

# 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 et al., 2012; OECD, 2012). 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 further research into the constraints and motivations of women entrepreneurs, especially in developing countries (Minniti and Naude,

2010).

This is a qualitative study aimed at helping to fill in the gaps in knowledge about women entrepreneurs in Morocco, with the goal of identifying their constraints as well as potential interventions that might apply to the broader MENA region. For this study, 23 women business owners and aspiring entrepreneurs in the formal sector were interviewed about their background, business model, and experiences launching and running their businesses. They were also asked their opinions on the constraints for women entrepreneurs in Morocco, and what interventions they felt would be most effective. Mixed-methods grounded theory was used to analyze the texts.

### 1.1. Prevalence of Women Entrepreneurs in the MENA Region

Women are underrepresented in the MENA region in terms of economic participation, including business creation and ownership. The World Economic

Table 1: Subject Characteristics

Characteristic (mean $\pm$ SD)	Number of subjects	Number with existing business	Number of years in business
<b>Age</b>			
20-24	1	0	N/A
25-29	6	1	1
30-34	4	4	4.66 $\pm$ 2.27
35-39	3	3	4.66 $\pm$ 3.21
40-44	3	3	7.33 $\pm$ 10.12
45-49	3	1	5
50-54	2	1	14
55-59	1	1	22
<b>Level of education</b>			
Associates	3	3	8.17 $\pm$ 9.65
Bachelors	5	5	5.19 $\pm$ 9.42
Masters	14	6	5.67 $\pm$ 4.80
PhD	1	0	N/A
Science background/studies	14	7	6.14 $\pm$ 7.45
No science background	9	7	5.92 $\pm$ 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 health care or health-related products and services (6 subjects), food (3), education (3), business services (2), consulting (1), event organization (1), handicrafts cooperative (1), and real estate (1). However, even in sectors that are not male dominated, some of the subjects chose typically "male" sub-sectors that are, such as restaurants specializing in fresh fish. Subject characteristics and businesses are summarized in Table A1 in the Appendix.

In terms of the absolute number of times the codes were applied, the most frequent code applications were for the personality traits of the subject.

Code frequencies are listed in Table A2 in the Appendix. For each excerpt, personality codes were applied when the language, attitude, or actions described by the subjects strongly indicated a particular personality trait. Among the study cohort, there were many code occurrences for positive traits: determined (the strongest at 50 code applications), and, in decreasing frequency, empowered, ambitious, optimistic, enthusiastic, and flexible. In addition, many personality trait codes co-occurred together in the same excerpts, such as empowered and determined (41 code co-occurrences), enthusiastic and empowered (28), ambitious and empowered (26), and determined and ambitious (24). However, these findings of high empowerment might be a reflection of selection bias, since in each case subject had already decided to become an entrepreneur and had invested efforts in launching her enterprise. Not surprisingly, owning or aspiring to own a high-growth business also co-occurred with being ambitious (11 code co-applications) and, to a lesser degree, being determined and empowered.

Motivation to become an entrepreneur was coded based on the reasons cited by the subjects to start

their spouse or fiancée, 5 from family, 4 from business partner(s), and 1 from friends. Just one subject intended to seek funding from investors. Only two subjects reported attempting to use bank financing of any type, and of those two, one had yet to start applying for a loan and the other had difficulty obtaining a revolving line of credit for her longstanding business. Banks in particular were cited as an obstacle (11 code applications), both in general and in terms of high interest and collateral requirements. To get around this obstacle, many subjects recalibrated their business model: downsizing to start "leaner" (thus needing less capital) (13 code applications); outsourcing aspects of their operations to avoid large capital purchases (9); renting their location rather than purchasing a building (6); leveraging and combining experience and education to launch a different (less capital-intensive) business (2); or simply putting their projects on hold until funding became available (6).

Morocco ranks 98th for getting credit in the World Bank's Doing Business 2012 report, in part because only 14.6 percent of adults have credit bureau coverage (IBRD, 2012a); thus, financial institutions cannot easily assess the risk of lending to SME owners (Stevenson, 2010). MENA commercial banks are largely non-competitive, concentrated in urban areas, and risk averse, and they charge high financing costs and demand guarantees, such as high collateral requirements (OECD, 2012). Banks have little incentive to tailor products and services to women clients or hire female financial professionals (OECD, 2012). 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, 2012).

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.

#### 4.2.2 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 and Goldmark, 2009).

#### 4.2.3 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

gineer reported that simplified regulations and her awareness of them saved her from a corrupt accountant who had attempted to take over her business. In retaliation, he blocked her from accessing his professional network. In this case, addressing corruption and strengthening networks could have helped this subject benefit from simplified regulations.

#### 5.1.4 Training and Awareness Programs

When asked what would help foster women entrepreneurship in Morocco, the subjects in this study suggested multiple means: strengthening entrepreneurship awareness and training programs, targeting younger generations in schools and universities, improving education, providing role models, and promoting the image of the woman entrepreneur.

However, given the substantial assistance many of the women entrepreneurs in this study received from their spouses, awareness programs aimed at both men and women may be useful, to change the norms such that husbands see female entrepreneurship in a more positive light and as a benefit for the marriage and family. The enhanced success of women entrepreneurs with strong family support has been seen in previous research (Roomi, 2011). Indeed, although women account for only 3-7% of employers in the MENA region, highly educated women entrepreneurs who have held professional and managerial positions and who have supportive families are more likely to have businesses employing more than ten employees ((IFC and CAWTAR, 2007) cited by (Stevenson, 2010)).

