

# **Constraints for Women Entrepreneurs in the Middle East and North Africa: Insights from Morocco**

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## **Abstract**

Despite the low prevalence of women entrepreneurs in the Middle East and North Africa, there is a lack of research into their behaviors and experiences. This qualitative study of 23 Moroccan women business owners and aspirational entrepreneurs aimed to identify their constraints as well as potential interventions. The subjects mostly experienced gender-neutral obstacles. However, they overwhelmingly cited gendered social factors as the primary constraint for female entrepreneurship in Morocco, and they mainly proposed entrepreneurship training and awareness as solutions. Furthermore, two gender-neutral regulations emerged that may disproportionately affect women entrepreneurs in Morocco, suggesting avenues for further research.

## **1 Introduction**

Globally there are more male than female entrepreneurs, but the gap is particularly large in the Middle East and North Africa (MENA) region, where the prevalence of women entrepreneurs is lower than in other middle-income countries in East Asia, Latin America, the Caribbean, Europe, and Central Asia (Chamlou, 2008). However, there is a dearth of studies on the behaviors, experiences, constraints, needs, and problem-solving techniques of women entrepreneurs with growth-oriented firms in the MENA region (Kiss, Danis, & Cavusgil, 2012; OECD, 2012a). Nor is there systematic research on MENA women's role in the development of the private sector and small- and medium-sized enterprises (SMEs), especially the factors that have led to the very low percentage of entrepreneurs and employers who are women (Stevenson, 2010). This is consistent with the general need for

16 subjects, this was their first business, and 14 had businesses that were already operational. The sciences were well represented among the backgrounds of the subjects, with 8 being engineers and 6 of the remaining subjects being scientists or having pursued science studies in college. Table 1 provides summary characteristics of the subjects.

<b>Characteristic (mean +/- SD)</b>	<b>Number of subjects</b>	<b>Number with existing business</b>	<b>Number of years in business</b>
Age			
20-24	1	0	N/A
25-29	6	1	1
30-34	4	4	4.66 +/- 2.27
35-39	3	3	4.66 +/- 3.21
40-44	3	3	7.33 +/- 10.12
45-49	3	1	5
50-54	2	1	14
55-59	1	1	22
Level of education			
Associates	3	3	8.17 +/- 9.65
Bachelors	5	5	5.19 +/- 9.42
Masters	14	6	5.67 +/- 4.80
PhD	1	0	N/A
Science background/studies	14	7	6.14 +/- 7.45
No science background	9	7	5.92 +/- 7.54
Existing business	14	-----	-----
First-time entrepreneur	16	-----	-----

In terms of the types of businesses, 18 subjects owned or were trying to launch high-growth businesses (defined as expected to hire more than 10 people), 6 involved importing and exporting products, and 15 had service-oriented firms. Three of the subjects had multiple businesses or lines of business, and many had businesses that were cross-sectoral. In addition, more than half of the subjects chose to launch a business in sectors dominated by men: agriculture (5 subjects), industrial (2), telecommunications (2), engineering (2), electronic goods wholesaler (1), and renovation/construction (1). Other sectors included

such as high collateral requirements (OECD, 2012a). Banks have little incentive to tailor products and services to women clients or hire female financial professionals (OECD, 2012a). Because of challenges such as insufficient collateral, few alternative financing options, and inexperience in preparing project proposals, women entrepreneurs in the MENA region are even less likely than men to use external financing, with the majority using informal sources such as personal savings and money from family and friends (OECD, 2012a).

In terms of code co-occurrences, the code for capital needs in this study coincided with those for being ambitious (10 code co-occurrences) and determined (8), as well as the need to start smaller and leaner (6) and financial obstacles (5). Capital needs also co-occurred with having a professional network (6 code co-occurrences), possibly a reflection of the professional status needed to launch a high-growth business requiring a lot of capital.

### ***3.2.2 Business Knowledge and Networks***

After financial constraints, next most cited obstacle was lack of information and professional networks, specifically lack of business knowledge and know how (14 code applications), lack of client and professional network (13 code applications), and lack of professional advice (9 code applications). This latter constraint was seen even though at least 9 subjects reported receiving business training and/or coaching (13 code applications). The subjects themselves suggested that training is needed by new entrepreneurs on an ongoing basis, and that short-term or one-time training was not enough.

