among entrepreneurs, 29% of women (vs 22% of men) cited new offerings at the local level. Among established business owners, 58% of women (vs 42% of men) reported offering products that were new locally.
- Similarly, very few entrepreneurs and established business owners—1% or less for both genders—indicated that they used technological processes or procedures that were new at the national or international levels. Among entrepreneurs, 28% of women (vs 21% of men) stated that they used novel processes or procedures at the local level. Among established business owners, 59% of women (vs 42% of men) indicated their processes or procedures were novel locally.
- Women entrepreneurs were highly likely to have taken steps to minimize their businesses' environmental impact (75% vs 70% for men) and/or to maximize their businesses' social value (76% vs 70% for men).

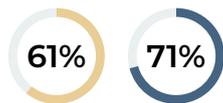


All types of women engage in entrepreneurship

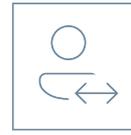
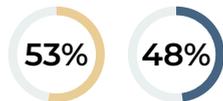
- For both genders, those in their mid-career (aged between 35 and 44) showed the highest level of participation across all phases of entrepreneurial activity (30% for women, 31% for men).



- Among entrepreneurs, women were less likely than men to have completed at least a college degree (61% vs 71%). However, the proportion of women entrepreneurs with this education level has increased nearly threefold since 2016.

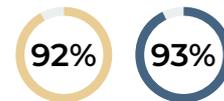


- In 2023, over half of women entrepreneurs (53% vs 48% for men) were from high-income households (the top third of households by income).



Women value and support entrepreneurship

- Women (and men) in Saudi Arabia exhibited highly positive attitudes toward entrepreneurship, with nearly all respondents (93% or more for both genders in 2023) believing that entrepreneurship is a desirable career choice, that entrepreneurs are afforded high status and respect, and that they receive positive media attention. Many respondents also reported feeling that starting a business is easy (92% for women vs 93% for men).



- Most women knew an entrepreneur personally (86% vs 89% for men).



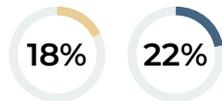
- The majority of women in Saudi Arabia perceived lots of opportunities to start a business (93% of both women and men). Women were also likely to believe they had the capabilities needed to start a business (89% vs 92% for men). However, many women who perceived entrepreneurship opportunities reported fearing failure (59% vs 56% for men).





Women invest in entrepreneurs

- In 2023, the proportion of the adult population providing funding to entrepreneurs reached its highest level for both genders since 2016 (18% for women vs 22% for men).



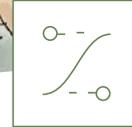
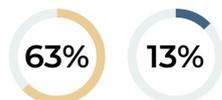
- The median amount investors provided was 30,000 SAR for women and 35,000 SAR for men.



- More than half of investors of either gender provided funding to close family members (55% for women vs 52% for men), and 19% of both genders provided funding to other relatives.



- The majority of women investors (63%) provided funding to women entrepreneurs, while only a low percentage of men investors (13%) funded women entrepreneurs.



Conditions for entrepreneurship influence women

- The National Expert Survey includes questions that relate to women's entrepreneurship, aggregated into two main pillars. The pillar relating to support for women's entrepreneurship received a moderate overall rating of 6.4 out of 10. Of the questions composing this pillar, the cultural environment received the highest score (7.1) when it comes to encouraging women to become entrepreneurs to the same extent as men. The favorability of the regulatory environment received the lowest score with regard to encouraging women entrepreneurs (6.0).



- For the pillar relating to the accessibility of resources, the questions are reversed so that they can determine the extent to which men are favored over women. Overall, this pillar received a rating of 4.4, indicating that the experts did not strongly agree that resources are more accessible to men than to women.



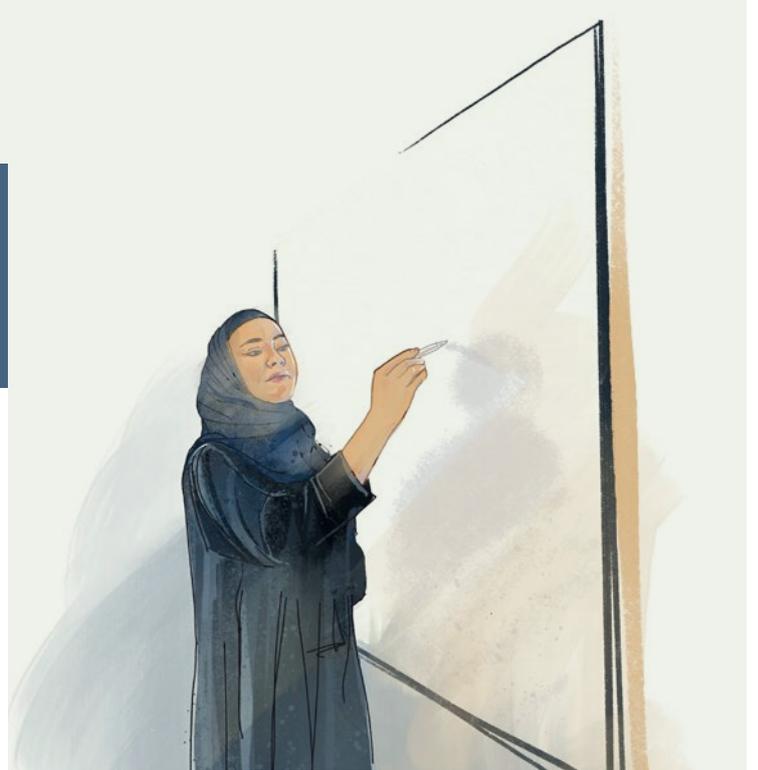
Introduction

Gender is no longer a hindrance to success in present-day Saudi Arabia. Since the implementation of Vision 2030 and the beginning of a new era for Saudi women, their involvement and impact in different areas of economic development, including politics, technology, the military, space, sports, and business, have noticeably increased.

So, in a short span of time, Saudi women have made significant strides in various fields. They have taken on prominent new roles such as deputy ministers, ambassadors, Chair of the Saudi Arabian stock exchange, President of the Human Rights Commission, and other representative positions in international forums such as the United Nations and the European Union.

The participation of Saudi women working in the technology sector jumped from 11% in 2017 to 28% in 2021, higher than the European average of 18%.¹ Saudi women have successfully entered traditionally male-dominated areas such as the military, where they fulfill various functions across the defense sector and security forces. They actively engage in a wide range of sports, including auto racing, and have made a significant impact in both national and international competitions. In 2023, a woman participated in a mission to space, becoming the first Saudi woman astronaut.

The participation of women in the Saudi labor market has notably increased—in fact, it has doubled in the past 6 years, supported by government initiatives and programs focusing on equal wages, childcare services, and transportation.



Thus, Saudi women, driven by government support, societal encouragement, familial backing, and personal ambition, are fearlessly and tenaciously venturing into the world of entrepreneurship. They have established businesses in various sectors, ranging from small-scale retail enterprises to cutting-edge technology companies. These remarkable women—including Latifah AlTamimi, the founder of Gathern, an accommodation platform, Mounira Jamjoom, the co-founder of Aanaab, a digital training platform for teachers, and Afnan Sherbeeni, the co-founder of Sabbar, a hiring platform—serve as inspiring role models to their peers and women across the globe.

The essence of success lies in possessing the courage to seize opportunities and the determination to overcome obstacles. Thanks to legal improvements and supportive initiatives, Saudi women have achieved remarkable success, making significant contributions that benefit their nation, as well as being recognized globally. The Global Entrepreneurship Monitor (GEM) Kingdom of Saudi Arabia (KSA) Women's Report focuses on the status of women's entrepreneurship in Saudi Arabia, emphasizing the active and influential role that Saudi women play in defining the business environment and promoting economic progress across the country.

¹ "Digital Transformation in Saudi Arabia and Its Impact on Women," Atlantic Council, January 29, 2024, <https://www.atlanticcouncil.org/event/digital-transformation-in-saudi-arabia-and-its-impact-on-women/#:~:text=In%202021%2C%20women's%20participation%20in,significant%20increase%20from%20previous%20years.>



Background to GEM

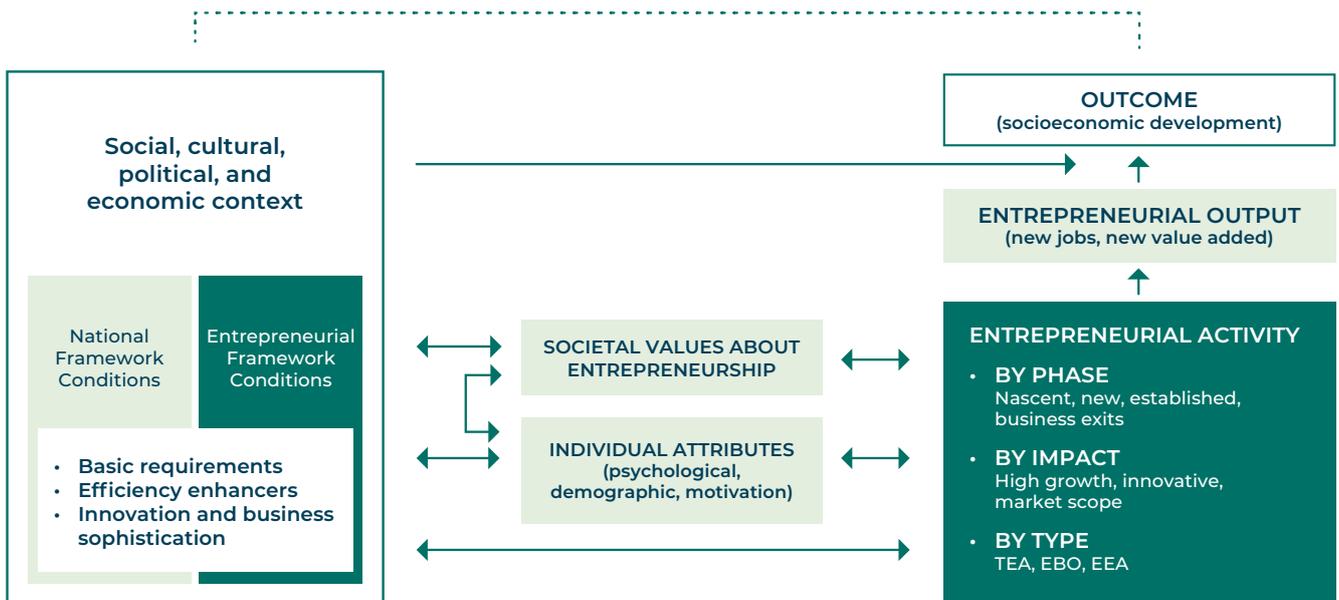


GEM is the world's largest and longest-running study of entrepreneurship worldwide. Since its founding survey in 1999, GEM has become the most trusted and frequently used source of entrepreneurship data and information among academics, practitioners, and policymakers. GEM collects data on various indicators, such as the rate and characteristics of entrepreneurs and their businesses, entrepreneurial attitudes, affiliations, and self-perceptions in society, and expert opinions on national conditions for entrepreneurship.

Figure 1 illustrates the GEM Conceptual Framework, depicting the relationship between entrepreneurship and the context in which this takes place. As this figure shows, the social, cultural, political, and economic context influences one's decision to start a business, alongside such variables as the entrepreneur's motivations and ambitions, the industry sector in which the entrepreneur operates, and the scope and innovativeness of the business. These factors, in turn, influence the business' effects on wider society, including job creation, value creation, and, eventually, socioeconomic development. At the same time, these actions may influence societal values and perceptions of entrepreneurship, ultimately leading to more positive conditions for the next generation of entrepreneurs.

Figure 1.

The GEM Conceptual Framework



EBO: established business ownership
 EEA: employee entrepreneurial activity
 TEA: total entrepreneurial activity

Source: GEM Global Report, 2023–2024

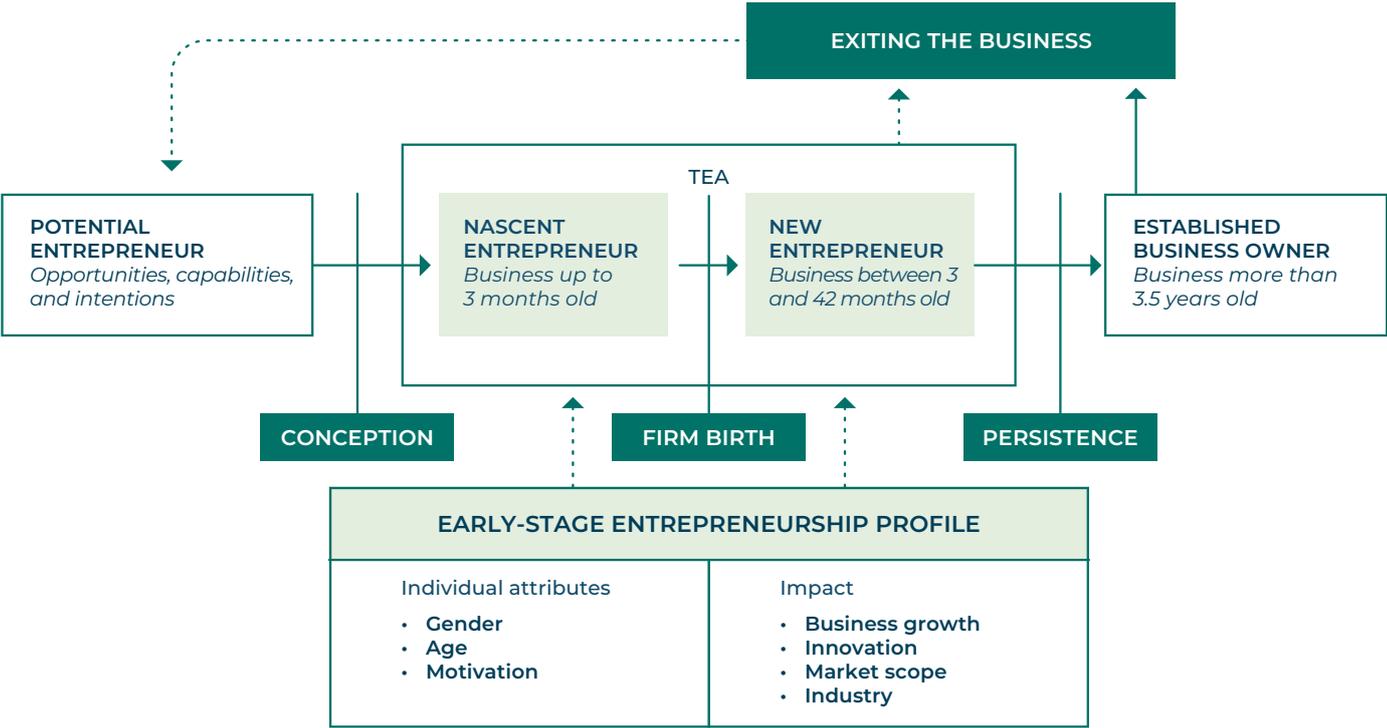
GEM data collection involves two primary research tools: the Adult Population Survey (APS), which is based on a random sample of at least 2,000 individuals in each participating economy, and the National Expert Survey (NES), which includes at least 36 national experts per economy. In each participating economy, the APS and NES are overseen by a GEM national team, which comprises researchers from major academic institutions and, in some cases, other organizations with research interests in entrepreneurship. The

GEM Saudi Arabia national team is based at the Babson Global Center for Entrepreneurial Leadership in the Kingdom. In 2023, the team collected responses from 4,037 adults for its APS and from 47 experts for its NES.

Figure 2 illustrates key entrepreneurship variables in GEM's APS. Total entrepreneurial activity (TEA)—referred to as “entrepreneurship” throughout this report—includes entrepreneurs who are in the nascent phase, who have paid wages for less than 3 months, and new entrepreneurs, who have

paid wages for more than 3 months but less than 3.5 years. GEM considers those with businesses 3.5 years old—that is, those who have paid wages for 3.5 years or more—to be established business owners. GEM collects additional information on those who identify as entrepreneurs or established business owners, assessing their individual attributes and impact characteristics of their businesses. Additionally, GEM captures data on those who have left a business in the past year, whether or not the business continues without them.

Figure 2. The entrepreneurial process and GEM indicators



Source: GEM Global Report, 2023–2024

Entrepreneurship operates within a specific context, which can either assist or hinder one’s ability to start and manage one’s business. To assess the quality of the national context for entrepreneurship, GEM conducts the NES. Together, the APS and NES provide information on entrepreneurial activity in each economy and the quality of the entrepreneurial environment in which activity occurs.



The 2023–2024 KSA Women's Report

This report begins with an assessment of participation in business phases by gender in Chapter 1, from entrepreneurial intentions through to discontinuation of entrepreneurship. Chapter 2 covers the impact of entrepreneurship and established business ownership (EBO), including industry sector participation, numbers of founders and employees, market scope, innovation, social and environmental sustainability, and digital technology use. Chapter 3 presents age, income, and education characteristics of entrepreneurs.

The remainder of the report details factors that influence and support entrepreneurial activity, again providing results by gender. Chapter 4 reviews societal attitudes and self-perceptions about entrepreneurship, and affiliations with entrepreneurs. Chapter 5 reveals results on personal investment in entrepreneurs. Finally, Chapter 6 offers a discussion of conditions influencing women's entrepreneurship. The report concludes with several recommendations based on key findings in the report.



