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Women's Entrepreneurship in Middle Eastern Countries: Challenges and Opportunities

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Abstract. Women's entrepreneurship in the Middle East and North Africa (MENA) region presents a complex dynamic where obstacles and potential coexist. This study uses case studies and qualitative policy analysis to examine the cultural, legal, and economic factors influencing female entrepreneurship. Despite the many barriers women face in terms of restricted property rights, financial exclusion, and gender norms, transformative opportunities exist through digital platforms, educational reforms, and international development programs. In recent years, technological innovation and globalization trends have also provided unprecedented opportunities for female entrepreneurs. Prominent figures such as Huda Kattan exemplify the rise of influential women in business. This paper argues that female entrepreneurship is essential not only for gender equality but also as a catalyst for economic diversification and innovation in the MENA region. Based on this, the region can further promote female entrepreneurship in the future by advancing legal reforms, promoting digital empowerment, and building institutional support systems.

Keywords: Women Entrepreneurs; Gender Equality; Digital Empowerment; Policy Reform

1. Introduction

Women's entrepreneurship is increasingly recognized as a vital contributor to economic growth and social inclusion worldwide. According to the Global Entrepreneurship Monitor 2023, women now make up nearly 35% of all entrepreneurs globally, but the MENA region continues to lag with significantly lower rates [1]. While many countries in the region have made strides in female education, labor force participation among women remains among the lowest globally, and entrepreneurial activity is even more limited. This disparity is not only a matter of equality but also represents a missed opportunity for economic advancement. In 2024, the World Bank emphasized that advancing women's participation in the economy could contribute billions to regional Gross Domestic Product (GDP) annually [1].

In the MENA context, women face a unique intersection of challenges shaped by cultural norms, legal restrictions, and limited financial infrastructure. Entrepreneurship is one of the few viable paths to economic agency for women in societies where formal employment options are constrained. However, even this path is often blocked by structural and societal barriers. Despite these difficulties, a growing number of women are using digital platforms and social media to launch and

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scale businesses, particularly in industries such as beauty, fashion, and education. High-profile entrepreneurs like Huda Kattan demonstrate how women can challenge stereotypes and lead internationally recognized ventures. These emerging stories reflect broader shifts in social norms and policy landscapes.

This paper explores three core questions: What are the primary challenges women entrepreneurs face in the MENA region? What opportunities are emerging, especially with digital technologies and global engagement? Finally, what strategies and reforms can promote inclusive, sustainable women-led enterprises across the region? The research draws on academic literature, policy reports, and case studies to examine the current state of women's entrepreneurship and to highlight the structural changes needed to support future growth.

2. Current Landscape of Women's Entrepreneurship in MENA

2.1. Sectoral Concentration and Visibility

Female entrepreneurship in MENA remains concentrated in consumer-focused industries such as beauty, fashion, education, and food services. These fields align with socially accepted gender roles and typically require less startup capital. According to the World Bank 2024, women tend to dominate micro and small-scale enterprises, especially in services [2]. In countries like Lebanon and the Gulf states, many women leverage cultural familiarity to create niche products and brands that resonate locally and abroad. In 2024, Vogue Business highlights how women-led fashion and beauty brands in Beirut and Dubai are innovating through culturally grounded design, small-batch production, and social media marketing, often using local craftsmanship to build brand identity and compete globally.

The concentration of female-led enterprises in these sectors also reflects practical constraints. Capital-intensive fields such as manufacturing or tech require higher levels of investment, access to male-dominated professional networks, and mobility—factors that are often inaccessible to women. In contrast, service sectors provide lower barriers to entry and greater alignment with domestic responsibilities. However, this trend can also limit the scale and profitability of female-run businesses, as these industries tend to have lower margins and growth ceilings. As such, while sectoral visibility is increasing, it remains uneven across the broader economic landscape. Policies designed to promote women's entrepreneurship must account for both the accessibility of certain sectors and the need to diversify women's economic participation.

One illustrative example is the rise of female-led wellness businesses in Jordan, where women are combining traditional herbal remedies with modern branding strategies. These businesses, while grounded in culturally accepted knowledge systems, are pushing boundaries by establishing retail stores and forming export partnerships. Such models show that even within socially acceptable domains, women are expanding market reach and increasing professional legitimacy.