*“There are few support programs here in Morocco, there is not a lot of communication because it is still the beginning. We need to train and support [women]. ... But when you leave [a training program], you do not realize that*

*everything disappears, it is only the initial enthusiasm. It requires active mentoring, real supervision, monitoring. What is difficult is the first step. It's easy to dream, to be enthusiastic, but once at home, we may return to old ideas."*

To get around this constraint, many of the subjects sought advice from their business partners (9 code applications), their professional network, a business service provider, or a mentor or coach. In terms of advice seeking from institutional sources, however, only two used the Moukawalati ("My Enterprise") program, a government effort to help young college graduates start their own businesses that offers training, coaching, and an 85% micro-loan with follow-up support (Stevenson, 2010). Only one subject sought advice from a women business owners' association, although there is evidence that such associations help firms grow through horizontal linkages (Nichter & Goldmark, 2009).

### **3.2.3 Business environment**

Coding for the business environment reveals that the largest complaints were corruption (6 code applications) and competition (5 code applications). To a lesser degree, the rest included such problems as protecting trade secrets, interference from elites, dishonest customers, inadequate institutions for business (e.g., chambers of commerce), technical issues, lack of customers, and worker loyalty. When including the section on rules, regulations, and taxes, the largest complaint, bureaucracy, still garnered only 5 code applications. The rest were such issues as high taxes and lax contract enforcement.

It should be noted that the biggest obstacles reported by the entrepreneurs in this study (funding, inexperience and lack of knowledge about business, and lack of a network) do not constitute a gender-discriminatory business environment. This observation is in line with World Bank survey data showing that the business investment climate in Morocco is not

who have supportive families are more likely to have businesses employing more than ten employees ((IFC & CAWTAR, 2007) cited by (Stevenson, 2010)).

## **4.2 Conclusions**

There has been an increase in interest in women's entrepreneurship in developing countries, especially in the MENA region, for normative as well as economic reasons: the differences in the prevalence of male and female entrepreneurship is seen as an indication of gender inequality and political disengagement by women, and women entrepreneurs are considered an untapped source for economic growth and development (OECD, 2012a). This qualitative study attempted to capture the voices and experiences of women with high-growth SME businesses and aspirational entrepreneurs in Morocco, with the aim of identifying the constraints of women entrepreneurs in the broader MENA region as well as potential interventions. A better understanding of the barriers to women entrepreneurs of SMEs can lead to more effective policies and programs to help women-owned businesses grow (Lundström & Stevenson, 2005) cited in (Stevenson, 2010)).

The observations of the subjects in this study confirm previous findings with regards to the non-gendered business climate and social constraints on women entrepreneurs in Morocco. This study points to the need for improvements in the business climate in Morocco, comprehensive entrepreneurship training and education of women, and efforts to enhance the image of the woman entrepreneur in Moroccan society. However, this study suggests areas of further inquiry, specifically, research into ostensibly gender-neutral laws and regulations that might affect women entrepreneurs disproportionately compared with men.

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## **Appendix**

Table A1: Subject Characteristics

No.	Age Group	Level of Education attained (US equivalent)	Science/ engineering background or studies	Type of business	Type of ownership	Female partner	Male partner	Finance Source	Existing business?	First business?	Business duration (years)	Number of employees	Projected number of employees
1	25-29	Masters	Yes	Mushroom cultivation and distribution	Partner	No	Yes	Government grant	No	Yes	NA	NA	10+
2	25-29	Masters	No	Traditional, Berber health foods	Partner	Yes	No	Self, partner	No	No	NA	NA	10+
3	45-49	PhD	Yes	Food importation and then cultivation domestically.	Partner	Yes	Yes	Self, bank	No	Yes	NA	NA	10+
4	45-49	Masters	Yes	Private school	Partner	Yes	No	Self, partners, family	No	Yes	NA	NA	10+
5	50-54	Masters	Yes	Minor renovation firm	Self	NA	NA	Self	No	Yes	NA	NA	10+
6	20-24	Masters	Yes	Engineering firm	Self	NA	NA	Self, partner	No	Yes	NA	NA	5
7	25-29	Masters	Yes	Educational farm for school-aged children	Partner	Yes	No	Self, bank	No	Yes	NA	NA	10+
8	25-29	Masters	Yes	Quality certification for laboratories	Partner	No	Yes	Fiance	No	Yes	NA	NA	10+
9	25-29	Masters	No	Recuperative (psychological) hotel	Partner	No	Yes	Husband, bank	No	Yes	NA	NA	10+