Chapter 1:

Women participate in all business phases



1.1 Entrepreneurial intentions

On average, over the 8-year period from 2016 to 2023, nearly one third of women in the Kingdom stated that they intended to start a business in the next 3 years. This is similar to the average for men over these 8 years. In fact, in 2016 and 2017, slightly more women stated their intention to start a business than men. This percentage increased for both genders in 2017. The higher levels of entrepreneurial intentions among women in 2016 and 2017 may be attributed to

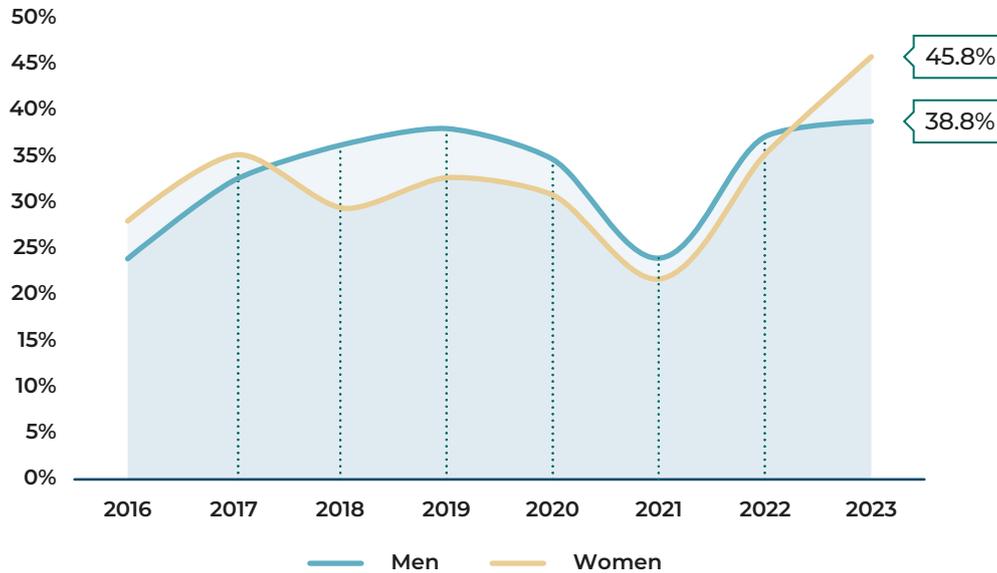
the freedoms afforded them around this time. Both genders were also likely inspired by the attention entrepreneurship was receiving from the government at the time. But in 2018, levels of entrepreneurial intentions declined among women, while they continued to increase among men through 2019 (Figure 3).

During the pandemic years, there appeared to be a dampening of intentions—slightly in 2020 and more markedly in 2021. This suggests many potential entrepreneurs felt hesitant amid the shifting and uncertain social and economic environment. However, entrepreneurial intentions then rebounded in 2022 for both genders. Following this, perhaps the

most notable result is the 30% increase in entrepreneurial intentions among women in 2023, when the percentage of women intending to start a business approached nearly half of the adult female population; once again, this was higher than the percentage for men. This upward trend may be attributed to widespread positive societal attitudes, increased affiliations with entrepreneurs, and favorable self-perceptions of entrepreneurship among the adult population, all of which have reached and maintained their highest levels since 2020—these are discussed in detail in Chapter 4.

Figure 3.

Entrepreneurial intentions in the adult population of Saudi Arabia by gender, 2016–2023 (percentage of population aged 18–64)



Source: GEM Kingdom of Saudi Arabia, 2016–2023

1.2 TEA

TEA rates among women in Saudi Arabia were relatively constant from 2016 through 2018, remaining below those of men in the same period. Then, in 2019, this indicator experienced a notable jump for women, closing the gender gap and perhaps reflecting the increase in entrepreneurial intentions (Figure 4). This pattern continued through the pandemic years, primarily 2020 and 2021.

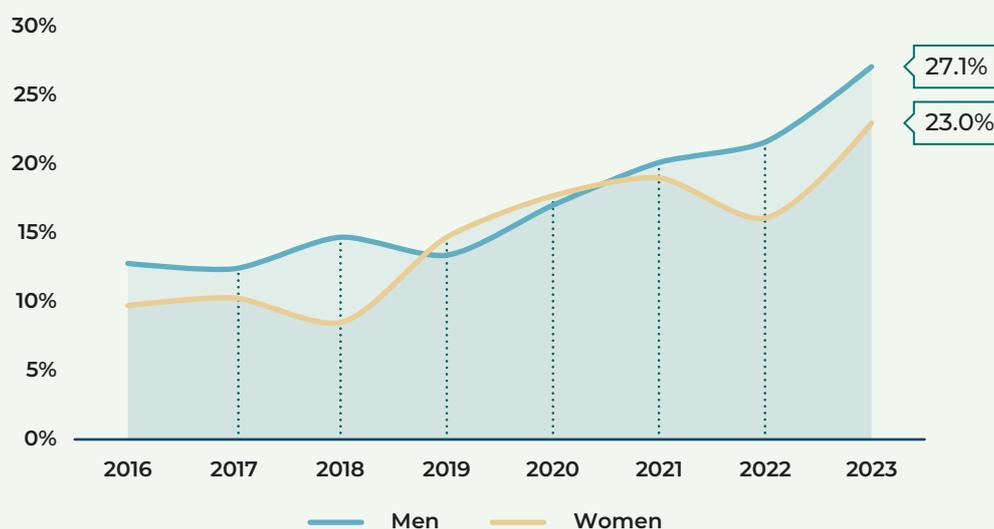
Entrepreneurial intentions may have a delayed effect on TEA in subsequent years. Of course, not all people with such intentions go on to start a business. But when there are fewer people with these intentions in a society, it is possible that there will be lower TEA rates in the coming years. There was a drop in entrepreneurial intentions for both genders in 2021, which may partly explain the decline in TEA among women in 2022. However, this did not appear to affect men entrepreneurs, who continued to show increases in TEA.

In 2023, though, both genders exhibited increases in TEA, which could reflect the increase in entrepreneurial intentions after 2021, as worries from the pandemic started to lessen. It should also be noted that the gender gap seen in 2023 with regard to the percentage of women vs men entrepreneurs is amplified by the fact that women made up only 39% of the population in Saudi Arabia,² meaning the absolute number of women entrepreneurs relative to men entrepreneurs was even lower than Figure 4 might suggest.

² "Saudi Census 2022," Kingdom of Saudi Arabia, accessed June 11, 2024, <https://portal.saudicensus.sa/portal/public/1/15/45?type=DASHBOARD>.

Figure 4.

TEA rates in the adult population of Saudi Arabia by gender, 2016–2023 (percentage of population aged 18–64)



Source: GEM Kingdom of Saudi Arabia, 2016–2023

A comparison of 44 economies participating in GEM in 2023 shows high rates of entrepreneurship among women in Saudi Arabia (Figure 5). In fact, among high-income economies (those with a gross domestic product per capita greater than \$50,000³), Saudi Arabia had the highest TEA rate for women. Generally, high entrepreneurship rates among lower-income economies reflect, at least to some extent, fewer available and/or

attractive jobs, with entrepreneurship thereby representing a better option for generating income. As such, Figure 5 shows the highest rates of TEA among women in less economically developed countries.

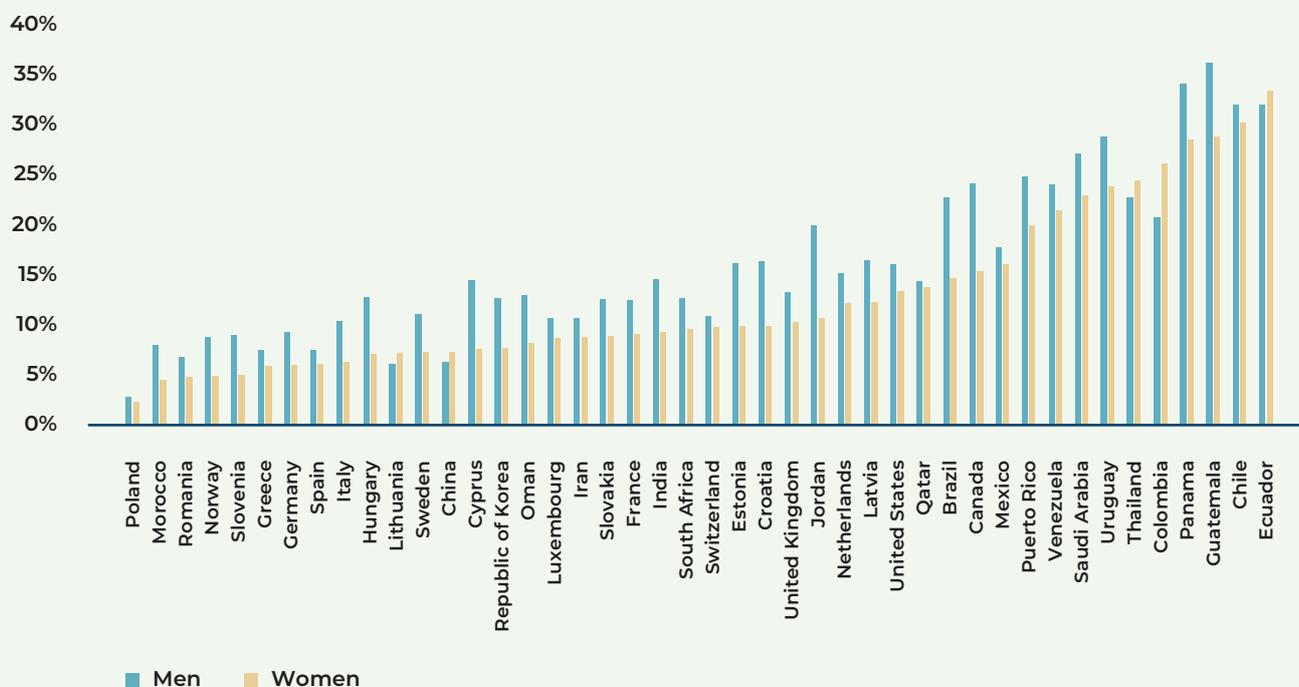
Saudi Arabia's TEA gender gap was also relatively narrow: for every 100 men starting or running a new business, there were 85 women doing the same in Saudi Arabia, while the

average across all 44 economies was 78. Still, there were economies with greater gender equality with respect to TEA, particularly China, Colombia, Ecuador, Lithuania, and Thailand, where women exhibit greater TEA rates compared to men. It should be noted, however, that these countries are less developed economically than Saudi Arabia, so the latter likely has better employment options and more opportunities for starting a business.

³ In 2023, the high-income economies participating in GEM included: Canada, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Qatar, the Republic of Korea, Saudi Arabia, Slovenia, Sweden, Switzerland, the United Kingdom, and the United States.

Figure 5.

TEA rates in the adult population of 44 economies by gender, 2023 (percentage of population aged 18–64)



Source: GEM, 2023

In Saudi Arabia, motivations for women entrepreneurs were relatively similar to those of men entrepreneurs in 2023, as Figure 6 illustrates. Most often, income generation was the main driver for starting a business—because jobs are scarce and/or to build wealth. The combination of these factors demonstrates the promise of entrepreneurship: in the eyes of those who are willing to take the initiative, entrepreneurship creates a path that improves their financial situation.

“To make a difference in the world” was another popular motivation. This may simply reflect entrepreneurs’ desire to make an economic or technological impact by introducing new breakthrough applications or

building a prominent business. But it is more likely indicative of a desire to bring about positive change, for example, by making other people’s lives better or having a positive effect on the environment. Considerations and actions related to social and environmental sustainability are discussed further in Chapter 2.

Finally, nearly three quarters of entrepreneurs were motivated by family tradition, indicating that family members work together in their entrepreneurial endeavors and inspire the entrepreneurial ambitions of their kin. And, as Chapter 5 demonstrates, those investing in entrepreneurs most often fund family members, with nearly three quarters of women

investors providing funding to close family or other relatives. This points to the importance of family in the expansion and continuity of entrepreneurship in the Kingdom.

Figure 6.

Motivations for starting a business among entrepreneurs in Saudi Arabia by gender, 2023



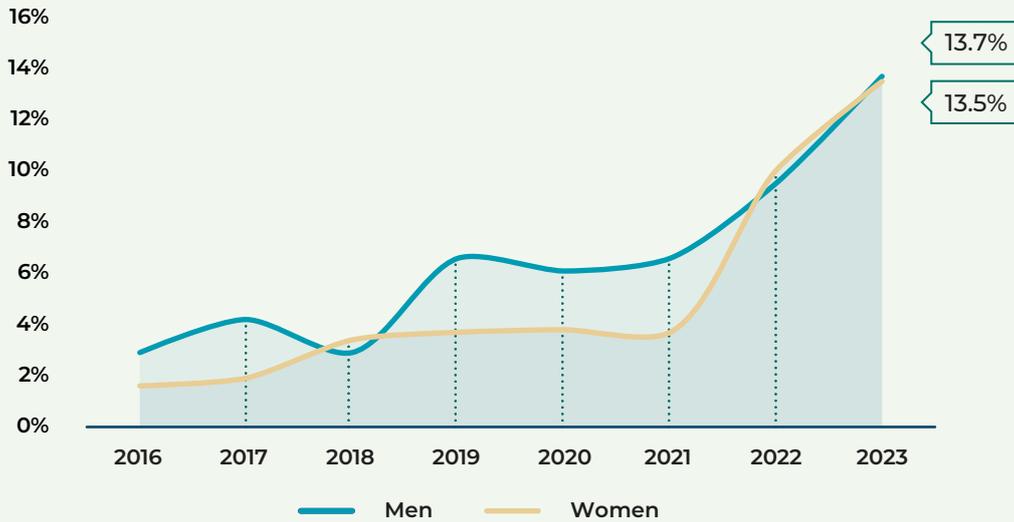
Source: GEM Kingdom of Saudi Arabia, 2023

1.3 EBO

EBO rates increased markedly in 2022 and 2023 for both genders, but particularly for women (Figure 7). After exhibiting rates below 4% from 2016 through 2021, the rate among women increased notably in 2023, ultimately reaching over eight times the 2016 rate. While this may be reflective of high previous TEA rates, it also suggests that more entrepreneurs have maintained their businesses into maturity and that this is happening for women as well as men.

Figure 7.

EBO rates in the adult population of Saudi Arabia by gender, 2016–2023 (percentage of population aged 18–64)



Source: GEM Kingdom of Saudi Arabia, 2016–2023

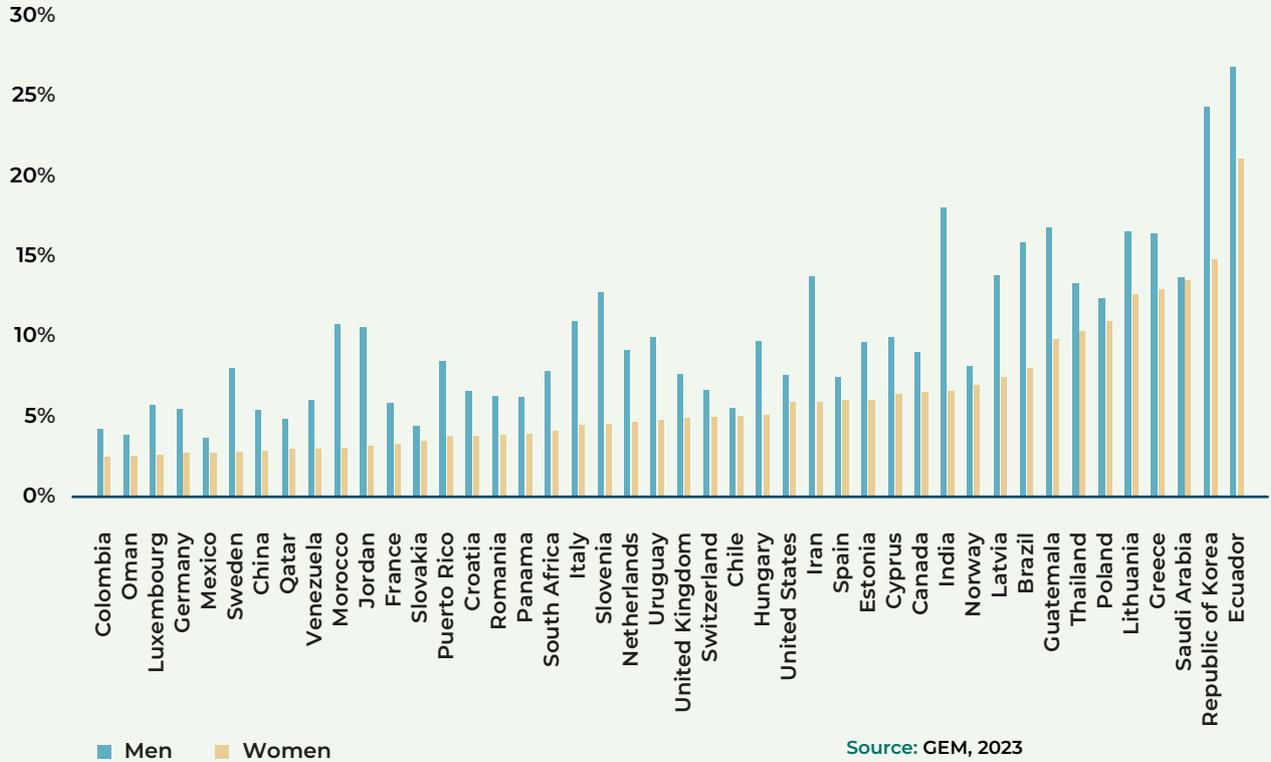
The EBO rate for women in Saudi Arabia was well above the average for the 44 economies participating in the GEM 2023 survey (Figure 8). Only Ecuador and the Republic of Korea had higher rates of EBO among women. Moreover, Saudi Arabia was the only economy exhibiting gender equality on this indicator. On average across the 44 economies, there were 61 women owning and running established businesses for every 100 men doing the same.