2.2. Business Models and Innovation

Many women entrepreneurs in MENA pursue flexible, home-based, or digital models. E-commerce platforms such as Instagram and WhatsApp provide accessible tools for women to run businesses while navigating restrictive mobility norms. Influencer-driven branding has enabled entrepreneurs like Huda Kattan to gain global recognition, using social media and culturally relevant aesthetics to build successful ventures. While some women lead family enterprises, others create startups that address gendered consumer needs, such as halal beauty, modest fashion, or childcare services. This

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growing innovation is evidence that women are reshaping traditional market boundaries. However, the increasing reliance on major digital platforms also presents new risks. Algorithmic changes, account suspensions, or shifts in platform policies can disproportionately impact small women-led businesses. Moreover, the saturation of social media markets requires constant innovation.

To remain visible, which can add stress and require resources that many micro-entrepreneurs do not possess. Simultaneously, a growing number of women are entering non-traditional sectors such as fintech, agritech, and AI-based services, signaling an expansion of entrepreneurial activity beyond consumer markets. These developments suggest that while women are making significant strides within familiar industries, they are also carving out space in emerging fields that are central to the future economy.

To support this shift, more inclusive accelerator programs and funding mechanisms are needed to help women access high-growth sectors. Partnerships with universities and tech incubators can provide training and mentorship opportunities specifically tailored to the challenges faced by women innovators. Highlighting success stories in these industries can also help normalize the presence of women in roles historically dominated by men, thereby breaking down gender stereotypes in the tech and innovation ecosystem.

In Tunisia, for instance, several tech-focused incubators have begun offering women-targeted training in software development and business planning. These programs are helping bridge the gender gap in technology by connecting aspiring entrepreneurs to investors and mentors, while also raising the profile of female-led innovation in regional media. Initiatives like these show that targeted ecosystem support can have a transformative effect on women's inclusion in high-potential sectors.

3. Challenges Facing Women Entrepreneurs in MENA

3.1. Skills and Entrepreneurial Training Gaps

Despite improved access to higher education, many women lack practical business training. Abubakar notes that women in MENA often struggle with financial literacy, digital skills, and strategic planning, even when holding university degrees [3]. Formal entrepreneurship training programs remain sparse or generalized, failing to meet the unique needs of women in rural or conservative areas. In addition, there is often a mismatch between what is taught in academic institutions and the real-world needs of business owners. This creates a gap between formal education and entrepreneurial readiness. For women who lack access to mentors or industry networks, the absence of hands-on support can make launching and scaling a business even more difficult.

Some countries have made progress by integrating entrepreneurship modules into school curricula, but these efforts are inconsistent and rarely tailored to the gender-specific challenges women face. In rural Morocco, for example, women may complete secondary education but still lack exposure to technology or markets outside their local communities. Furthermore, cultural taboos may prevent them from participating in mixed-gender training environments. Government-supported mentorship programs, if available, are often limited in reach or not sustained long-term. Research also shows that male-dominated mentorship environments may unintentionally alienate aspiring female entrepreneurs. There is a clear need for localized, gender-sensitive education strategies, supported by public-private partnerships that include Non-Governmental Organizations (NGOs), women's business associations, and digital learning platforms.

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3.2. Financial Exclusion

Financial access remains a critical barrier. According to the World Bank 2024, women are less likely than men to own bank accounts, secure credit, or receive investment [4]. Legal and social requirements, such as male guarantors, persist in several countries. Even when eligible, women face unfavorable loan terms due to systemic gender bias. While crowdfunding and microfinance initiatives have emerged, their impact is geographically limited. Jamali emphasizes that the interplay of structural inequality and institutional bias creates enduring barriers to financial independence for women entrepreneurs [5]. Women are often excluded from formal banking due to a lack of collateral or credit history, both of which are tied to male-controlled property laws. Without access to startup capital, many women must rely on informal loans or personal savings, severely limiting their ability to invest in inventory, marketing, or staff.

Additionally, banks and investors may exhibit unconscious bias during loan evaluations or pitching processes, assuming that women will be less committed or more risk-averse than their male counterparts. A 2022 International Monetary Fund (IMF) report found that only 7% of venture capital in the MENA region was allocated to women-led businesses. Such disparities highlight the urgent need for women-focused funding channels, such as government-guaranteed loans, angel investor networks, and gender-lens investment initiatives. Yet these tools often lack scalability and institutional support. Comprehensive financial literacy training paired with accessible micro-grants could serve as a more impactful solution.

3.3. Cultural and Social Norms

Deep-seated gender expectations continue to restrict women's entrepreneurial potential. In conservative societies, female business ownership is often stigmatized or viewed as secondary to familial roles. As a result, many women keep their ventures informal or anonymous. In 2023, the Atlantic Council reports that women often face skepticism from family members, investors, and clients, limiting their confidence and growth [6]. These societal pressures can lead to a cycle of invisibility and reduced legitimacy in the market. Itani further argues that internalized cultural values and familial dynamics significantly influence women's entrepreneurial motivations and frustrations, particularly in the Gulf region [7]. Additionally, social norms restrict women's mobility, creating logistical challenges such as attending trade shows, client meetings, or networking events—all of which are crucial for business growth.