10	30-34	Bachelors	No	Real estate, communications, and events agency	Self	NA	NA	Family	Yes	No	0.25	4	10+
11	30-34	Associates	No	Call center	Self	NA	NA	Family	Yes	Yes	0.5	5	10+
12	30-34	Bachelors	No	Importation of electronics	Self	NA	NA	Self	Yes	No	0.7	Self	5+
13	40-44	Bachelors	Yes	Therapeutic center	Self	NA	NA	Self	Yes	Yes	1	Self	5+
14	25-29	Masters	Yes	Engineering firm	Partner	No	Yes	Self	Yes	Yes	1	Self	5
15	35-39	Masters	Yes	Medical devices	Partner	Yes	Yes	Self, partners, family	Yes	No	1	2	2
16	40-44	Bachelors	No	Women's cooperative	Cooperative	Yes	No	ND	Yes	No	2	10+	10+
17	45-49	Masters	Yes	Coaching consultancy	Partner	Yes	No	Self, partners	Yes	Yes	5	4	4
18	30-34	Associates	No	Business management services	Self	No	No	Self	Yes	No	5	5	5+
19	35-39	Masters	Yes	Fruit exportation	Self	No	No	Self	Yes	Yes	6	5 full time, 100 seasonal	5+ full time, 100+ seasonal
20	35-39	Masters	Yes	Irrigation systems for agriculture	Self	No	No	Family, self, bank	Yes	Yes	7	20	20
21	50-54	Masters	No	Photocopying, printing, stationery supplies, promotional items	Self	No	No	Self	Yes	Yes	14	30	30
22	40-44	Associates	No	Fashion school	Partner	Yes	No	Family	Yes	Yes	19	9	9
23	55-59	Bachelors	Yes	Steel fabrication and laser cutting	ND	ND	ND	ND	Yes	Yes	22	20+	20+

NA, not applicable; ND , no data.

Table A2: Code Applications

Codes	Count	Codes	Count
Personal Characteristics	1	Business (contd.)	
Personality		Financing	
Determined	50	Personal savings	9
Empowered	47	Funds: Spouse/fiancee	6
Ambitious	37	Funds: Family	5
Optimistic	35	Funds: partner	5
Enthusiastic	34	Funds: Investors	3
Flexibility	22	Bank Loan	2
Risk Taker	9	Funds: friends	1
Creative	8	Multiple businesses/lines of business	4
Questioning self	7	Capital investment	3
Motivation		Opinions	
Pull factors	23	Reason so few women entrepreneurs	
Help others	17	Gender roles (external pressure)	19
Be own boss	7	Gender roles (internalized)	13
Push factors	7	Risk averse compared with men	5
Job dissatisfaction	5	Funding	4
Money	4	Women become convinced business is too hard	4
Independence	4	Women lack courage, confidence, sense of adventure	3
Inspired by models	2	Women want a simple life of the home	3
Lack of good job opportunities	2	Pressure from Society in General	
Flexibility	2	People don't have confidence in women-run businesses	5
Business will help with family duties	1	Society dictates that women are made for the home	5
Background		Women should not have much contact with men	5
Scientist or science studies	10	Society discourages women from being entrepreneurs	4
Engineer	10	Women should stick with traditional work or enterprises	3
Former job in private sector	8	Sexual harassment in bus. environment	2
Current student	6	Women a burdened with family obligations	2
Educator	5	Women are not encouraged to be entrepreneurs	2
Government employee	5	Women seeking high salaries seen as having questionable morals	1
Previous partner or shareholder	2	Male dominated sectors seen as too hard for women	1
Housewife	1	Married women are not supposed to desire work	1
Started business right of college	1	Sacrificing household duties for work is frowned upon	1
Worked with an NGO	1	Society is especially harsh for divorced and single moms	1
Obstacles		Pressure from men in general	
Financial obstacles	15	Women underestimated by men	4
Capital needs	32	Men see women as competition for status	2