Saudi Arabia's results suggest that women business owners have the ability and the drive to maintain their businesses over time and that their efforts are reinforced by positive conditions in their environment. Indeed, this environment is marked by extensive support from the Saudi government, which provides funding and multiple policies, programs, and initiatives that foster the growth and staying power of businesses. This benefits many stakeholders, including employees of these businesses, who value stable jobs; customers, who rely on ongoing products and services; and business owners' families, who can depend on the income the businesses generate.



Figure 8.

EBO rates in the adult population of 44 economies by gender, 2023 (percentage of population aged 18–64)



Source: GEM, 2023

1.4 Business exits and closures

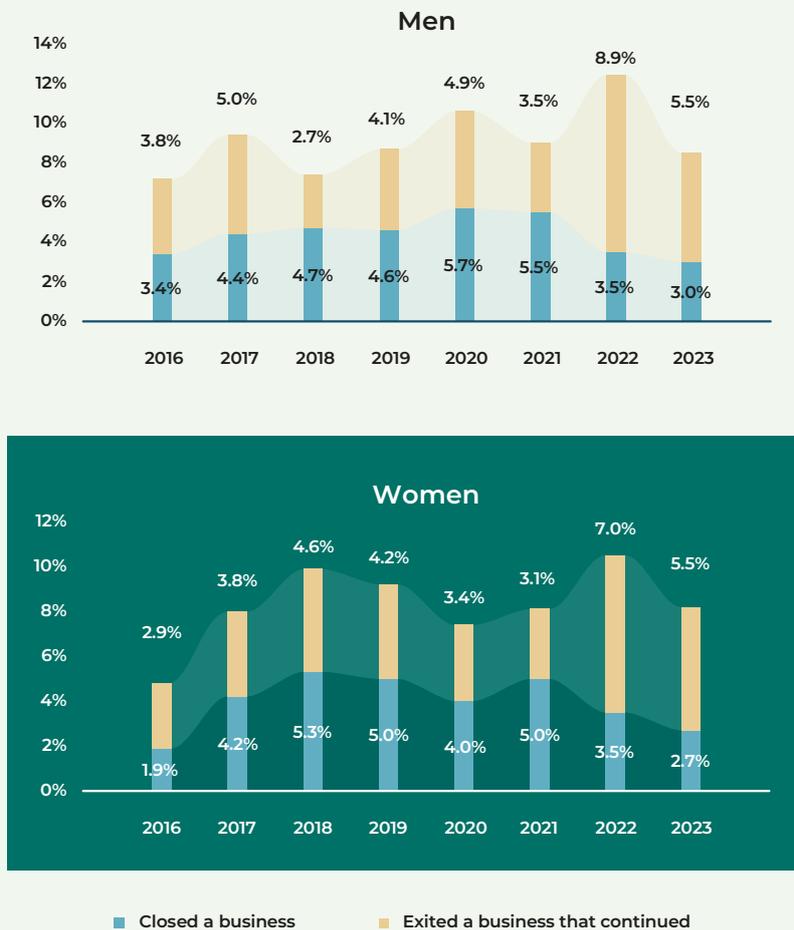
Rates of business discontinuation—where the owner exited a business that continued operating and where businesses closed—were nearly identical for both genders in 2023, as Figure 9 shows. Overall exits and closures in 2022 were at their highest level over the 8-year period, with exits over twice as high as in the previous year. This indicates a high percentage of people exiting a business in 2022 that continued operations. In 2023, these exits declined, although they remained comparatively high. Closure rates also declined slightly in 2023, reaching the lowest level reported in the 8-year period.

Although this decline in business exits and closures in 2023 is positive, it should also be noted that high levels of entrepreneurial activity can lead to a higher rate of discontinuation. And, in order for entrepreneurship to thrive in a society, it is important to have entrepreneurial individuals willing to try their hand at starting businesses. Capable entrepreneurs and favorable conditions for entrepreneurship will provide the best chances for success, but it must be accepted that some of these efforts will result in exits or closures.

Figure 9.

Rates of business exits and closures in the adult population of Saudi Arabia by gender, 2016–2023 (percentage of population aged 18–64)

Source: GEM Kingdom of Saudi Arabia, 2016–2023



A lack of profitability was cited by over one quarter of both men and women who stated that they exited or closed a business in the prior year (Figure 10). Increases in operational costs, especially rent and labor costs, in many areas of Saudi Arabia are likely affecting new and small businesses run by both genders. In addition, as Chapter 2 reveals, compared to men entrepreneurs, a higher percentage of women entrepreneurs were running businesses in the transforming sector, which is often capital-intensive and therefore requires a high level of investment.

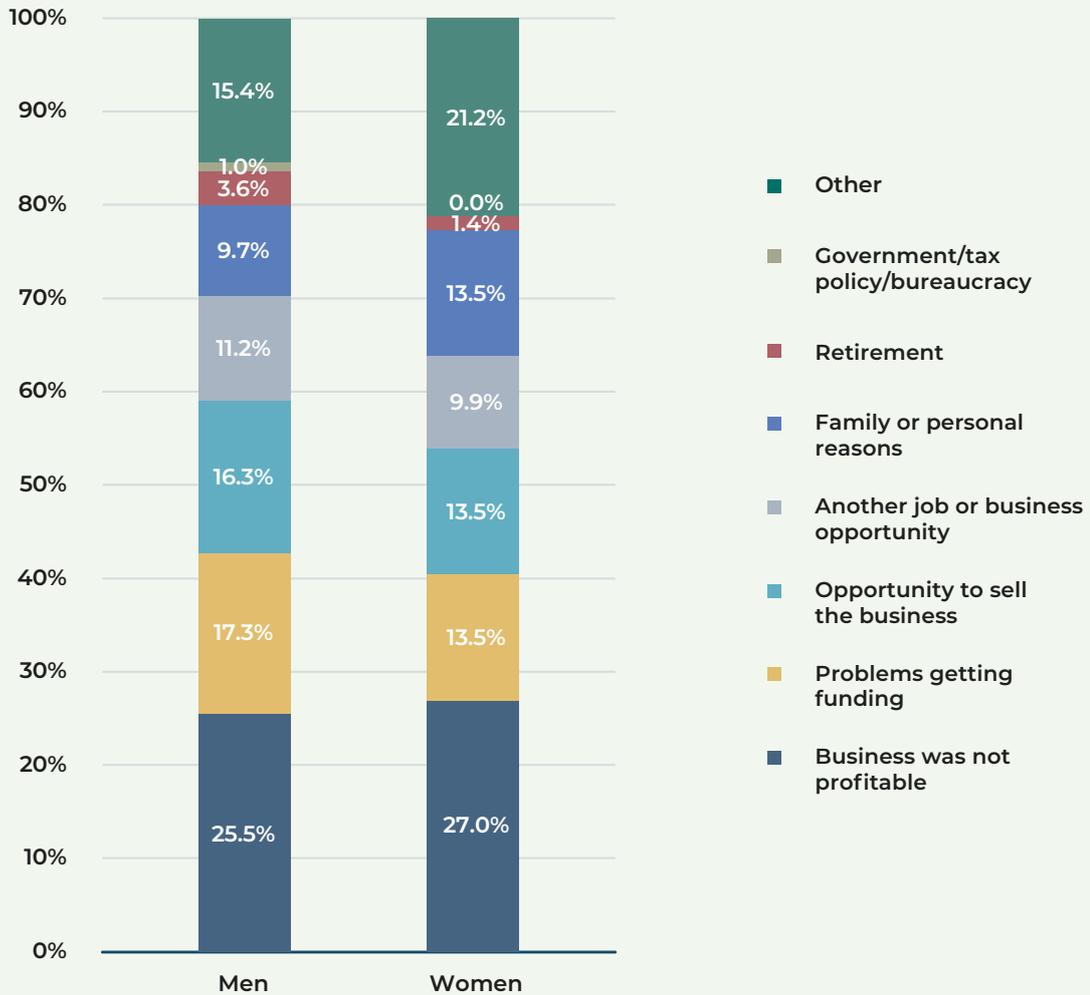
Women were a little less likely to state that they exited or closed a business due to problems obtaining funding. Perhaps this points to the availability of funding for women entrepreneurs. As Chapter 6 reveals, experts indicate that women do not find it harder than men to obtain funding for their businesses. On the other hand, if women are inclined to start with smaller amounts

of funding, they may be less likely to have closed a business because of financial difficulties. Given the prevalent fear of failure indicated in Chapter 4, women may exercise caution in developing their businesses, reducing risk by being economically parsimonious, which, in turn, minimizes the amount of funds needed.

Men were slightly more likely to state that they exited their business because they sold it to someone else. On the other hand, neither women nor men were likely to state that government, tax policy, or bureaucracy led them to exit or close their business. The Saudi government has rules and regulations for starting and running businesses, especially in the consumer-oriented services sector, where the majority of both women and men entrepreneurs in Saudi Arabia start their businesses. However, the Saudi government does not treat the genders differently when it comes to legislation and regulation. At any rate, the numbers reveal that this is not a problem for either gender.

Figure 10.

Reasons given for business exits or closures in the adult population (18–64 years) of Saudi Arabia by gender, 2023



Source: GEM Kingdom of Saudi Arabia, 2023

Although more than 8% of the Saudi population exited or closed a business in the past year, there is evidence to suggest that some were not deterred from venturing into entrepreneurship again. On the contrary, their next ventures may benefit from the experience they have gained. GEM data showed that among women in Saudi Arabia who exited or closed a business because it

was unprofitable, 29% were starting or running another business (vs 16% for men). On the other hand, among women who exited or closed a business in the past year because they could not obtain funding, 16% were starting or running another one (vs 29% for men). This indicates that what might appear at first glance to be a discouraging experience can actually be a valuable learning curve, leading to increased resilience.

16% of men and 29% of women who exited or closed a business in the past year because it was unprofitable remained in the TEA phase, starting or running another business.

16%



29%



29% of men and 16% of women who exited or closed a business in the past year because they were unable to obtain funding were in the TEA phase, starting or running a new business.

29%



16%



1.5 Summary

Saudi Arabia reported high rates of entrepreneurship among women for the year 2023: in fact, rates of entrepreneurship among women reached their highest level in the 8 years covered by GEM, as well as exceeding many other advanced economies participating in GEM in 2023. In addition, high levels of entrepreneurial intentions and EBO indicate, on the one hand, a foundation of potential future women entrepreneurs and, on the other, women who are able to sustain businesses into maturity. Meanwhile, although some business exits and closures must be accepted as an inevitability in a society dedicated to promoting entrepreneurship, there is a silver lining to this seemingly negative outcome: even among women who leave businesses because of a lack of profitability or funding, many venture back into entrepreneurship.



Chapter 2:

Women entrepreneurs make an impact



2.1 Sector distribution

On average over the 8-year period from 2016 to 2023, 82% of women entrepreneurs and 80% of men entrepreneurs started and ran new businesses in the consumer sector. This sector is typically characterized as relatively easy to enter (i.e., it has low barriers to entry), but with crowded markets and low profitability potential. Men entrepreneurs' participation in the consumer sector increased between 2016 and 2023 (from 77% to 88%), while that of women entrepreneurs remained fairly steady with some fluctuations (from 82% in 2016 to 83% in 2023).

The next most common sector is transforming, where, on average over the 8-year period, 13% of entrepreneurs of both genders were operating. Starting and running a business in this sector can

be investment-intensive, as capital is required for equipment to produce products. Longitudinally, men exhibited diminishing participation in this sector: while 19% of men entrepreneurs started businesses in this sector in 2016, this declined to 6.1% in 2023. The percentages for women entrepreneurs, on the other hand, showed fluctuations but little change from 2016 (12%) to 2023 (14%).

Fewer entrepreneurs of either gender started business services ventures. These are typically knowledge-intensive and dependent on service activities requiring specific skills and education. Women were less likely to start ventures in business services than men, particularly from 2020 to 2023, when less than 3% of women started these types of businesses (vs 5% or more for men).

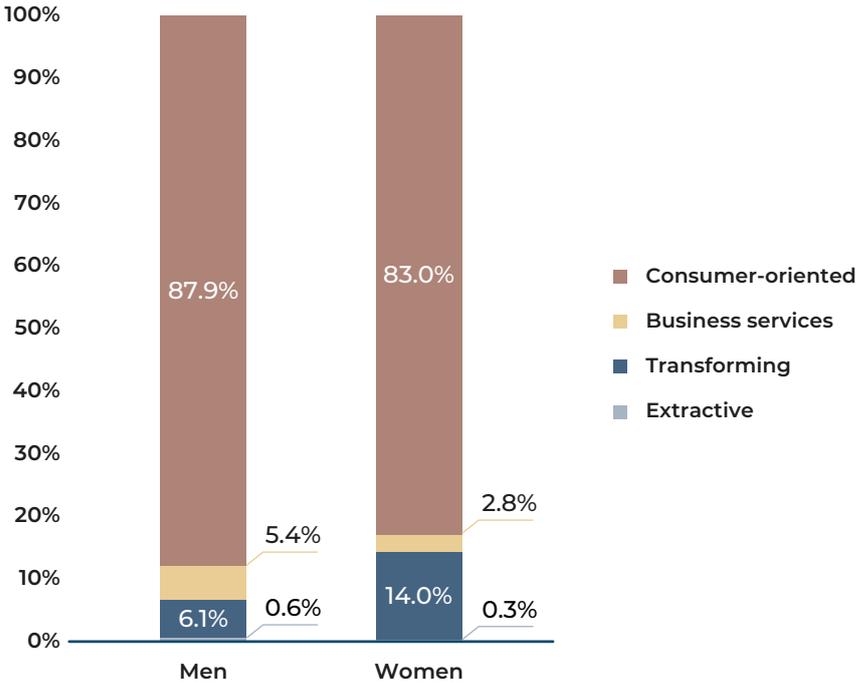
Very few entrepreneurs—less than 1% for both genders—started businesses in the extractive sector. Industries such as oil, gas, and mining need substantial financial investment, cutting-edge technology, and specialized knowledge.

In addition, the sector is extensively regulated; as such, getting the right licenses and negotiating the complicated regulatory framework can be difficult, time-consuming, and expensive. The extractive industries are also considered

high-risk due to shifting commodity prices and geopolitical uncertainty. These high barriers to entry might discourage new entrepreneurs from starting businesses in this sector, and they may opt instead to operate in industries that are more predictable and less complex.

Figure 11 shows sector distribution of entrepreneurship for each gender in 2023. Men started more consumer-oriented and business services ventures than women, but fewer transforming businesses.

Figure 11. Sector distribution of entrepreneurship activity in Saudi Arabia by gender, 2023



Source: GEM Kingdom of Saudi Arabia, 2023

As rates of entrepreneurship increase in Saudi Arabia, it is important to examine which sectors are expanding as a result. Ideally, there would be activity in sectors that leverage knowledge, advance innovation, and contribute to economic expansion and global competitiveness for the Kingdom. However, on average over the 8 years from 2016 to 2023, 99% of entrepreneurs of each gender started businesses in no- or low-technology sectors. In 2023, no women entrepreneurs and only 0.5% of men entrepreneurs indicated that they had started medium- or high-technology businesses.

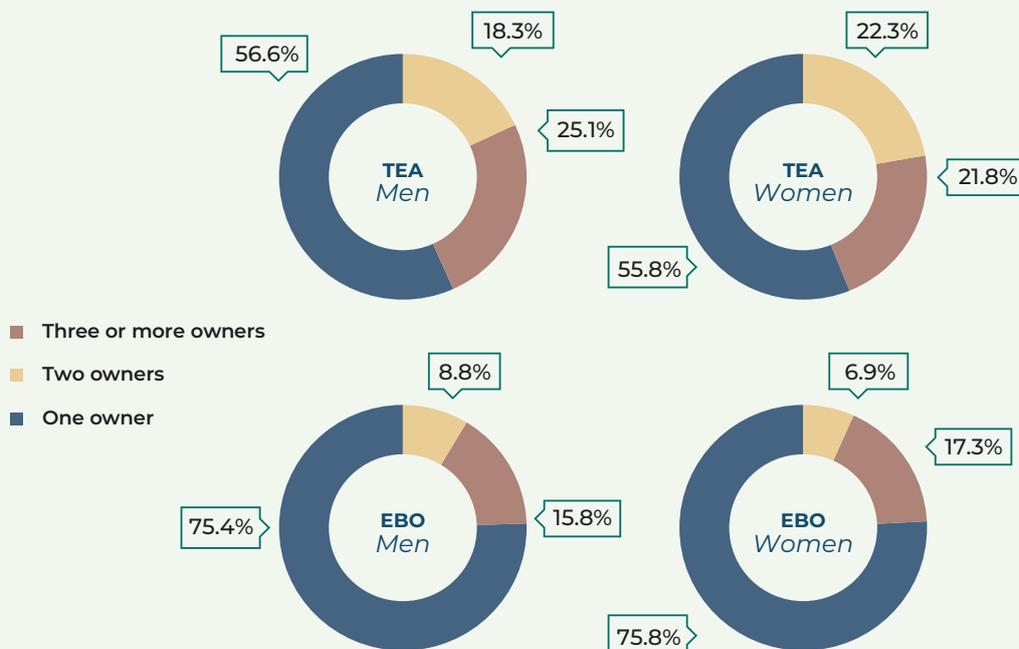
2.2 Number of founders

Well over half of men and women entrepreneurs were starting and running businesses without co-founders, as Figure 12 shows. This result is even more pronounced among established business owners, with three quarters operating as sole owners; it may be the case that ventures with sole owners are more likely to persist into maturity, or else that co-founders tend to leave earlier in the process.