Moreover, the influence of community perception plays a significant role in shaping entrepreneurial aspirations. In many communities, women are expected to prioritize caregiving over personal ambitions, and stepping outside these roles can provoke criticism or social isolation. This discourages risk-taking and leads to a reliance on family-run, informal enterprises that do not scale. Female entrepreneurs are also subject to reputational scrutiny—concerns about modesty, propriety, and even their physical appearance can all affect how seriously they are taken in business environments. Media portrayals of women in business often reinforce stereotypes or highlight exceptions rather than everyday entrepreneurs. To combat this, national campaigns that celebrate diverse female success stories and integrate gender sensitivity into media literacy education could gradually shift societal norms.

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3.4. Legal and Institutional Barriers

Although countries like Saudi Arabia and the United Arab Emirates (UAE) have introduced reforms to support women in business, legal inconsistencies remain widespread. In many places, laws restrict women's property rights, business registration autonomy, or protection from discrimination. Adjani argues that without enforcement mechanisms and public awareness efforts, progressive legislation often fails to bring substantive change [8]. Legal reform must be accompanied by capacity-building and cultural transformation. Furthermore, bureaucratic red tape, corruption, and lack of legal literacy often prevent women from asserting their rights. Even when favorable laws exist, women may not be aware of them or may lack the means to navigate the legal system.

In several MENA countries, business licenses may require the consent of a male guardian, or land deeds may be registered in a husband's or father's name, making it difficult for women to offer collateral. Legal ambiguity surrounding inheritance rights can also result in unequal asset distribution. For instance, in some cases, female heirs are pressured to relinquish business-related assets to male relatives, limiting long-term entrepreneurial continuity. Moreover, the absence of gender- disaggregated data within public institutions makes it harder to design policies that address women's actual needs. Governments must adopt a more proactive stance in enforcing anti-discrimination laws and expanding legal aid services for women entrepreneurs. Initiatives such as mobile legal clinics and multilingual legal education campaigns could significantly improve women's ability to claim their rights.

4. Emerging Opportunities for Female Entrepreneurs

4.1. Government and International Support

International organizations and local governments are increasingly recognizing women's economic contributions. Programs by the United Nations (UN) Women and the World Bank provide training, mentorship, and capital to women entrepreneurs. These initiatives not only enhance skills but also validate female entrepreneurship in public discourse. Partnerships between governments, universities, and NGOs have created inclusive hubs for innovation, particularly in cities like Dubai and Amman. Countries such as Jordan and Tunisia have piloted national strategies to promote women's entrepreneurship through education and financing reforms. However, scaling these efforts requires sustained political commitment and cross-sector collaboration.

In Bahrain, for instance, the Supreme Council for Women has developed a National Gender Balance Plan that includes dedicated support services for female entrepreneurs, including childcare facilities near workspaces and tax incentives for women-led startups. Such measures go beyond skill-building and address structural constraints that prevent women from sustaining long-term ventures. Additionally, regional economic forums like the MENA- Organization for Economic Co-operation and Development (OECD) Women's Business Forum have facilitated peer learning and cross-border policy exchange. These multi-level efforts show that coordinated investment in women's economic participation can yield tangible, scalable outcomes.

4.2. Digital Empowerment and Social Media

Digital platforms are empowering women to circumvent traditional gatekeepers. E-commerce and influencer marketing enable women to directly reach consumers, personalize branding, and run flexible businesses. Fernandes and Ferreira find that digital tools help overcome structural barriers,

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offering visibility and market access previously out of reach [9]. Hajli also underscores the role of trust in social commerce, noting that online platforms can significantly shape consumer engagement and purchase behavior [10]. In the beauty and fashion sectors, women's voices are shaping product trends and brand values, especially among younger demographics. Moreover, digital tools allow women to receive feedback, adapt offerings quickly, and tap into niche markets, increasing competitiveness even without physical infrastructure.

Importantly, digital entrepreneurship has become an entry point into economic activity for first-time businesswomen. In rural Algeria, for example, women use WhatsApp groups to sell homemade crafts and baked goods within trusted networks. These informal models have the potential to formalize into scalable businesses if supported by digital literacy training, access to digital payment systems, and mobile-based supply chain tools. Public-private collaborations, such as partnerships between mobile providers and fintech startups, could help expand digital inclusion. Social media also serves as a source of inspiration and solidarity, where female founders share both failures and successes, demystifying the entrepreneurial process for future generations.