Collateral requirements	5
Banks unwilling to lend	4
Slow payments from customers	3
Fear of Financial loss	3
High interest	2
Micro loans too small	1
Business operations	
Obstacle: Contacts/network	13
Corruption	6
Competition concerns	5
Dishonest customers	3
Not enough customers	3
Exhaustion	2
Interference from elites	2
Obstacle: Idea protection	2
Doesn't seek advice	2
Technical issues	2
Worker loyalty	1
Information obstacle	4
Lack of business knowledge/ experience	14
Professional Advice	9
No entrepreneurship at college	1
Social constraints	
Not taken seriously	
Not taken seriously: woman	7
Not taken seriously: Student	2
Not taken seriously: youth	2
Not taken seriously: non elite	1
Sexual harassment	3
Cannot take financial risks because of children	1
Finding a partner	5
Obstacle: trepidation	5
Rules, regulations, taxes	1
Bureaucracy (not necessarily corruption)	5
State employee restriction	4
Prohibitive tax regulations	3
Locale obstacle	2
People fear increased property taxes	1
Contract enforcement lax	1
"First mover" problem	1
Time constraint	
Job demands	3

Men block and discourage women from entrepreneurship	1
Pressure from Husbands	
Men don't want their wives making more money than them	3
Husbands discourage their wives from starting a business	2
Husbands don't encourage their wives to launch	1
Men insist their wives drop out of school	1
Women make lower salaries thus less savings	1
Women are discriminated against when seeking loans	1
Women have less money than men	1
Business is too time consuming	1
From the time they're girls, women are fixated on marriage	1
Women don't want the headache of business	1
Women give up easily when faced with business obstacles	1
Women lack motivation, prefer a tranquil career	1
Women prefer to drop their studies when they marry	1
Lack of women in power to help	1
Society protects the family	1
Poor quality or no education	1
Reason so few entrepreneurs in general	
Low % overall: no training in schools	5
Low % overall: fear of risk	4
Low % overall: elites hindering entry	1
Solutions	
Help women: training/mentoring	11
Help women: awareness programs	8
Help women: change the culture to equality	6
Help everyone: tackle corruption	5
Help everyone: target children and youth	5
Help women: Funding	5
Help women: models of success	4
Help women: education in general	3
Help women: improve women business assoc.	3
Help the customers = help business	2
Help women: more women in positions of power	2
Help women: special interest rates	1
Help women: strengthen networks	1
Help women: target college students	1
Women are good at business	4
Women are less corrupt	2
Business environment is not gendered	2
Assets	
Family support	14

Time: family demands	3
Time constraint: Business demands	1
Time constraint: student	1
Support	
Poor institutional support	3
Obstacle: lack of family support	2
Obstacle: Moral support from husband	1
Business	1
Type	
High-growth	29
Service	17
Import/Export	10
Nationwide	8
New sector/groundbreaking	8
Corporate Partnership	4
Structure	
Sole owner	13
Partnership	10
Female partner	6
Male partner	4
Spouse/fiancee partner	5
Cooperative	1
Sector	
Nontraditional for women	
Agriculture	10
Health Care or Health Product	7
Food	5
Education	3
Engineering	2
Industrial	2
Telecommunications	2
Handicrafts	1
Business services	1
Real estate	1
Event Organization	1
Electonic goods wholesaler	1
Consulting	1
Renovation/construction	1

Business training/coaching	13
Husband support	12
Professional network	10
Business service providers	4
Suppliers	3
Collateral	2
Volunteer from large organization	1
Problem Solving	
Financial	
Recalibrate business model	
Start smaller and leaner	13
Outsourcing operations	9
Put project on hold	6
Renting location	6
Start a new, different project	2
Leverage and Combine education and experience	1
Get a loan	1
Apply for a grant	1
Get more education/training	7
Lodge a complaint	2
Find a proof point	5
Partner with another company	1
Develop/display "masculine" characteristics	1
Advice seeking	
Partners	9
Professional network	5
Business service provider	4
Mentor/Coach	4
Moukawalati program	3
Doesn't seek advice	2
Women business owner association	1
Family	1