Sole ownership provides the entrepreneur with more control over a range of aspects, such as decisions about the direction of the venture. However, co-founders can bring more resources, connections, experience, and perspectives to a venture. Women entrepreneurs (TEA) were about equally likely to have a partner as they were to be working in a team of three or more. On the other hand, men were more likely to be working in teams than to have just one other partner.

Figure 12.

Number of co-founders for TEA and EBO in Saudi Arabia by gender, 2023



Source: GEM Kingdom of Saudi Arabia, 2023

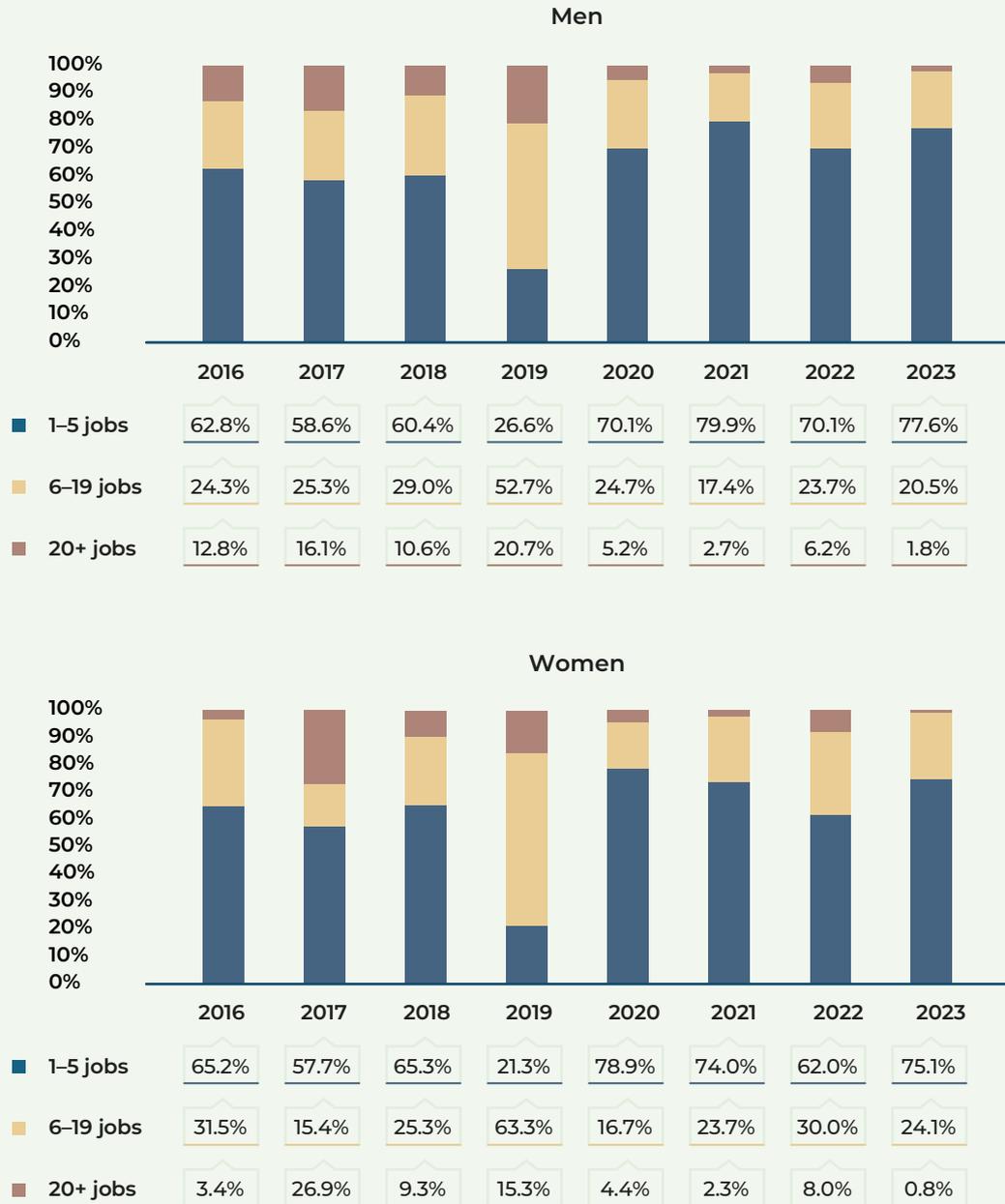
2.3 Current and expected employment

For both genders, most entrepreneurs had no more than a few employees, which should not come as a surprise, as most people starting businesses do not conduct substantial hiring in the early stages. Nonetheless, it is encouraging that on average over the 8-year period from 2016 to 2023, over one third of entrepreneurs

of both genders hired more than five employees. However, hiring reached its highest level (in terms of entrepreneurs offering six or more jobs) in 2019 and has declined since then, as shown in Figure 13: less than 1% of women entrepreneurs and less than 2% of men entrepreneurs hired 20 or more people in 2023.

Figure 13.

Current employment levels for entrepreneurship in Saudi Arabia by gender, 2016–2023



Source: GEM Kingdom of Saudi Arabia, 2016–2023

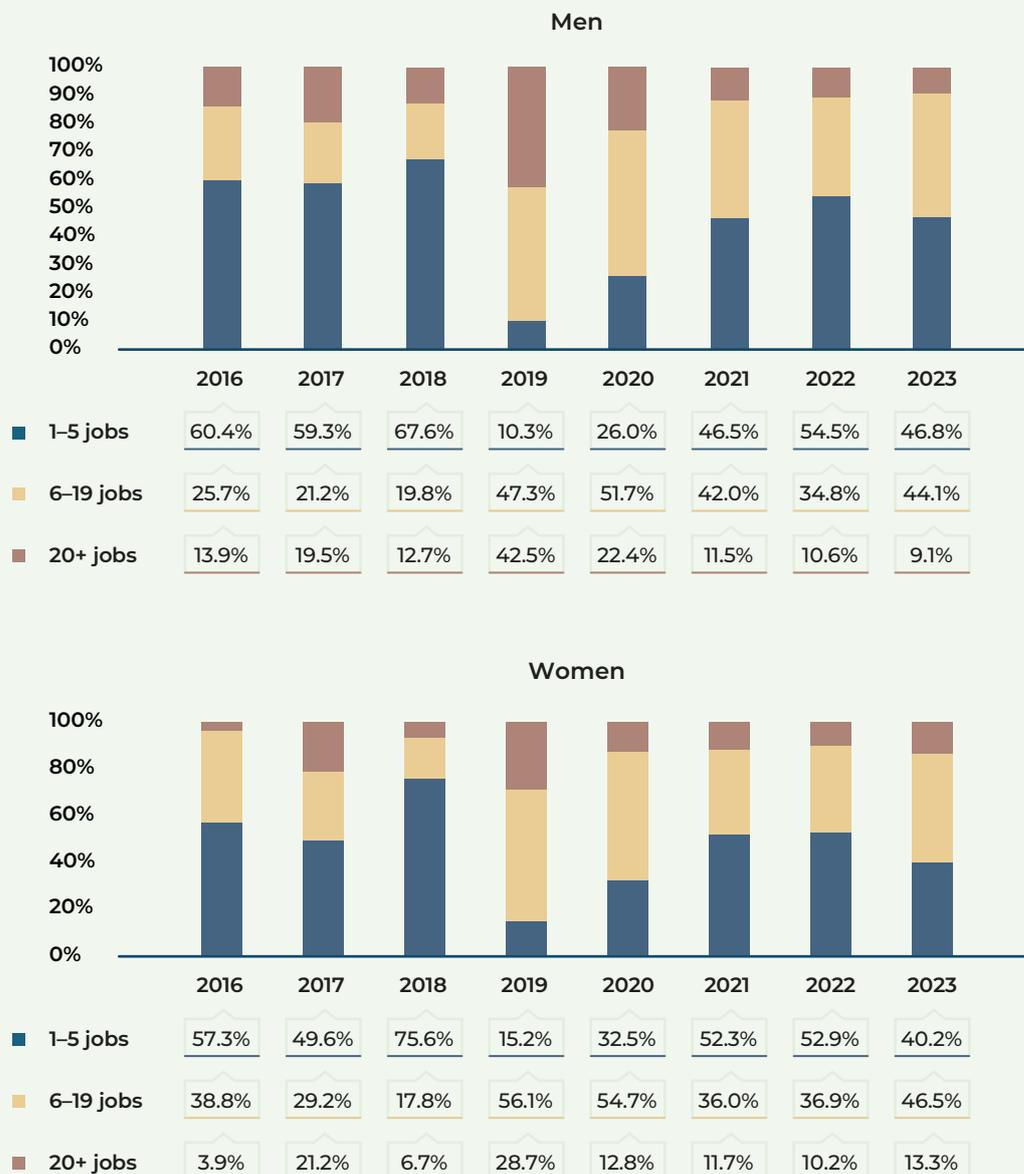
While few entrepreneurs have many employees in the early stages of their businesses, most of them anticipate growing and taking on new employees in the future. They may not ultimately reach their projected employment levels, but these projections remain a useful sign of their growth ambitions and employment potential. Figure 14 shows the level of employment entrepreneurs project in 5 years. In 2023 compared to 2016, lower percentages of entrepreneurs of both genders said they would only have one to five employees in 5 years, while the percentages stating they would have between 6 and 19 employees increased. The percentage of women entrepreneurs projecting 20 or more employees increased from 2016 to 2023, while it declined for men entrepreneurs.

In most economies, even highly developed ones, many new businesses start and stay small. However, entrepreneurs still contribute to job creation, with regard to not only the jobs they create for themselves and a few others but also the work they provide for other stakeholders, such as service providers (e.g., accountants, lawyers, consultants, and other contractors). With high numbers of entrepreneurs in Saudi Arabia, as revealed in GEM data, even those carrying out little or moderate hiring will contribute to the Kingdom's overall employment levels.

On the other hand, although only a small proportion of entrepreneurs make up the highest hiring level, their employment prospects can have a notable impact on employment in the Kingdom. As a result, businesses with high growth potential, such as those in the business services and technology sectors, may merit more attention moving forward.

Figure 14.

Expected employment levels for entrepreneurs in Saudi Arabia by gender, 2016–2023



2.4 Market scope

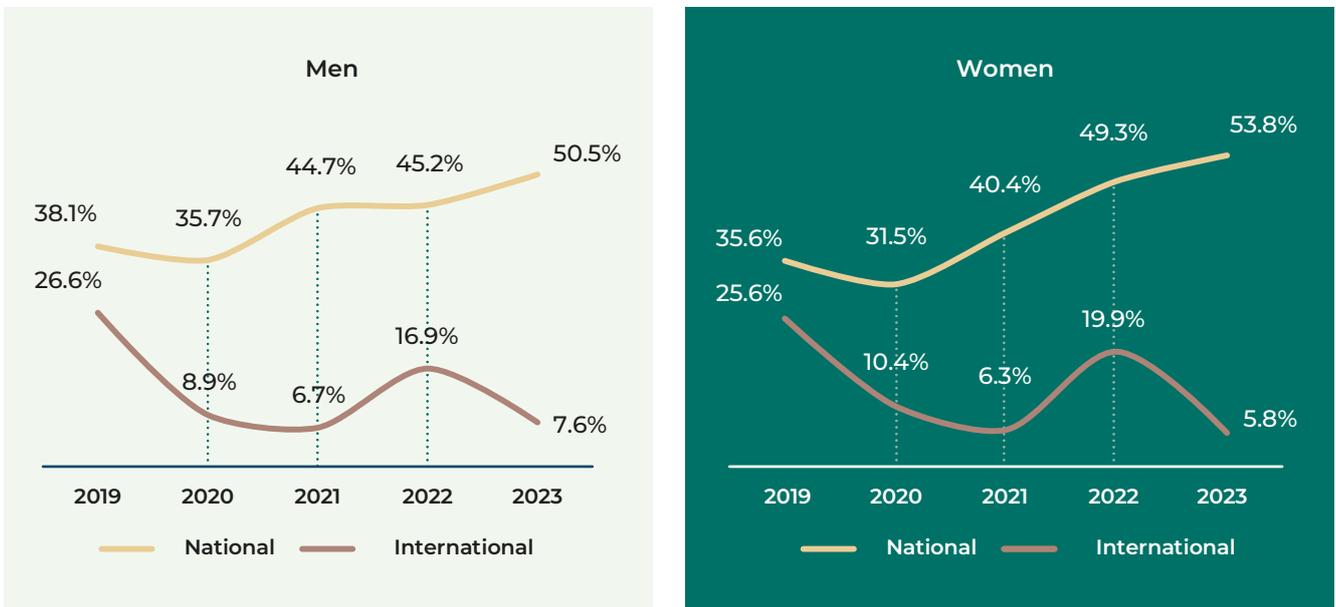
Over half of entrepreneurs of both genders, with the percentage for women being slightly higher, sold their products or services nationally in 2023. Additionally, this indicator increased between 2019 and 2023—by nearly one third for men and by more than one half for women (Figure 15).

Saudi Arabia is the largest economy in the Middle East, and, with its large and diverse population, entrepreneurs have many opportunities to sell within its borders.

Entrepreneurs who sell internationally also contribute to the Kingdom's global competitiveness. As Figure 15 illustrates, this indicator declined during the pandemic, before promisingly rebounding in 2022, then declined again in 2023.

Figure 15.

Percentage of entrepreneurs in Saudi Arabia with national and international market scope by gender, 2019–2023



Source: GEM Kingdom of Saudi Arabia, 2019–2023

The national market reach among established business owners has notably increased since 2019, as Figure 16 shows. For women, this indicator was in the single digits in 2019, before rising remarkably to over half of women established business owners in 2023. The indicator for men established business owners also showed a steep increase over these 5 years.

However, the proportion of women established business owners with international sales was at the same level in 2023 as it was in 2019, while this indicator tripled for men established business owners.

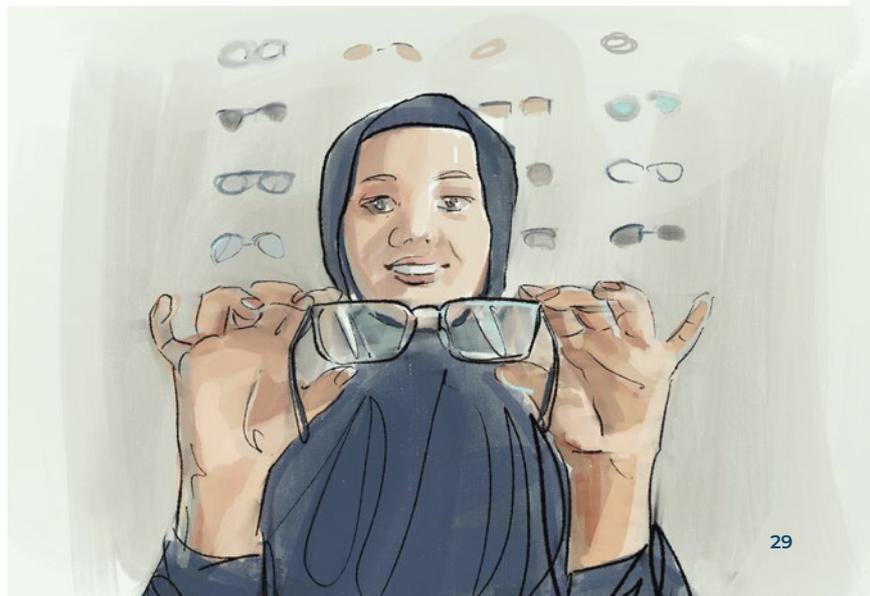
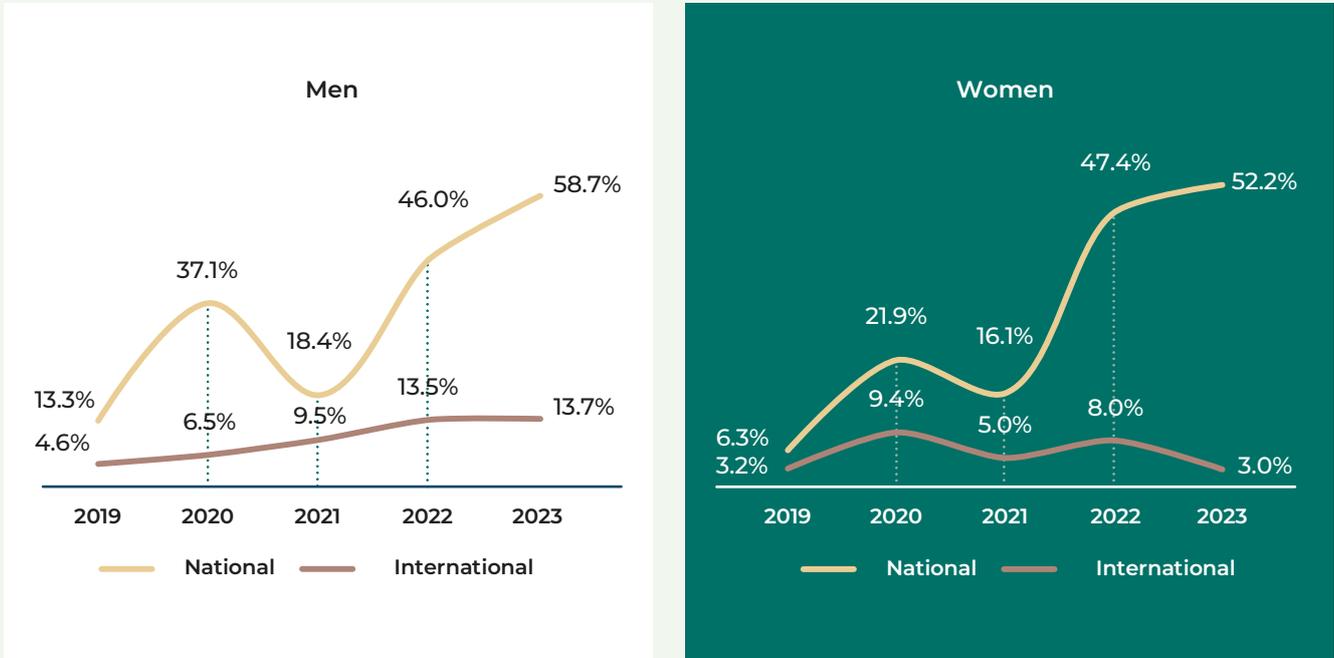


Figure 16.