## 6. 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, 2012). 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 and 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	Medical, health foods	Partner	Yes	No	Self, partner	No	No	NA	NA	10+
3	30-34	PhD	Yes	Private school	Partner	Yes	Yes	Self, partner	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 firm 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	Finance	No	Yes	NA	NA	10+
9	25-29	Masters	No	Recuperative (psychological) hotel	Partner	No	Yes	Finance	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	Bachelors	No	Call center	Self	NA	NA	Family	Yes	Yes	0.5	5	5+
12	30-34	Bachelors	No	Importation of electronics	Self	NA	NA	Self	Yes	Yes	0.7	5	5+
13	40-44	Bachelors	Yes	Transportation	Self	NA	NA	Self	Yes	Yes	1	5	5+
14	25-29	Masters	Yes	Engineering firm	Partner	No	Yes	Self	Yes	Yes	1	2	2
15	35-39	Masters	Yes	Medical devices	Partner	Yes	Yes	Self, partners, family	Yes	No	2	10+	10+
16	40-44	Bachelors	No	Women's cooperative	Cooperative	Yes	No	ND	Yes	No	1	4	4
17	45-49	Masters	Yes	Coaching consultancy	Partner	Yes	No	Self, partners	Yes	Yes	5	5	5+
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	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	35-39	Masters	No	Photocopying, printing, stationery supplies, promotional items	Partner	No	No	Self	Yes	Yes	14	20	20
22	40-44	Associates	No	Food processing	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		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	Men block and discourage women from entrepreneurship	1
Banks unwilling to lend	4	Pressure from Husbands	
Slow payments from customers	3	Men don't want their wives making more money than them	3
Fear of Financial loss	3	Husbands discourage their wives from starting a business	2
High interest	2	Husbands don't encourage their wives to launch	1
Micro loans too small	1	Men insist their wives drop out of school	1
Business operations		Women make lower salaries thus less savings	1
Obstacle: Contacts/network	13	Women are discriminated against when seeking loans	1
Corruption	6	Women have less money than men	1
Competition concerns	5	Business is too time consuming	1
Dishonest customers	3	From the time they're girls, women are fixated on marriage	1
Not enough customers	3	Women don't want the headache of business	1
Exhaustion	2	Women give up easily when faced with business obstacles	1
Interference from elites	2	Women lack motivation, prefer a tranquil career	1
Obstacle: Idea protection	2	Women prefer to drop their studies when they marry	1
Doesn't seek advice	2	Lack of women in power to help	1
Technical issues	2	Society protects the family	1
Worker loyalty	1	Poor quality or no education	1
Information obstacle	4	Reason so few entrepreneurs in general	
Lack of business knowledge/ experience	14	Low % overall: no training in schools	5
Professional Advice	9	Low % overall: fear of risk	4
No entrepreneurship at college	1	Low % overall: elites hindering entry	1
Social constraints		Solutions	
Not taken seriously		Help women: training/mentoring	11
Not taken seriously: woman	7	Help women: awareness programs	8
Not taken seriously: Student	2	Help women: change the culture to equality	6
Not taken seriously: youth	2	Help everyone: tackle corruption	5
Not taken seriously: non elite	1	Help everyone: target children and youth	5
Sexual harassment	3	Help women: Funding	5
Cannot take financial risks because of children	1	Help women: models of success	4
Finding a partner	5	Help women: education in general	3

Obstacle: trepidation	5	Help women: improve women business assoc.	3
Rules, regulations, taxes	1	Help the customers = help business	2
Bureaucracy (not necessarily corruption)	5	Help women: more women in positions of power	2
State employee restriction	4	Help women: special interest rates	1
Prohibitive tax regulations	3	Help women: strengthen networks	1
Locale obstacle	2	Help women: target college students	1
People fear increased property taxes	1	Women are good at business	4
Contract enforcement lax	1	Women are less corrupt	2
"First mover" problem	1	Business environment is not gendered	2
Time constraint		Assets	
Job demands	3	Family support	14
Time: family demands	3	Business training/coaching	13
Time constraint: Business demands	1	Husband support	12
Time constraint: student	1	Professional network	10
Support		Business service providers	4
Poor institutional support	3	Suppliers	3
Obstacle: lack of family support	2	Collateral	2
Obstacle: Moral support from husband	1	Volunteer from large organization	1
Business	1	Problem Solving	
Type		Financial	
High-growth	29	Recalibrate business model	
Service	17	Start smaller and leaner	13
Import/Export	10	Outsourcing operations	9
Nationwide	8	Put project on hold	6
New sector/groundbreaking	8	Renting location	6
Corporate Partnership	4	Start a new, different project	2
Structure		Leverage and Combine education and experience	1
Sole owner	13	Get a loan	1
Partnership	10	Apply for a grant	1
Female partner	6	Get more education/training	7
Male partner	4	Lodge a complaint	2
Spouse/fiancee partner	5	Find a proof point	5
Cooperative	1	Partner with another company	1
Sector		Develop/display "masculine" characteristics	1
Nontraditional for women		Advice seeking	
Agriculture	10	Partners	9
Health Care or Health Product	7	Professional network	5
Food	5	Business service provider	4
Education	3	Mentor/Coach	4
Engineering	2	Moukawalati program	3
Industrial	2	Doesn't seek advice	2
Telecommunications	2	Women business owner association	1
Handicrafts	1	Family	1
Business services	1		
Real estate	1		
Event Organization	1		
Electronic goods wholesaler	1		
Consulting	1		
Renovation/construction	1		