4.3. Global Reach and Market Expansion

Globalization has opened new avenues for women-led businesses in MENA to access international consumers. Participation in events like Arab Fashion Week and trade expos has increased visibility and export potential. In 2024, Vogue Business illustrates how MENA entrepreneurs balance global aesthetics with cultural authenticity, gaining traction both regionally and abroad [11]. With growing interest in ethical and culturally rooted brands, MENA women are well-positioned to lead niche markets. In addition, digital logistics platforms and cross-border e-commerce tools are lowering barriers to entry into global trade. These developments make it feasible for women in remote areas to sell goods internationally without needing brick-and-mortar outlets.

The rise of direct-to-consumer (DTC) models has enabled women to bypass traditional supply chains and engage with customers across borders. Female-led brands like The Zay Initiative, which curates traditional Arab fashion for global audiences, exemplify this trend. Moreover, international certifications such as halal, fair trade, and eco-labels help MENA women position their products in specialized global markets. Governments can play a role by subsidizing access to certification processes and providing multilingual export-readiness training. Trade missions and diaspora engagement can also be leveraged to establish international partnerships that support brand expansion.

4.4. Shifting Social Norms and Role Models

Prominent figures such as Huda Kattan and other Gulf-based founders are reshaping perceptions of women's roles in business. Their visibility inspires younger women to consider entrepreneurship as a viable and respected career. Media representation, school-based entrepreneurship programs, and youth competitions are helping foster new entrepreneurial aspirations. In 2023, the World Economic Forum estimates that closing the gender gap in entrepreneurship could boost regional GDP and strengthen social cohesion. In some countries, television dramas and influencer campaigns are intentionally challenging outdated gender stereotypes, making business success stories more relatable and aspirational for young women. As attitudes evolve, entrepreneurship is increasingly seen as a form of empowerment, not rebellion.

Furthermore, alumni networks of women entrepreneurs are starting to form across the region, providing mentorship, peer support, and even investment. These communities are instrumental in

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normalizing entrepreneurship for girls and young women. Educational institutions that embed entrepreneurial thinking into early curricula, including problem-solving, creativity, and collaboration, lay the groundwork for future innovation. Scholarships, media fellowships, and storytelling grants can amplify diverse female narratives and broaden public perceptions of what successful entrepreneurship looks like in the MENA region.

5. Conclusion

5.1. Summary

This paper has explored the paradoxical state of women's entrepreneurship in the MENA region, where systemic challenges coexist with significant opportunities for progress. The analysis revealed how educational gaps, limited financial inclusion, cultural expectations, and legal inequities continue to constrain women's full participation in the entrepreneurial landscape. At the same time, digital technologies, supportive government programs, international development partnerships, and evolving social norms are unlocking new avenues for women to innovate, lead, and grow sustainable businesses. Through real-world examples and sector-specific analysis, the paper has demonstrated how inclusive entrepreneurship ecosystems can flourish when institutional support aligns with cultural change and targeted investment.

5.2. Significance and Limitations

This study contributes to the growing body of research emphasizing that female entrepreneurship in MENA is not only a gender equity issue but a strategic lever for economic diversification, resilience, and innovation. By highlighting both barriers and enablers across different MENA contexts, the study offers a nuanced understanding of the complex realities facing women entrepreneurs. However, limitations include the reliance on secondary data, which may not fully capture localized, lived experiences, particularly among rural or marginalized populations. Moreover, given the diversity of socio-political contexts across the region, generalizing findings remains a challenge. Primary fieldwork and longitudinal studies are necessary to substantiate long-term impacts and track evolving trends.

5.3. Future Directions

Looking ahead, a multi-dimensional research agenda is necessary to further support and scale women-led entrepreneurship in the region. Future studies should prioritize comparative case analyses between rural and urban ecosystems, examine generational shifts in entrepreneurial attitudes, and explore the effects of regional and global crises, such as pandemics or climate change, on women-led enterprises. In addition, there is a pressing need to investigate the outcomes of government-funded accelerators, digital inclusion programs, and legal reform efforts. Cross-sector partnerships between educational institutions, private investors, and civil society could be evaluated for best practices and scalability.

Furthermore, attention should be directed toward understanding how women navigate and succeed in non-traditional fields such as fintech, renewable energy, and digital health. Research that centers intersectionality—accounting for how gender intersects with class, ethnicity, age, and geography— can lead to more inclusive policies and targeted support strategies. Ultimately, transforming women's entrepreneurship from a symbolic gesture to a structural pillar of economic

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development will require continued advocacy, investment, and evidence-based policymaking across all levels of society.

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