Percentage of established business owners in Saudi Arabia with national and international market scope by gender, 2019–2023



Source: GEM Kingdom of Saudi Arabia, 2019–2023

2.5 Innovation

Innovative entrepreneurs and established business owners introduce products or services that are new to customers, although these may vary in the extent to which they are new locally, nationally, or internationally. Figure 17 shows the percentage of TEA and EBO respondents who indicated that their products or services were new to customers. Very few entrepreneurs and established business owners—less than 1% for both genders in 2023—indicated that their products or services were new nationally or internationally. Thus, most of the entrepreneurs introduced new products or services at a local level.

For both TEA and EBO in 2023, women entrepreneurs were more likely than men entrepreneurs to state that they had innovative offerings, and this has been the case for most of the 5-year period shown in Figure 17. It could be the case that the genders conceive of “newness” in different ways, or that the different types of businesses started by each gender relate to certain categories of products or services that are more likely to be innovative than others. Notably, women entrepreneurs frequently target underrepresented niche markets. Many are adept at discerning consumer demands, which can lead them to discover and access markets like those connected to family, healthcare, beauty, and education. These markets frequently necessitate novel techniques to fulfill specific demands. This client-centric strategy can result in the development of creative products that better meet customer needs and preferences.

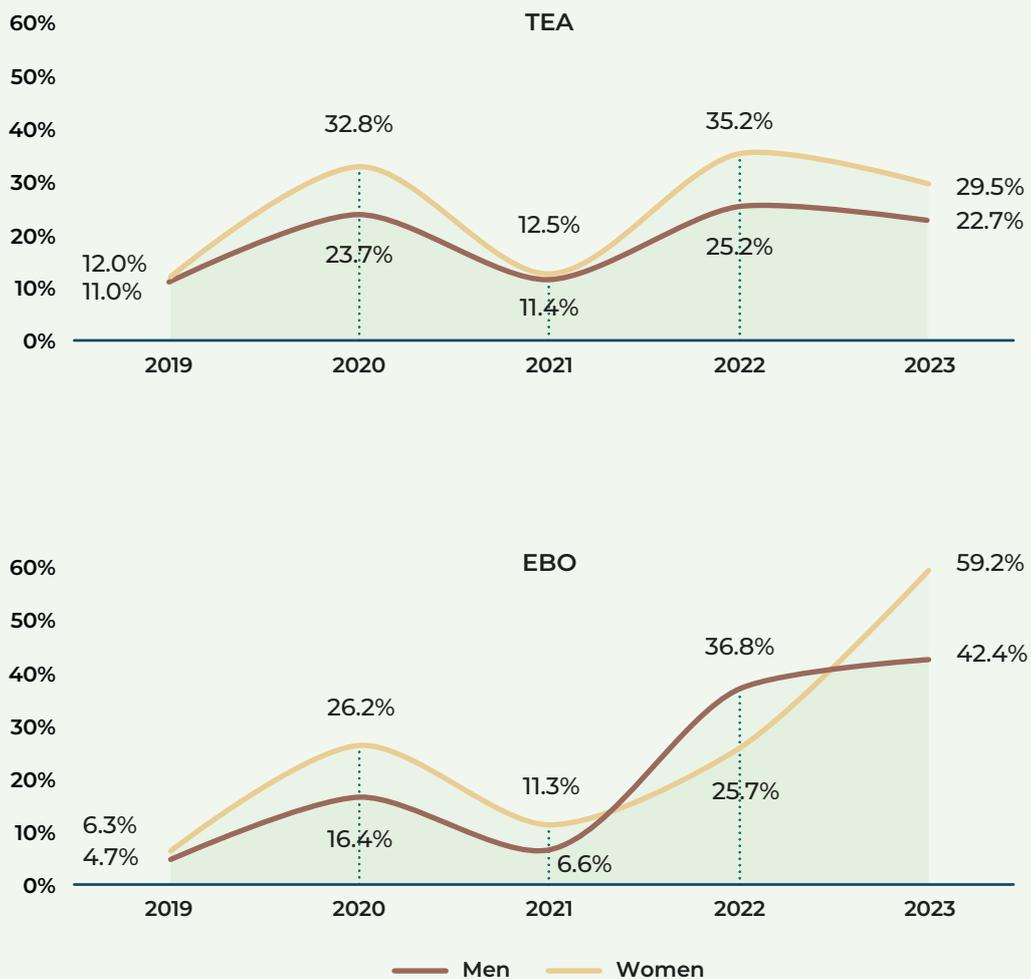
Moreover, women entrepreneurs in Saudi Arabia come from a range of educational and professional backgrounds, including design, healthcare, and teaching. They have a variety of viewpoints and experiences, which may encourage creativity and innovation. These diverse life experiences and perspectives can lead to the generation of fresh ideas and inventive solutions.

In addition, Saudi Arabia has been fostering women's entrepreneurship through a variety of programs. These initiatives frequently promote innovation and creativity, offering tools and incentives for women to produce distinctive services.

One notable pattern seen in Figure 17 is the increase in product/service innovativeness among established business owners in 2023, especially for women. For both TEA and EBO, a decline was seen in 2021, the second year of the pandemic, followed by a jump back up in 2022. However, while innovation levels then declined slightly for TEA in 2023, the upward trajectory continued for EBO, more than doubling for women over the previous year. This indicates that established business owners of both genders, but women in particular, are widely offering innovative solutions, regardless of the maturity of their businesses.

Figure 17.

Percentage of entrepreneurs and established business owners in Saudi Arabia with new products and services by gender, 2019–2023



Source: GEM Kingdom of Saudi Arabia, 2019–2023

Innovativeness can also manifest in the newness of the technologies or procedures used in developing and delivering products or services. This type of process innovation can lead to products or services that are new to customers, but alternatively it may simply provide more efficient or effective ways of producing or providing familiar solutions. It can entail either the creation and implementation of new processes, or else the adoption of processes created elsewhere but which have not been previously implemented in the business.

Again, very few entrepreneurs or established business owners—1% or less for both genders—indicated that they used new process technologies or procedures at the national or international level. Figure 18 therefore exhibits newness in processes primarily at a local level. In 2023 women entrepreneurs and established business owners were more likely than men entrepreneurs and established business owners to indicate that they used new processes, and this was true for most of the 5-year period from 2019 to 2023.

Use of new technologies and procedures among established business owners showed a steep increase in 2023, but over one third more women than men in this category reported newness. This result highlights that established business owners in general—and women in particular—show considerable initiative in improving the processes they use in their businesses.

Figure 18. Percentage of entrepreneurs and established business owners in Saudi Arabia using new technologies or procedures in producing and providing their products and services by gender, 2019–2023



Source: GEM Kingdom of Saudi Arabia, 2019–2023

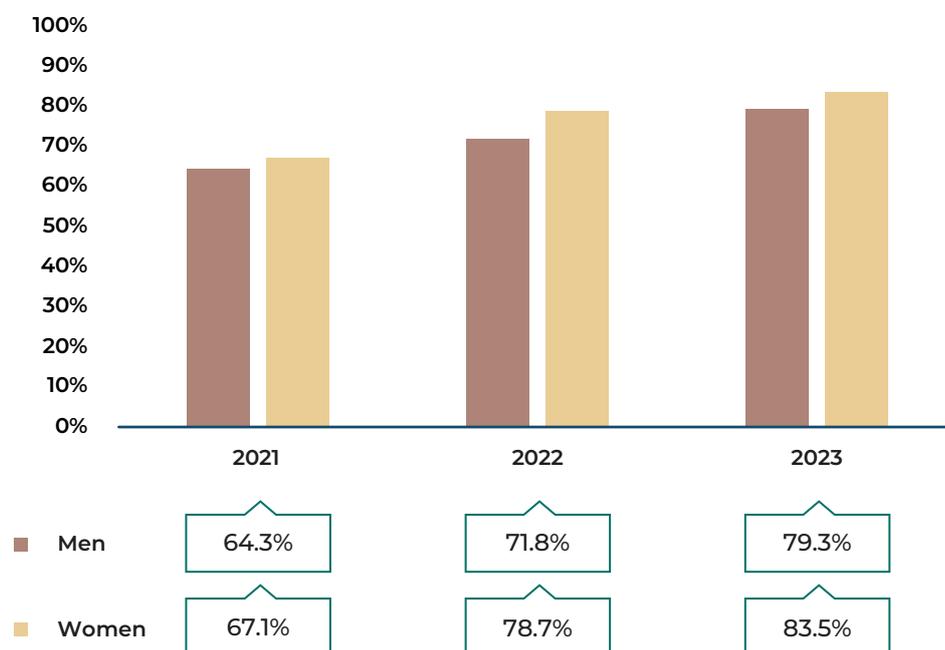
2.6 Social and environmental impact

Social and environmental concerns are on the minds of most entrepreneurs: 86% of both men and women entrepreneurs stated that they consider the social implications of their businesses, and 79% of men and 80% of women stated that they consider environmental implications when making decisions about the future of their businesses. Similarly, a majority of men and women entrepreneurs stated that social and environment impact take priority over profits and growth, as shown in Figure 19.



Figure 19.

Percentage of entrepreneurs in Saudi Arabia who stated that they prioritize social and/or environmental impact above profits or growth for their businesses by gender, 2021–2023

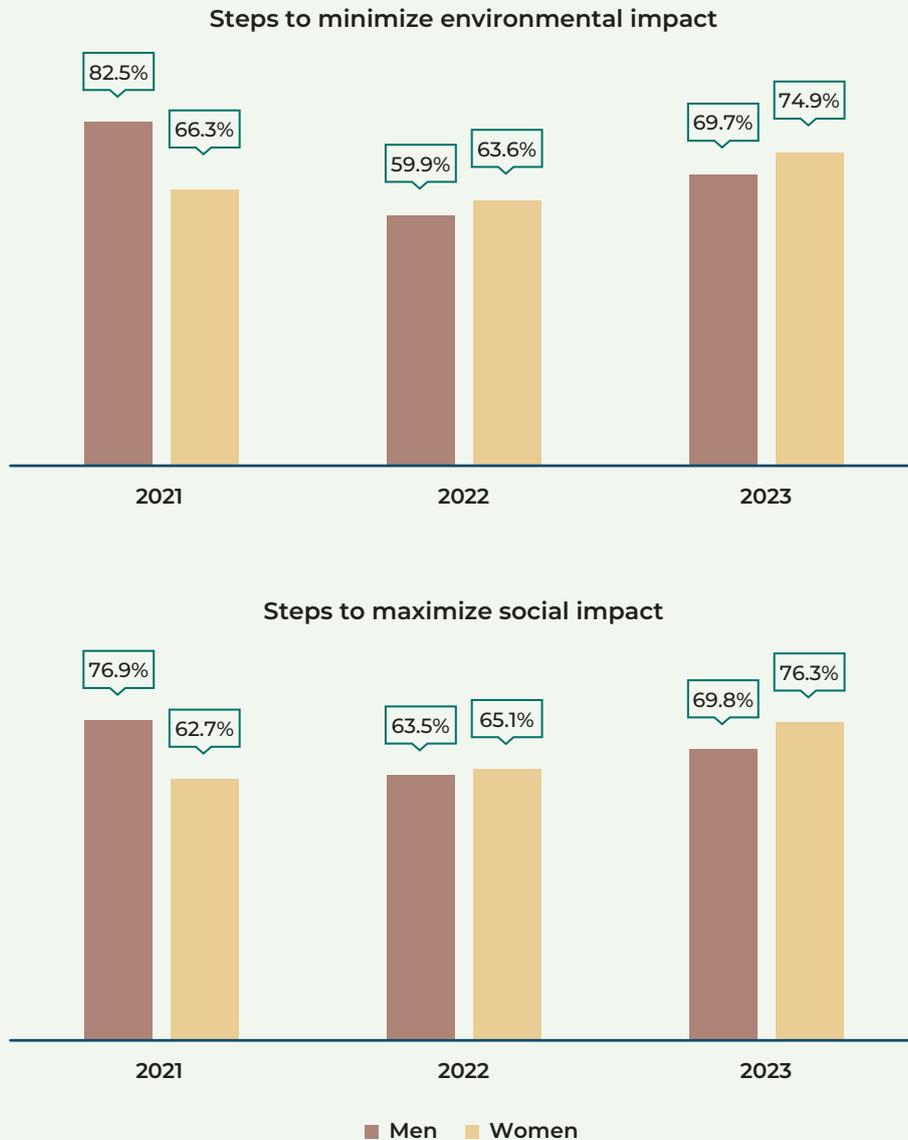


Source: GEM Kingdom of Saudi Arabia, 2021–2023

While expressing prioritization of social and environmental concerns might be considered purely aspirational, Figure 20 shows that entrepreneurs also took action in this regard. In 2023, women entrepreneurs were especially likely—around three quarters of them—to have taken steps to minimize their companies' environmental impact and/or to maximize social value.

Figure 20.

Percentage of entrepreneurs in Saudi Arabia who stated they have taken steps to minimize the environmental impact or maximize the social impact of their businesses by gender, 2021–2023



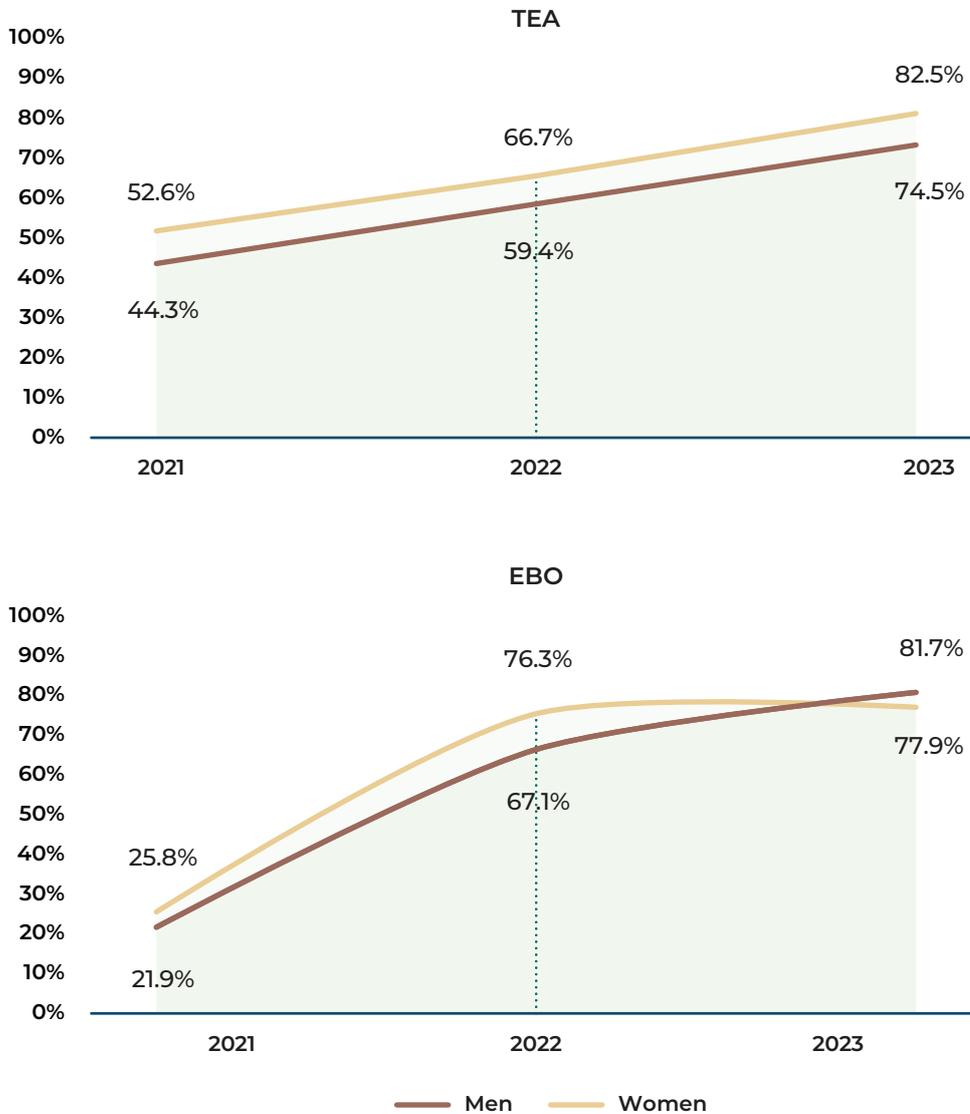
Source: GEM Kingdom of Saudi Arabia, 2021–2023

2.7 Digital technologies

The use of digital technologies has increased among both entrepreneurs and established business owners, as Figure 21 demonstrates. Women entrepreneurs were more likely than men entrepreneurs to indicate an increased use of digital technologies, with the exception of established business owners in 2023. It should be acknowledged that this does not take into consideration the previous level of adoption—and, as such, whether the point of reference differs between the genders. Still, as technology becomes more and more critical to all business operations, entrepreneurs and established business owners of both genders are increasingly adopting these solutions for their businesses.

Figure 21.

Percentage of entrepreneurs and established business owners in Saudi Arabia who stated they would increase their businesses' use of digital technologies by gender, 2021–2023



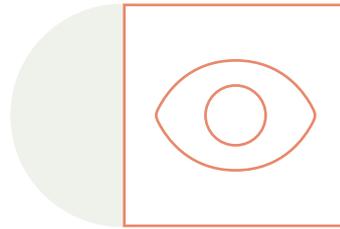
Source: GEM Kingdom of Saudi Arabia, 2021–2023

2.8 Summary

Women entrepreneurs in Saudi Arabia primarily start consumer businesses, with none entering medium- or high-technology sectors. They are slightly more likely than not to start their businesses without co-founders; as established business owners, they are even more likely to operate without co-founders. However, most have ambitions to grow their businesses and create jobs for others, and many sell their products and services across the Kingdom. Their businesses are generally not yet innovative on a national or international level, but some offer products or services or adopt processes that are new locally, and a majority of women entrepreneurs and established business owners plan to increase their use of digital technologies. They are highly likely to have taken steps to protect the environment and/or have a positive social impact.

Chapter 3:

All types of women engage in entrepreneurship



3.1 Age

As Figure 22 illustrates, those in their mid-career (aged between 35 and 44) showed the highest level of participation across all phases of entrepreneurial activity in 2023. This is a common result, particularly in developed economies, where younger people are just establishing themselves in their careers, starting to earn an income, or pursuing further education—and, in some economies, serving in the military. Although young people may have novel ideas and less sensitivity to risk because they have the rest of their careers to make up any losses, among other advantages, those in the middle of their careers are more likely to have built experience, resources, and connections they can leverage in entrepreneurial endeavors.

The age breakdowns relative to entrepreneurial intentions and TEA were virtually identical for both genders, exhibiting no gender gap across the age groups. However, there was a slightly different pattern for EBO. The EBO rate was higher for women than men in the 25–34 age group, but the rates converged for men and women in the 35–44 age group; the rate dropped off a little more steeply for women than for men after that. Women in their early careers (aged 25–34) may value the flexibility of running a business while they have young children, or else they may simply desire the autonomy and other benefits of running their own businesses. Culturally, men are still expected to be the primary earners for their families, providing women with some freedom to run businesses.

Figure 22.

Age distribution of entrepreneurial intentions, TEA, and EBO in Saudi Arabia by gender, 2023



Figure 23 shows the percentage of entrepreneurs in two age groups (18–34 and 35–64) who expect to have at least 19 employees in the next 5 years. This chart shows there are very few entrepreneurs of either gender with this level of growth aspiration, although 2019 did show a slight uptick in this indicator for middle-aged men entrepreneurs, and young women entrepreneurs exhibited a small increase in 2023. What can be concluded from this analysis is that women and men entrepreneurs are about equally likely to have high growth aspirations and there is little difference between the younger and older age groups.

Figure 23.

Percentage of entrepreneurs in Saudi Arabia aged 18–34 and 35–64 who expect to hire at least 19 employees in the next 5 years by gender, 2016–2023



Source: GEM Kingdom of Saudi Arabia, 2016–2023

3.2 Education

Statistics from the World Economic Forum Global Gender Gap Report for 2023 show that 63% of Saudi women and 41% of Saudi men have completed tertiary-level education (i.e., a college degree or above).⁴ Saudi women's high level of engagement in higher education is an integral part of the country's social and economic transformation, aided by a number of government initiatives aimed at empowering women and promoting gender equality in education.

Women entrepreneurs are nearly as likely as women in the general population to have a college degree. At the same time, the proportion of women entrepreneurs with this education level has broadly increased since 2016, nearly tripling by 2023 (Figure 24). It is notable that men entrepreneurs are considerably more likely to have a college degree than men in the general population.



Figure 24.

Percentage of entrepreneurs in Saudi Arabia who have completed at least a college degree by gender, 2016–2023



Source: GEM Kingdom of Saudi Arabia, 2016–2023

⁴ “Global Gender Gap Report 2023,” World Economic Forum, June 20, 2023, <https://www.weforum.org/publications/global-gender-gap-report-2023/economy-profiles-5932ef6d39/>.

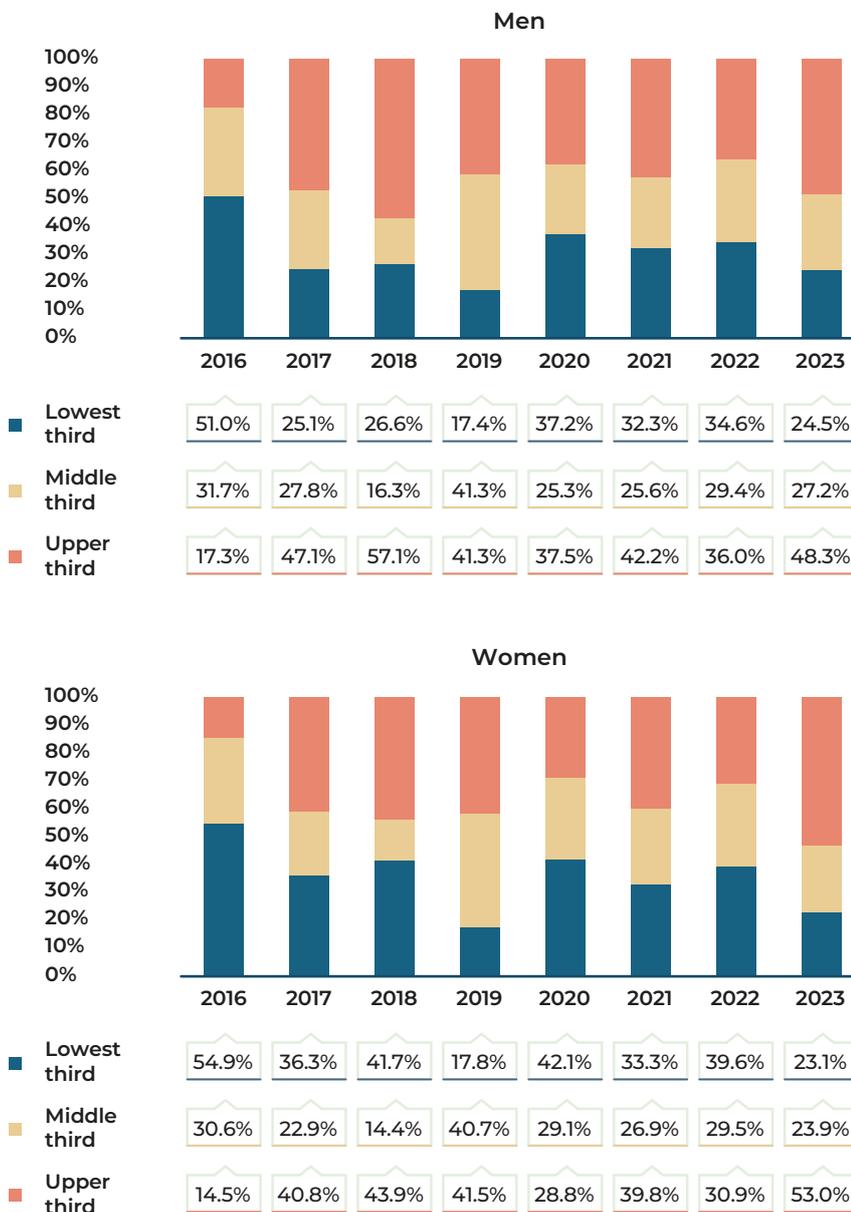
3.3 Income

Entrepreneurship appears to be accessible to all household income levels, as evidenced in Figure 25. The distribution of entrepreneurship across the three main household income strata has fluctuated over time, but it has generally favored the most wealthy

households (those in the top third by income). This was especially the case for women in 2023, when over half of women entrepreneurs came from the top income bracket. On average over the 8 years from 2016 to 2023, 37% of women entrepreneurs and 41% of men entrepreneurs came from the wealthiest third of households. It is likely that wealthier citizens have personal resources and an income cushion to fall back on, as well as better connections to other resources.

Figure 25.

Household income distribution of entrepreneurs in Saudi Arabia by gender, 2016–2023



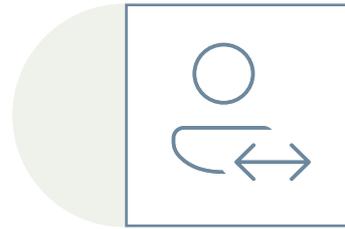
Source: GEM Kingdom of Saudi Arabia, 2016–2023

3.4 Summary

Women participate in entrepreneurship most frequently around the middle of their careers (aged 35–44), and this age group plus the age group below it (25–34 years) are most likely to be running established businesses. In 2023, compared to the general population, women entrepreneurs were as likely to have completed tertiary education, while men entrepreneurs were much more likely than men in the general population to have completed this level of education. Over half of women entrepreneurs were from the top third of household income levels.

Chapter 4:

Women value and support entrepreneurship



4.1 Societal attitudes

Societal attitudes encompass people's beliefs about entrepreneurship—whether or not they are, or desire to become, an entrepreneur. Even if someone does not aspire to start or run a business, if they have a positive attitude to entrepreneurship, they may support the entrepreneurial ambitions of others, perhaps being willing to work with them, invest in them, or generally endorse their efforts. It is logical to imagine that positive societal attitudes toward entrepreneurship among women would play a key role in fostering women entrepreneurs.

Notably, women in Saudi Arabia exhibit positive societal attitudes toward entrepreneurship: in 2023, nearly all of them expressed that entrepreneurship is a desirable career choice, that entrepreneurs are afforded high status and respect, and that they receive positive media attention. Most also felt that starting a business is easy. All of these indicators are very similar to those for men. As Figure 26 shows, the percentages expressing these positive attitudes have increased since 2019 and remained at a high level from 2020 to 2023.

Figure 26.

Societal attitudes to entrepreneurship in the adult population of Saudi Arabia by gender, 2016–2023
(percentage of population aged 18–64)



Source: GEM Kingdom of Saudi Arabia, 2016–2023



4.2 Affiliations with entrepreneurs

Most women know an entrepreneur personally, and this is shown to be a strong motivator and facilitator of entrepreneurship. Affiliations with established entrepreneurs mean potential entrepreneurs have role models as well as advisers, partners, investors, and other stakeholders on their entrepreneurial journeys. As demonstrated by Figure 27, women and men exhibited a similar pattern over time for this indicator, showing a decrease in affiliations during the pandemic years, likely influenced by shutdowns and less social interaction outside their families. This then rebounded in 2022 and 2023, reaching an even higher level than before the pandemic.

Figure 27.

Percentage of the adult population (aged 18–64) in Saudi Arabia who know an entrepreneur personally by gender, 2016–2023



Source: GEM Kingdom of Saudi Arabia, 2016–2023

4.3 Self-perceptions

The societal attitudes discussed earlier represent society's thinking about entrepreneurship in general. Self-perceptions—whether someone sees opportunities, believes they have the capabilities needed for entrepreneurship, and/or feels constrained by a fear of failure—signify Saudi people's readiness for entrepreneurship.

From 2016 to 2023, the majority of women in Saudi Arabia perceived lots of opportunities for starting a business, with a similar longitudinal pattern for men. This indicator has generally increased for women since 2016, demonstrating that there are business prospects to be seized, particularly by those with the perceptiveness to recognize them.

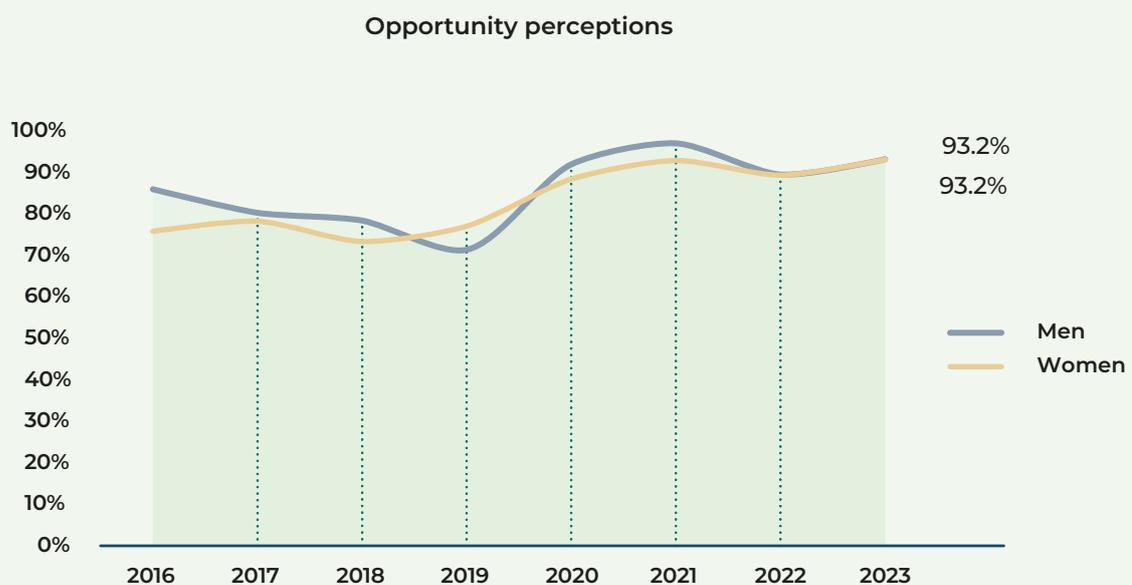
Women were also likely to believe they have the capabilities needed to start a business. Although this indicator remained slightly lower for women than men, women's perception of their capabilities was nonetheless high and continued on an upward trajectory over time.

The major constraining factor in this whole discussion of societal attitudes and self-perceptions is fear of failure. Many men and women who perceived opportunities around them reported feeling worried about failing—as such reflecting that those who see opportunities to start a business are deterred because of the associated risks.

Still, it is not necessary for everyone to actually venture into entrepreneurship. Other types of occupation are also needed in a society. In addition, looking positively at this indicator, one may recognize that in 2023 over 40% of those who perceived opportunities said they were not deterred by fear of failure. And given the high rates of entrepreneurship in Saudi Arabia, it is clear that there are plenty of people who have in fact taken steps to start a business. At the same time, this may be an area to explore further, questioning whether these fears are due to cultural, policy, or other factors, particularly given the gradual increase in fear over time, as exhibited in Figure 28.

Figure 28.

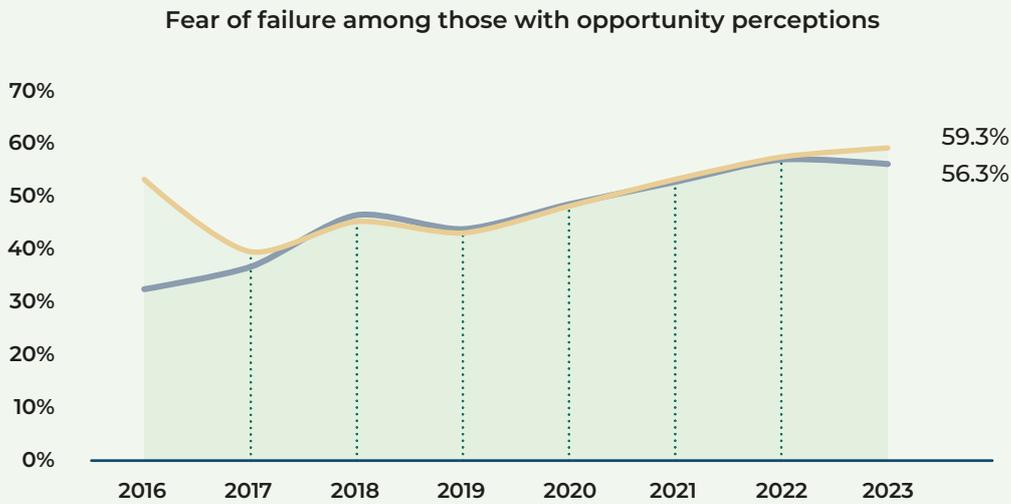
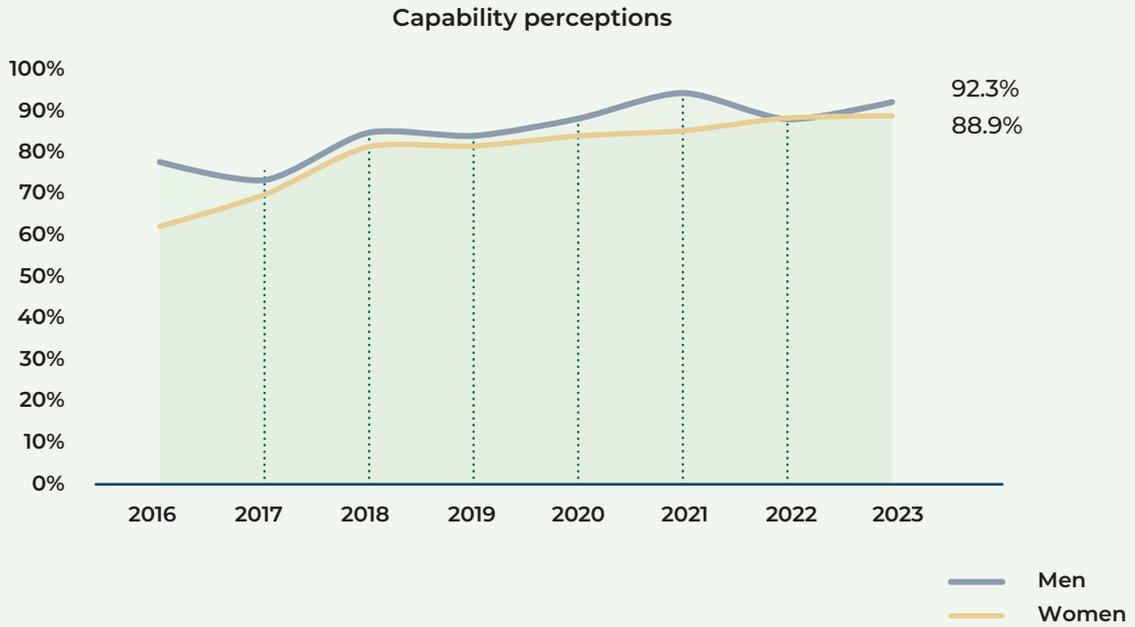
Self-perceptions of entrepreneurship in the adult population of Saudi Arabia by gender, 2016–2023 (percentage of population aged 18–64)



Source: GEM Kingdom of Saudi Arabia, 2016–2023

Figure 28 continued.

Self-perceptions of entrepreneurship in the adult population of Saudi Arabia by gender, 2016–2023 (percentage of population aged 18–64)



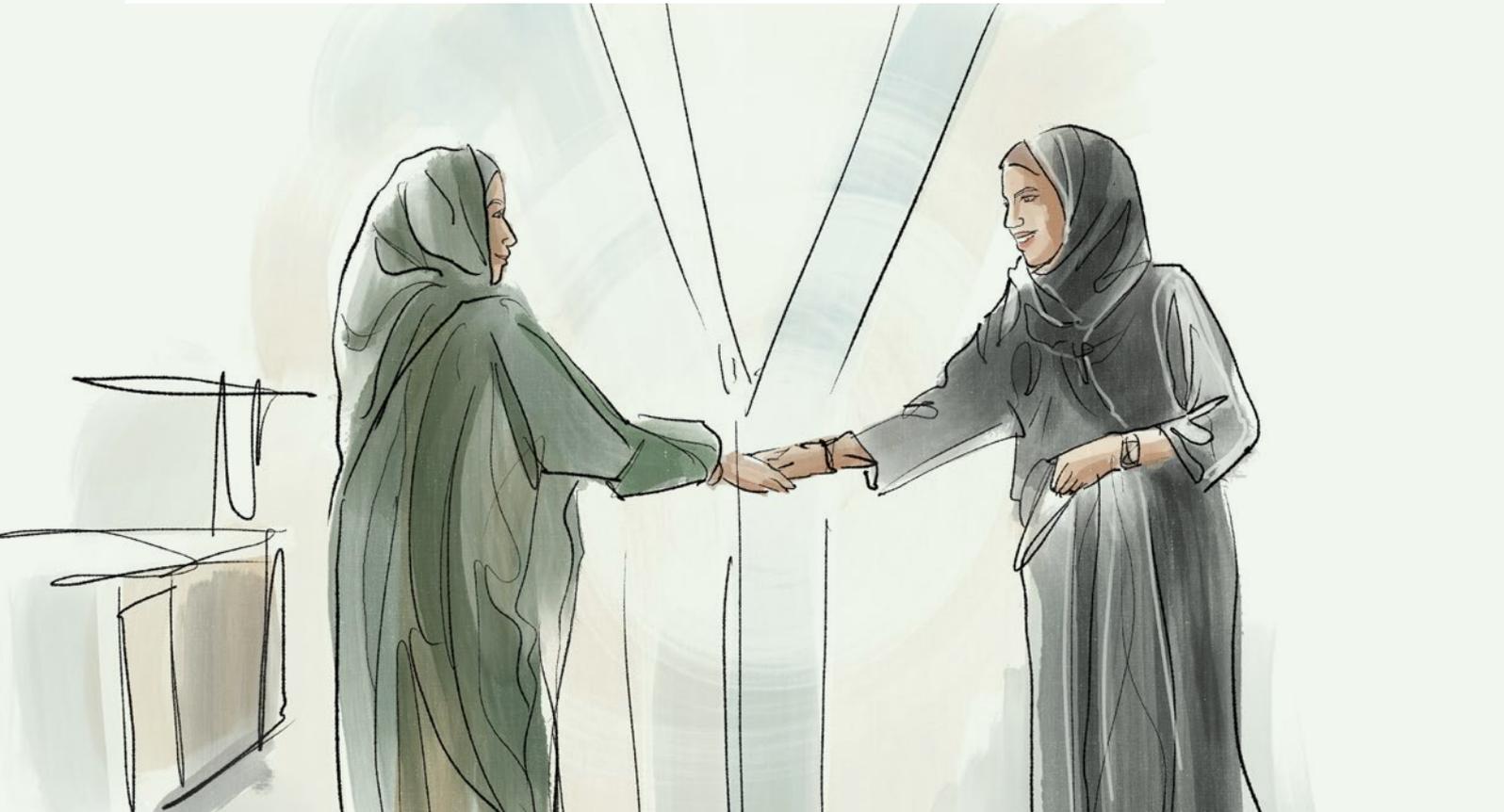
Source: GEM Kingdom of Saudi Arabia, 2016–2023

4.4 Summary

Women exhibit highly positive attitudes toward entrepreneurship in Saudi society, thus helping it to thrive. Additionally, since many women know entrepreneurs personally, perceive opportunities around them, and feel confident in their abilities to start a business, they are well positioned to pursue entrepreneurship themselves. However, fear of failure, which has increased over time, may pose a barrier to women’s willingness to venture into entrepreneurship.

Chapter 5:

Women invest in entrepreneurs



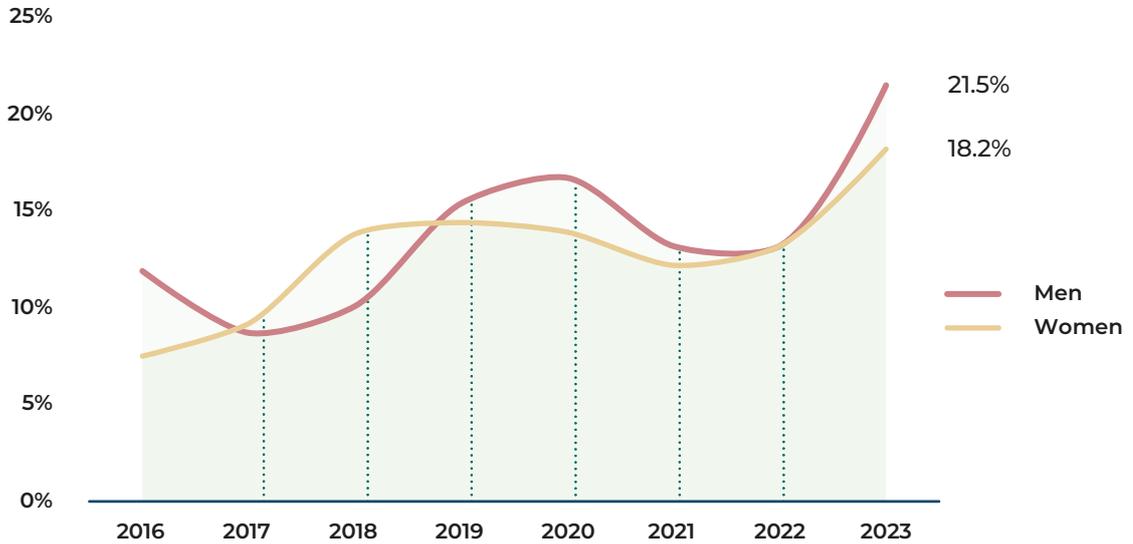
5.1 Investment rates

Women in Saudi Arabia are key sources of funding for entrepreneurs, as Figure 29 shows. The proportion of the adult population providing funding has fluctuated since 2016 but reached its highest level in 2023 for both genders. In 2018, Saudi Arabia's Capital Market Authority issued the first permit for a crowdfunding platform, which allowed more people, beyond just qualified investors with high levels of wealth and income, to participate in funding entrepreneurs.⁵ This likely influenced the increase in the percentage of the population providing funding, which was tempered for a few years by the pandemic, but then more than rebounded in 2023.

⁵ "Debt Crowdfunding Hits SAR 771 Mln in 2022: SAMA," Argaam, September 18, 2023, <https://www.argaam.com/en/article/articledetail/id/1671143>.

Figure 29.

Percentage of the adult population (aged 18–64) in Saudi Arabia who have provided funding to an entrepreneur in the past year by gender, 2016–2023



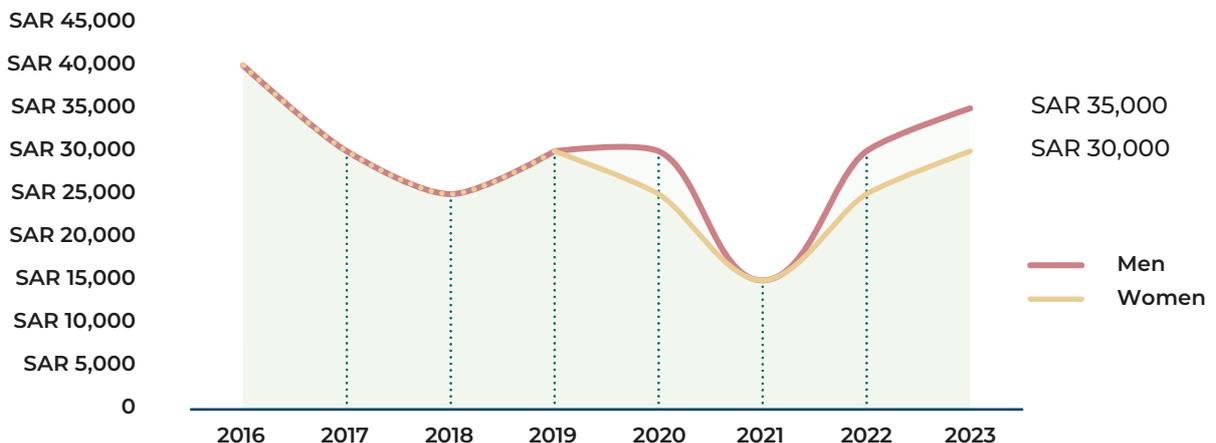
Source: GEM Kingdom of Saudi Arabia, 2016–2023

5.2 Investment amounts

Figures 29 and 30 show that in 2023 men were slightly more likely than women to invest in entrepreneurs and provided a higher median amount of funding. It is notable, however, that while a lower percentage of men and women invested in 2016, both genders provided a higher median amount to the entrepreneurs they invested in, compared to subsequent years. As the rate of investment increased, the median amount tended to decrease up to 2021, suggesting that entrepreneurial investment opportunities had reached a broader range of investors. Nonetheless, by 2023, not only had the rate of investment reached the highest levels but the median amounts had also increased.

Figure 30.

Median investment amounts among those who have funded entrepreneurs in Saudi Arabia by gender, 2016–2023



Source: GEM Kingdom of Saudi Arabia, 2016–2023

5.3 Relationship to recipient of investment

More than half of the investors of both genders provided funding to close family members in 2023 (Figure 31). Close family members and other relatives have tended to be the primary recipients of funding since 2016, especially for women investors. While the levels of funding for the various recipients shifted over time, it is worth noting that the distribution of funding across recipients was very similar for both genders in 2023.

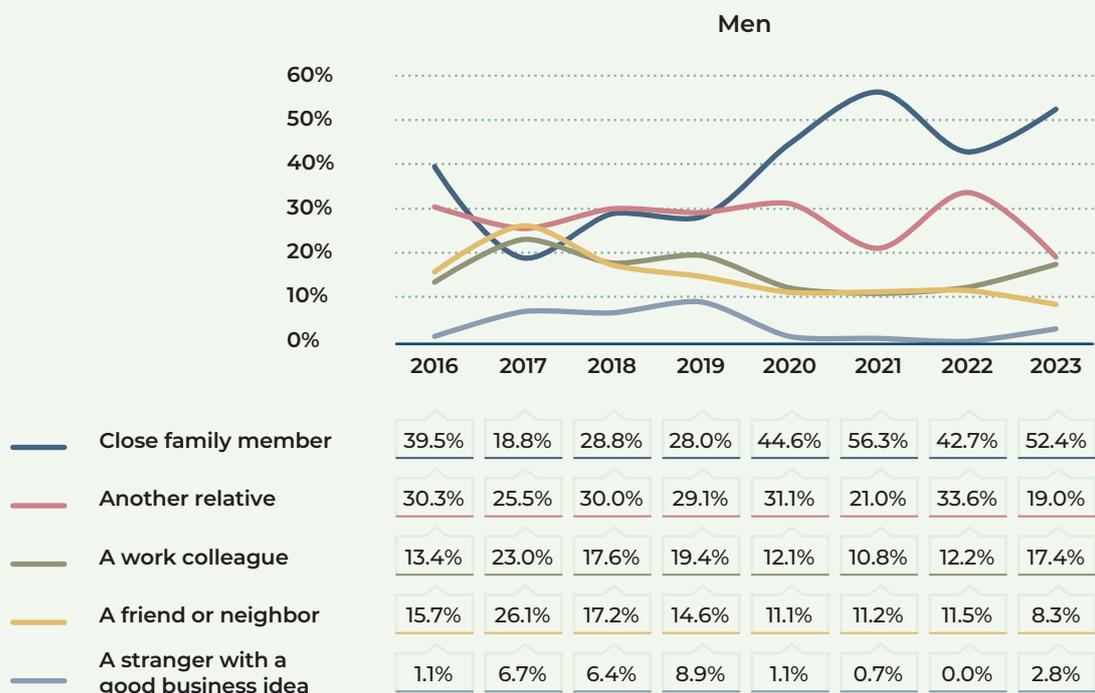
However, when the gender of the recipient is taken into account, there was a marked difference. A majority of women investors (63%) provided funding to fellow women, while a low percentage of men investors (13%) funded women entrepreneurs. This finding is consistent with research in the United States showing that women venture capitalists are much more likely than men venture capitalists to invest in women founders.⁶ This highlights the importance of women investors in Saudi Arabia and could perhaps signal the value of broader involvement of women stakeholders in fostering entrepreneurship among women in the Kingdom.



13% of men investors provided funding to women entrepreneurs—compared to 63% of women investors.

Figure 31.

Relationship of recipient of funding to investor in Saudi Arabia by gender, 2016–2023

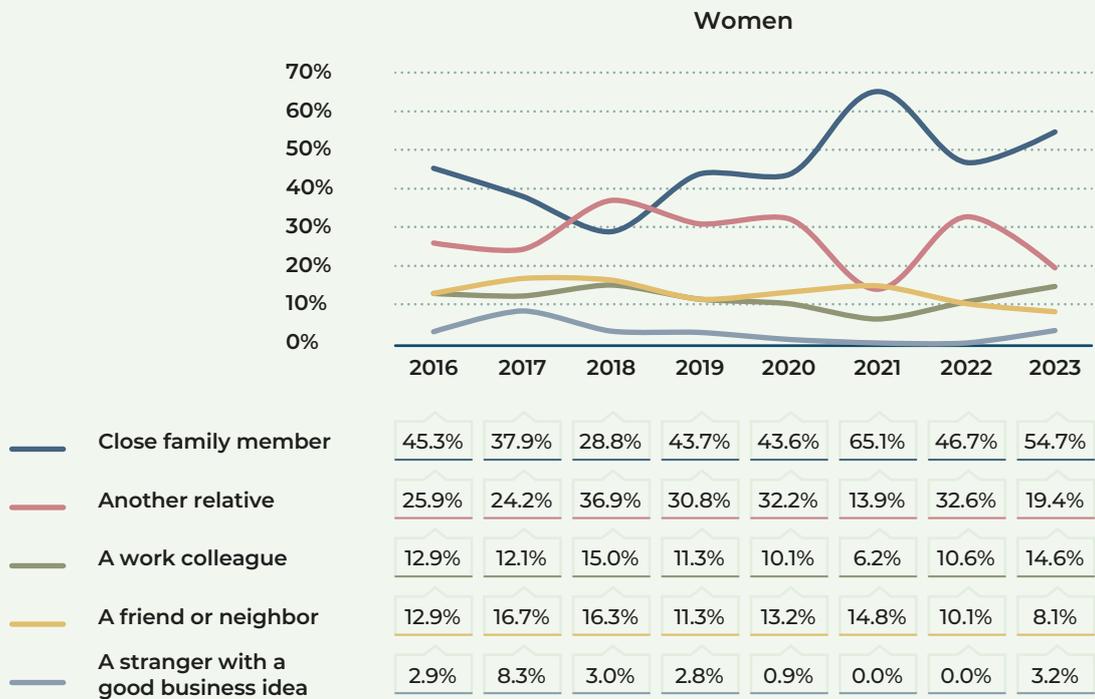


Source: GEM Kingdom of Saudi Arabia, 2016–2023

⁶ C. West and G. Sundaramurthy, “Women VCs Invest in Up to 2x More Female Founders,” Kauffman Fellows, March 25, 2020, <https://www.kauffmanfellows.org/journal/women-vcs-invest-in-up-to-2x-more-female-founders>.

Figure 31 continued.

Relationship of recipient of funding to investor in Saudi Arabia by gender, 2016–2023



Source: GEM Kingdom of Saudi Arabia, 2016–2023

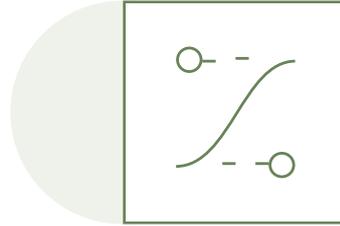


5.4 Summary

The percentage of women in Saudi Arabia who provide funds to entrepreneurs reached its highest level in 2023. The majority invested in close family members and other relatives. Most notably, a majority of women investors provided funding to women entrepreneurs, whereas a small share of men investors did so.

Chapter 6:

Conditions for entrepreneurship influence women



The NES includes questions that relate to women's entrepreneurship. These were aggregated into two main pillars: one relating to support for women's entrepreneurship and the other relating to the accessibility of resources. Figure 32 shows the individual questions underlying each pillar.

6.1 Support for women's entrepreneurship

The pillar relating to support for women's entrepreneurship received a moderate overall rating of 6.4 out of 10. As Figure 32 shows, of the questions composing this pillar, the one relating to cultural environment received the highest score (7.1), indicating a high level of agreement that this encourages entrepreneurship equally for women and men. This question was also asked 2 years prior, in 2021, and received a slightly higher score than of 7.8.

The lowest score was received for the regulatory environment—specifically, the extent to which regulations were favorable for entrepreneurs, such

that women would be encouraged to start a business rather than work as a public- or private-sector employee. A similar question was asked in 2021, at which point it received the same score. This moderate result may reflect the attractiveness of public- or private-sector jobs in the country. Compared to launching and maintaining a business, being an employee typically offers a more steady and predictable income, consistent working hours and work-life balance, perks such as health insurance, retirement programs, and paid time off, and training and growth opportunities for one's career.

Additionally, as programs to support women's employment grow, many Saudi enterprises are developing more inclusive and friendly workplaces. Saudi Arabia's Vision 2030 has resulted in policies and programs that encourage women to seek employment in both the private and public sectors. These have been highly successful. The female labor force participation rate stood at 37% in 2022, and this had doubled in just 6 years, exceeding the Vision 2030 target of 30%. Women therefore have many career opportunities, and potential women entrepreneurs must weigh these opportunities against the benefits of becoming an entrepreneur. Although most women have positive attitudes toward and self-perceptions of entrepreneurship, other forms of employment may be more attractive for many of them.

The experts rated the availability of support services a little higher than the affordability of these services. The slightly lower rating on affordability perhaps reflects increases in the cost of living, especially after value-added taxes on goods and services were introduced in 2018 for the first time in Saudi history, subsequently increasing to 15% in 2020.

6.2 Accessibility of resources

For the pillar relating to the accessibility of resources, the questions are reversed such that they ask about the extent to which men are favored over women. Overall, this pillar received a rating of 4.4, indicating that the experts

did not particularly think that resources are more accessible to men than to women. In particular, they did not generally believe that men could more easily access funding compared to women, whether it be seed funding or other types of funding. However, they were more neutral about access to markets, suggesting that women's access to markets is not as favorable as their access to financing.

Figure 32.

Expert perceptions of support for women's entrepreneurship in Saudi Arabia, 2023

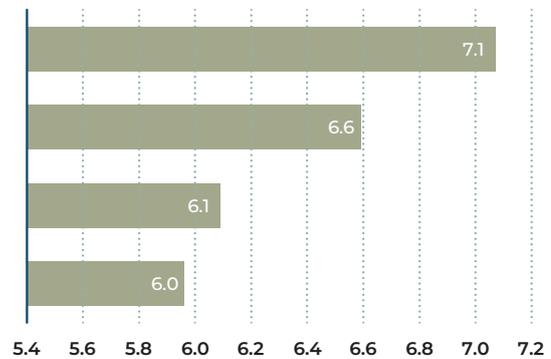
Support for women's entrepreneurship: In my country...

the national culture encourages women as equally as men to become self-employed or start a new business

there are sufficient support services (i.e., childcare, home services, after-school programs, care for the elderly), so women can continue to run their businesses even after they have started a family

the support services (i.e., childcare, home services, after-school programs, care for the elderly) are affordable, so women can access them to help them to run their businesses even after they have started a family

regulations for entrepreneurs are so favorable that women prefer to become entrepreneurs instead of public- or private-sector employees



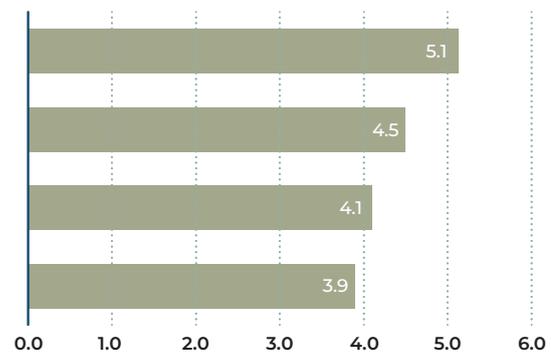
Accessibility of resources (extent to which men are favored): In my country...

it is easier for men than for women entrepreneurs to access markets

it is easier for men than women entrepreneurs to access public procurement

it is usually easier for men than women nascent entrepreneurs to obtain seed funds (from any type of funding source)

it is usually easier for men than for women entrepreneurs to access funding (of any type)

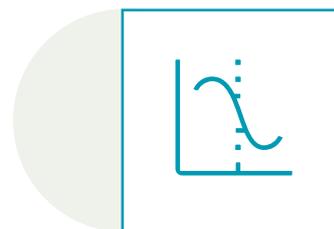


Source: GEM Kingdom of Saudi Arabia, 2023

6.3 Summary

Experts in Saudi Arabia agreed that the cultural environment encourages entrepreneurship equally for women and men. However, there was less agreement with regard to the regulatory environment, suggesting that this might encourage women to take jobs as employees rather than becoming entrepreneurs; this may be influenced by policies and practices that have improved the attractiveness of other employment options for women in the Kingdom. The experts also signaled that women entrepreneurs do not generally face gender discrimination in accessing finance; however, in some cases, men entrepreneurs may have better access to markets.

Conclusions and recommendations



The findings of this report, based on 8 years of GEM data, show how women’s entrepreneurship has thrived in and impacted Saudi society, playing an important role in the Kingdom’s economic growth and social advancement, all of which contribute to the achievement of Vision 2030. Two of the GEM Saudi Arabia team’s key aims are to expand understanding of women’s entrepreneurship across a broad audience and to promote actions that will further support women entrepreneurs in the Kingdom. As such, this report concludes with several recommendations for further consideration.

1.

Continue to ensure that women entrepreneurs are supported as they build their ventures into established businesses. The high levels of established business activity revealed in this report show that women entrepreneurs can sustain businesses that offer stable employment to workers, reliable products and services for consumers, returns to investors and partners, and benefits to other stakeholders. Compared to those just starting new ventures, women running mature and/or growing businesses require different types of resources and support to sustain their businesses.

2.

Identify ways to leverage the experiences and lessons of current and former women entrepreneurs. The growth of entrepreneurship among women and their willingness to re-enter entrepreneurship even after exiting businesses means they have a base of experience that can be applied to their subsequent entrepreneurial efforts or used to help other women entrepreneurs via such activities as mentoring, advising, or investing. Finding ways to value and leverage women's experiences—for example, by applying them to new, higher-potential opportunities or connecting them with entrepreneurs who are either less experienced or possess complementary experience—will ensure that women's entrepreneurship in Saudi Arabia continues to grow and impact Saudi society.

3.

Promote sector diversity and businesses based on advanced knowledge and technology among women entrepreneurs. Saudi Arabia's Vision 2030 prioritizes economic diversification beyond oil and gas. The government has aggressively promoted entrepreneurship in a variety of non-extractive industries (such as travel and tourism, health, entertainment, and gaming) through funding programs, incubators, and other efforts. This funding can also be used to encourage entrepreneurs to pursue opportunities in fields such as technology, tourism, entertainment, healthcare, and renewable energy.

However, this report shows little sector diversity and no medium- or high-technology businesses among women entrepreneurs and established business owners. At the same time, the results show that the majority of women entrepreneurs have a college degree or tertiary level of education. Ensuring their knowledge is optimally applied to advanced concepts will contribute to the impact of entrepreneurship on the goals of the Kingdom. Additionally, enabling access to advanced process technologies and procedures, even in non-technology businesses, can provide new ways to produce and deliver products and services.

Moreover, there is a rising worldwide understanding of the environmental and social consequences of extractive industries, which may reduce worldwide demand for fossil fuels in the future. Women entrepreneurs can lead the way in investments in environmentally sustainable and socially responsible businesses that reflect contemporary attitudes and aspirations.

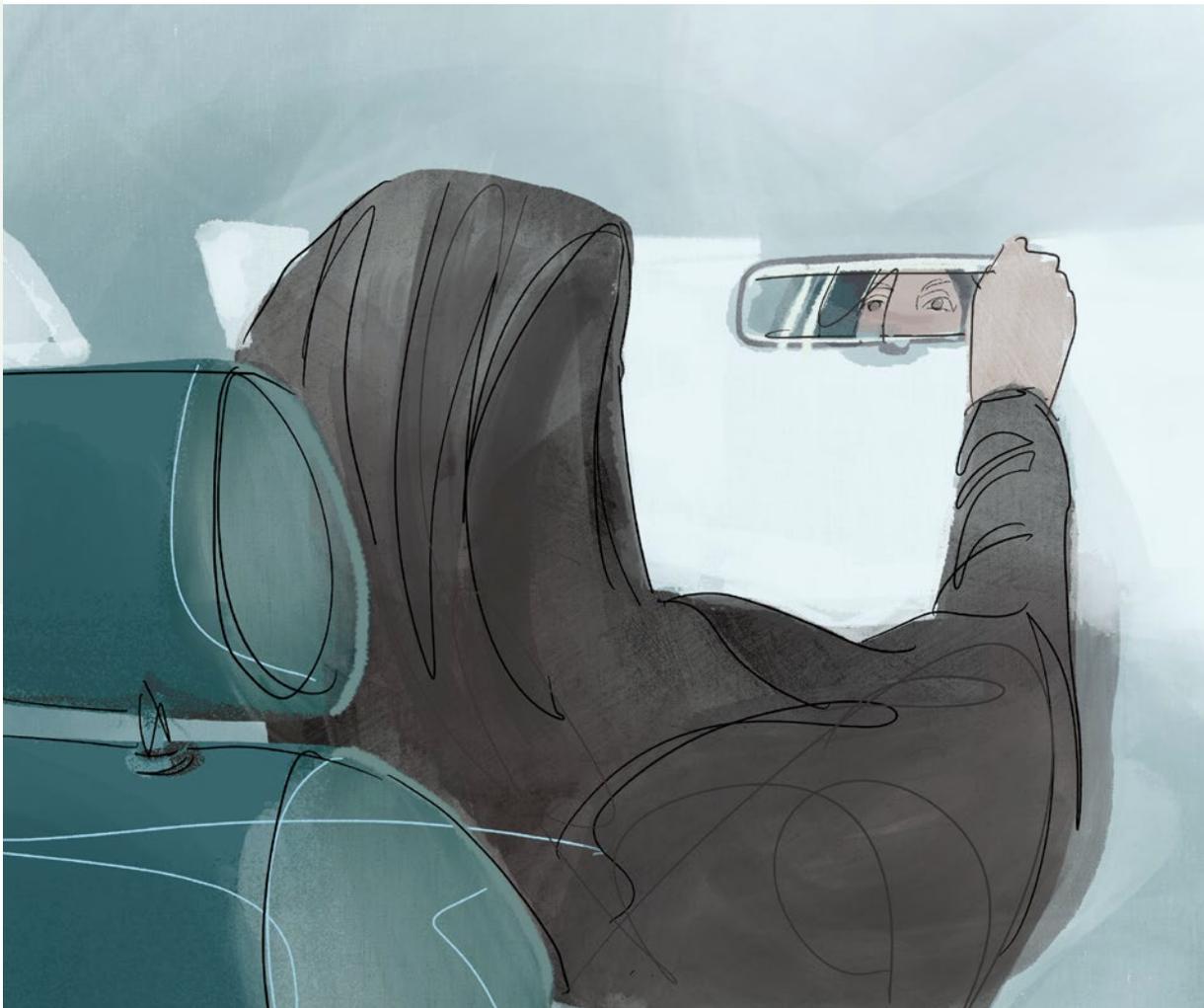
4.

Support the ambitions of innovative and growth-oriented women entrepreneurs.

Saudi Arabia has been fostering women's entrepreneurship through a variety of initiatives and support programs. These initiatives frequently promote innovation and creativity by providing tools and incentives for women to produce distinctive products and services. Additionally, as Saudi Arabia's culture and society evolve, there is an increasing acceptance of and support for women in business. This shifting environment can encourage women entrepreneurs to turn creative ideas into viable businesses.

Given that co-founders can bring diverse knowledge, connections, and perspectives to a business, facilitating network-building and the formation of founding teams will help expand the capabilities and aspirations of women-led businesses. Policies and other legislative conditions that facilitate hiring and retaining employees will also support the ambitions of growth-oriented women entrepreneurs and further contribute to job creation in the Kingdom.

Facilitating access to international markets, technology, and ideas may involve encouraging startups to be "born global"—in other words, preparing them to operate internationally from the outset. Additionally, it is important to provide resources to business owners who are already operating nationally, but who have offerings with global market appeal or may benefit from working with international suppliers or other partners, enabling them to expand their operations and reach new markets.





5.

Help women to improve their financial wellbeing through entrepreneurship.

Over half of women entrepreneurs in Saudi Arabia reside in high-income households, providing them with the means to start businesses, while less than one quarter come from the lowest third of households by income. However, women entrepreneurs are as likely to start businesses out of necessity—that is, to earn a living—as they are to start businesses out of a desire to generate wealth. Paying attention to disadvantaged populations can create opportunities for women to lift themselves and their families out of economic difficulty.

6.

Involve women in roles and organizations that fund women entrepreneurs.

Women entrepreneurs rely on supportive families, networks, and communities to gain access to resources, mentorship, and finance. Many thrive by cultivating good relationships with investors, consumers, and partners. These contacts create a robust support network, helping women procure funds during key phases in their business operations.

However, given the high levels of fear of failure reported in the GEM data, many women may adopt more cautious strategies and pursue more economically stable business models, thus reducing the likelihood of more ambitious endeavors. But given that this report shows that women investors are highly likely to invest in women entrepreneurs, it is important that women are involved on the investor side. This may involve connecting women with a variety of funding sources that they can tap, allowing for greater diversification of funding, which can help women entrepreneurs establish a stronger financial base.

Appendix

Table 1.

Global Entrepreneurship Monitor (GEM) Saudi Arabia, 2023: Adult Population Survey (APS) and National Expert Survey (NES) fieldwork sheet



Technical details

APS sampling features	APS information
Target population	Adults (18–64 years old) resident in Saudi Arabia
Target population size	32,641,942 people
Sample size	4,037 people
Sample design	Multiple strata, each sampled at identical rate
Type of sample	Random
Confidence level	95%
Sampling error	±1.54%
Maximum variance	$p = q = 0.5$
Sampling period	May–July 2023
Interview method	Mobile and fixed telephone (computer-assisted telephone interviewing)
Sampling methodology	Random dial from list
Fieldwork carried out by	Field Interactive MR https://fieldinteractive-mr.com/
Data recording and SPSS database creation	Field Interactive MR https://fieldinteractive-mr.com/
Monitoring, quality control, and final verification	Institut Opinometre http://es.opinometre.com
NES sampling features	NES information
Target population	Experts in nine entrepreneurship conditions
Sample	47 experts
Type of sample	Purposive sample
Sampling period	April–July 2023
Interview method	Online
Fieldwork carried out by	GEM Saudi Arabia national team
Data recording and SPSS database creation	GEM Saudi Arabia national team





Global
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KINGDOM OF SAUDI ARABIA

WOMEN'S REPORT
2023–2024



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